

# ***The Tax Review* Foreclosures, Repossessions, and Cancelled Debt Learning Objectives / Table of Contents**

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## **Chapter**

### **1 Cancelled Debt**

- 1-A** Differentiate between recourse and nonrecourse debt.
- 1-B** Recognize situations in which Forms 1099-A or 1099-C may be issued.
- 1-C** Determine the extent to which a taxpayer is insolvent.
- 1-D** Choose the correct form on which to report income from cancellation of debt.
- 1-E** Apply exceptions to cancelled debt as income.

### **2 Foreclosures, Repossessions, and Secured Debt**

- 2-A** Recognize when a taxpayer may receive both Forms 1099-A and 1099-C or just Form 1099-C.
- 2-B** Determine where to report dispositions of property securing debt.
- 2-C** Recognize tax effects of a loan modification.
- 2-D** Report cancelled debt on the disposition of a taxpayer's principal residence.
- 2-E** Distinguish between foreclosures and short sales.

### **3 Apply Exclusions to Reduce Tax Attributes With Form 982**

- 3-A** Recognize elections available with Form 982.
- 3-B** Identify exclusions from cancellation of debt income specific to bankruptcy.
- 3-C** Identify exclusions from cancellation of debt income specific to real property.
- 3-D** Apply the election to reduce basis first when excluding debt cancellation income.
- 3-E** Calculate the reduction in tax attributes when excluding debt cancellation income.