

### ■ CONGRATULATIONS KASSANDRA COOK



Meet our newest accountant, Cassandra Cook. Cassandra came to Baylis & Company one year ago as an intern. We are pleased to announce that Cassandra has now transitioned to a full time position on our accounting staff.

Kassandra was Valedictorian of her class at Polk State College Collegiate High School and she currently holds an Associate of Arts degree from Polk State College. Kassandra will graduate from the University of South Florida, Tampa campus, in August of this year with her Bachelor of Science degree in Accounting. Kassandra intends to continue her studies and earn a Masters degree and her CPA certification.

Kassandra enjoys reading novels and spending time with family when she is not studying for an exam or working with us. Kassandra also enjoys traveling by plane, boat and car, seeing sights and taking photos of her adventures. We are so glad that this outstanding young woman has joined our team full time! Visit <http://www.bayliscpas.com/professionals/krc.php> to learn more about Kassandra.

### ■ LOOK OUT FOR NEW FORM I-9

Employers have been required by the federal government to retain a Form I-9 for each employee hired after November 6, 1986, for the longer of three years from the date of hire or one year following termination of employment. Form I-9 is used to verify the identity and employment authorization of each new employee hired.



This year the US Department of Homeland Security (US Citizenship and Immigration Services) released a new USCIS Form I-9. The new form was released March 8, 2013, and the two month grace period for employers using the prior version of the form ended May 8, 2013.

There are significant penalties for employers who do not keep proper Form I-9 records, so we encourage you to review your recordkeeping and make sure your records are in compliance. Comprehensive information about how and when to complete the new form along with frequently asked questions are available on the Citizen and Immigration Services website, [www.uscis.gov](http://www.uscis.gov). The new Form I-9 is available at <http://www.uscis.gov/files/form/i-9.pdf>.

### ■ WE ARE ON FACEBOOK



Do you enjoy spending time on Facebook? If so, be sure to check out and “like” Baylis & Company’s Facebook page, <http://www.facebook.com/BaylisCompanyPa>, for Firm news and photos, timely information on tax and accounting matters, and the occasional interesting fact or web article. Hope to see you there!

## ■ IS FORGIVEN DEBT TAXABLE INCOME?



There is no quick and simple answer to this question. In general, if a debt you owe is canceled, forgiven, or discharged and you received a Form 1099-C, the amount of canceled debt must be included in the gross income amount you report on your personal income taxes.

Additionally, if your debt is secured by property and that property is taken by the lender in partial or full satisfaction of your debt, the transaction is treated as if you had sold that property and you may have a taxable gain or loss.

However, canceled debt is not always taxable. The most common exceptions include:

**Qualified principal residence:** Homeowners with forgiven indebtedness covered by the Mortgage Debt Relief Act of 2007 may qualify for tax relief. Congress extended this relief through the end of 2013.

**Bankruptcy:** Debts discharged through bankruptcy are not considered taxable income.

**Insolvency:** If your total debts are more than the fair market value of your total assets, some or all of the cancelled debt may not be taxable.

**Some Farm Debts:** If your debt was incurred directly from the operation of a farm and additional criteria are met, your cancelled debt may not be considered taxable.

**Non-recourse Loans:** Loans for which a lender cannot pursue you personally in case of default may not be taxable. There may, however, be additional tax consequences as a result of the default.

The Internal Revenue Service offers several resources on debt forgiveness. Visit <http://www.irs.gov/taxtopics/tc431.html> for a general overview of this topic. See Publication 4681, *Canceled Debts, Foreclosures, Repossessions, and Abandonments (for Individuals)*, for more detailed information on this subject: <http://www.irs.gov/publications/p4681/index.html>.

As with most tax matters, the details do make a difference. We advise you to consult with your tax professional to determine the impact debt forgiveness will have on your personal situation.

## ■ CLOSING THOUGHTS

We thought it appropriate to close this newsletter with a quote from a great American poet:

To see the Summer Sky  
Is Poetry, though never in a Book it lie -  
True Poems flee -  
~Emily Dickinson  
Reprinted in *The Complete Poems, no. 1472*,  
Harvard variorum edition (1955)

May this summer be full of good times and beautiful memories for you and your loved ones!



Please visit our website at [www.bayliscpas.com](http://www.bayliscpas.com)

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