

[Company Name]
[Address Line 1]
[City, State, Zip Code]
[Phone Number]

[Date]

[Customer Name]
[Customer Address]
[City, State, Zip Code]

RE: Notice of Account Charge-Off and Potential Tax Reporting

Account Number: [Account Number]
Outstanding Balance: \$[Amount]

Dear [Customer Name],

This letter is to formally notify you that your account referenced above has been charged off as a bad debt due to non-payment. Despite our previous attempts to resolve this matter, the balance remains unpaid.

Please be advised that charging off an account does not release you from your legal obligation to pay the debt. We reserve the right to continue collection efforts or assign this account to an external collection agency.

Tax Reporting Information (IRS Form 1099-C)

Internal Revenue Service (IRS) regulations require financial institutions to report the discharge of indebtedness. If we cancel or forgive \$600.00 or more of the principal balance of your debt, we are required to report that amount to the IRS on Form 1099-C (Cancellation of Debt).

You may be required to report the discharged amount as taxable income on your federal income tax return for the year in which the discharge occurs. We recommend that you consult with a qualified tax professional or the IRS regarding the potential tax implications of this action.

If you wish to resolve this balance and prevent further collection actions, please contact our office immediately at [Phone Number].

Sincerely,

[Name/Department]
[Company Name]