**Q 8019. Is a lender required to file a Form 1099-A with respect to a foreclosure?**

As discussed in Q 8014. and Q 8017., the foreclosure of secured property with respect to recourse or nonrecourse debt has income tax consequences. In either case, the lender acquires the property from the debtor. Consequently, the lender is required to issue a Form 1099-A (a copy to the IRS and a copy to the debtor). The Form 1099-A provides relevant information the debtor needs to determine the income tax consequences of the foreclosure.

For example, entered in Box 1 is the date of the foreclosure (treated as the date of sale). In Box 2, the outstanding balance of the debt immediately prior to the foreclosure is entered. In Box 4 and Box 6, the fair market value and the description of the property are entered, respectively. In Box 5, the lender indicates whether the lender was personally liable, i.e., whether the loan was recourse. If the box is checked, it is recourse, if not, it is nonrecourse.

To determine how to compute gain or loss and to what extent there may be discharge of debt income, see Q 8014 and Q 8017.

Importantly, in the case of recourse debt, the issuance of Form 1099-A does not mean the lender has forgiven any deficiency (the difference between the outstanding balance of the debt and the fair market value of the property). If subsequent to the foreclosure, the lender chooses to forgive the deficiency, a Form 1099-C should be issued (see Q 8030).