



Attention Homeowners Facing Foreclosure: New IRS Website Offers Tax Relief Assistance

The District of Columbia Department of Insurance, Securities and Banking would like to alert consumers that the Internal Revenue Service (IRS) has created a special section on its Web site for homeowners who have lost their homes due to foreclosure.

The new section at www.irs.gov provides a variety of information, including a worksheet designed to help borrowers determine whether any of the foreclosure-related relief provisions apply to them. For those taxpayers who find they owe additional tax, it also includes a form they can use to request a payment agreement with the IRS. In some cases, eligible taxpayers may qualify to settle their tax debt for less than the full amount due.

In a release dated Sept.17, 2007, the IRS reassured homeowners that although mortgage workouts and foreclosures can have tax consequences, special relief provisions can often reduce or eliminate the tax bite for financially strapped borrowers who lose their homes.

The IRS urges struggling homeowners to consider their options carefully before giving up their homes through foreclosure. Under the tax law, if the debt wiped out through foreclosure exceeds the value of the property, the difference is normally taxable income. But special rules allow insolvent borrowers to offset that income in certain circumstances.

The IRS is encouraging mortgage lenders and brokers and consumer service agencies to use various means to make this information available to consumers.

Additional information can be obtained from the Web site through the following links: <http://www.irs.gov/newsroom/article/0,,id=174022,00.html> or <http://www.irs.gov/newsroom/article/0,,id=174034,00.html>. If you have any questions about this alert, please contact the local IRS office directly at 202-874-6748.