

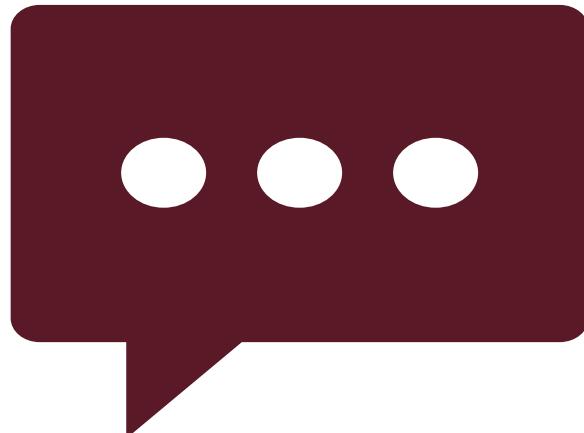
## WHAT'S A 1099C DOCUMENT?

- A tax form issued by a Creditor to a Client whose debt has been settled. Amounts reported on 1099c (the amount of debt that was canceled) may have to be reported as income on a Client's tax return.
- Clients may not receive a form for all accounts enrolled in the program.
- The debt may fall under an IRS exclusion. Clients should contact their tax professional to inquire about the 982-insolvency form. (\*Based on previous client/COA experiences\*)
- Clients are more likely to receive these documents on accounts with higher balances.



## SPEAKING POINTS

- Savings under \$600 are less likely to be taxed on it.
- Savings may outweigh taxable amount.
- Clients can ask tax professionals about a 982 Form (Insolvency Form) to counter the 1099c form.



## COA & 1099C TAX DOCUMENTS

- Advise clients they may receive 1099c from their creditors on both settled & unsettled debt.
- If ClearOne Advantage receives any of these tax documents,
  - This will be sent automatically
- COA can receive these 1099c forms at any time during or after tax season.
- Advise they should be taken to their tax professional to address. COA cannot provide tax advice.

## SPEAKING POINTS CONT'D

- If 1099c's are received on unsettled accounts, this means that the creditor has likely written off the debt. They can contact their creditor to see if there is any balance owed. If creditor states the account has a \$0.00 balance, clients can remove it from program.
- Encourage the client that they're not paying back the full savings on settled accounts, they are just being taxed as if it were earnings.

