

# DEBT CANCELLATION (INSOLVENCY) WORKSHEET



If you have canceled debt for the year, you will have received a **1099-C** from your banking institution. You may not have to pay tax on the amount of debt if you were insolvent the day before the debt was canceled.

Insolvency is the difference between the **Total of all of your Liabilities (Debt)** and the **Fair Market Value (FMV)** of all of your assets.

Please submit this worksheet with your tax documents and keep a copy for your records.

<b>Name:</b>	<b>Social Security #:</b>
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**Day Debt was Canceled (MM/DD/YYYY):**

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**Name of Creditor:**

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**Part I. Total liabilities immediately before the cancellation** (do not include the same liability in more than one category)

LIABILITIES (DEBT)	AMOUNT OWED ON THE DAY BEFORE DEBT CANCELLATION
1. Credit card debt	
2. Mortgage(s) on real property (including first and second mortgages and home equity loans) (mortgage(s) can be on personal residence, any additional residence, or property held for investment or used in trade or business)	
3. Car and other vehicle loans	
4. Medical bills	
5. Student loans	
6. Accrued or past-due mortgage interest	
7. Accrued or past-due real estate taxes	
8. Accrued or past-due utilities (water, gas, electric)	
9. Accrued or past-due child care costs	
10. Federal or state income taxes remaining due (for prior years)	
11. Loans owed to IRA accounts, 401(K) accounts, and other retirement accounts	
12. Loans against insurance policies	
13. Judgements	
14. Business debts (including those owed as a sole proprietor or partner)	
15. Margin debt on stocks and other debt to purchase or secured by investment assets other than real property	
16. Other liabilities (debts) not included above	
<b>17. Total liabilities immediately before the cancellation. Add lines 1 through 16.</b>	

**Part II. Fair Market Value (FMV) of assets owned immediately before the cancellation** (do not include the FMV of the same asset in more than one category)

<b>ASSETS</b>	<b>FMV ON THE DAY BEFORE DEBT CANCELLATION</b>
18. Cash and bank account balances	
19. Residences (including the value of land; can be personal residence, an additional residence, or property held for investment or used in trade or business)	
20. Cars and other vehicles	
21. Computers	
22. Household goods and furnishings (e.g. appliances, electronics, and furniture)	
23. Tools	
24. Jewelry	
25. Clothing	
26. Books	
27. Stocks and bonds	
28. Investments in coins, stamps, paintings, or other collectibles	
29. Firearms, sports, photographic, and other hobby equipment	
30. Interest in retirement accounts (IRA accounts, 401(k) accounts, and other retirement accounts)	
31. Interest in a pension plan	
32. Interest in education accounts	
33. Cash value of life insurance	
34. Security deposits with landlords, utilities, and others	
35. Interest in partnerships	
36. Value of investment in a business	
37. Other investments (e.g. annuity contracts, guaranteed investment contracts, mutual funds, commodity accounts, interest in hedge funds, and options)	
38. Other assets not included above	
<b>39. FMV of total assets immediately before the cancellation. Add lines 18 through 38.</b>	

**Part III. Insolvency**

<b>40. Amount of insolvency. Subtract line 39 from line 17. If zero or less, you are not insolvent.</b>	
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**Part IV. Total canceled debt due to insolvency**

41. Amount of insolvency – Line 40	
42. Total income requested to be excluded due to insolvency (total amount from Debt Cancellation Worksheet)	
<b>43. Total income excluded due to insolvency. Lesser of line 41 and line 42.</b>	