

## Foreclosures, Short Sales, Unemployment

Well, the end of the year is here, and I don't think that this stupid snow will ever end. Ick- White Christmas or Winter Wonderland even Let It Snow makes me ill right now!

What doesn't make me ill is getting ready for the end of year, the beginning of my year. I love what I do, and I hope it shows. I hope you read these columns and learn or want to find out more.

This week, the worst of the economic issues: Short Sales, Foreclosures and Unemployment. Good news is *usually* there is not a gain on selling short or a foreclosure. There is a worksheet to fill out to find out how much, if any gain there is.

Basically, it boils down to this: If your Fair Market Value of the house was less than the amount of the debt – meaning if you were upside down- you shouldn't have a gain. I am not sure how the computer programs take you through this, but you might want to double check with a Tax Pro to see if it's correct.

If you received cancelled debt from a different type of loan or credit card, well, that is taxable.

Bad news on Unemployment. If you received it last year (2009), you might remember that the first \$2,400 was excluded from Federal Income tax, just taxable to state. Well, that provision is gone. It's all taxable. I know, it stinks.

One more thing about the Bush Extenders. Eventually this will pass, just the bickering is taking forever, and it might be awhile. I want to remind everyone to change their W-4 at the beginning of the year. For my clients, if they were Single, 1; they will now be Single 0. The same with married. If Married with 3; they will be Married 1. This is just to cover the fact that the taxes MAY go up. IRS hasn't even figured out the new withholding tables yet.

Please email me with your tax questions at [kristhetaxlady@gmail.com](mailto:kristhetaxlady@gmail.com). I will be happy to answer them.

Next week: deducting employee expenses and other deductions the correct way.

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