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# 11 U.S. Code § 507 - Priorities

Current through Pub. L. 114-38 (<http://www.gpo.gov/fdsys/pkg/PLAW-114publ38/html/PLAW-114publ38.htm>). (See Public Laws for the current Congress (<http://thomas.loc.gov/home/LegislativeData.php?n=PublicLaws>.)

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**(a)** The following expenses and claims have priority in the following order:

**(1)** First:

**(A)** Allowed unsecured claims for domestic support obligations that, as of the date of the filing of the petition in a case under this title, are owed to or recoverable by a spouse, former spouse, or child of the debtor, or such child's parent, legal guardian, or responsible relative, without regard to whether the claim is filed by such person or is filed by a governmental unit on behalf of such person, on the condition that funds received under this paragraph by a governmental unit under this title after the date of the filing of the petition shall be applied and distributed in accordance with applicable nonbankruptcy law.

**(B)** Subject to claims under subparagraph (A), allowed unsecured claims for domestic support obligations that, as of the date of the filing of the petition, are assigned by a spouse, former spouse, child of the debtor, or such child's parent, legal guardian, or responsible relative to a governmental unit (unless such obligation is assigned voluntarily by the spouse, former spouse, child, parent, legal guardian, or responsible relative of the child for the purpose of collecting the debt) or are owed directly to or recoverable by a governmental unit under applicable nonbankruptcy law, on the condition that funds received under this paragraph by a governmental unit under this title after the date of the filing of the petition be applied and distributed in accordance with applicable nonbankruptcy law.

**(C)** If a trustee is appointed or elected under section 701, 702, 703, 1104, 1202, or 1302, the administrative expenses of the trustee allowed under paragraphs (1)(A), (2), and (6) of section 503(b) shall be paid before payment of claims under subparagraphs (A) and (B), to the extent that the trustee administers assets that are otherwise available for the payment of such claims.

**(2)** Second, administrative expenses allowed under section 503(b) of this title (/uscode/text/11/lii:usc:t:11:s:503:b), unsecured claims of any Federal reserve bank related to loans made through programs or facilities authorized under section 13(3) of the Federal Reserve Act (12 U.S.C. 343 (/uscode/text/12/343)),<sup>[1]</sup> and any fees and charges assessed against the estate under chapter 123 of title 28. (/uscode/text/28/lii:usc:t:28:ch:123)

**(3)** Third, unsecured claims allowed under section 502(f) of this title (/uscode/text/11/lii:usc:t:11:s:502:f).

**(4)** Fourth, allowed unsecured claims, but only to the extent of \$10,000 for each individual or corporation, as the case may be, earned within 180 days before the date of the filing of the petition or the date of the cessation of the debtor's business, whichever occurs first, for—

**(A)** wages, salaries, or commissions, including vacation, severance, and sick leave pay earned by an individual; or

**(B)** sales commissions earned by an individual or by a corporation with only 1 employee, acting as an independent contractor in the sale of goods or services for the debtor in the ordinary course of the debtor's business if, and only if, during the 12 months preceding that date, at least 75 percent of the amount that the individual or corporation earned by acting as an independent contractor in the sale of goods or services was earned from the debtor.

**(5)** Fifth, allowed unsecured claims for contributions to an employee benefit plan—

**(A)** arising from services rendered within 180 days before the date of the filing of the petition or the date of the cessation of the debtor's business, whichever occurs first; but only

**(B)** for each such plan, to the extent of—

**(i)** the number of employees covered by each such plan multiplied by \$10,000; less

**(ii)** the aggregate amount paid to such employees under paragraph (4) of this subsection, plus the aggregate amount paid by the estate on behalf of such employees to any other employee benefit plan.

**(6)** Sixth, allowed unsecured claims of persons—

**(A)** engaged in the production or raising of grain, as defined in section 557(b) of this title ([/uscode/text/11/lII:usc:t:11:s:557:b](#)), against a debtor who owns or operates a grain storage facility, as defined in section 557(b) of this title ([/uscode/text/11/lII:usc:t:11:s:557:b](#)), for grain or the proceeds of grain, or

**(B)** engaged as a United States fisherman against a debtor who has acquired fish or fish produce from a fisherman through a sale or conversion, and who is engaged in operating a fish produce storage or processing facility—

but only to the extent of \$4,000 for each such individual.

**(7)** Seventh, allowed unsecured claims of individuals, to the extent of \$1,800 for each such individual, arising from the deposit, before the commencement of the case, of money in connection with the purchase, lease, or rental of property, or the purchase of services, for the personal, family, or household use of such individuals, that were not delivered or provided.

**(8)** Eighth, allowed unsecured claims of governmental units, only to the extent that such claims are for—

**(A)** a tax on or measured by income or gross receipts for a taxable year ending on or before the date of the filing of the petition—

**(i)** for which a return, if required, is last due, including extensions, after three years before the date of the filing of the petition;

**(ii)** assessed within 240 days before the date of the filing of the petition, exclusive of—

**(I)** any time during which an offer in compromise with respect to that tax was pending or in effect during that 240-day period, plus 30 days; and

**(II)** any time during which a stay of proceedings against collections was in effect in a prior case under this title during that 240-day period, plus 90 days; or

**(iii)** other than a tax of a kind specified in section 523(a)(1)(B) ([/uscode/text/11/lii:usc:t:11:s:523:a:1:B](#)) or 523(a)(1)(C) ([/uscode/text/11/lii:usc:t:11:s:523:a:1:C](#)) of this title, not assessed before, but assessable, under applicable law or by agreement, after, the commencement of the case;

**(B)** a property tax incurred before the commencement of the case and last payable without penalty after one year before the date of the filing of the petition;

**(C)** a tax required to be collected or withheld and for which the debtor is liable in whatever capacity;

**(D)** an employment tax on a wage, salary, or commission of a kind specified in paragraph (4) of this subsection earned from the debtor before the date of the filing of the petition, whether or not actually paid before such date, for which a return is last due, under applicable law or under any extension, after three years before the date of the filing of the petition;

**(E)** an excise tax on—

**(i)** a transaction occurring before the date of the filing of the petition for which a return, if required, is last due, under applicable law or under any extension, after three years before the date of the filing of the petition; or

**(ii)** if a return is not required, a transaction occurring during the three years immediately preceding the date of the filing of the petition;

**(F)** a customs duty arising out of the importation of merchandise—

**(i)** entered for consumption within one year before the date of the filing of the petition;

**(ii)** covered by an entry liquidated or reliquidated within one year before the date of the filing of the petition; or

**(iii)** entered for consumption within four years before the date of the filing of the petition but unliquidated on such date, if the Secretary of the Treasury certifies that failure to liquidate such entry was due to an investigation pending on such date into assessment of antidumping or countervailing duties or fraud, or if information needed for the proper appraisalment or classification of such merchandise was not available to the appropriate customs officer before such date; or

**(G)** a penalty related to a claim of a kind specified in this paragraph and in compensation for actual pecuniary loss.

An otherwise applicable time period specified in this paragraph shall be suspended for any period during which a governmental unit is prohibited under applicable nonbankruptcy law from collecting a tax as a result of a request by the debtor for a hearing and an appeal of any collection action taken or proposed against the debtor, plus 90 days; plus any time during which the stay of proceedings was in effect in a prior case under this title or during which collection was precluded by the existence of 1 or more confirmed plans under this title, plus 90 days.

**(9)** Ninth, allowed unsecured claims based upon any commitment by the debtor to a Federal depository institutions regulatory agency (or predecessor to such agency) to maintain the capital of an

insured depository institution.

**(10)** Tenth, allowed claims for death or personal injury resulting from the operation of a motor vehicle or vessel if such operation was unlawful because the debtor was intoxicated from using alcohol, a drug, or another substance.

**(b)** If the trustee, under section 362 (</uscode/text/11/362>), 363 (</uscode/text/11/363>), or 364 (</uscode/text/11/364>) of this title, provides adequate protection of the interest of a holder of a claim secured by a lien on property of the debtor and if, notwithstanding such protection, such creditor has a claim allowable under subsection (a)(2) of this section arising from the stay of action against such property under section 362 of this title (</uscode/text/11/362>), from the use, sale, or lease of such property under section 363 of this title (</uscode/text/11/363>), or from the granting of a lien under section 364(d) of this title (</uscode/text/11/lii:usc:t:11:s:364:d>), then such creditor's claim under such subsection shall have priority over every other claim allowable under such subsection.

**(c)** For the purpose of subsection (a) of this section, a claim of a governmental unit arising from an erroneous refund or credit of a tax has the same priority as a claim for the tax to which such refund or credit relates.

**(d)** An entity that is subrogated to the rights of a holder of a claim of a kind specified in subsection (a)(1), (a)(4), (a)(5), (a)(6), (a)(7), (a)(8), or (a)(9) of this section is not subrogated to the right of the holder of such claim to priority under such subsection.

(Pub. L. 95–598 ([http://thomas.loc.gov/cgi-bin/bdquery/L?d095:./list/bd/d095pl.lst:598\(Public\\_Laws\)](http://thomas.loc.gov/cgi-bin/bdquery/L?d095:./list/bd/d095pl.lst:598(Public_Laws))), Nov. 6, 1978, 92 Stat. 2583 (<http://uscode.house.gov/statviewer.htm?volume=92&page=2583>); Pub. L. 98–353, title III ([http://thomas.loc.gov/cgi-bin/bdquery/L?d098:./list/bd/d098pl.lst:353\(Public\\_Laws\)](http://thomas.loc.gov/cgi-bin/bdquery/L?d098:./list/bd/d098pl.lst:353(Public_Laws))), §§ 350, 449, July 10, 1984, 98 Stat. 358 (<http://uscode.house.gov/statviewer.htm?volume=98&page=358>), 374; Pub. L. 101–647, title XXV, § 2522(d) ([http://thomas.loc.gov/cgi-bin/bdquery/L?d101:./list/bd/d101pl.lst:647\(Public\\_Laws\)](http://thomas.loc.gov/cgi-bin/bdquery/L?d101:./list/bd/d101pl.lst:647(Public_Laws))), Nov. 29, 1990, 104 Stat. 4867 (<http://uscode.house.gov/statviewer.htm?volume=104&page=4867>); Pub. L. 103–394, title I, § 108(c) ([http://thomas.loc.gov/cgi-bin/bdquery/L?d103:./list/bd/d103pl.lst:394\(Public\\_Laws\)](http://thomas.loc.gov/cgi-bin/bdquery/L?d103:./list/bd/d103pl.lst:394(Public_Laws))), title II, § 207, title III, § 304(c), title V, § 501(b)(3), (d)(11), Oct. 22, 1994, 108 Stat. 4112 (<http://uscode.house.gov/statviewer.htm?volume=108&page=4112>), 4123, 4132, 4142, 4145; Pub. L. 109–8, title II (<http://www.gpo.gov/fdsys/pkg/PLAW-109publ8/html/PLAW-109publ8.htm>), §§ 212, 223, title VII, §§ 705, 706, title XIV, § 1401, title XV, § 1502(a)(1), Apr. 20, 2005, 119 Stat. 51 (<http://uscode.house.gov/statviewer.htm?volume=119&page=51>), 62, 126, 214, 216; Pub. L. 111–203, title XI, § 1101(b) (<http://www.gpo.gov/fdsys/pkg/PLAW-111publ203/html/PLAW-111publ203.htm>), July 21, 2010, 124 Stat. 2115 (<http://uscode.house.gov/statviewer.htm?volume=124&page=2115>); Pub. L. 111–327, § 2(a)(15) (<http://www.gpo.gov/fdsys/pkg/PLAW-111publ327/html/PLAW-111publ327.htm>), Dec. 22, 2010, 124 Stat. 3559 (<http://uscode.house.gov/statviewer.htm?volume=124&page=3559>).

[1] See References in Text note below.

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