

When the Numbers Matter

Litigation & Valuation Services Group
Cowan, Guteski & Co., P.A.

March 2010

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Greetings!

Welcome to the first issue of *When the Numbers Matter*. We hope that this newsletter will be a valuable source of information for you on tax, accounting, valuation and other matters pertaining to your cases. Please feel free to call me or a member of our team with any questions that you might have. We are happy to be a trusted resource.



Sincerely,
R. Joseph Guteski, CPA, DABFA
Shareholder-in-Charge
Litigation & Valuation Services Group
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What "SSVS" Means to Business Valuation

Lynne Broza, CPA, ABV, CFF



Effective January 1, 2008 the world of business valuations was introduced to the AICPA [Statement on Standards for Valuation Services No. 1 - Valuation of a Business, Business Ownership Interest, Security or Intangible Asset](#). While being quite a mouthful, the gist of this promulgation is to "improve the consistency and quality of practice among AICPA members performing business valuations." [Click here](#) to learn more.

Ten Facts About Mortgage Debt Forgiveness

(Source: www.irs.gov)

If your mortgage debt is partly or entirely forgiven during tax years 2007 through 2012, you may be able to claim special tax relief and exclude the debt forgiven from your income. Here are 10 facts the IRS wants you to know about Mortgage Debt Forgiveness.

1. Normally, debt forgiveness results in taxable income. However, under the Mortgage Forgiveness Debt Relief Act of 2007, you may be able to exclude up to \$2 million of debt forgiven on your principal residence.
2. The limit is \$1 million for a married person filing a separate return.
3. You may exclude debt reduced through mortgage restructuring, as well as mortgage debt forgiven in a foreclosure.
4. To qualify, the debt must have been used to buy, build or substantially improve your principal residence and be secured by that residence.
5. Refinanced debt proceeds used for the purpose of substantially improving your principal residence also qualify for the exclusion.
6. Proceeds of refinanced debt used for other purposes - for example, to pay off credit card debt - do not qualify for the exclusion.
7. If you qualify, claim the special exclusion by filling out Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness, and attach it to your federal income tax return for the tax year in which the qualified debt was forgiven.
8. Debt forgiven on second homes, rental property, business property, credit cards or car loans does not qualify for the tax relief provision. In some cases, however, other tax relief provisions - such as insolvency - may be applicable. IRS Form 982 provides more details about these provisions.
9. If your debt is reduced or eliminated you normally will receive a year-end statement, Form 1099-C, Cancellation of Debt, from your lender. By law, this form must show the amount of debt forgiven and the fair market value of any property foreclosed.
10. Examine the Form 1099-C carefully. Notify the lender immediately if any of the information shown is incorrect. You should pay particular attention to the amount of debt forgiven in Box 2 as well as the value listed for your home in Box 7.

For more information about the Mortgage Forgiveness Debt Relief Act of 2007, visit irs.gov. A good resource is IRS Publication 4681, Canceled Debts, Foreclosures, Repossessions and Abandonments.

About Our Firm

Your ability to obtain a fair and equitable settlement is important. Our team knows the value that you place on the professionals that assist you to make the best decision for the situation under consideration. That is why we provide comprehensive Litigation Support Services in the following specialties: matrimonial accounting, valuation, commercial litigation, fraud, forensic accounting and ADR. Experience the value our professionals can add to your case.

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Certified Public Accountants and Consultants

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Meet Patrick Cottell



Mr. Cottell has extensive experience in the courtroom. He started his career as an attorney and is now a forensic accountant specializing in fraud, white collar crime and valuation. Since the majority of litigated matters are resolved prior to trial, Patrick also utilizes his skills and unique experience to assist attorneys and clients in settling disputed issues. He can be contacted at 732-676-4100 or via e-mail at: pcottell@cowanquteski.com

2010 Pocket Tax Guide

Available Online

For a printed version of this valuable guide on income tax, capital gains, personal exemptions, mileage or other important rates, contact Jill Bongiovanni at 732-349-6880 or jbongiovanni@cowanquteski.com.

