

Insolvency Worksheet

You do not include canceled debt in your income to the extent you are insolvent immediately before the cancellation. Insolvent immediately before the cancellation means: your liabilities exceed the FMV of your assets the day before the cancellation.

Name of Creditor: _____

Amount of Canceled Debt: \$ _____

Date Debt was Canceled (mm/dd/yy): _____

IMPORTANT ADVICE: Keeping your Records for this worksheet could prove to be important. Print out & include any proof for the FMV of your assets (what you use to determine FMV) and the balances of your liabilities (Examples include: bank statements, online values, appraisals, balance sheets, etc.). You never know when the IRS is going to ask you to **PROVE IT!!!**

Part I. Total Liabilities the Day Before the Cancellation

Do not include the same liability in more than one category

| | Liabilities (Debts) | Amount Owed on the Day Before the Cancellation |
|----|--|--|
| 1 | Credit Card Debt | |
| 2 | Mortgages(s) on real property (including first & second mortgages and home equity loans) <i>mortgages(s) can be on personal residence, additional residence, or property held for investment or used in a trade or business</i> | |
| 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 Tax Years) | |
| 11 | Loans from 401(k) Accounts, Interest in Pension Plan, or Other Retirement Accounts | |
| 12 | Loans Against Life Insurance Policies | |
| 13 | Judgments | |
| 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 Asset <i>other than real property</i> | |
| 16 | Other Liabilities (Debts) - Not Included Above | |
| 17 | Total Liabilities - Immediately Before the Cancellation. Add lines 1 through 16. | \$ - |

Part II. Fair Market Value (FMV) of Assets Owned the Day Before the Cancellation

Assets include everything you own. Do not include the FMV of the same asset in more than one category

| | Assets | FMV on the Day Before the Cancellation |
|----|---|--|
| 18 | Cash and Bank Account Balances | |
| 19 | Residences (Including the Value of Land) <i>can be on personal residence, additional residence, or property held for investment or used in a trade or business</i> | |
| 20 | Cars and Other Vehicles | |
| 21 | Computers | |
| 22 | Household Goods and Furnishings (Example: Appliances, Electronics, Furniture, etc.) | |
| 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, 401(k), 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 (Annuity Contracts, Guaranteed Investment Contracts, Mutual Funds Commodity Accounts, Interest in Hedge Funds, and Options) | |
| 38 | Other Assets - Not Included Above | |
| 39 | FMV of Total Assets - Immediately Before the Cancellation. Add lines 18 through 38. | \$ - |