

Articles + Publications | March 21, 2024

How Can I Claim a Business Bad Debt Deduction?

Creditor's Rights Toolkit

CONTACTS

Thomas Gray | Thomas D. Phelan | David M. Fournier | Evelyn J. Meltzer | Kenneth A. Listwak | Tori Lynn Remington | Heather Smillie

The Internal Revenue Code permits a business bad debt deduction when a customer fails to pay for the services rendered or the products supplied by your business. However, the ability to claim an ordinary deduction with respect to the worthless debt depends on a variety of factors, and you should be ready to substantiate your position if the IRS ever challenges it.

This article addresses the key issues to claiming a business bad debt deduction in a bankruptcy case. To access this article and read other insights from our Creditor's Rights Toolkit, [please click here](#).

RELATED INDUSTRIES + PRACTICES

- Bankruptcy + Restructuring
- Debtor + Committee Representations
- Distressed Mergers + Acquisitions
- Tax
- Trade Creditors Representation