



# Lost Your Home to Foreclosure? Resolved a different Debt Problem?

☐ CORRECTED (if checked)

CREDITOR'S name, street address, city or town, province or state, country, ZIP, or foreign postal code, and telephone no.		1 Date of identifiable event	OMB No. 1545-1424  <b>2013</b>  Form <b>1099-C</b>	<b>Cancellation of Debt</b>
		2 Amount of debt discharged \$		
		3 Interest if included in box 2 \$		
CREDITOR'S federal identification number	DEBTOR'S identification number	4 Deb. description	<b>Copy B For Debtor</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.	
DEBTOR'S name				
Street address (including apt. no.)				
City or town, province or state, country, and ZIP or foreign postal code				
Account number (see instructions)		5 If checked, the debtor was personally liable for repayment of the debt <input type="checkbox"/>		
		6 Identifiable event code	7 Fair market value of property \$	

Form **1099-C** (keep for your records) [www.irs.gov/form1099c](http://www.irs.gov/form1099c) Department of the Treasury - Internal Revenue Service

When you owed a debt, but the debt was forgiven or “cancelled,” the IRS may ask you to pay income tax on money you owed but now do not have to pay. There are some exceptions to having to include that cancelled debt as income on your tax return.

Three exceptions to paying income tax on cancelled or forgiven debt are:

- 1) **Foreclosure, workout, or short sale** during or after 2007.
- 2) **Bankruptcy**, if you discharged the debt in bankruptcy court.
- 3) **Insolvency**, if your total debt was higher than the total value of your assets immediately before the debt was cancelled. IRS publication 4681 has an example of a worksheet that can help you figure out if you are insolvent.

If you receive a 1099-C Cancellation of Debt form like the one above, take it to your tax preparer. Your tax preparer can help you fill out IRS Form 982: Reduction of Tax Attributes Due to Discharge of Indebtedness” which you will need to include with your federal tax return.

Call 211 and ask the First Call for Help Operator about free tax preparation in your area.

Questions about a letter from the IRS? Call Legal Aid at 888.817.3777 for help.

Although this Low Income Taxpayer Clinic (LITC) receives funding from the IRS, the clinic, its employees, and volunteers are not affiliated with the IRS. A taxpayer's decision to utilize services from an LITC clinic will not affect the taxpayer's rights before the IRS.