



## **Information return filed with IRS for foreclosures (acquisition or abandonment of secured property)**

**A lender must file a return with IRS for each foreclosure.**

Use IRS Form 1099-A (accompanied by transmittal Form 1096.) This form will report:

- the name, address, and taxpayer identification number of the borrower;
- the address of the property;
- the amount of the indebtedness at the time of the foreclosure;
- whether the borrower was personally liable for repayment of the indebtedness;
- the date of the foreclosure or abandonment; and
- the fair market value of the property at the time of the foreclosure or abandonment.

Form 1099-A must be filed with IRS by Feb. 28 of the year following the calendar year in which the interest in the property is acquired or in which the lender knows or has reason to know that the property has been abandoned. When Form 1099-A is electronically filed, the due date is Mar. 31, not Feb. 28.

Except in limited situations, if a taxpayer files at least 250 Form 1099-A's during a calendar year, the form must be filed on magnetic media or by electronic means.

## **Information return filed with IRS for debt discharges**

**A lender that discharges (in whole or in part) the indebtedness of any person during any calendar year is required to file a return with the IRS.**

If you cancel a debt in connection with a foreclosure or abandonment within the same calendar year, it is not necessary to file both Form 1099-A and Form 1099-C for the same debtor. You may file Form 1099-C only. You will meet your Form 1099-A filing requirement for the debtor by completing boxes 4, 5, and 7 on Form 1099-C. Form 1099-C includes:

- the amount of indebtedness discharged,
- the name, address, and taxpayer identification number of each owner discharged,
- the date on which the discharge occurred, and

- an indication whether the identifiable event was a discharge of indebtedness in bankruptcy, if known.

The return must be filed with IRS by Feb. 28 of the year following the calendar year in which the event occurred. Electronically filed returns must be filed by Mar. 31, instead of Feb. 28.

Except in limited situations, if a taxpayer files at least 250 Form 1099-C during a calendar year, the form must be filed on magnetic media or by electronic means.

As always, please feel free to contact Jeff Spiegel, Joe Peterson, or Donna Stone if you have further questions regarding this issue, or if you would like assistance in the preparation of these forms.

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