

# Mac's Monthly Advice!

It is tax season once again and you may be receiving various forms that are of importance to you when it comes time to file your tax return.



Have you been issued a 1099C by a creditor? The 1099C is a form a lender sends to the government saying that they have written off and cancelled the debt owed. Wonderful you say, but it not good news, any forgiven debt is deemed as income to you according to the IRS, so you will owe taxes on this. All is not lost, if you filed for bankruptcy before the 1099C was issued then you simply file an IRS form 982 and check the box stating that this debt was included in a bankruptcy which tells the IRS you have no liability on the forgiven debt. If you received the 1099C before a bankruptcy was filed you may be stuck with the tax liability but you may still have a second chance to get the liability excused by simply showing that you were insolvent before the 1099C was issued. You most likely will need a good CPA to help you with this situation.



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