

Income from Cancellation of Debt

2008

FORECLOSURE / REPOSSESSION / ABANDONMENT / SHORT SALE	
RECOURSE LOANS	
(If Nonrecourse see below.)	
1. Debt outstanding immed. before transfer	_____
2. FMV of transferred property (Form 1099-A Box 4 or 1099-C Box 7)	_____
IMPORTANT NOTE: If Line 2 > Line 1, look for interest & taxes & costs of sale.	
3. Income from Cancellation of Debt. (Line 1 minus Line 2. If < 0, enter 0. Carry to Exclusion Worksheets.)	_____
4. Smaller of Line 1 or Line 2.	_____
5. Excess proceeds rec'd from the sale	_____
6. Selling Price (Add Line 4 and Line 5.)	_____
7. Adj. basis of transferred property	_____
8. Gain or Loss on Disposition. (Subtract Line 7 from Line 6. Carry to Sch D or Form 4797.)	_____
NONRECOURSE LOAN	
9. Debt outstanding immed. before transfer	_____
10. Excess proceeds rec'd from sale	_____
11. Selling Price (Add Line 9 and Line 10.)	_____
12. Adj. basis of transferred property	_____
13. Gain/Loss on Disposition (Line 11 minus Line 12. Carry to Sch D or Form 4797.)	_____

REDUCTION IN TAX ATTRIBUTES			
AFTER calculating tax for current year!			
For Qualified Farm Indebtedness, include basis only in bus. and invest. assets. May elect to reduce basis of dep. prop first.			
	Attribute Amount Available	Attribute Used (to Form 982)	Excluded Amount Balance
Excludable amounts from worksheets			
1. Net Operating Loss	_____	_____	_____
2. General Business Credit x 3	_____	_____	_____
3. Minimum Tax Credit x 3	_____	_____	_____
4. Capital Loss	_____	_____	_____
5. a. Basis (Insolvent immed after cancellation/Farm 1-1 next year)	_____	_____	_____
b. Money (inc. * > basis) immed after cancellation (insolvency only)	_____	_____	_____
c. Total (Add Lines 5a and 5b)	_____	_____	_____
d. Liab immed after cancellation (Insolvency only)	_____	_____	_____
e. Basis Insolvency Limit (Line 5c minus Line 5d.)	_____	_____	_____
f. Lesser of Line 5a or Line 5e	_____	_____	_____
6. Passive activity loss, and credit x 3	_____	_____	_____
7. Foreign Tax Cr. x 3	_____	_____	_____
(Any remaining balance is nontaxable.)			

QUALIFIED PRINCIPAL RESIDENCE EXCLUSION	
1. Income from Cancellation of Debt	_____
2. Total amount of loan	_____
3. Qualified Principal Res. Debt (Do not enter more than 2M, 1M if MFS.)	_____
4. Excess (Line 2 minus Line 3)	_____
5. Excludable amount (Line 1 minus Line 4, but not less than 0. Enter on Form 982, Line 2, and reduce basis in house <i>if still owned</i> .)	_____
6. Taxable amount (Line 1 minus Line 5. Carry to other exclusion worksheets. If no exclusion available, report as ordinary income.)	_____

INSOLVENCY EXCLUSION	
Qualified Principal Residence Exclusion applies first unless election made!	
1. Income from Cancellation of Debt	_____
2. Amount of Insolvency from Balance Sheet (Enter as positive #.)	_____
3. Taxable amount of Income from Cancellation of Debt (Line 1 minus Line 2. If < 0, enter 0. Carry to other exclusion worksheets.)	_____
4. Excludable amount. Lesser of Line 1 or Line 2. Enter on Form 982, Line 2, and in Tax Attributes worksheet.)	_____

QUALIFIED REAL PROPERTY BUSINESS DEBT EXCLUSION	
1. Income from Cancellation of Debt	_____
2. Outstanding principal amount of the discharged debt	_____
3. FMV of the business property securing debt	_____
4. Principal amount of any other debts secured by same property	_____
5. Line 3 minus Line 4 (If less than 0, enter 0.)	_____
6. Line 2 minus Line 5 (If less than 0, this exclusion does not apply.)	_____
7. Lesser of Line 1 or Line 6	_____
8. Adj. basis of all dep. real prop held immed. before the cancellation	_____
9. Excludable amount (Lesser of Line 7 or Line 8. Enter on Form 982, Line 2, and reduce basis in dep real prop.)	_____
10 Taxable amount of Income from Cancellation of Debt (Line 1 minus Line 9. Carry to other exclusion worksheets.)	_____

QUALIFIED FARM INDEBTEDNESS	
Reduce tax attributes for amount excl. under insolvency, then complete this.	
1. Income from Cancellation of Debt	_____
2. Tax Attributes on Lines 1, 2, 3, 4, 5a (bus/inv only), 6, & 7	_____
3. Excludable amount (Lesser of Line 1 or Line 2. Enter on Form 982, Line 2. Carry to Tax Attributes worksheet.)	_____
4. Taxable amount of Income from Cancellation of Debt (Line 1 minus Line 3. Enter on Schedule F, line 10.)	_____