



2019.20 Training

Subject: Foreclosure | Talking Points

If you've had a short sale or foreclosure of your home this year, you need to report it on your tax return – the debt forgiven by the loan holder is considered income.

What effect does a home foreclosure or short sale have on your taxes?

If your home was foreclosed or you had a short sale this year, you need to report this on your tax return – the amount of debt forgiven by the loan holder is considered income.

For tax years prior to 2017, forgiven debt from a foreclosure or short sale of your primary residence is exempt from taxes. Beginning January 1, 2018, unless Congress approves an Extenders bill, the amount of income forgiven at foreclosure is taxable. Your lender should send you Form 1099-C when your home is foreclosed upon – this form will have the information you need to determine your taxable amount.