Cancellation of Debt – Insolvency Worksheet

Taxpayer(s):	SSN:
Tax Year:	Date of Cancellation:

	Total Cancelled Debt	A	$

Assets as of the day before the debt was cancelled		
	Cash – checking accounts	
	Cash – savings accounts	
	Certificates of deposit	
	Fair Market Value of stocks, bonds, mutual funds	
	Notes and contracts receivable	
	Life insurance (cash surrender value)	
	Personal property (art, jewelry, furniture, boats, snowmobiles, computers, etc.) (FMV)	
	Retirement funds (IRAs, 401(k), 403(b), other pension plans)	
	Automobile #1 (FMV)	
	Automobile #2 (FMV)	
	Business assets (machinery and equipment) (FMV)	
	Real estate – personal home (FMV)	
	Real estate – other: vacation home, land - (FMV) (including nonrecourse financed property)	
	:Education accounts	
	Other assets – specify	

	Total Assets	B	$

Liabilities as of the day before the debt was cancelled		
	Current debt (credit cards, charge accounts)	
	Notes payable	
	Auto loans payable	
	Education or student loans payable	
	Taxes payable	
	Real estate mortgage #1	
	Real estate mortgage #2	
	Nonrecourse financing on real estate to the extent of its FMV	
	Nonrecourse financing on real estate in excess of its FMV to the extent of amount discharged	
	Other liabilities: medical bills, past due real estate taxes, utility bills, other bills:	
	Loans from 401(k) plans or other retirement accounts, loans from life insurance policies	
	Judgments, business debt, margin debt on stock accounts	
	Other liabilities:	

	Total Liabilities	C	$
	Amount of Insolvency (C - B but not less than zero)	D	$
	Amount excluded from income (lesser of A or D)	E	$
	Amount included in income (A - D)	F	$

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NOTE: Do not use a spouse's separately owned assets in computing the taxpayer's insolvency. If any assets or liabilities are separately owned, use a separate worksheet for each spouse.