

## Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

**SUPREME COURT OF THE UNITED STATES**

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**RALEIGH, CHAPTER 7 TRUSTEE FOR THE ESTATE OF  
STOECKER v. ILLINOIS DEPARTMENT OF REVENUE****CERTIORARI TO THE UNITED STATES COURT OF APPEALS  
FOR THE SEVENTH CIRCUIT**

No. 99–387. Argued April 17, 2000– Decided May 30, 2000

While debtor Stoecker was its president, a now-defunct Illinois company purchased a plane out of State and moved it to Illinois. Respondent claims that this purchase was subject to the State's use tax. When such tax is unpaid, respondent issues a Notice of Tax Liability to the taxpayer and may issue a Notice of Penalty Liability against any corporate officer responsible for paying the tax who willfully fails to file the return or make the payment. By the time respondent discovered that the tax was unpaid in this case, the company was defunct and Stoecker was in bankruptcy, with petitioner as his trustee. Respondent filed, *inter alia*, a Notice of Penalty Liability against Stoecker. The fact that there was no affirmative proof that he was responsible for or willfully evaded the payment was not dispositive, for Illinois law shifts the burden of proof, both on production and persuasion, to the responsible officer once a Notice of Penalty Liability is issued. The Seventh Circuit ruled for respondent, holding that the burden of proof remained with petitioner, just as it would have been on Stoecker had the proceedings taken place outside of bankruptcy, and finding that petitioner had not satisfied the burden of persuasion.

*Held:* When the substantive law creating a tax obligation puts the burden of proof on a taxpayer, the burden of proof on the tax claim in bankruptcy court remains where the substantive law put it (in this case, on the trustee in bankruptcy). Pp. 4–10.

(a) Creditors' entitlements in bankruptcy arise from the underlying substantive law creating the debtor's obligation, subject to any qualifying or contrary Bankruptcy Code provisions. See *Butner v. United States*, 440 U. S. 48, 55. The basic federal rule in bankruptcy

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is that state law governs the substance of claims. *Id.*, at 57. In this case, Illinois tax law establishes the estate’s obligation to respondent, placing the burden of proof on the responsible officer. That burden of proof is a substantive aspect of such a claim, given its importance to the outcome of cases. See, e.g., *Director, Office of Workers’ Compensation Programs v. Greenwich Collieries*, 512 U. S. 267, 271. Tax law is no candidate for exception from the general rule, for the very fact that the burden has often been shifted to the taxpayer indicates how critical it is. Several compelling rationales for this shift— the government’s vital interest in acquiring its revenue, the taxpayer’s readier access to the relevant information, and the importance of encouraging voluntary compliance— are powerful justifications not to be disregarded lightly. The Bankruptcy Code makes no provision for altering the burden of proof on a tax claim, and its silence indicates that no change was intended. Pp. 4–6.

(b) The trustee’s appeals to Code silence are rejected. The state of pre-Code law does not indicate that the Code is silent because it was predicated on an alteration of the substantive law of obligations once a taxpayer enters bankruptcy. And although *Vanston Bondholders Protective Comm. v. Green*, 329 U. S. 156, suggested that “allowance” of claims is a federal matter, that case concerned distribution of assets, not the validity of claims in the first instance, which, *Vanston* specifically states, is to be determined by reference to state law, *id.*, at 161. Nor is the trustee helped by the reference, in *City of New York v. Saper*, 336 U. S. 328, 332, to “prov[ing]” government claims in the same manner as other debts, for that reference was to the procedure by which proof of claim was submitted, not to the validity of the claim. Finally, the trustee’s argument that the Code-mandated priority enjoyed by taxing authorities over other creditors requires a compensating equality of treatment when it comes to demonstrating validity of claims distorts a bankruptcy court’s legitimate powers and begs the question about the relevant principle of equality. Pp. 6–10.

179 F. 3d 546, affirmed.

SOUTER, J., delivered the opinion for a unanimous Court.