Making the Best of Bad Situations

Personal Bankruptcy, Divorce, Foreclosure, Bad Debts, Repossessions, and Other Tax Tribulations

By
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Learning Objectives

After reading the materials, participants will be able to:

1. Recognize tax considerations and tax guidance for marital breakdowns and, identify marital status specifying the effect marital status has on filing status and federal income tax obligations.

2. Identify state marital property provisions, cite the elements of §1041 identifying at least two tax traps for the unaware, and specify variables that determine whether a payment is alimony.

3. Determine the exceptions to the general income inclusion rule noting their tax impact, and recognize the various issues related to calculating gain or loss resulting from foreclosure or repossession including the differences between personal and real property repossession, amount realized on sale or other distribution of property in a foreclosure, and basis calculation on repossession of property.

4. Identify nonbusiness and business bad debts under §166 determining their differences in Code requirements and amount allowed.