

# How to Prepare Your



W-2 & 1099  
Forms

NOTICE

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# Compiled and Edited by ComplyRight, Inc.

## I. INTRODUCTION

We have compiled this booklet to provide a handy reference for completing W-2 and 1099 tax forms. This booklet contains information compiled from many sources and where appropriate, the source is referenced.

This booklet has been designed as a tool to help you prepare W-2 forms and other 1099 information returns and we address some of the more commonly asked questions. We recommend that you consult your own tax advisor before you file any form W-2 or other information reporting tax return.

## II. TYPES OF W-2 FORMS

W-2 Forms are supplied in cut sheet laser forms and carbonless continuous forms (marginally-hole punched) for data processing units and high-speed printers, snap-a-part style for typewriters and pressure seal forms. One typing (or printing) completes all continuous forms — simultaneously — to satisfy all federal, state and local requirements. Although state and local requirements vary according to the jurisdiction, forms have been designed which are approved by the federal government and all the state and city tax revenue agencies.

**Future Developments.** Information about any future developments affecting Forms W-2 and W-3 and their instructions (such as legislation enacted after we release them) will be posted at [www.irs.gov/w2](http://www.irs.gov/w2).

### What's New

**New box 12 Code FF.** A new box 12 Code FF has been added to report the total amount of permitted benefits under a qualified small employer health reimbursement arrangement (QSEHRA). These new QSEHRAs allow eligible employers to pay or reimburse medical care expenses of eligible employees after the employees provide proof of coverage. The maximum reimbursement for an eligible employee under a QSEHRA is \$4,950 (\$10,000 if it also provides reimbursements for family members), before indexing for inflation. For more information, see the *21st Century Cures Act, Public Law 114-255, Division C, Section 18001*.

**Leave-based donation programs to aid victims of the severe storms and flooding in Louisiana.** Under these programs, employees may donate their vacation, sick, or personal leave in exchange for employer cash payments made before January 1, 2018, to qualified tax-exempt organizations providing relief for the victims of the severe storms and flooding in Louisiana that began on August 11, 2016. The donated leave will not be included in the income or wages of the employee. The employer may deduct the cash payments as business expenses or charitable contributions. For more information, see *Notice 2016-55, 2016-40 I.R.B. 432*, available at [IRS.gov/irb/2016-40\\_IRB/ar08.html](http://IRS.gov/irb/2016-40_IRB/ar08.html).

**Leave-based donation programs to aid victims of Hurricane Matthew.** Under these programs, employees may donate their vacation, sick, or personal leave in exchange for employer cash payments made before January 1, 2018, to qualified tax-exempt organizations providing relief for the victims of Hurricane Matthew. The donated leave will not be included in the income or wages of the employee. The employer may deduct the cash payments as business expenses or charitable contributions. For more information, see *Notice 2016-69, 2016-51 I.R.B. 832*, available at [IRS.gov/irb/2016-51\\_IRB/ar11.html](http://IRS.gov/irb/2016-51_IRB/ar11.html).

**Federal employers in the CNMI.** The U.S. Treasury Department and the CNMI Division of Revenue and Taxation entered into an agreement under 5 U.S.C. 5517 (“5517 agreement”) in December 2006. Under this agreement, all federal employers (including the Department of Defense) are required to withhold CNMI income taxes, rather than federal income taxes, and deposit the CNMI taxes with the CNMI Treasury for employees who are subject to CNMI taxes and whose regular place of federal employment is in the CNMI. New guidance for completing Forms W-2 for these employees is available at [IRS.gov/individuals/international-taxpayers/special-withholding-rules-for-us-federal-agency-employers-with-employees-in-cnmi-or-puerto-rico](http://IRS.gov/individuals/international-taxpayers/special-withholding-rules-for-us-federal-agency-employers-with-employees-in-cnmi-or-puerto-rico). See also Federal employers in the CNMI, later, for additional information.

**Penalties increased.** Failure to file and failure to furnish penalties and penalties for intentional disregard of filing and payee statement requirements have increased due to adjustments for inflation. The higher penalty amounts apply to returns required to be filed after December 31, 2017. See *Penalties* for more information.

**De minimis error safe harbor.** Notice 2017-9, 2017-4 I.R.B. 542, available at [IRS.gov/irb/2017-04\\_IRB/ar11.html](http://IRS.gov/irb/2017-04_IRB/ar11.html), provides new information regarding the de minimis error safe harbor. See *Exceptions to the penalty, later*.

### REMINDERS

Get it done faster... E-file your Forms W-2 and W-2c with the SSA. See *E-filing*.

**Due date for filing with SSA.** The due date for filing 2017 Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, W-3, and W-3SS with the SSA is January 31, 2018, whether you file using paper forms or electronically.

**Extensions of time to file.** Extensions of time to file Form W-2 with the SSA are no longer automatic. You may request one 30-day extension to file Form W-2 by submitting a complete application on Form 8809, Application for Extension of Time to File Information Returns, including a detailed explanation of why you need additional time and signed under penalties of perjury. The IRS will only grant the extension in extraordinary circumstances or catastrophe. See *Extension of time to file Forms W-2 with the SSA* for more information. This does not affect extensions of time to furnish Forms W-2 to employees. See *Extension of time to furnish Forms W-2 to employees* for more information.

**Rejected wage reports from the Social Security Administration (SSA).** The SSA will reject Form W-2 electronic and paper wage reports under the following conditions:

- Medicare wages and tips are less than the sum of social security wages and social security tips,
- Social security tax is greater than zero; social security wages and social security tips are equal to zero, and
- Medicare tax is greater than zero; Medicare wages and tips are equal to zero.

Additionally, Forms W-2 and W-2c electronic and paper wage reports for household employers will be rejected under the following conditions:

- The sum of social security wages and social security tips is less than the minimum yearly earnings subject to social security and Medicare tax withholding for a household employee, and
- The Medicare wages and tips are less than the minimum yearly earnings subject to social security and Medicare tax withholding for a household employee.

If the above conditions occur in an electronic wage report, the SSA will notify the submitter by email or postal mail to correct the report and resubmit it to the SSA. If the above conditions occur in a paper wage report, the SSA will notify the employer by email or postal mail to correct the report and resubmit it to the SSA.

**NOTE:** Do not write “corrected” or “amended” on any resubmitted reports. Household employers, see *Pub. 926, Household Employer’s Tax Guide*.

**Social security numbers.** Do not truncate social security numbers shown on Forms W-2, W-2AS, W-2GU, and W-2VI. Social security numbers are required on Forms W-2. See *Taxpayer identification numbers*, later. See also *Regulations section 301.6109-(4)(b)(2)*.

Filers of other forms, such as certain Forms 1099/1098, may truncate the social security number (XXX-XX-4567) to combat identity theft.

**Same-sex marriage.** A marriage of two individuals is recognized for federal tax purposes if the marriage is recognized by the state, possession, or territory of the United States in which the marriage is entered into, regardless of legal residence. Two individuals who enter into a relationship denominated as marriage under the laws of a foreign jurisdiction are recognized as married for federal tax purposes if the relationship would be recognized as marriage under the laws of at least one state, possession, or territory of the United States, regardless of legal residence. Individuals who have entered into a registered domestic partnership, civil union, or other similar relationship that is not recognized as a marriage under the law of the state, possession, or territory of the United States where such relationship was entered into are not considered married for federal tax purposes, regardless of legal residence.

Notice 2013-61 provides special administrative procedures for employers to make claims for refunds or adjustments of overpayments of social security and Medicare taxes with respect to certain same-sex spouse benefits before expiration of the period of limitations. Notice 2013-61, 2013-44 I.R.B. 432 is available at [IRS.gov/irb/2013-44\\_IRB/ar10.html](http://IRS.gov/irb/2013-44_IRB/ar10.html).

**Limit on health flexible spending arrangement (FSA).** For 2017, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$2,600. The salary reduction contribution limitation of \$2,600 does not include any amount (up to \$500) carried over from a previous year. For more information, see *Health Flexible Spending Arrangement (FSA)*.

**Additional Medicare Tax.** In addition to withholding Medicare tax at 1.45%, an employer is required to withhold a 0.9% Additional Medicare Tax on any Federal Insurance Contributions Act (FICA) wages or Railroad Retirement Tax Act (RRTA) compensation it pays to an employee in excess of \$200,000 in a calendar year. An employer is required to begin withholding Additional Medicare Tax in the pay period in which it pays wages or compensation in excess of \$200,000 to an employee and continue to withhold it until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages and compensation that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on Additional Medicare Tax, go to [IRS.gov](http://IRS.gov) and enter "Additional Medicare Tax" in the search box.

Unless otherwise noted, references to Medicare tax include Additional Medicare Tax.

**Medicaid waiver payments.** Notice 2014-7 provides that certain Medicaid waiver payments are excludable from income for federal income tax purposes. See *Notice 2014-7, 2014-4 I.R.B. 445* available at [www.irs.gov/irb/2014-4\\_IRB/ar06.html](http://www.irs.gov/irb/2014-4_IRB/ar06.html). Also, see [www.irs.gov/Individuals/Certain-Medicaid-Waiver-Payments-May-Be-Excludable-From-Income](http://www.irs.gov/Individuals/Certain-Medicaid-Waiver-Payments-May-Be-Excludable-From-Income) for questions and answers on the notice.

**Business Services Online (BSO).** The SSA has enhanced its secure BSO website to make it easier to register and navigate. Use BSO's online fill-in forms to create, save, and submit Forms W-2 and W-2c to the SSA electronically. BSO lets you print copies of these forms to file with state or local governments, distribute to your employees, and keep for your records. BSO generates Form W-3 automatically based on your Forms W-2. You also can use BSO to upload wage files to the SSA, check on the status of previously submitted wage reports, and take advantage of other convenient services for employers and businesses. Visit the SSA's Employer W-2 Filing Instructions & Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) for more information about using BSO to save time for your

organization. Here you also will find forms and publications used for wage reporting, information about verifying employee social security numbers online, how to reach an SSA employer services representative for your region, and more.



**TIP:** Preview BSO by viewing a brief online tutorial. Go to [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer), select "Handbooks, Tutorials & Videos" and click on "Business Services Online Tutorial."

**Correcting Wage Reports.** You can use BSO to create, save, print, and submit Forms W-2c, Corrected Wage and Tax Statement, online for the current year as well as the prior years. After logging in to BSO, navigate to the Electronic Wage Reporting home page and click on the "Forms W-2c/W-3c Online" tab.

**Tax relief for victims of terrorist attacks.** Disability payments for injuries incurred as a direct result of a terrorist attack directed against the United States (or its allies) are not included in income. Because federal income tax withholding is only required when a payment is includable in income, no federal income tax should be withheld from these payments.

**Distributions from governmental section 457(b) plans of state and local agencies.** Generally, report **distributions** from section 457(b) plans of state and local agencies on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See *Notice 2003-20* for details. You can find Notice 2003-20 on page 894 of Internal Revenue Bulletin 2003-19 at [www.irs.gov/pub/irs-irbs/irb03-19.pdf](http://www.irs.gov/pub/irs-irbs/irb03-19.pdf).

**Earned income credit (EIC) notice** (not applicable to Forms W-2AS, W-2GU, W-2CM and W-2VI). You must notify employees who have no income tax withheld that they may be able to claim an income tax refund because of the EIC. You can do this by using the official IRS Form W-2 with the EIC notice on the back of Copy B or a substitute Form W-2 with the same statement. You must give your employee Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC), or your own statement that contains the same wording if (a) you use a substitute Form W-2 that does not contain the EIC notice, (b) you are not required to furnish Form W-2, or (c) you do not furnish a timely Form W-2 to your employee. For more information, see *Section 10 in Pub. 15 (Circular E, Employer's Tax Guide)*.

**Electronic statements for employees.** Furnishing Copies B, C, and 2 of Forms W-2 to your employees electronically may save you time and effort. See *Pub. 15-A, Employer's Supplemental Tax Guide, Furnishing Form W-2 to employees electronically*, for additional information.

**E-filing.** The SSA encourages all employers to *e-file*. E-filing can save you time and effort and helps ensure accuracy. You must *e-file* if you are required to file 250 or more Forms W-2 or W-2c. If you are required to *e-file* but fail to do so, you may incur a penalty.

**Waiver from e-filing.** You can request a waiver from this requirement by filing Form 8508, Request for Waiver From Filing Information Returns Electronically. Submit Form 8508 to the IRS at least 45 days before the due date of Form W-2, or 45 days before you file your first Form W-2c. See *Form 8508* for information about filing this form.

The SSA's BSO website makes e-filing easy by providing two ways to submit your Forms W-2 or W-2c Copy A and Forms W-3 or W-3c information.

If you need to file 50 or fewer Forms W-2 or 25 or fewer Forms W-2c at a time, you can use BSO to create them online. BSO guides you through the process of creating Forms W-2 or W-2c, saving and printing them, and submitting them to the SSA when you are ready. You do not have to wait until you have submitted Forms W-2 or W-2c to the SSA before printing copies for your employees. BSO generates Form W-3 or W-3c automatically based on your Forms W-2 or W-2c.

If you need to file more than 50 Forms W-2 or more than 25 Forms W-2c, BSO's "file upload" feature might be the best e-filing method for your business or organization. To obtain file format specifications, visit the SSA's Employer W-2 Filing Instructions & Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer), select "**Publications & Forms**," click

## FORM W-2 FOR YEAR 2017

STATE NO.	STYLE TO USE	STATE FORM
All Forms Are Officially Approved		
ALABAMA**	6-part	A-2 or
Many cities have a local income tax requiring 8-part form		W-2
State name must appear with Alabama Code No.		
ALASKA	4-part	None
ARIZONA	6-part	W-2
(Show State name and ID No.)		
ARKANSAS	6-part	W-2
CALIFORNIA	6-part	W-2
COLORADO**	6-part	W-2
(NOTE: Denver Occupational Privilege Tax)		
CONNECTICUT	6-part	W-2
DELAWARE	6-part and 8-part	W-2
Wilmington Income Tax: Use 7-part – Form WC WT-2		
DISTRICT OF	6-part	W-2
COLUMBIA** (Show D.C. ID No.)		
FLORIDA	4-part	None
GEORGIA**	6-part	W-2
(Show State ID No.)		
HAWAII	6-part	Hw-2 or W-2
IDAHO**	6-part	W-2
ILLINOIS	6-part	W-2
INDIANA**	6-part	WH 18 or W-2
IOWA	6-part	W-2
KANSAS**	6-part	K-2 or W-2
KENTUCKY**	6-part and 8-part	K-2 or W-2
Kentucky Cities with Income Tax needing 7-part: Covington, Jefferson, Frankfort (Form 9), Lexington, Louisville, plus other municipalities and counties. Form K-2 must be used for State reporting.		
This can be imprinted or computer generated in the "State" box.		
LOUISIANA**	6-part	L-2 or W-2
MAINE	6-part	W-2
MARYLAND	6-part and 8-part	MW-509 or
The city of Baltimore and all counties have local income tax. Include State ID No.		
MASSACHUSETTS**	6-part	W-2
MICHIGAN	6-, 7- or 8-part	MI - W-2
(Always safe with 8-Part) Several Michigan cities impose an income tax and require separate filing copies, necessitating an 8-part set (e.g., Detroit).		
MINNESOTA**	6-part	W-2
MISSISSIPPI**	6-part	W-2

MISSOURI**	6-part and 8-part	W-2
St. Louis and Kansas City (MO) have earnings tax requiring a 7-part form. Kansas City:	W-2	
St. Louis:	W-2	
MONTANA	6-part	W-2
NEBRASKA**	6-part	W-2
NEVADA	4-part	None
NEW HAMPSHIRE	4-part	None
NEW JERSEY	6-part	W-2
NEW MEXICO**	6-part	CRS-8
(Show N.M. State ID No.)		
NEW YORK STATE**	6-part or 8-part	W-2
NEW YORK CITY**	A special set is not necessary. New York Yonkers, N.Y. (New Tax, 1985)	
State is now collecting tax for New York City and Yonkers. The 8-Part W-2 Set is no longer necessary. Use a 6-part W-2. City copies have been eliminated.		
NORTH CAROLINA**	6-part	NC-2 or W-2
(Show N.C. State Acct. No.)		
NORTH DAKOTA**	6-part	W-2
OHIO	6-, 7- or 8-part	IT-2 or W-2
Many cities and villages have a local income tax requiring 7- or 8-part forms.		
OKLAHOMA**	6-part	W-2
OREGON**	6-part	W-2
PENNSYLVANIA**	6-, 7- or 8-part	W-2
Philadelphia (7-part) Pittsburgh (8-part) plus numerous PA localities have withholding tax (7-part)		
W-2		
RHODE ISLAND	6-part	W-2
PUERTO RICO	Special	499 R-2/W-2 PR
SOUTH CAROLINA**	6-part	W-2
SOUTH DAKOTA	4-part	None
TENNESSEE	4-part	None
TEXAS	4-part	None
UTAH**	6-part	W-2
VERMONT**	6-part	WH-1
VIRGINIA**	6-part	W-2
WASHINGTON	4-part	None
WEST VIRGINIA	6-part	IT-102 or W-2
WISCONSIN**	6-part	W-2
WYOMING	4-part	None

\*\*FORMS FOR STATES INDICATED MUST BE SUBMITTED WITH  
STATE NAME TYPED OR IMPRINTED IN APPROPRIATE SPACES.  
Most states no longer require the state form number to be shown.  
NOTE: 6-part means 6-part Continuous, 1-Wide or  
Continuous 3-part, 2-Wide. Thus, 2-part, 2-Wide = 4-parts;  
4-part, 2-Wide = 8-parts.

on "Specifications for Filing Forms W-2 and W-2c Electronically (EFW2/ EFW2C)," and select the appropriate document. This information is also available by calling the SSA's Employer Reporting Service Center at 1-800-772-6270 (toll free).



**CAUTION:** If you e-file, do not file the same returns using paper forms.

For more information about e-filing Forms W-2 or W-2c and a link to the BSO website, visit the SSA's Employer W-2 Filing Instructions & Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

In a few situations, reporting instructions vary depending on the filing method you choose. For example, you can include every type of box 12 amount in one employee wage record if you upload an electronic file. If you file on paper or create Forms W-2 online, you can include only four box 12 amounts per Form W-2. See the *TIP for Box 12 — Codes under Specific Instructions for Form W-2*.

**Form 944.** Use the "944" checkbox in box b of Form W-3 or Form W-3SS if you filed Form 944, Employer's ANNUAL Federal Tax Return. Also use the "944" checkbox if you filed Formulario 944(SP), the Spanish version of Form 944.

**Forms W-2 for U.S. possessions.** In these instructions, reference to Forms W-2 and W-3 includes Forms W-2AS, W-2CM, W-2GU, W-2VI, and W-3SS, unless otherwise noted. These instructions are not applicable to wage and tax statements for Puerto Rico. Form W-2AS is used to report American Samoa wages paid by American Samoa employers, Form W-2CM is used to report the Commonwealth of the Northern Mariana Islands (CNMI) wages paid by CNMI employers, Form W-2GU is used to report Guam wages paid by Guam employers, and Form W-2VI is used to report U.S. Virgin Islands (USVI) wages paid by USVI employers. Do not use these forms to report wages subject to U.S. income tax withholding. Instead, use Form W-2 to show U.S. income tax withheld.

**Treatment of military differential pay.** Employers paying their employees while they are on active duty in the United States uniformed services should treat these payments as wages subject to income tax withholding. See *Military differential pay* under *Specific Instructions for Form W-2*.

**Military Spouses Residency Relief Act (MSRRA).** You may be required to report wages and taxes on a form different from the form you generally use if an employee claims residence or domicile under MSRRA in a different jurisdiction in one of the 50 states, the District of Columbia, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, or the U.S. Virgin Islands.

Under MSRRA, the spouse of an active duty servicemember (civilian spouse) may keep his or her prior residence or domicile for tax purposes (tax residence) when accompanying the servicemember spouse, who is relocating under military orders, to a new military duty station in one of the 50 states, the District of Columbia, or a U.S. possession. Before relocating, both spouses must have had the same tax residence.

For example, if a civilian spouse is working in Guam but properly claims tax residence in one of the 50 states under MSRRA, his or her income from services would not be taxable income for Guam tax purposes. Federal income taxes should be withheld and remitted to the IRS. State and local income taxes may need to be withheld and remitted to state and local tax authorities. You should consult with state, local, or U.S. possession tax authorities regarding your withholding obligations under MSRRA.

**Nonqualified deferred compensation plans.** You are not required to complete box 12 with code Y (Deferrals under a section 409A nonqualified deferred compensation plan). Section 409A provides that all amounts deferred under a nonqualified deferred compensation (NQDC) plan for all tax years are includable in gross income unless certain requirements are satisfied. See *Nonqualified deferred compensation plans* under Special Reporting Situations for Form W-2 and the Nonqualified Deferred Compensation Reporting Example Chart.

**Reporting the cost of group health insurance coverage.** You must report the cost of employer-sponsored health coverage in box 12 using code DD. However, transitional relief applies to certain employers and certain types of plans. For more information, see *Box 12 — Codes for Code DD — Cost of employer-sponsored health coverage*.

**Severance payments.** Severance payments are wages subject to social security and Medicare taxes. As noted in section 15 of Pub. 15 (Circular E), severance payments are also subject to income tax withholding and FUTA tax.

**Substitute forms.** You may use an acceptable substitute form instead of an official IRS form.

**Form W-2.** If you are not using the official IRS form to furnish Form W-2 to employees or to file with the SSA, you may use an acceptable substitute form that complies with the rules in *Pub. 1141, General Rules and Specifications for Substitute Forms W-2 and W-3*. Pub. 1141 is a revenue procedure that explains the requirements for format and content of substitute Forms W-2 and W-3. Your substitute forms must comply with the requirements in Pub. 1141.

**Form W-2c.** If you are not using the official IRS form to furnish Form W-2c to employees or to file with the SSA, you may use an acceptable substitute form that complies with the rules in *Pub. 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c*. Pub. 1223 is a revenue procedure that explains the requirements for format and content of substitute Forms W-2c and W-3c. Your substitute forms must comply with the requirements in Pub. 1223.

Pub. 1223 prohibits advertising on Form W-2c. You must not include advertising on any copy of Form W-2c, including coupons providing discounts on tax preparation services attached to the employee copies. See *Pub. 1223* for further information.

### III. FORMS W-2 AND W-3 FOR YEAR 2017

Use either the IRS official Forms W-2 and W-3 or privately printed substitute Forms W-2 and W-3. SSA accepts Forms W-2 and W-3, printed on single sheet 8½ inches in width. All privately printed, substitute Forms W-2 and W-3 **must** adhere to the specifications contained in IRS Pub. 1141.

Do not print, write or enter any data in the margins of the form(s). These areas are used for control information during SSA's processing.

The image shows two versions of the 2017 W-2 Wage and Tax Statement form. The left version is a red print version, and the right version is a black print version. Both versions are identical in layout and content. The top of each form has '2017' printed on it. The bottom of each form has 'W-2 Wage and Tax Statement' printed on it. The form contains sections for Employee Identification, Wage and Tax Information, and Tax Withholding.

All printing of Forms W-2 and W-3 will be in red Optical Character Recognition (OCR) dropout ink, except for the form Identifying numbers '22222' or '33333' at the top and the tax year at the bottom which will be printed in nonreflective black ink. The font used to print data on Forms W-2

and W-3 should be very dark and SSA prefers 12-point Courier font. Do not use script, inverted, italic and/or dual case fonts when preparing the forms. Do not use inks that contain red pigment on forms that contain employer provided information.

Continuous pin-feed forms should be separated at the page perforation into individual 11-inch deep pages (i.e., 2 Forms W-2 or 1 Form W-3 per page) in accordance with IRS Pub. 1141. When separating forms, keep them in order and submit them in the order printed.

**NOTE:** Cutting individual Forms W-2 to create two separate forms causes processing problems.

#### Employment tax information.

Detailed employment tax information is given in:

- Pub. 15 (Circular E), Employer's Tax Guide,
- Pub. 15-A, Employer's Supplemental Tax Guide,
- Pub. 15-B, Employer's Tax Guide to Fringe Benefits,
- Pub. 51 (Circular A), Agricultural Employer's Tax Guide, and
- Pub. 80 (Circular SS), Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

You can also call the IRS with your employment tax questions at 1-800-829-4933 or visit [www.irs.gov](http://www.irs.gov) and type "Employment Taxes" in the Search box.

## IV. HOW TO ELECT THE CORRECT W2 FORM

W-2 continuous pin-feed Forms are available in sets of 4, 6, or 8 parts. They are also available in laser format. Which is proper for you? A summary of the usage of each different type is as follows:

#### If Federal Only ... 4-Part

As a general rule, for reporting in a state with no state or local income taxes, a *4-part, straight federal form* is sufficient. Distribution of the set:

- Copy A — For Social Security Administration (Employer Copy)
- Copy B — To be filed with Employee's Federal Tax Return (Employee Copy)
- Copy C — Employee File Copy
- Copy D — Employer File Copy

**NOTE:** Most well-designed, commercially printed W-2 Forms will have the last copy designated "Information Return" instead of Employer File Copy D. This last part, therefore, can be used by the employer to submit to a state or local taxing agency, giving the combination set wider usage. Of course, this copy can be retained as an internal file copy, but most employers keep this information elsewhere inasmuch as there is no requirement that this copy be saved [Rev. Proc. 99-24]. The advantage of this special caption heading is that a 6-part set may be used in a jurisdiction that would normally require a 7-part set. In addition, legibility problems associated with the thicker forms will be alleviated.

#### If Federal, Plus State ... 6-Part

The *6-Part Form* has the regular 4 federal parts plus a city or state return for the employer and one for the employee to file with his state tax return. Thus, there are three employer copies and three employee copies. This is the most widely used form.

#### If Federal, Plus State and City Withholding ... 8-Part

The *8-Part Form* is used where forms must be prepared for federal, state and city withholding tax and where both the state and city require the employee as well as the employer to file a copy. This is the exception rather than the rule inasmuch as most local or municipal ordinances require only the employer to submit a form. Notable examples are certain cities in Alabama, Delaware, Kentucky, Maryland, Michigan, Missouri, New York, Ohio and Pennsylvania which require a special employee copy for a total of 8. For example, Detroit, Cleveland and Pittsburgh are jurisdictions requiring the employee to file a city copy of the W-2 with his city tax return.

**NOTE:** The above may be ordered assorted, according to your needs. However, it may be easier to order the *thickest* set required, and use them for all employees, with any extra state and/or city copies discarded where not needed.

## How to get Forms and Publications

**Internet.** You can access [IRS.gov](http://IRS.gov) 24 hours a day, 7 days a week to:

- Download, view, and order tax forms, instructions, and publications.
- Access commercial tax preparation and *e-file* services.
- Research your tax questions online.
- See answers to frequently asked tax questions.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins published in the last few years.
- Sign up to receive local and national tax news by email.



**CAUTION:** Do not print Copy A of Forms W-2, W-3, W-2c, or W-3c from [IRS.gov](http://IRS.gov) and then file them with the SSA. The SSA accepts only e-filed reports and the official red-ink versions

(or approved substitute versions) of these forms. For more information about acceptable substitute versions, see *Substitute forms*. For information about e-filing, see *E-filing*.

Free tax services. To find out what services are available, get Pub. 910, IRS Guide to Free Tax Services. It contains lists of free tax information sources, including publications, services, and free tax education and assistance programs. Accessible versions of IRS published products are available on request in a variety of alternative formats.

**Mail.** You can send your order for forms, instructions, and publications to the following address. You should receive a response within 10 days after your request is received.

**Internal Revenue Service  
1201 N. Mitsubishi Motorway  
Bloomington, IL 61705-6613**

#### Common Errors on Forms W-2

Forms W-2 provide information to your employees, the SSA, the IRS, and state and local governments. Avoid making the following errors, which cause processing delays.

- Omit the decimal point and cents from entries.
- Make entries using ink that is too light. Use only black ink.
- Make entries that are too small or too large. Use 12-point Courier font, if possible.
- Add dollar signs to the money-amount boxes. They have been removed from Copy A and are not required.
- Inappropriately check the "Retirement plan" checkbox in box 13. See *Retirement plan*.
- Misformat the employee's name in box e. Enter the employee's first name and middle initial in the first box, his or her surname in the second box, and his or her suffix (such as "Jr.") in the third box (optional).
- Cut, fold, or staple Copy A paper forms mailed to SSA.
- Download Copy A of Forms W-2, W-2AS, W-2GU, W-2VI, W-3SS, or Form W-3 from [IRS.gov](http://IRS.gov) and file with SSA.

## General Instructions for Forms W-2 and W-3

**Who must file Form W-2.** You must file Form(s) W-2 if you have one or more employees to whom you made payments (including noncash payments) for the employees' services in your trade or business during 2017.

Complete and file Form W-2 for each employee for whom any of the following applies (even if the employee is related to you).

- You withheld any income, social security, or Medicare tax from wages regardless of the amount of wages; or
- You would have had to withhold income tax if the employee had claimed no more than one withholding allowance or had not claimed exemption from withholding on Form W-4; or
- You paid \$600 or more in wages even if you did not withhold any income, social security, or Medicare tax.

## Social Security's Employer Service Liaison Officers

Social Security's employer service liaison officers and staff can help you and your business clients understand wage reporting requirements, procedures, and reporting methods. Contact the specialist in your geographic area at the phone number listed below.

Calls from:	Telephone:		Calls from:	Telephone:	
* Alabama	(334) 875-8682	(Montgomery)	Montana	(303) 844-0759	(Denver)
Alaska	(206) 615-2125	(Seattle)	Nebraska	(816) 936-5657	(Kansas City)
American Samoa	(510) 970-8247	(San Francisco)	Nevada	(510) 970-8247	(San Francisco)
Arizona	(510) 970-8247	(San Francisco)	New Hampshire	(617) 565-2895	(Boston)
Arkansas	(816) 936-5657	(Kansas City)	New Jersey	(212) 264-1462	(New York)
California	(510) 970-8247	(San Francisco)	New Mexico	(816) 936-5657	(Kansas City) New
Colorado	(303) 844-0759	(Denver)	York	(212) 264-1462	(New York)
Connecticut	(617) 565-2895	(Boston)	* North Carolina	(888) 383-1598	(Charlotte)
Delaware	(215) 597-2354	(Philadelphia)		(866) 366-9556	(Goldsboro)
Dist. of Columbia	(215) 597-2354	(Philadelphia)	North Dakota	(303) 844-0759	(Denver)
Florida	(404) 562-1315	(Atlanta)	Northern Mariana Islands	(510) 970-8247	(San Francisco)
Georgia	(404) 562-1315	(Atlanta)	Ohio	(312) 575-4244	(Chicago)
Guam	(510) 970-8247	(San Francisco)	Oklahoma	(816) 936-5657	(Kansas City)
Hawaii	(510) 970-8247	(San Francisco)	Oregon	(206) 615-2125	(Seattle)
Idaho	(206) 615-2125	(Seattle)	Pennsylvania	(215) 597-2354	(Philadelphia)
Illinois	(312) 575-4244	(Chicago)	Puerto Rico	(212) 264-1462	(New York)
Indiana	(312) 575-4244	(Chicago)	Rhode Island	(617) 565-2895	(Boston)
Iowa	(816) 936-5657	(Kansas City)	South Carolina	(404) 562-1315	(Atlanta)
Kansas	(816) 936-5657	(Kansas City)	South Dakota	(303) 844-0759	(Denver)
Kentucky	(404) 562-1315	(Atlanta)	* Tennessee	(866) 365-3040	(Chattanooga)
Louisiana	(816) 936-5657	(Kansas City)	Texas	(816) 936-5657	(Kansas City)
Maine	(617) 565-2895	(Boston)	Utah	(303) 844-0759	(Denver)
Maryland	(215) 597-2354	(Philadelphia)	Vermont	(617) 565-2895	(Boston)
Massachusetts	(617) 565-2895	(Boston)	Virgin Islands	(212) 264-1462	(New York)
Michigan	(312) 575-4244	(Chicago)	Virginia	(215) 597-2354	(Philadelphia)
Minnesota	(312) 575-4244	(Chicago)	Washington	(206) 615-2125	(Seattle)
** Mississippi	(866) 403-8014	(Meridian)	West Virginia	(215) 597-2354	(Philadelphia)
	(888) 436-2621	(Jackson)	Wisconsin	(312) 575-4244	(Chicago)
Missouri	(816) 936-5657	(Kansas City)	Wyoming	(303) 844-0759	(Denver)

\* Alternate Contact - (404) 562-1315 (Atlanta)

Only in very limited situations will you not have to file Form W-2. This may occur if you were not required to withhold any income tax, social security tax, or Medicare tax and you paid the employee less than \$600, such as for certain election workers and certain foreign agricultural workers. See *Election workers and Foreign agricultural workers*, later.

Unless otherwise noted, references to Medicare tax include Additional Medicare Tax.

If you are required to file 250 or more Forms W-2, or want to take advantage of the benefits of e-filing, see *E-filing*.

**Who must file Form W-3.** Anyone required to file Form W-2 must file Form W-3 to transmit Copy A of Forms W-2. Make a copy of Form W-3; keep it and Copy D (For Employer) of Forms W-2 with your records for 4 years. Be sure to use Form W-3 for the correct year. If you are filing Forms W-2 electronically, see *Electronic reporting*.

**Household employers.** Even employers with only one household employee must file Form W-3 to transmit Copy A of Form W-2. On Form W-3 check the “Hshld. emp.” checkbox in box b. For more information, see *Schedule H (Form 1040)*, *Household Employment Taxes*, and its separate instructions. You must have an employer identification number (EIN). See *Box b—Employer identification number (EIN)*.

**Who may sign Form W-3.** A transmitter or sender (including a service bureau, reporting agent, paying agent, or disbursing agent) may sign Form W-3 (or use its PIN to e-file) for the employer or payer only if the sender satisfies both of the following:

- It is authorized to sign by an agency agreement (whether oral, written, or implied) that is valid under state law; and
- It writes “For (name of payer)” next to the signature (paper Form W-3 only).



**CAUTION:** Use of a reporting agent or other third-party payroll service provider does not relieve an employer of the responsibility to ensure that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA, correctly and on time. See *Penalties* for more information.

Be sure that the payer’s name and EIN on Forms W-2 and W-3 are the same as those used on the Form 941, Employer’s QUARTERLY Federal Tax Return; Form 943, Employer’s Annual Federal Tax Return for Agricultural Employees; Form 944; Form CT-1, Employer’s Annual Railroad Retirement Tax Return; or Schedule H (Form 1040) filed by or for the payer.

**When to file.** If you file using paper forms, you must file Copy A of Form W-2 with Form W-3 by January 31, 2018. If you e-file, the due date is also January 31, 2018. You may owe a penalty for each Form W-2 that you file late. See *Penalties*. If you terminate your business, see *Terminating a business*.

**Extension of time to file Forms W-2 with the SSA.** You may request only one extension of time to file Form W-2 with the SSA by submitting a complete application on Form 8809, Application for Extension of Time To File Information Returns. Include a detailed explanation of why you need additional time. You must sign the application under penalties of perjury. Send the application to the address shown on Form 8809. You must request the extension before the due date of Forms W-2. If the IRS grants your request for extension, you will have an additional 30 days to file. The IRS will grant extensions to file Forms W-2 only in limited cases for extraordinary circumstances or catastrophe, such as a natural disaster or fire destroying the books and records needed for filing the forms. No additional extension of time to file will be allowed. See *Form 8809* for details.



**CAUTION:** Even if you request and are granted an extension of time to file Form W-2, you still must furnish Form W-2 to your employees by January 31, 2018. But see *Extension of time to furnish Forms W-2 to employees*.

**Where to file paper Forms W-2 and W-3.** File Copy A of Form W-2 with Form W-3 at the following address:

**Social Security Administration  
Direct Operations Center  
Wilkes-Barre, PA 18769-0001**



**TIP:** If you use “Certified Mail” to file, change the ZIP code to “18769-0002.” If you use an IRS-approved private delivery service, add “Attn: W-2 Process, 1150 E. Mountain Dr.” to the address and change the ZIP code to “18702-7997.” See *Pub. 15 (Circular E)* for a list of IRS-approved private delivery services.



**CAUTION:** Do not send cash, checks, money orders, or other forms of payment with the Forms W-2 and W-3 that you submit to the SSA. Employment tax forms (for example, Form 941 or Form 943), remittances, and Forms 1099 must be sent to the IRS.

**Copy 1.** Send Copy 1 of Form W-2, if required, to your state, city, or local tax department. For more information concerning Copy 1 (including how to complete boxes 15 through 20), contact your state, city, or local tax department.

**American Samoa.** File Copy 1 of Form W-3SS and Forms W-2AS at the following address:

**American Samoa Tax Office  
Executive Office Building  
First Floor  
Pago Pago, AS 96799**

For additional information about Form W-2AS, see [www.americansamoa.gov](http://www.americansamoa.gov).

**Guam.** File Copy 1 of Form W-3SS and Forms W-2GU at the following address:

**Guam Department of Revenue and Taxation  
P.O. Box 23607  
GMF, GU 96921**

For additional information about Form W-2GU, see [www.guantax.com](http://www.guantax.com).

**United States Virgin Islands.** File Copy 1 of Form W-3SS and Form W-2VI at the following address:

**Virgin Islands Bureau of Internal Revenue  
6115 Estate Smith Bay  
Suite 225  
St. Thomas, VI 00802**

For additional information about Form W-2VI, see [www.viirb.com](http://www.viirb.com).

**Commonwealth of the Northern Mariana Islands.** File Form OS-3710 and Copy 1 of Forms W-2CM at the following address:

**Division of Revenue and Taxation  
Commonwealth of the Northern Mariana Islands  
P.O. Box 5234 CHRB  
Saipan, MP 96950**

Forms OS-3710 and W-2CM are not IRS forms. For additional information about Form W-2CM, see [www.cnmidof.net](http://www.cnmidof.net).

**Shipping and Mailing.** If you file more than one type of employment tax form, please group Forms W-2 of the same type with a separate Form W-3 for each type, and send them in separate groups. See the specific instructions for *Box b* of Form W-3.

Prepare and file Forms W-2 either alphabetically by employees’ last names or numerically by employees’ social security numbers. Do not staple or tape Form W-3 to the related forms W-2 or Forms W-2 to each other. These forms are machine read. Staple holes or tears interfere with machine reading. Also, do not fold Forms W-2 and W-3. Send the forms to the SSA in a flat mailing.

**Furnishing Copies B, C, and 2 to employees.** Generally, you must furnish Copies B, C, and 2 of Form W-2 to your employees by **January 31, 2018**. You will meet the “furnish” requirement if the form is properly

addressed and mailed on or before the due date. If employment ends before December 31, 2017, you may furnish copies to the employee at any time after employment ends, but no later than January 31, 2018. If an employee asks for Form W-2, give him or her the completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later. However, if you terminate your business, see *Terminating a Business*.

You may furnish Forms W-2 to employees on IRS official forms or on acceptable substitute forms. See *Substitute forms*. Be sure the Forms W-2 you provide to employees are clear and legible and comply with the requirements in Pub. 1141.

Forms W-2 that include logos, slogans, and advertisements (including advertisements for tax preparation software) may be confused with questionable Forms W-2. An employee may not recognize the importance of the employee copy for tax reporting purposes due to the use of logos, slogans, and advertisements. Therefore, the IRS has determined that logos, slogans, and advertising will not be allowed on Forms W-3, Copy A of Forms W-2, or any employee copies reporting wages paid. See *Pub. 1141* for more information.

**Extension to Furnish Forms W-2 to Employees.** You may request an extension of time to furnish Forms W-2 to employees by sending a letter to:

**Internal Revenue Service**  
**Attn: Extension of Time Coordinator**  
**240 Murrall Drive, Mail Stop 4360**  
**Kearneysville, WV 25430**

Mail your letter on or before the due date for furnishing Forms W-2 to employees. It must include:

1. Your name and address,
2. Your employer identification number (EIN),
3. A statement that you are requesting an extension to furnish "Forms W-2" to employees,
4. The reason for delay, and
5. Your signature or that of your authorized agent.



**CAUTION:** Requests for an extension of time to furnish Forms W-2 to employees are not automatically granted. If approved, an extension will generally be for no more than 15 days from the due date, unless the need for up to a total of 30 days is clearly shown. See the *2017 General Instructions for Certain Information Returns*.

**Undeliverable Forms W-2.** Keep for 4 years any employee copies of Forms W-2 that you tried to but could not deliver. However, if the undelivered W-2 can be produced electronically through April 15 of the fourth year after the year of issue, you do not need to keep undeliverable employee copies. Do not send undeliverable Forms W-2 to the SSA.

**Taxpayer Identification Numbers (TINs).** Employers use an employer identification number (EIN) (00-0000000). Employees use a social security number (SSN) (000-00-0000). When you list a number, separate the nine digits properly to show the kind of number. Do not accept an IRS individual taxpayer identification number (ITIN) in place of an SSN for employee identification or for Form W-2 reporting. An ITIN is only available to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. An ITIN will expire for any taxpayer who fails to file a federal income tax return for five consecutive tax years. You can identify an ITIN because it is a 9-digit number formatted like an SSN beginning with the number "9" and with a number in one of the following ranges in the fourth and fifth digit: 70-88, 90-92, or 94-99 (for example, 9NN-70-NNNN). Do not auto populate an ITIN into box a—Employee's social security number on Form W-2. See *section 4 of Pub. 15* (Circular E).



**CAUTION:** An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN from the Social Security Administration.

The IRS uses SSNs to check the payments that you report against the amounts shown on employees' tax returns. The SSA uses SSNs to record employees' earnings for future social security and Medicare benefits. When

you prepare Form W-2, be sure to show the correct SSN for each employee. For information about verifying SSNs, see *section 4 of Pub. 15 (Circular E)* or visit the SSA's Employer W-2 Instructions & Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).



**CAUTION:** Form W-2 e-filed with the SSA must contain the same TINs as shown on all copies of Form W-2 furnished to employees.

## V. FORM W-2 E-FILING

The SSA encourages all employers to e-file. E-filing can save you time and effort and helps ensure accuracy. You must e-file if you are required to file 250 or more Forms W-2 or W-2c. If you are required to e-file but fail to do so, you may incur a penalty.

If you e-file, do not file the same returns on paper.

**Obtaining a Waiver.** You can request a waiver by filing Form 8508, Request for Waiver From Filing Information Returns Electronically. Submit Form 8508 to the IRS at least 45 days before the due date of Form W-2 or 45 days before you file your first W-2c. See *Form 8508* for filing information.

### Need Help?

**Help with e-filing.** If you have questions about how to register or use BSO, call 1-800-772-6270 (toll free) to speak with an employer reporting technician at the SSA. The hours of operation are Monday through Friday from 7:00 a.m. to 7:00 p.m. Eastern time. If you experience problems using any of the services within BSO, call 1-888-772-2970 (toll free) to speak with a systems operator in technical support at SSA. To speak with the SSA's Employer Services Liaison Officer (ESLO) for the U.S. Virgin Islands, call 1-212-264-1117 (not a toll-free number). For Guam or American Samoa, call 1-510-970-8247 (not a toll-free number). For all other employers, contact the ESLO that services your region. For a complete telephone listing, visit the SSA's Employer W-2 Filing Instructions & Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

**Information reporting customer service site.** The IRS operates a centralized customer service site to answer questions about reporting on Forms W-2, W-3, 1099, and other information returns. If you have questions about reporting on these forms, call 1-866-455-7438 (toll free). The hours of operation are Monday through Friday from 8:30 a.m. to 4:30 p.m. Eastern time.

The SSA's BSO website makes e-filing easy by providing two ways to submit your Form W-2 or W-2c Copy A and Form W-3 or W-3c information:

- If you need to file 50 or fewer Forms W-2 or 25 or fewer Forms W-2c at a time, you can use BSO to create them online. BSO guides you through the process of creating Forms W-2 or W-2c, saving and printing them, and submitting them to the SSA when you are ready. You do not have to wait until you have submitted Forms W-2 or W-2c to the SSA before printing copies for your employees. BSO generates Form W-3 or W-3C automatically based on your Forms W-2 or W-2c.
- If you need to file more than 50 Forms W-2 or more than 25 forms W-2c, BSO's "file upload" feature might be the best e-filing method for your business or organization. To obtain file format specifications, visit the SSA's Employer W-2 Filing Instructions & Information page at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer), select "Publications & Forms" and click on "Specifications for Filing Forms W-2 and W-2c Electronically (EFW2/EFW2C)" and select the appropriate document. This information is also available by calling the SSA's Employer Reporting Service Center at 1-800-772-6270 (toll free).

For more information about e-filing Forms W-2 or W-2c and a link to the BSO website, visit SSA's Employer W-2 Filing Instructions & Information page at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

In a few situations, reporting instructions are different depending on whether you are e-filing or using paper forms. For example, paper filers are limited to four box 12 entries per Form W-2, but e-filers can make an unlimited number of entries for each type of box 12 amount. This is because electronic data is not subject to the same space limitations as paper forms.

**TTY/TDD equipment.** Telephone help is available using TTY/TDD equipment for persons who are deaf, hard of hearing, or have a speech disability. If you have questions about reporting on information returns (Forms 1096, 1097, 1098, 1099, 3921, 3922, 5498, W-2, W-2G, and W-3), call 1-304-579-4827. For any other tax information, call 1-800-829-40.

## VI. SPECIAL REPORTING SITUATIONS FOR FORM W-2

**Federal employers in the CNMI.** The U.S. Treasury Department and the CNMI Division of Revenue and Taxation entered into an agreement under 5 U.S.C. 5517 (“5517 agreement”) in December 2006. Under this agreement, all federal employers (including the Department of Defense) are required to withhold CNMI income taxes, rather than federal income taxes, and deposit the CNMI taxes with the CNMI Treasury for employees who are subject to CNMI taxes and whose regular place of federal employment is in the CNMI. Federal employers are also required to file quarterly and annual reports with the CNMI Division of Revenue and Taxation.

For questions, contact the CNMI Division of Revenue and Taxation. Federal employers may use Form W-2 (rather than Forms W-2CM or OS-3710) to report income taxes withheld and paid to CNMI, as well as to report social security and Medicare taxes. Use the state boxes 15, 16, and 17 for CNMI income tax reporting. See *Specific Instructions for Form W-2 for boxes 15, 16, and 17*, later. This rule applies only to income tax reporting. Federal employers should withhold and report social security and Medicare taxes for these employees in the same way as for other federal employees. For more information, go to [IRS.gov/individuals/international-taxpayers/special-withholding-rules-for-us-federal-agency-employers-with-employees-in-cnmi-or-puerto-rico](http://IRS.gov/individuals/international-taxpayers/special-withholding-rules-for-us-federal-agency-employers-with-employees-in-cnmi-or-puerto-rico).

**Terminating a Business.** If you terminate your business, you must provide Forms W-2 to your employees for the calendar year of termination by the due date of your final Form 941, 944 or 941-SS. You also must file Forms W-2 with the SSA by the last day of the month that follows the due date of your final Form 941, 944 or 941-SS. If filing on paper, make sure you obtain Forms W-2 and W-3 preprinted with the correct year. If filing electronically, make sure your software has been updated for the current tax year. However, if any of your employees are immediately employed by a successor employer, see *Successor/predecessor employers*, below. Also, for information on automatic extensions for furnishing Forms W-2 to employees and filing Forms W-2, see *Rev. Proc. 96-57*, which is on page 14 of Internal Revenue Bulletin 1996-53 at [www.irs.gov/pub/irs-irbs/irb96-53.pdf](http://www.irs.gov/pub/irs-irbs/irb96-53.pdf).



**TIP:** Get Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations, for information on reconciling wages and taxes reported on Forms W-2 with amounts reported on Forms 941, 941-SS, 943, or 944.

**Successor/predecessor employers.** If you buy or sell a business during the year, see *Rev. Proc. 2004-53* for information on who must file Forms W-2 and employment tax returns. Rev. Proc. 2004-53, 2004-34 I.R.B. 320, is available at [www.irs.gov/irb/2004-34\\_IRB/ar13.html](http://www.irs.gov/irb/2004-34_IRB/ar13.html).

**Deceased employee's wages.** If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. Also report wages that were available to the employee while he or she was alive, regardless of whether they actually were in the possession of the employee, as well as any other regular wage payment, even if you may have to reissue the payment in the name of the estate or beneficiary.

If you made the payment after the employee's death but in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report the payment on the employee's Form W-2 only as social security and Medicare wages to ensure proper social security and Medicare credit is received.

On the employee's Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6. Do not show the payment in box

1. If you made the payment after the year of death, do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report it in box 3 of Form 1099-MISC, Miscellaneous Income, for the payment to the estate or beneficiary. Use the name and taxpayer identification number (TIN) of the payment recipient on Form 1099-MISC. However, if the payment is a reissuance of wages that were constructively received by the deceased individual while he or she was still alive, do not report it on Form 1099-MISC.

**Example:** Before Employee A's death on June 15, 2017, A was employed by Employer X and received \$10,000 in wages on which Federal income tax of \$1,500 was withheld. When A died, X owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 5, 2017. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the \$3,000 payment and must complete **Form W-2** as follows:

*Box a — Employee A's SSN*

*Box e — Employee A's name*

*Box f — Employee A's address*

*Box 1 — 10000.00 (does not include the \$3,000 accrued wages and vacation pay)*

*Box 2 — 1500.00*

*Box 3 — 13000.00 (includes the \$3,000 accrued wages and vacation pay)*

*Box 4 — 806.00 (6.2% of the amount in box 3)*

*Box 5 — 13000.00 (includes the \$3,000 accrued wages and vacation pay)*

*Box 6 — 188.50 (1.45% of the amount in box 5)*

*Employer X also must complete Form 1099-MISC as follows:*

*Boxes for — Recipient's name, address, and TIN — The estate's name, address, and TIN*

*Box 3 — 3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)*

If Employer X made the payment after the year of death, the \$3,000 would **not** be subject to social security and Medicare taxes and would **not** be shown on Form W-2. However, the employer would still file Form 1099-MISC.

**Designated Roth contributions.** Under section 402A, a participant in a section 401(k) plan or under a 403(b) salary reduction agreement or in a governmental 457(b) plan that includes a qualified Roth contribution program may elect to make designated Roth contributions to the plan or program in lieu of elective deferrals. Designated Roth contributions are subject to federal income tax withholding and social security and Medicare taxes (and railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

Section 402A requires separate reporting of the yearly designated Roth contributions. Designated Roth contributions to 401(k) plans will be reported using code AA in box 12; designated Roth contributions under 403(b) salary reduction agreements will be reported using code BB in box 12; and designated Roth contributions under a governmental section 457(b) plan will be reported using Code EE in box 12. For reporting instructions, see *Code AA, Code BB and Code EE*.

**Educational assistance programs.** Employer-provided educational assistance that qualifies as a working condition benefit is excludable from an employee's wages. For employer-provided educational assistance that does not qualify as a working condition benefit, a \$5,250 exclusion may apply if the assistance is provided under an educational assistance program under section 127. See *Pub. 970, Tax Benefits for Education*, and *section 2 of Pub. 15-B* for more information. Also see *Box 1 — Wages, tips, other compensation*.

**Election Workers.** Report on Form W-2 payments of \$600 or more to election workers for services performed in state, county, and municipal elections. File Form W-2 for payments of less than \$600 paid to election

workers if social security and Medicare taxes were withheld under a section 218 (Social Security Act) agreement. **Do not** report election worker payments on Form 1099-MISC.

If the election worker is employed in another capacity with the same government entity, see *Rev. Rul. 2000-6* on page 512 of Internal Revenue Bulletin 2000-6 at [www.irs.gov/pub/irs-irbs/irb00-06.pdf](http://www.irs.gov/pub/irs-irbs/irb00-06.pdf).

**Foreign agricultural workers.** You must report compensation of \$600 or more paid in a calendar year to an H-2A visa agricultural worker for agricultural labor. If the H-2A visa agricultural worker furnishes a valid taxpayer identification number, report these payments in box 1 of Form W-2. If the worker does not furnish a valid taxpayer identification number, report the payments on Form 1099-MISC. See *Form 1099-MISC*, below.

On Form W-2, no amount should be reported in boxes 3 or 5. In most cases, you do not need to withhold federal income tax from compensation paid to H-2A visa agricultural workers. Employers should withhold federal income tax only if the H-2A visa agricultural worker and the employer agree to withhold. The H-2A visa agricultural worker must provide a completed Form W-4. If the employer withholds income tax, the employer must report the tax withheld in box 2 of Form W-2 and on line 8 of Form 943. See *Pub. 51 (Circular A)*.

**Form 1099-MISC.** If the H-2A visa agricultural worker fails to furnish a taxpayer identification number to the employer, and the total annual payments made to the H-2A visa agricultural worker are \$600 or more, the employer must begin backup withholding on the payments made until the H-2A visa agricultural worker furnishes a valid taxpayer identification number. Employers must report the compensation paid and any backup withholding on Forms 1099-MISC and Form 945, Annual Return of Withheld Federal Income Tax. See the *2017 Instructions for Form 1099-MISC* and the *2017 Instructions for Form 945*.

For more information, enter “*Foreign Agricultural Workers*” in the search box on [IRS.gov](http://IRS.gov).

**Health flexible spending arrangement (FSA).** For plan year 2017, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$2,600 (as indexed for inflation). If a cafeteria plan timely complies with the written plan requirement limiting health FSA salary reduction contributions, but one or more employees are erroneously allowed to elect a salary reduction of more than \$2,600 for a plan year, the cafeteria plan will continue to be a section 125 cafeteria plan for that plan year if:

- The terms of the plan apply uniformly to all participants,
- The error results from a reasonable mistake by the employer (or the employer’s agent) and is not due to willful neglect by the employer (or the employer’s agent), and
- Salary reduction contributions in excess of \$2,600 are paid to the employee and reported as wages for income tax withholding and employment tax purposes on the employee’s Form W-2 (or Form W-2c) for the employee’s taxable year in which, or with which, ends the cafeteria plan year in which the correction is made.



**CAUTION:** The salary reduction contribution limit of \$2,600 does not include any amount (up to \$500) carried over from a previous year.

For more information, see *Notice 2012-40, 2012-26 I.R.B. 1046*, available at [IRS.gov/irb/2012-26\\_IRB/ar09.html](http://IRS.gov/irb/2012-26_IRB/ar09.html) and *Notice 2013-71, 2013-47 I.R.B. 532*.

**NOTE:** The salary reduction contribution limit of \$2,600 does not include any amount (up to \$500) carried over from a previous year.

For more information, see *Notice 2012-40, 2012-26 I.R.B. 1046*, available at [www.irs.gov/irb/2012-26\\_IRB/ar09.html](http://www.irs.gov/irb/2012-26_IRB/ar09.html) and *Notice 2013-71, 2013-47 I.R.B. 532* available at [www.irs.gov/irb/2013-47\\_IRB/ar10.html](http://www.irs.gov/irb/2013-47_IRB/ar10.html).

**Virtual currency.** For federal tax purposes, virtual currency is treated as property. Bitcoin is an example of virtual currency. Transactions using virtual currency (such as Bitcoin) must be reported in U.S. dollars.

The fair market value of virtual currency (such as Bitcoin) paid as wages is subject to federal income tax withholding, FICA tax, and FUTA tax and must be reported on Form W-2. Notice 2014-21, 2014-16 I.R.B.938 describes how virtual currency is treated for federal tax purposes and is available at [www.irs.gov/irb/2014-16\\_IRB/ar12.html](http://www.irs.gov/irb/2014-16_IRB/ar12.html).

## VII. SPECIFIC INSTRUCTIONS FOR FORM W-2

**How to complete Form W-2.** Form W-2 is a multi-part form. Please ensure that all copies are legible. Send Copy A to the SSA; Copy 1, if required, to your state, city, or local tax department; and Copies B, C, and 2 to your employee. Keep Copy D, and a copy of Form W-3, with your records for **4 years**.

Enter the information on Form W-2 using black ink in 12-point Courier font. Copy A is read by machine and must be typed clearly with no corrections made to the entries or entries exceeding the size of the boxes. Entries completed by hand, in script or italics fonts, or in colors other than black cannot be read by the machines. Make all dollar entries on Copy A without the dollar sign and comma but with the decimal point (00000.00). Show the cents portion of the money amounts. If a box does not apply, leave it blank.

Send the whole Copy A page of Form W-2 with Form W-3 to SSA even if one of the Forms W-2 on the page is blank or void. Do not staple Forms W-2 together or to Form W-3. File Forms W-2 either alphabetically by employees’ last names or numerically by employees’ SSNs.

**Calendar year basis.** The entries on Form W-2 must be based on wages paid during the calendar year. Use Form W-2 for the correct tax year. For example, if the employee worked from December 24, 2017, through January 6, 2018, and the wages for that period were paid on January 9, 2018, include those wages on the 2018 Form W-2.

**Box a — Employee’s Social Security Number.** Enter the number shown on the employee’s social security card.

If the employee does not have a card, he or she should apply for one by completing Form SS-5, Application for a Social Security Card. The SSA lets you verify employee names and SSNs online. For information about these free services, visit the Employer W-2 Filing Instructions & Information website at [SSA.gov/employer](http://SSA.gov/employer). If you have questions about using these services, call 1-800-772-6270 (toll free) to speak with an employer reporting technician at the SSA. This is a free service from the SSA. If you have questions about the SSNVS, contact the SSA at 1-888-772-6270.

If the employee has applied for a card but the number is not received in time for filing, enter “Applied For” in box a on paper Forms W-2 filed with the SSA. If e-filing, enter zeros (000-00-0000 if creating forms online or 000000000 if uploading a file).

Ask the employee to inform you of the number and name as they are shown on the social security card when it is received. Then correct your previous report by filing Form W-2c showing the employee’s SSN. If the employee needs to change his or her name from that shown on the card, the employee should call the SSA at 1-800-772-1213.

If you do not provide the correct employee name and SSN on Form W-2, you may owe a penalty unless you have reasonable cause. For more information, see *Publication 1586, Reasonable Cause Regulations and Requirements for Missing/Incorrect Name/TINs*.

**ITINs for aliens.** Do not accept an ITIN in place of an SSN for employee identification or for work. An ITIN is only available to resident and nonresident aliens who are not eligible for U.S. employment and need identification for other tax purposes. You can identify an ITIN because it is a 9-digit number, beginning with the number “9” with either a “7” or “8” as the fourth digit, and is formatted like an SSN (for example, 9NN-7NNNN). An individual with an ITIN who later becomes eligible to work in the United States must obtain an SSN.



**CAUTION:** Do not auto-populate an ITIN into box a.

**Box b — Employer Identification Number (EIN).** Show the employer identification number (EIN) assigned to you by the IRS (00-0000000). This should be the same number that you used on your federal employment tax returns (Form 941, Form 941-SS, Form 943, Form 944, Form CT-1, or Schedule H [Form 1040]). Do not use a prior owner's EIN. If you do not have an EIN when filing Forms W-2, enter "Applied For" in box b; do not use your SSN. You can get an EIN by applying online at [IRS.gov](http://IRS.gov), or by filing Form SS-4, Application for Employer Identification Number. Also see *Agent reporting*, below.

**Box c — Employer's name, address, and ZIP code.** This entry should be the same as shown on your Form 941, Form 941-SS, Form 943, Form 944, Form CT-1, or Schedule H (Form 1040). The U.S. Postal Service recommends that no commas or periods be used in return addresses. Also see *Agent reporting*, below.

**Agent Reporting.** Generally, an agent who has an approved Form 2678, Employer/Payer Appointment of Agent, should enter the agent's name as the employer in box c of Form W-2 and file only one Form W-2 for each employee. However, if the agent (a) is acting as an agent for two or more employers or is an employer and is acting as an agent for another employer, and (b) pays social security wages to an individual on behalf of more than one employer, and (c) the total of the individual's social security wages from these employers is greater than the social security wage base, the agent must file separate Forms W-2 for the affected employee reflecting the wages paid by each employer.

On the Form W-2 the agent should enter the following in box c of Form W-2.

(Name of agent)  
Agent for (name of employer)  
(Address of agent)

Each Form W-2 should reflect the EIN of the agent in box b. An agent files one Form W-3 for all of the Forms W-2 and enters its own information in boxes e, f, and g of Form W-3 as it appears on the agent's related employment tax returns (for example, Form 941). Enter the client-employer's EIN in box h of Form W-3 if the Forms W-2 relate to only one employer (other than the agent); if not, leave box h blank. See *Rev. Proc. 2013-39, 2013-52 I.R.B. 830* available at [IRS.gov/irb/2013-52\\_IRB/ar15.html](http://IRS.gov/irb/2013-52_IRB/ar15.html); and Form 2678 instructions for procedures to be followed in applying to be an agent; and the Instructions for Form 2678 for procedures to be followed in applying to be an agent. For state and local health and welfare agencies wishing to act as agents under section 3504, see *Rev. Proc. 80-4, 1980-1 C.B. 581*.

**TIP:** Generally, an agent is not responsible for refunding excess social security or railroad retirement (RRTA) tax on employees. If an employee worked for more than one employer during 2017 and had more than \$7,889.40 in social security and Tier 1 RRTA tax withheld, he or she should claim the excess on the appropriate line of Form 1040, Form 1040A, or Form 1040NR. If an employee had more than \$4,630.50 in Tier II RRTA tax withheld from more than one employer, the employee should claim a refund on Form 843, Claim for Refund and Request for Abatement.

**Box d — Control Number.** You may use this box to identify individual Forms W-2. You do not have to use this box.

**Form Identifying Number 2222.** This number tells the scanning equipment used by SSA which information document (Form W-2) it is reading.

**Void.** Check this box when an error is made on Form W-2 and you are voiding it because you are going to complete a new Form W-2. Do not include any amounts shown on "Void" forms in the totals you enter on Form W-3. See *Corrections* on page 23.

**Boxes e and f — Employee's Name and Address.** Enter the name as shown on your employee's social security card (first name, middle initial, last name). If the name does not fit in the space allowed on the form, you may show the first and middle name initials and the full last name. It is especially important to report the exact last name of the employee. If you are unable to determine the correct last name, use of the SSA's SSNVS may be helpful.

Separate parts of a compound name with either a hyphen or a blank. Do not join them into a single word. Include all parts of a compound name in the appropriate name field. For example, for the name "John R Smith-Jones," enter "Smith-Jones" or "Smith Jones" in the last name field. If the name has changed, the employee must get a corrected card from any SSA office. Use the name on the original card until you see the corrected card. Do not show titles or academic degrees, such as "Dr.," "RN," or "Esq.," at the beginning or end of the employee's name. Generally, do not enter "Jr.," "Sr.," etc. in the "Suff." box on Copy A unless the suffix appears on the card. However, the SSA still prefers that you do not enter the suffix on Copy A.

Include in the address the number, street, and apartment or suite number (or P.O. box number if mail is not delivered to a street address). The U.S. Postal Service recommends that no commas or periods be used in delivery addresses. For a foreign address, give the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

**Third-party sick pay.** For wages paid in 2014, third-party payers of sick pay (and in certain cases, employers) will use Form 8922, Third-Party Sick Pay Recap, to report total third-party sick pay wages paid to employees when liability for the employer and employee portions of FICA taxes on the wages is split between the employer for whom services are normally rendered and the third-party payer. Form 8922 replaces the Third-Party Sick Pay Recap Form W-2 and Third-Party Sick Pay Recap Form W-3, which were used to report third-party sick pay recaps for wages paid in 2013 and prior years. Forms 8922 are filed with the Internal Revenue Service (IRS), rather than SSA. For 2014, Form 8922 must be filed with IRS by February 28, 2017. Form 8922 cannot be filed electronically. Beginning with wages paid in 2014, Third-Party Sick Pay Recaps will not be filed with the SSA. The requirements to report third-party sick pay paid to individual employees on Forms W-2 are otherwise unchanged. See *Publication 15-A and the instructions for Form 8922* for more information

**Box 1 — Wages, tips and other compensation.** Show the total taxable wages, tips, and other compensation (before any payroll deductions) that you paid to your employee during the year. However, do not include elective deferrals (such as employee contributions to a section 401(k) or 403(b) plan) except section 501(c)(18) contributions. Include the following:

1. Total wages, bonuses (including signing bonuses), prizes, and awards paid to employees during the year. See *Calendar year basis*.
2. Total non-cash payments, including certain fringe benefits. See *Fringe benefits*.
3. Total tips reported by the employee to the employer (not allocated tips).
4. Certain employee business expense reimbursements. See *Employee business expense reimbursements*.
5. The cost of accident and health insurance premiums for 2% or more shareholder-employees paid by an S corporation.
6. Taxable benefits from a section 125 (cafeteria) plan if the employee chooses cash.
7. Employee contributions to an Archer MSA.
8. Employer contributions to an Archer MSA, if includable in the income of the employee. See *Archer MSA*.
9. Employer contributions for qualified long-term care services to the extent that such coverage is provided through a flexible spending or similar arrangement.
10. Taxable cost of group-term life insurance in excess of \$50,000. See *Group-term life insurance*.
11. Unless excludable under *educational assistance programs*, payments for non-job-related education expenses or for payments under a nonaccountable plan. See *Pub. 970*.
12. The amount includable as wages because you paid your employee's share of social security and Medicare taxes (or railroad retirement taxes, if applicable). See *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*. If you also paid your employee's income tax withholding, treat the grossed-up

amount of that withholding as supplemental wages and report those wages in boxes 1, 3, 5, and 7. (Use box 14 if railroad retirement taxes apply.) No exceptions to this treatment apply to household or agricultural wages.

13. Designated Roth contributions made under a section 401(k) plan or under a section 403(b) salary reduction agreement or a governmental section 457(b) plan. See *Designated Roth contributions*.
14. Distributions to an employee or former employee from an NQDC plan (including a rabbi trust) or a nongovernmental section 457(b) plan.
15. Amounts includable in income under section 457(f) because the amounts are no longer subject to a substantial risk of forfeiture.
16. Payments to statutory employees who are subject to social security and Medicare taxes but not subject to Federal income tax withholding must be shown in box 1 as other compensation. See *Statutory employee*.
17. Cost of current insurance protection under a compensatory split-dollar life insurance arrangement.
18. Employee contributions to a Health Savings Account (HSA).
19. Employer contributions to an HSA if includable in the income of the employee. See *Health savings account (HSA)*.
20. Amounts includable in income under an NQDC plan because of section 409A. See *Nonqualified deferred compensation plans*.
21. Payments made to former employees while they are on active duty in the Armed Forces or other uniformed services.
22. All other compensation, including certain scholarship and fellowship grants. Other compensation includes taxable amounts that you paid to your employee from which federal income tax was not withheld. You may show other compensation on a separate Form W-2. See *Multiple forms*.

#### **What are Taxable Wages?**

“Wages” includes all remuneration for services an employee performed for his or her employer, unless specifically excepted. Generally speaking, “sick pay” and non-cash remuneration are considered wages. It doesn’t matter if remuneration is designated as wages, salary, fees, vacation allowances, commissions, “draws” or bonuses. Awards or prizes are to be considered wages unless it can be shown otherwise. [Announcement 7-7, IRB 1982-3, 48.] Also included as wages are: vacation allowances, severance pay, moving expenses. If services are paid in a form other than cash, the fair market value of anything taken in payment is the amount to be included as wages. [Reg. 31.3401(a)-1.]

For more information, see *I.R.S. Pub. 15* and *15A*.

**Employee Business Expense Reimbursements.** Reimbursements to employees for business expenses must be reported as follows:

- Generally, payments made under an accountable plan are excluded from the employee’s gross income and are not reported on Form W-2. However, if you pay a per diem or mileage allowance, and the amount paid for substantiated miles or days traveled exceeds the amount treated as substantiated under IRS rules, you must report as wages on Form W-2 the amount in excess of the amount treated as substantiated. The excess amount is subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Report the amount treated as substantiated (that is, the nontaxable portion) in box 12 using code L. See *Code L—Substantiated employee business expense reimbursements*. (Use box 14 if railroad retirement taxes apply.)
- Payments made under a nonaccountable plan are reported as wages on Form W-2, and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). (Use box 14 if railroad retirement taxes apply.)

For more information on accountable plans, nonaccountable plans, amounts treated as substantiated under a per diem or mileage allowance, the standard mileage rate, the per diem substantiation method, and the high-low substantiation method, see *Pub. 463, Travel, Entertainment, Gift, and Car Expenses*; and *section 5 of Pub. 15 (Circular E)*.

#### **SIMPLE Retirement Account**

An employee’s salary reduction contributions to a SIMPLE (savings incentive match plan for employees) retirement account are not subject to federal income tax withholding but are subject to social security, Medicare, and railroad retirement taxes. Do not include an employee’s contribution in box 1 but do include it in boxes 3 and 5. (Use box 14 if railroad retirement taxes apply.) An employee’s total contribution also must be included in box 12 with code D or S.

An employer’s matching or nonelective contribution to an employee’s SIMPLE is not subject to income tax withholding or social security, Medicare, or railroad retirement taxes and is not to be shown on Form W-2.

For more information on SIMPLE retirement accounts, see *Notice 98-4, 1998-1 C.B. 269*. You can find Notice 98-4 on page 25 of Internal Revenue Bulletin 1998-2 at [www.irs.gov/pub/irs-irbs/irb98-02.pdf](http://www.irs.gov/pub/irs-irbs/irb98-02.pdf).

**Golden Parachute Payments** (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI). Include any golden parachute payments in boxes 1, 3, and 5 of Form W-2. Withhold federal income, social security, and Medicare taxes as usual and report them in boxes 2, 4, and 6, respectively. (Use box 14 if railroad retirement taxes apply.) Excess parachute payments are also subject to a 20% excise tax. If the excess payments are considered wages, withhold the 20% excise tax and include it in box 2 as income tax withheld. Also report the excise tax in box 12 with code K. For definitions and additional information, see *Regulations section 1.280G-1* and *Rev. Proc. 2003-68, 2003-34 I.R.B. 398*, available at [www.irs.gov/irb/2003-34\\_IRB/ar16.html](http://www.irs.gov/irb/2003-34_IRB/ar16.html).

**Military differential pay.** Employers paying their employees while they are on active duty in the United States uniformed services should treat these payments as wages. Differential wage payments made to an individual while on active duty for periods scheduled to exceed 30 days are subject to income tax withholding, but are not subject to social security, Medicare, and unemployment taxes. Report differential wage payments in box 1 and any federal income tax withholding in box 2. Differential wage payments made to an individual while on active duty for 30 days or less are subject to income tax withholding, social security, Medicare, and unemployment taxes, and are reported in boxes 1, 3, and 5. See *Rev. Rul. 2009-11, 2009-18 I.R.B. 896*, available at [www.irs.gov/irb/2009-18\\_IRB/ar07.html](http://www.irs.gov/irb/2009-18_IRB/ar07.html).

**Government employers.** Federal, state, and local agencies have two options for reporting their employees’ wages that are subject only to Medicare tax for part of the year and both social security and Medicare taxes for part of the year.

The first option (which the SSA prefers) is to file a single set of Forms W-2 per employee for the entire year, even if only part of the year’s wages are subject to both social security and Medicare taxes. Check “941” (or “944”) in box b of Form W-3 or check “941-SS” in box b of Form W-3SS. The wages in box 5 of Form W-2 must be equal to or greater than the wages in box 3 of Form W-2.

The second option is to file one set of Forms W-2 for wages subject only to Medicare tax and another set for wages subject to both social security and Medicare taxes. Use a separate Form W-3 to transmit each set of Forms W-2. For the Medicare-only Forms W-2, check “Medicare govt. emp.” in box b of Form W-3. For the Forms W-2 showing wages subject to both social security and Medicare taxes, check “941” (or “944”) in box b of Form W-3 or check “941-SS” in box b of Form W-3SS. The wages in box 5 of Form W-2 must be equal to or greater than the wages in box 3 of Form W-2.

**Scholarship and Fellowship Grants.** Give a Form W-2 to each recipient of a scholarship or fellowship grant only if you are reporting amounts includable in income under section 117(c) (relating to payments for teaching, research, or other services required as a condition for receiving the qualified scholarship). Also see *Pub. 15-A* and *Pub. 970*. These payments are subject to federal income tax withholding. However, their taxability for social security and Medicare taxes (or railroad retirement tax, if applicable) depends on the nature of the employment and the status of the organization. See *Students, scholars, trainees, teachers, etc. in section 15 of Pub. 15 (Circular E)*.

**Fringe Benefits.** Include all taxable fringe benefits in Box 1 of Form W-2 as wages, tips, and other compensation and, if applicable, in boxes 3 and 5 as social security and Medicare wages. Although not required, you may include the total value of fringe benefits in Box 14 (or on a separate statement). However, if you provided your employee a vehicle and included 100% of its annual lease value in the employee's income, you must separately report this value to the employee in Box 14 (or on a separate statement). The employee can then figure the value of any business use of the vehicle and report it on Form 2106, Employee Business Expenses. Also see *Pub. 15-B* for more information.

**NOTE:** If you used the commuting rule or the vehicle cents-per-mile rule to value the personal use of the vehicle, you cannot include 100% of the value of the use of the vehicle in the employee's income. See *Pub. 15-B*.

**Group-term life insurance.** You must include in boxes 1, 3, and 5 (or 14, if railroad retirement taxes apply) the cost of group-term life insurance that is more than the cost of \$50,000 of coverage, reduced by the amount the employee paid toward the insurance. Use the table in section 2 of *Pub. 15-B* to determine the cost of the insurance. Also, show the amount in box 12 with code C. For employees, you must withhold social security and Medicare taxes, but not federal income tax. For coverage provided to former employees, the former employees must pay the employee part of social security and Medicare taxes (or railroad retirement taxes, if applicable) on the taxable cost of group-term life insurance over \$50,000 on Form 1040. You are not required to collect those taxes. However, you must report the uncollected social security tax (or railroad retirement tax, if applicable) with code M and the uncollected Medicare tax (or RRTA Medicare tax, if applicable) with code N in box 12 of Form W-2. However, any uncollected Additional Medicare Tax (on the cost of group-term life insurance, which, in combination with other wages, is in excess of \$200,000) is not reported with code N in box 12.

**Box 2 — Federal Income Tax Withheld.** Show the total Federal income tax withheld from the employee's wages for the year. Include the 20% excise tax withheld on excess parachute payments. See *Golden parachute payments* earlier.

For Forms W-2AS, W-2CM, W-2GU, or W-2VI, show the total American Samoa, CNMI, Guam, or U.S. Virgin Islands income tax withheld.

**Box 3 — Social Security Wages.** Show the total wages paid (before payroll deductions) subject to employee social security tax but not including social security tips and allocated tips. If reporting these amounts in a subsequent year (due to lapse of risk of forfeiture), the amount must be adjusted by any gain or loss. See *Box 7—Social security tips* and *Box 8—Allocated tips*, later. Generally, noncash payments are considered to be wages. Include employee business expense reimbursements reported in box 1. If you paid the employee's share of social security and Medicare taxes (or railroad retirement taxes, if applicable) rather than deducting them from wages, see *Employee's Taxes Paid by Employer*. The total of boxes 3 and 7 cannot exceed \$127,200 (2017 maximum social security wage base).

Report in box 3 elective deferrals to certain qualified cash or deferred compensation arrangements and to retirement plans described in box 12 (codes D, E, F, G, and S) even though the deferrals are not includable in box 1. Also report in box 3 designated Roth contributions made under a section 401(k) plan or under a section 403(b) salary reduction agreement, or under a governmental section 457(b) plan described in box 12 (codes AA, BB and EE).

Amounts deferred (plus earnings or less losses) under a section 457(f) or nonqualified or section 457(b) plan must be included in boxes 3 and/or 5 as social security and/or Medicare wages as of the later of when the services giving rise to the deferral are performed or when there is no substantial forfeiture risk of the rights to the deferred amount. Include both elective and nonelective deferrals for purposes of nongovernmental section 457(b) plans.

Also include in box 3:

- **Signing bonuses** an employer pays for signing or ratifying an employment contract. See *Rev. Rul. 2004-109, 2004-50 I.R.B. 958*, available at [www.irs.gov/irb/2004-50\\_IRB/ar07.html](http://www.irs.gov/irb/2004-50_IRB/ar07.html).

- **Taxable Cost of group-term life insurance** over \$50,000 included in box 1. See *Group-term life insurance*.
- **Cost of accident and health insurance premiums** for 2% or more shareholder-employees paid by an S corporation, but only if not excludable under section 3121(a)(2)(B).
- **Employee and nonexcludable employer contributions to an MSA or HSA.** However, do not include employee contributions to an HSA that were made through a cafeteria plan. See *Archer MSA*, below, and *Health savings account (HSA)*.
- **Employee contributions to a SIMPLE retirement account.** See *SIMPLE retirement account*.
- **Adoption benefits.** See *Adoption benefits*, below.

**Archer MSA.** An employer's contribution to an employee's Archer MSA is not subject to federal income tax withholding, or social security, Medicare, or railroad retirement taxes, if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee's income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee's income, employer contributions are subject to income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.) You must report all employer contributions to an Archer MSA in box 12 of Form W-2 with Code R. Employer contributions to an Archer MSA that are not excludable from the income of the employee also must be reported in boxes 1, 3, and 5 (box 14 if railroad retirement taxes apply).

An employee's contributions to an Archer MSA are includable in income as wages and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee's Form 1040.

For more information, see *Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans*, and *Notice 96-53*, which is found on page 5 of Internal Revenue Bulletin 1996-51 at [www.irs.gov/pub/irs-irbs/irb96-51.pdf](http://www.irs.gov/pub/irs-irbs/irb96-51.pdf).

**Adoption benefits.** Amounts paid or expenses incurred by an employer for qualified adoption expenses under an adoption assistance program are not subject to federal income tax withholding and are not reportable in box 1. However, these amounts (including adoption benefits paid from a section 125 (cafeteria) plan, but not including adoption benefits forfeited from a cafeteria plan) are subject to social security, Medicare, and railroad retirement taxes and must be reported in boxes 3 and 5. (Use box 14 if railroad retirement taxes apply.) Also, the total amount must be reported in box 12 with code T.

For more information on adoption benefits, see *Notice 97-9, 1997-1 C.B. 365*, which is on page 35 of Internal Revenue Bulletin 1997-2 at [www.irs.gov/pub/irs-irbs/irb97-02.pdf](http://www.irs.gov/pub/irs-irbs/irb97-02.pdf). Advise your employees to see the *Instructions for Form 8839, Qualified Adoption Expenses*.

**Clergy and religious workers.** For certain members of the clergy and religious workers who are not subject to social security and Medicare taxes as employees, boxes 3 and 5 of Form W-2 should be left blank. You may include a minister's parsonage and/or utilities allowance in box 14. For information on the rules that apply to ministers and certain other religious workers, see *Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers*, and *Section 4—Religious Exemptions in Pub. 15-A*.

**Sick Pay.** If you had employees who received sick pay in 2017 from an insurance company or other third-party payer and the third party notified you of the amount of sick pay involved, you may be required to report the information on the employees' Forms W-2. If the insurance company or other third-party payer did not notify you in a timely manner about the sick pay payments, it must prepare Forms W-2 and W-3 for your employees showing the sick pay. For specific reporting instructions, see *Sick Pay Reporting* in section 6 of *Pub. 15-A*.

**Box 4 — Social Security Tax Withheld.** Show the total employee social security tax (not your share) withheld, including social security tax on tips. For 2017, the amount should not exceed \$7,886.40 (\$127,200 × 6.2%). Include only taxes withheld (or paid by you for the employee) for

2017 wages and tips. If you paid your employee's share, see *Employee's social security and Medicare taxes (or railroad retirement taxes, if applicable) paid by employer*.

**Employee's Social Security & Medicare Taxes (or Railroad Retirement Taxes) Paid By Employer.** If you paid your employee's share of social security and Medicare taxes rather than deducting them from the employee's wages, you must include these payments as wages subject to federal (or American Samoa, CNMI, Guam, or U.S. Virgin Islands) income tax withholding and social security, Medicare, and federal unemployment (FUTA) taxes. If you paid your employee's share of railroad retirement taxes, you must include these amounts as compensation subject to railroad retirement taxes. The amount to include as wages and/or compensation is determined by using the formula contained in the discussion of Employee's Portion of Taxes Paid by Employer in section 7 of Pub. 15-A and in Rev. Proc. 83-43, 1983-24 I.R.B. 60

**NOTE:** This does not apply to household and agricultural employers. If you pay a household or agricultural employee's social security and Medicare taxes, you must include these payments in the employee's wages for income tax withholding purposes. However, the wage increase due to the tax payments is not subject to social security, Medicare, or FUTA taxes. For information on completing Forms W-2 and W-3 in this situation, see the *Instructions for Schedule H (Form 1040), Household Employers and section 4 of Pub. 51 (Circular A)*.

**Box 5 — Medicare Wages and Tips.** The wages and tips subject to Medicare tax are the same as those subject to Social Security tax (Boxes 3 and 7), except that there is no wage base limit for Medicare tax. Enter the total Medicare wages and tips in box 5. Be sure to enter tips the employee reported even if you did not have enough employee funds to collect the Medicare tax for those tips. See *Box 3* above for payments to report in this box. If you paid your employee's share of taxes, see *Employee's social security and medicare taxes (or railroad retirement taxes, if applicable) paid by employer* above.

If you are a federal, state or local agency with employees paying only Medicare tax, enter the Medicare wages in this box. See *Government employers*.

**Example of how to report social security and Medicare wages:** You paid your employee \$140,000 in wages. Enter in box 3 (social security wages) \$127200.00, but enter in box 5 (Medicare wages and tips) 140000.00. There is no limit on the amount reported in box 5. If the amount of wages paid was \$127,200 or less, the amounts entered in boxes 3 and 5 would be the same.

**Box 6 — Medicare Tax Withheld.** Enter the total employee Medicare tax (including any Additional Medicare Tax) withheld. Do not include your share. Include only taxes withheld for 2017 wages and tips. If you paid your employee's share of the taxes, see *Employee's social security and medicare taxes (or railroad retirement taxes, if applicable) paid by employer* above.

For more information on Additional Medicare Tax, go to [IRS.gov](#) and enter "Additional Medicare Tax" in the search box.

**Box 7 — Social Security Tips.** Show the tips that the employee reported to you even if you did not have enough employee funds to collect the social security tax for the tips. The total of boxes 3 and 7 should not be more than \$127,200 (the maximum social security wage base for 2017). Report all tips in box 1 along with wages and other compensation. Include any tips reported in box 7 in box 5 also.

**Box 8 — Allocated Tips (not applicable to Forms W-2AS, W-2CM, W-2GU or W-2VI).** If you are a food or beverage establishment, show the tips allocated to the employee. (See the *Instructions for Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips*). **Do not** include this amount in Box 1, 3, 5 or 7.

**Box 9 — Verification code (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI).** If you are participating in the W-2 Verification Code Initiative, enter the appropriate verification code in box 9. Otherwise, leave box 9 blank. For more information, see [IRS.gov/individuals/w-2-verification-code](#).

**Box 10 — Dependent Care Benefits (not applicable to Forms W-2AS, W-2CM, W-2GU or W-2VI).** Show the total dependent care benefits under a dependent care assistance program (section 129) paid or incurred by you for your employee. Include the fair market value (FMV) of care in a daycare facility provided or sponsored by you for your employee and amounts paid or incurred for dependent care assistance in a section 125 (cafeteria) plan. Report all amounts paid or incurred (regardless of any employee forfeitures), including those in excess of the \$5,000 exclusion. This may include (a) the FMV of benefits provided in kind by the employer, (b) an amount paid directly to a daycare facility by the employer or reimbursed to the employee to subsidize the benefit, or (c) benefits from the pre-tax contributions made by the employee under a section 125 dependent care flexible spending account. Include any amounts over \$5,000 in boxes 1, 3, and 5. For more information, see *Pub. 15-B*.



**TIP:** An employer that amends its cafeteria plan to provide a grace period for dependent care assistance may continue to rely on Notice 89-111 by reporting in box 10 of Form W-2 the salary reduction amount elected by the employee for the year for dependent care assistance (plus any employer matching contributions attributable to dependent care). Also see *Notice 2005-42, 2005-23 I.R.B. 1204*, available at [www.irs.gov/irb/2005-23\\_IRB/ar11.html](http://www.irs.gov/irb/2005-23_IRB/ar11.html).

**Box 11 — Nonqualified Plans.** The purpose of box 11 is for the SSA to determine if any part of the amount reported in box 1 or boxes 3 and/or 5 was earned in a prior year. The SSA uses this information to verify that they have properly applied the social security earnings test and paid the correct amount of benefits.

Report distributions to an employee from a nonqualified plan or a nongovernmental section 457(b) plan in box 11. Also report these distributions in box 1. Make only one entry in this box. Distributions from governmental section 457(b) plans must be reported on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., not in box 1 of Form W-2.

Under nonqualified plans or nongovernmental 457(b) plans, deferred amounts that are no longer subject to a substantial risk of forfeiture are taxable even if not distributed. Report these amounts in boxes 3 (up to the social security wage base) and 5.

**Do not** report in box 11 deferrals that are included in boxes 3 and/or 5 and that are for current year services. (i.e., those that have no risk of forfeiture).



**CAUTION:** If you made distributions and also are reporting any deferrals in boxes 3 and/or 5, do not complete box 11. See *Pub. 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration, and Form SSA-131, Employer Report of Special Wage Payments*, for instructions on reporting these and other kinds of compensation earned in prior years. However, do not file Form SSA-131 if this situation applies and the employee was not 61 years old or more during the tax year for which you are filing Form W-2.

Unlike qualified plans, nonqualified deferred compensation plans do not meet the qualification requirements for tax-favored status. Nonqualified plans include those arrangements traditionally viewed as deferring the receipt of current compensation. Accordingly, welfare benefit plans, stock option plans, and plans providing dismissal pay, termination pay, or early retirement pay are **not** nonqualified plans.

Report distributions from nonqualified or section 457 plans to beneficiaries of deceased employees on Form 1099-MISC, not on Form W-2.

**Military employers** must report military retirement payments on Form 1099-R.



**TIP:** Do not report special wage payments, such as accumulated sick pay or vacation pay, in box 11. For more information on reporting special wage payments, see *Pub. 957*.

**Box 12 — Codes.** Complete and code this box for all items described below. Note that the codes do not relate to where they should be entered for boxes 12a-12d on Form W-2. For example, if you are only required to report

code D in box 12, you can enter code D and the amount in box 12a of Form W-2. Report in box 12 any items that are listed as codes A-EE. Also, do not report in box 12 section 414(h)(2) contributions (relating to certain state or local government plans). Instead, use box 14 for these items and any other information you wish to give your employee. For example, union dues and uniform payments may be reported in box 14.

**NOTE: On Copy A (Form W-2),** do not enter more than four items in box 12. If more than four items need to be reported in box 12, use a separate Form W-2 to report the additional items [but enter no more than four items on each Copy A (Form W-2)]. On all other copies of Form W-2 (Copies B, C, etc.), you may enter more than four items in box 12 when using an approved substitute Form W-2. See *Multiple forms*.

Use the IRS code designated below for the item that you are entering, followed by the dollar amount for that item. Even if only one item is entered, you must use the IRS code designated for that item. Enter the code using a capital letter. Use decimal points but not dollar signs or commas. For example, if you are reporting \$5,300.00 in elective deferrals to a section 401(k) plan, the entry would be **D 5300.00** (not A 5300.00 even though it is the first or only entry in this box). Report the IRS code to the left of the vertical line in boxes 12a-d and money amount to the right of the vertical line.

## REFERENCE GUIDE FOR BOX 12 CODES

A – Uncollected social security or RRTA tax on tips

B – Uncollected Medicare tax on tips (but not Additional Medicare Tax)

C – Taxable cost of group-term life insurance over \$50,000

D – Elective deferrals to a section 401(k) cash or deferred arrangement (including a SIMPLE 401(k) arrangement)

E – Elective deferrals under a section 403(b) salary reduction agreement

F – Elective deferrals under a section 408(k)(6) salary reduction SEP

G – Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan

H – Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan

J – Nontaxable sick pay

K – 20% excise tax on excess golden parachute payments

L – Substantiated employee business expense reimbursements

M – Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (for former employees only)

N – Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (former employees only)

P – Excludable moving expense reimbursements paid directly to employee

Q – Nontaxable combat pay

R – Employer contributions to an Archer medical savings account (MSA)

S – Employee salary reduction contributions under section 408(p) SIMPLE

T – Adoption benefits

V – Income from exercise of nonstatutory stock option(s)

W – Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA)

Y – Deferrals under a section 409A nonqualified deferred compensation plan

Z – Income under a nonqualified deferred compensation plan that fails to satisfy section 409A

AA – Designated Roth contributions to a section 401(k) plan

BB – Designated Roth contributions under a section 403(b)

DD – Cost of employer-sponsored health coverage

EE – Designated Roth contributions under a governmental section 457(b) plan

**Code A — Uncollected Social Security or RRTA Tax on Tips.** Show the employee social security or Railroad Retirement Tax Act (RRTA) tax on all the employee's tips that you could not collect because the employee did not have enough funds from which to deduct it. Do not include this amount in box 4.

**Code B — Uncollected Medicare Tax On Tips.** Show the employee Medicare tax or RRTA Medicare tax on tips that you could not collect because the employee did not have enough funds from which to deduct it. Do not show any uncollected Additional Medicare Tax. Do not include this amount in box 6.

**Code C — Taxable Cost of Group-term Life Insurance Over \$50,000.** Show the taxable cost of group-term life insurance coverage over \$50,000 provided to your employee (including a former employee). See *Group-term life insurance*. Also include this amount in boxes 1, 3 (up to the social security wage base), and 5. Include the amount in box 14 if you are a railroad employer.

**Codes D through H, S, Y, AA, BB and EE.** Use these codes to show the elective deferrals and designated Roth contributions made to the plans listed. Do not report amounts for other types of plans. See the example of reporting elective deferrals under a section 401(k) plan.

The amount reported as elective deferrals and designated Roth contributions is only the part of the employee's salary (or other compensation) that he or she did not receive because of the deferrals or designated Roth contributions. Only elective deferrals and designated Roth contributions should be reported in box 12 for all coded plans, except, when using code G for section 457(b) plans, include both elective and nonelective deferrals.

For employees who were 50 years of age or older at any time during the year and made elective deferral and/or designated Roth "catch-up" contributions, report the elective deferrals and the elective deferral "catch-up" contributions as a **single sum** in box 12 using the appropriate code, and the designated Roth contributions and designated Roth "catch-up" contributions as a **single sum** in box 12 using the appropriate code.



**TIP:** If any elective deferrals, salary reduction amounts, or nonelective contributions under a section 457(b) plan during the year are makeup amounts under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) for a prior year, you must enter the prior year contributions separately. Beginning with the earliest year, enter the code, the year, and the amount. For example, elective deferrals of \$2,250 for 2015 and \$1,250 for 2016 under USERRA under a section 401(k) plan are reported in box 12 as follows: D 15 2250.00, D 16 1250.00. A 2017 contribution of \$7,000 does not require a year designation; enter it as D 7000.00. Report the code (and year for prior year USERRA contributions) to the left of the vertical line in boxes 12a through 12d.

The following are not elective deferrals and may be reported in box 14 but not in box 12:

- Nonelective employer contributions made on behalf of an employee.
- After-tax contributions that are not designated Roth contributions, such as voluntary contributions to a pension plan that are deducted from an employee's pay. See *Box 12 Codes AA, BB and EE* for reporting designated Roth contributions.
- Required employee contributions.
- Employer matching contributions.

**Code D — Elective Deferrals to a Section 401(k) Cash or Deferred Arrangement (plan).** Also show deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

**Example of Reporting Elective Deferrals and designated Roth contributions under a Section 401(k) Plan:** For 2017, Employee A (age 45) elected to defer \$18,300 to a section 401(k) plan, made a designated Roth contribution of \$1,000 to the plan, and made a voluntary (non-Roth) after-tax contribution of \$600. In addition, the employer, on A's behalf, made a qualified nonelective contribution of \$2,000 to the plan and a nonelective profit-sharing employer contribution of \$3,000.

Even though the 2017 limit for elective deferrals and designated Roth contributions is \$18,000, the employee's total elective deferral amount of \$18,300 is reported in box 12 with code D (D 18300.00). The designated Roth contribution is reported in box 12 with code AA (AA 1000.00). The employer must separately report the actual amounts of \$18,300 and \$1,000 in box 12 with the appropriate codes. The amount deferred in excess of the limit is not reported in box 1. The return of excess salary deferrals and excess designated contributions, including earnings on both, is reported on Form 1099-R.

The \$600 voluntary after-tax contribution may be reported in box 14 (this is optional) but not in box 12. The \$2,000 nonelective contribution and the \$3,000 nonelective profit-sharing employer contribution are not required to be reported on Form W-2, but may be reported in box 14.

Check the “Retirement plan” checkbox in box 13.

**Code E — Elective Deferrals Under a Section 403(b) Salary Reduction agreement.**

**Code F — Elective Deferrals Under a Section 408(k)(6) Salary Reduction SEP.**

**Code G — Elective Deferrals and Employer Contributions (including nonelective deferrals) to any Governmental or Nongovernmental section 457(b) deferred compensation plan.** Do not report either section 457(b) or section 457(f) amounts that are subject to a substantial risk of forfeiture.

**Code H — Elective Deferrals to a Section 501(c)(18)(D) Tax-exempt Organization Plan.** Be sure to include this amount in box 1 as wages. The employee will deduct the amount on his or her Form 1040.

**Code J — Nontaxable Sick Pay.** Show any sick pay that was paid by a third-party and was **not** includable in income (and **not** shown in boxes 1, 3, and 5) because the employee contributed to the sick pay plan. Do not include nontaxable disability payments made directly by a state.

**Code K — 20% Excise Tax on Excess Golden Parachute Payments (not applicable to Forms W-2AS, W-2CM, W-2GU or W-2VI).** If you made excess “golden parachute” payments to certain key corporate employees, report the 20% excise tax on these payments. If the excess payments are considered to be wages, report the 20% excise tax withheld as income tax withheld in box 2.

**Code L — Substantiated Employee Business Expense Reimbursements.** Use this code only if you reimbursed your employee for employee business expenses using a per diem or mileage allowance and the amount that you reimbursed exceeds the amount treated as substantiated under IRS rules. See *Employee business expense reimbursements*. Report in box 12 only the amount treated as substantiated (i.e., the nontaxable part). In boxes 1, 3 (up to the social security wage base), and 5, include the part of the reimbursement that is more than the amount treated as substantiated. Report the unsubstantiated amounts in box 14 if you are a railroad employer.

**Code M — Uncollected Social Security or RRTA Tax on Taxable Cost of Group-term Life Insurance Over \$50,000 (for former employees).** If you provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected social security or RRTA tax on the coverage in box 12. Do not include this amount in box 4. Also see *Group-term life insurance*.

**Code N — Uncollected Medicare Tax on Taxable Cost of Group-term Life Insurance Over \$50,000 (for former employees).** If you provided your former employees (including retirees) more than \$50,000 of group-term life insurance coverage for periods during which an employment relationship no longer exists, enter the amount of uncollected Medicare tax or RRTA Medicare tax on the coverage in box 12. Do not show any uncollected additional medical tax. Do not include this amount in box 6. Also see *Group-term life insurance*.

**Code P — Excludable Moving Expense Reimbursements Paid Directly to Employee.** Show the total moving expense reimbursements that you paid directly to your employee for qualified (deductible) moving expenses.

**Moving expenses.** Report moving expenses as follows:

- Qualified moving expenses that an employer paid to a third party on behalf of the employee (for example, to a moving company) and services that an employer furnished in kind to an employee are not reported on Form W-2.
- Qualified moving expense reimbursements paid directly to an employee by an employer are reported only in box 12 of Form W-2 with code P.
- Nonqualified moving expense reimbursements are reported in boxes 1, 3,

and 5 (use box 14 if railroad retirement taxes apply) of Form W-2. These amounts are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable).

For more information on qualified and nonqualified moving expenses, see *Pub. 521, Moving Expenses*.

**Code Q — Nontaxable combat pay.** If you are a military employer, report any nontaxable combat pay in box 12.

**Code R — Employer Contributions to an Archer Medical Savings Account (MSA).** Show any employer contributions to an Archer MSA. See *Archer MSA*.

**Code S — Employee Salary Reduction Contributions Under a Section 408(p) SIMPLE.** Show deferrals under a section 408(p) salary reduction SIMPLE retirement account. However, if the SIMPLE is part of a section 401(k) arrangement, use code D. If you are reporting prior year contributions under USERRA, see the *TIP* above *Code D* in Box 12—*Codes*.

**Code T — Adoption Benefits.** Show the total that you paid or reimbursed for qualified adoption expenses furnished to your employee under an adoption assistance program. Also include adoption benefits paid or reimbursed from the pre-tax contributions made by the employee to a section 125 (cafeteria) plan. However, do not include adoption benefits forfeited from a section 125 (cafeteria) plan. Report all amounts including those in excess of the \$13,570 exclusion. For more information, see *Adoption Benefits*.

**Code V — Income From the Exercise of Nonstatutory Stock Option(s).** Show the spread (i.e., fair market value of stock over the exercise price of option(s) granted to your employee with respect to that stock) from your employee’s (or former employee’s) exercise of nonstatutory stock option(s). Include this amount in boxes 1, 3 (up to the social security wage base), and 5. Include this amount in box 14 if you are a railroad employer.

This reporting requirement does not apply to the exercise of a statutory stock option, or the sale or disposition of stock acquired pursuant to the exercise of a statutory stock option. For more information about the taxability of employee stock options, see *Publication 15-B, Employer’s Tax Guide to Fringe Benefits*.

**Code W — Employer contributions to a Health Savings Account.** Show any employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria) plan) to a Health Savings Account. See *Health Savings Account (HSA)*, below.

**Health Savings Account (HSA).** An employer’s contribution (including an employee’s contributions through a cafeteria plan) to an employee’s Health Savings Account (HSA) is not subject to federal income tax withholding, or social security, Medicare, or railroad retirement taxes (or FUTA tax) if it is reasonable to believe at the time of the payment that the contribution will be excludable from the employee’s income. However, if it is not reasonable to believe at the time of payment that the contribution will be excludable from the employee’s income, employer contributions are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable) and FUTA Tax must be reported in boxes 1, 3, and 5 (use box 14 if railroad retirement taxes apply), and on Form 940, Employer’s Annual Federal Unemployment (FUTA) Tax Return.

You must report all employer contributions (including an employee’s contributions through a cafeteria plan) to an HSA in box 12 of Form W-2 with code W. Employer contributions to an HSA that are not excludable from the income of the employee also must be reported in boxes 1, 3, and 5. (Use box 14 if railroad retirement taxes apply.)

An employee’s contributions to an HSA (unless made through a cafeteria plan) are includable in income as wages and are subject to federal income tax withholding and social security and Medicare taxes (or railroad retirement taxes, if applicable). Employee contributions are deductible, within limits, on the employee’s Form 1040. For more information about HSAs, see *Notice 2004-2*, *Notice 2004-50*, and *Notice 2008-52*. Notice 2004-2, 2004-2 I.R.B. 269, is available at [www.irs.gov/irb/2004-02\\_IRB/ar09.html](http://www.irs.gov/irb/2004-02_IRB/ar09.html). Notice 2004-50, 2004-33 I.R.B. 196, is available at

**CONTINUOUS W-2**  
**OCR OFFICIAL FORMAT**  
**(For Data Processing and Typewriter Use)**

2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
22222			Void <input type="checkbox"/>	a Employee's social security number			For Official Use Only ► OMB No. 1545-0008																					
b Employer identification number (EIN)															1 Wages, tips, other compensation	2 Federal income tax withheld												
c Employer's name, address, and ZIP code															3 Social security wages	4 Social security tax withheld												
															5 Medicare wages and tips	6 Medicare tax withheld												
															7 Social security tips	8 Allocated tips												
d Control number															9 Verification code	10 Dependent care benefits												
e Employee's first name and initial			Last name			Suff.	11 Nonqualified plans	12a See instructions for box 12																				
							<input type="checkbox"/> Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay	12b																				
f Employee's address and ZIP code															13 Other	12c												
															14 Other	12d												
15 State Employer's state ID number			16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name																					

**W-2 Wage and Tax Statement**  
**Form** Copy A For Social Security Administration — Send this entire page with  
 Form W-3 to the Social Security Administration; photocopies are **not** acceptable.

2017

Department of the Treasury—Internal Revenue Service  
**For Privacy Act and Paperwork Reduction  
 Act Notice, see the separate instructions.**

41-0852411

[www.irs.gov/irb/2004-33\\_IRB/ar08.html](http://www.irs.gov/irb/2004-33_IRB/ar08.html). Notice 2008-52, 2008-25 I.R.B. 1166, is available at [www.irs.gov/irb/2008-25\\_IRB/ar10.html](http://www.irs.gov/irb/2008-25_IRB/ar10.html). Also see Form 8889, Health Savings Accounts(HSAs), and Pub. 969.

**Code Y — Deferrals under a section 409A nonqualified deferred compensation plan.** It is not necessary to show deferrals in box 12 with code Y. For more information, see Notice 2008-115. However, if you report these deferrals, show current year deferrals, including earnings during the year on current year and prior year deferrals. See *Nonqualified deferred compensation plans*, below.

**Code Z — Income under a nonqualified deferred compensation plan that fails to satisfy section 409A.** Enter all amounts deferred (including earnings on amounts deferred) that are includable in income under section 409A because the NQDC plan fails to satisfy the requirements of section 409A. Do not include amounts properly reported on a Form 1099-MISC, corrected Form 1099-MISC, Form W-2, or Form W-2c for a prior year. Also, do not include amounts that are considered to be subject to a substantial risk of forfeiture for purposes of section 409A. For more information, see *Regulations section 1.409A-1 through 1.409A-6, Notice 2008-115*.

The amount reported in box 12 using code Z is also reported in box 1, and is subject to an additional tax reported on the employee's Form 1040. See *Nonqualified deferred compensation plans*, below. For information regarding correcting section 409A errors and related reporting, see Notice 2008-113, Notice 2010-6 and Notice 2010-80.

**Nonqualified deferred compensation plans.** Section 409A provides that all amounts deferred under a nonqualified deferred compensation (NQDC) plan for all tax years are currently includable in gross income to the extent not subject to a substantial risk of forfeiture and not previously included in gross income, unless certain requirements are met. Generally, section 409A is effective with respect to amounts deferred in tax years beginning after December 31, 2004, but deferrals made prior to that year may be subject to section 409A under some circumstances.

It is not necessary to show amounts deferred during the year under an NQDC plan subject to section 409A. If you report section 409A deferrals, show the amount in Box 12 using code Y. For more information, see Notice 2008-115, 2008-52 I.R.B. 1367, available at [www.irs.gov/irb/2008-52\\_IRB/ar10.html](http://www.irs.gov/irb/2008-52_IRB/ar10.html).

Income included under section 409A from an NQDC plan will be reported in box 1 and in box 12 using code Z. This income is also subject to an additional tax of 20% that is reported on Form 1040. For more information on amounts includable in gross income and reporting requirements, see Notice 2008-115 available at [www.irs.gov/irb/2008-52\\_IRB/ar10.html](http://www.irs.gov/irb/2008-52_IRB/ar10.html). For information on correcting failures to comply with section 409A and related reporting, see Notice 2008-113, 2008-51 I.R.B. 1305, available at [www.irs.gov/irb/2008-51\\_IRB/ar12.html](http://www.irs.gov/irb/2008-51_IRB/ar12.html); Notice 2010-6, 2010-3 I.R.B. 275, available at [www.irs.gov/irb/2010-3\\_IRB/ar08.html](http://www.irs.gov/irb/2010-3_IRB/ar08.html); and Notice 2010-80, 2010-51 I.R.B. 853, available at [www.irs.gov/irb/2010-51\\_IRB/ar08.html](http://www.irs.gov/irb/2010-51_IRB/ar08.html).

See the *Nonqualified Deferred Compensation Reporting Example Chart*.

**Code AA — Designated Roth contributions to a section 401(k) plan.** Use this code to report designated Roth contributions to a section 401(k) plan. Do not use this code to report elective deferrals under code D. See *Designated Roth contributions*, below.

**Code BB — Designated Roth contributions under a section 403(b) plan.** Use this code to report designated Roth contributions under a section 403(b) plan. Do not use this code to report elective deferrals under code E. See *Designated Roth contributions*, below.

**Code DD — Cost of employer-sponsored health coverage.** Use this code to report the cost of employer-sponsored health coverage. The amount reported with code DD is not taxable. Additional reporting guidance, including information about the transitional reporting rules that apply, is available on the Affordable Care Act Tax Provisions page of **IRS.gov**.

**Code EE — Designated Roth contributions under a governmental section 457(b) plan.** Use this code to report designated Roth contributions under a governmental section 457(b) plan. Do not use this code to report elective deferrals under code G. See *Designated Roth contributions*, below.

**Designated Roth contributions.** Under section 402A, a participant in a section 401(k) plan or under a 403(b) salary reduction agreement or in a governmental 457(b) plan that includes a qualified Roth contribution program may elect to make designated Roth contributions to the plan or program in lieu of elective deferrals. Designated Roth contributions are subject to federal income tax withholding and social security and Medicare taxes (and railroad retirement taxes, if applicable) and must be reported in boxes 1, 3, and 5 (use box 14 if railroad retirement taxes apply).

Section 402A requires separate reporting of the yearly designated Roth contributions. Designated Roth contributions to 401(K) plans will be reported using code AA in box 12; designated Roth contributions under 403(b) salary reduction agreements will be reported using code BB in box 12, and designated Roth contributions under a governmental section 457(b) plan will be reported using Code EE in box 12. For reporting instructions, see *Code AA*, *Code BB*, and *Code EE* above.

**Box 13 — Check the Boxes That Apply.**

**Statutory Employee.** Check this box for statutory employees whose earnings are subject to Social Security and Medicare taxes but NOT subject to Federal income tax withholding. Do not check this box for common-law employees. There are workers who are independent contractors under common-law rules but are treated by statute as employees. They are called statutory employees.

1. A driver who distributes beverages (other than milk), or meat, vegetable, fruit, or bakery products; or who picks up and delivers laundry or dry cleaning, if the driver is your agent or is paid on commission.
2. A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company.
3. An individual who works at home on materials or goods that you supply and that must be returned to you or to a person you name, if you also furnish specifications for the work to be done.
4. A full-time traveling or city salesperson who works on your behalf and turns in orders to you from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed for you must be the salesperson's principal business activity.

See *Section 1 of Pub. 15-A* for details on statutory employees and common-law employees.

**Retirement Plan.** Check this box if the employee was an “active participant” (for any part of the year) in any of the following:

1. a qualified pension, profit-sharing, or stock bonus plan described in section 401(a) (including a 401(k) plan);
2. an annuity plan described in section 403(a);
3. an annuity contract or custodial account described in section 403(b);
4. a simplified employee pension (SEP) plan described in section 408(k);
5. a SIMPLE retirement account described in section 408(p);
6. a trust described in section 501(c)(18);
7. a plan for federal, state, or local government employees or by an agency or instrumentality thereof (other than a section 457(b) plan).

Generally, an employee is an active participant if covered by (a) a defined benefit plan for any tax year that he or she is eligible to participate or (b) a defined contribution plan (e.g., a section 401(k) plan) for any tax year that employer or employee contributions (or forfeitures) are added to his or her account. For additional information on employees who are eligible to participate in a plan, contact your plan administrator.

**ΔDo not** check this box for contributions made to a non-qualified or a section 457(b) plan.

**Third-party Sick Pay.** Check this box **only** if you are a third-party sick pay payer filing a Form W-2 for an insured's employee, or are an employer reporting sick pay payments made by a third party. See *Sick Pay Reporting* in section 6 of *Pub. 15-A*.

**Box 14 — Other.** If you included 100% of a vehicle's annual lease value in the employee's income, it must also be reported here or on a separate statement to your employee. You may also use this box for any other information that you want to give to your employee. Label each item. Examples include state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a member of the clergy's parsonage allowance and utilities. In addition, you may enter the following contributions to a pension plan: (a) nonelective employer contributions made on behalf of an employee, (b) voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay, (c) required employee contributions, and (d) employer matching contributions.

**NOTE:** Income included under section 409A from an NQDC plan will be reported in box 1 and in box 12 using code Z. This income is also subject to an additional tax of 20% that is reported on Form 1040. For more information on amounts includable in gross income and reporting requirements, see *Notice 2008-115* available at [www.irs.gov/irb/2008-52\\_IRB/ar10.html](http://www.irs.gov/irb/2008-52_IRB/ar10.html). For information on correcting failures to comply with section 409A and related reporting, see *Notice 2008-113*, 2008-51 I.R.B. 1305, available at [www.irs.gov/irb/2008-51\\_IRB/ar12.html](http://www.irs.gov/irb/2008-51_IRB/ar12.html); *Notice 2010-6*, 2010-3 I.R.B. 275, available at [www.irs.gov/irb/2010-3\\_IRB/ar08.html](http://www.irs.gov/irb/2010-3_IRB/ar08.html); and *Notice 2010-80*, 2010-51 I.R.B. 853, available at [www.irs.gov/irb/2010-51\\_IRB/ar08.html](http://www.irs.gov/irb/2010-51_IRB/ar08.html).

See the *Nonqualified Deferred Compensation Reporting Example Chart*.

**USERRA makeup amounts to a pension plan.** If an employee returned to your employment after military service and certain makeup amounts were contributed to a pension plan for a prior year(s) under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), report the prior year contributions separately in box 12.

See the *TIP* before *Code D* on page 16.

You may also report certain makeup amounts in box 14. See *Box 14—Other*, above.

Instead of reporting in box 12 (or box 14), you may choose to provide a separate statement to your employee showing USERRA makeup contributions. The statement must identify the type of plan, the year(s) to which the contributions relate, and the amount contributed for each year.

**Railroad Employers**

**Railroad employers (not applicable to Forms W-2AS, W-2CM, W-2GU, or W-2VI).** Railroad employers must file Form W-2 to report their employees' wages and income tax withholding in boxes 1 and 2. You must file a separate Form W-3 to transmit the Forms W-2 if you have employees covered under the Federal Insurance Contributions Act (FICA) (social security and Medicare) and the Railroad Retirement Tax Act (RRTA).

**On the Form W-3, check the “CT-1” checkbox** in box b “Kind of Payer” used to transmit Forms W-2 for employees with box 1 wages and box 2 tax withholding. On the Form W-2, use box 14 for employees covered by RRTA tax, report the RRTA compensation, Tier 1, Tier 2, Medicare, and any Additional Medicare Tax withheld. Label them “RRTA compensation,” “Tier 1 tax,” “Tier 2 tax,” “Medicare tax,” and “Additional Medicare Tax.” Include tips reported by the employee to the employer in “RRTA compensation.”

**On the Form W-3, check the “941” checkbox** in box b “Kind of Payer” used to transmit Forms W-2 for employees covered by social security and Medicare. On the Form W-2, complete boxes 3, 4, 5, 6, and 7 to show the social security and Medicare wages and taxes. These boxes apply only to covered social security and Medicare wages and taxes. They are not to be used to report railroad retirement compensation and taxes.

**Repayments.** If an employee repays you for wages received in error, do not offset the repayments against current year's wages unless the repayments are for amounts received in error in the current year. Repayments made in the current year, but related to a prior year or years, must be repaid in gross, not net, and require special tax treatment by employees in some cases. You may advise the employee of the total repayments made during the current year and the amount (if any) related to prior years. This information will help the employee account for such repayments on his or her federal income tax return.

If the repayment was for a prior year, you must file Form W-2c with the SSA to correct only social security and Medicare wages and taxes. Do not correct "Wages, tips, other compensation" in box 1 or "Federal income tax withheld" in box 2, on Form W-2c. Also, do not correct any Additional Medicare Tax withheld on the repaid wages (reported with Medicare tax withheld in box 6) on Form W-2c. File the "X" return that is appropriate for the return on which the wages were originally reported (Form 941-X, 943-X, 944-X, or CT-1X). Correct the social security and Medicare wages and taxes for the period during which the wages were originally paid. For information on reporting adjustments to Form 941,

Form 941-SS, Form 943, Form 944, or Form CT-1, see *section 13 of Pub. 15 (Circular E)*, the *Instructions for Form CT-1x*, or *section 9 of Pub. 51 (Circular A)*.

**NOTE:** Tell your employee that the wages paid in error in a prior year remain taxable to him or her for that year. This is because the employee received and had use of those funds during that year. The employee is not entitled to file an amended return (Form 1040X) to recover the income tax on these wages. Instead, the employee is entitled to a deduction (or a credit, in some cases) for the repaid wages on his or her Form 1040 for the year of repayment. However, the employee is entitled to file an amended return (Form 1040X) to recover Additional Medicare Tax on these wages, if any. Refer your employee to *Repayments* in *Pub. 525*.

#### **Boxes 15 through 20 — State and Local Income Tax Information (not applicable to Forms W-2AS, W-2CM, W-2GU or W-2VI).**

Use these boxes to report state and local income tax information. Enter the two-letter abbreviation for the name of the state. The employer's state I.D. numbers are assigned by the individual states. The state and local information boxes can be used to report wages and taxes for two states and two localities. Keep each state's and locality's information separated by the broken line. If you need to report information for more than two states or localities, prepare a second Form W-2. Contact your state or locality for more specific reporting information.

**Multiple Forms.** If necessary, you can issue more than one Form W-2 to an employee. For example, you may need to report more than four coded items in box 12 or you may want to report other compensation on a second form. If you issue a second Form W-2, complete boxes a, b, c, d, e, and f with the same information as on the first Form W-2. Show any items that were not included on the first Form W-2 in the appropriate boxes.

**Do not** report the same Federal, American Samoa, Guam, or U.S. Virgin Islands tax data to the SSA on more than one Copy A.

**NOTE:** For each Form W-2 showing an amount in box 3 or box 7, make certain that box 5 equals or exceeds the sum of boxes 3 and 7.

**Void.** Check this box when an error is made on Form W-2 and you are voiding it because you are going to complete a new Form W-2. Do not include any amounts shown on "Void" forms in the totals you enter on Form W-3.

**Corrections.** Use the current revision of Form W-2c, Corrected Wage and Tax Statement, to correct errors (such as incorrect name, SSN, or amount) on a previously filed form W-2 or Form W-2c. File copy A of Form W-2c with the SSA. To file your corrections electronically, see *Correcting Wage Reports* on page 3.

If the SSA issues your employee a replacement card after a name change, or a new card with a different social security number after a change in alien work status, file a Form W-2c to correct the name/SSN reported on the most recently filed Form W-2. It is not necessary to correct the prior years if the previous name and number were used for the years prior to the most recently filed Form W-2.

File Form W-3c, Transmittal of Corrected Wage and Tax Statements, whenever you file a Form W-2c with the SSA, even if you are only filing a Form W-2c to correct an employee's name or SSN. However, see *Incorrect address on employee's Form W-2*, below, for information on correcting an employee's address. Use Form W-3c to correct a previously filed Form W-3.

If you discover an error on Form W-2 after you issue it to your employee but before you send it to the SSA, check the "Void" box at the top of the incorrect Form W-2 on Copy A. Prepare a new Form W-2 with the correct information, and send Copy A to the SSA. Write "CORRECTED" on the employee's new copies (B,C, and 2), and furnish them to the employee. (If the "Void" Form W-2 is on a page with a correct Form W-2, send the entire page to the SSA. The "Void" form will not be processed.) **Do not** write "CORRECTED" on Copy A of Form W-2.

If you are making a correction for previously filed Forms 941, 941-SS, 943, 944, 944-SS or CT-1, use the corresponding "X" forms, such as Forms 941-X, 943-X, 944-X, or CT-1X for the return period in which you found the error. See *section 13 of Pub. 15 (Circular E)* for more details. If you are making corrections to a previously filed Schedule H (Form 1040), see *Pub. 926*. Issue the employee a Form W-2c if the error discovered was for the prior year.

**Incorrect Address on Employee's Form W-2.** If you filed a Form W-2 with the SSA showing an incorrect address for the employee but all other information on Form W-2 is correct, do not file Form W-2c with the SSA merely to correct the address.

However, if the address was incorrect on the Form W-2 furnished to the employee, you must do one of the following:

- Issue a new, corrected Form W-2 to the employee, including the new address. Indicate "REISSUED STATEMENT" on the new copies. **Do not** send Copy A to the SSA.
- Issue a Form W-2c to the employee showing the correct address in box i and all other correct information. **Do not** send Copy A to the SSA.
- Reissue a Form W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.

**Lost Form W-2 — Reissued Statement.** If an employee loses a Form W-2, write "REISSUED STATEMENT" on the new copy and furnish it to the employee. You do not have to add "Reissued Statement" on Forms W-2 provided to employees electronically. **Do not** send Copy A of the reissued Form W-2 to the SSA. Employers are not prohibited (by the Internal Revenue Code) from charging a fee for the issuance of a duplicate Form W-2.

## **PENALTIES**

The following penalties generally apply to the person or employer required to file Form W-2. The penalties apply to paper filers as well as to e-filers.



**CAUTION:** Third Party Payers. Employers are responsible for ensuring that Forms W-2 are furnished to employees and that Forms W-2 and W-3 are filed with the SSA correctly and on time, even if the employer contracts with a third party to perform these acts. The IRS strongly suggests that the employer's address, not the third party's address, be the address on record with the IRS. This will ensure that you remain informed of tax matters involving your business because the IRS will correspond to the employer's address of record if there are any issues with an account. If you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third party payer, visit **IRS.gov** and enter "outsourcing payroll duties" in the search box for helpful information on this topic.

**Failure to File Correct Information Returns By the Due Date.** If you fail to file a correct Form W-2 by the due date and cannot show reasonable cause, you may be subject to a penalty as provided under code section 6721. The penalty applies if you:

- Fail to file timely,

- Fail to include all information required to be shown on Form W-2,
- Include incorrect information on Form W-2,
- File on paper when you were required to *e-file*,
- Report an incorrect TIN,
- Fail to report a TIN, or
- Fail to file paper Forms W-2 that are machine readable.

The amount of the penalty is based on when you file the correct Form W-2. Penalties are indexed for inflation. The penalty amounts shown below apply for filings due after December 31, 2017. The penalty is:

- \$50 per Form W-2 if you correctly file within 30 days of the due date; the maximum penalty is \$536,000 per year (\$187,500 for small businesses, defined in Small businesses).
- \$100 per Form W-2 if you correctly file more than 30 days after the due date but by August 1; the maximum penalty is \$1,609,000 per year (\$536,000 for small businesses).
- \$260 per Form W-2 if you file after August 1, do not file corrections, or do not file required Forms W-2; the maximum penalty is \$3,218,500 per year (\$1,072,500 for small businesses).

If you do not file corrections and you do not meet any of the exceptions to the penalty, the penalty is \$260 per information return. The maximum penalty is \$3,218,500 per year (\$1,072,500 for small businesses).

**Exceptions to the Penalty.** The following are exceptions to the failure to file correct information returns penalty:

- The penalty will not apply to any failure that you can show was due to **reasonable cause** and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You must also be able to show that you acted in a responsible manner and took steps to avoid the failure.
- An **inconsequential error or omission** is not considered a failure to include correct information. An inconsequential error or omission does not prevent or hinder the SSA/IRS from processing the Form W-2, from correlating the information required to be shown on the form with the information shown on the payee's tax return, or from otherwise putting the form to its intended use.

Errors and omissions that are never inconsequential are those relating to:

1. A TIN,
2. A payee's surname, and
3. Any money amounts.

**De Minimis Rule for Corrections.** Even though you cannot show reasonable cause, the penalty for failure to file correct Forms W-2 will not apply to a certain number of returns if you:

- Filed those Forms W-2 on or before the required filing date,
- Either failed to include all the information required on the form or included incorrect information, and
- Filed corrections of these forms by August 1.

If you meet all of the de minimis rule conditions, the penalty for filing incorrect information returns (including Form W-2) will not apply to the greater of 10 information returns (including Form W-2) or ½ of 1% of the total number of information returns (including Form W-2) that you are required to file for the calendar year.

Forms W-2 with incorrect dollar amounts may fall under a safe harbor for certain de minimis errors. The safe harbor applies if no single amount in error differs from the correct amount by more than \$100 and no single amount reported for tax withheld differs from the correct amount by more than \$25.

If the safe harbor applies, you will not have to correct the Form W-2 to avoid penalties. However, if the payee elects for the safe harbor not to apply, you may have to issue a corrected return to avoid penalties. For more information, see *Notice 2017-9, 2017-4 I.R.B. 542*, available at [IRS.gov/irb/2017-04\\_IRB/ar11.html](http://irs.gov/irb/2017-04_IRB/ar11.html).

**Small Businesses.** For purposes of the lower maximum penalties shown in parentheses above, you are a small business if your average annual gross receipts for the 3 most recent tax years (or for the period you were in

existence, if shorter) ending before the calendar year in which the Forms W-2 were due are \$5 million or less.

If any failure to timely file a correct Form W-2 is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$530 per Form W-2 with no maximum penalty.

**Failure to Furnish Correct Payee Statements.** If you fail to provide correct payee statements (Forms W-2) to your employees and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to provide the statement by January 31, 2018, if you fail to include all information required to be shown on the statement, or if you include incorrect information on the statement.

The amount of the penalty is based on when you furnish the correct payee statement. This penalty is an additional penalty and is applied in the same manner, and with the same amounts, as the penalty for failure to file correct information returns by the due date.

**Exception:** An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission cannot reasonably be expected to prevent or hinder the payee from timely receiving correct information and reporting it on his or her income tax return or from otherwise putting the statement to its intended use. Errors and omissions that are never inconsequential are those relating to:

1. A dollar amount,
2. A significant item in a payee's address, and
3. The appropriate form for the information provided, such as whether the form is an acceptable substitute for the official IRS form.

See *Exceptions to the penalty in Failure to file correct information returns by the due date*, for additional exceptions to the penalty for failure to file correct payee statements.

**Intentional Disregard of Payee Statement Requirements.** If any failure to provide a correct payee statement (Form W-2) to an employee is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$530 per Form W-2 with no maximum penalty.

**Civil Damages for Fraudulent Filing of Forms W-2.** If you willfully file a fraudulent Form W-2 for payments you claim you made to another person, that person may be able to sue you for damages. You may have to pay \$5,000 or more. You may also be subject to criminal sanctions.

## FORM W-3

**How to complete Form W-3.** The instructions under *How to complete Form W-2* generally apply to Form W-3. Use black ink for all entries. Scanners cannot read entries if the type is too light. Be sure to send the entire page of the Form W-3.



**TIP:** Amounts reported on related employment tax forms (for example, Forms W-2, 941, 941-SS, 943, or 944) should agree with the amounts reported on Form W-3. If there are differences, you may be contacted by the IRS and SSA. Retain your reconciliation information for future reference. See *Reconciling Forms W-2, W-3, 941, 941-SS, 943, 944, CT-1, and Schedule H (Form 1040)*.

**Box a — Control number.** This is an optional box that you may use for numbering the whole transmittal.

**Box b — Kind of Payer.** Check the box that applies to you. Check only one box. If you have more than one type of Form W-2, send each type with a separate Form W-3.

**NOTE:** The "Third-party sick pay" indicator box does not designate a separate kind of payer.

- **941/941-SS.** Check this box if you file Forms 941 or 941-SS and no other category applies. A church or church organization should check this box even if it is not required to file Forms 941, 941-SS, or 944. If you are a railroad employer sending Forms W-2 for employees covered under the Railroad Retirement Tax Act (RRTA), check the "CT-1" checkbox.

- **Military.** Check this box if you are a military employer sending Forms W-2 for members of the uniformed services.
- **943.** Check this box if you are an agricultural employer and file Form 943 and you are sending Forms W-2 for agricultural employees. For nonagricultural employees, send their Forms W-2 with a separate Form W-3, checking the appropriate box.
- **944.** Check this box if you file Form 944 (or Formulario 944(SP), its Spanish-language version), and no other category applies.
- **CT-1.** Check this box if you are a railroad employer sending Forms W-2 for employees covered under the Railroad Retirement Tax Act (RRTA). Do not show employee RRTA tax in boxes 3 through 7. These boxes are only for social security and Medicare information. If you also have employees who are subject to social security and Medicare taxes, send that group's Forms W-2 with a separate Form W-3 and check the "941" checkbox on that Form W-3.
- **Hshld. emp.** Check this box if you are a household employer sending Forms W-2 for household employees and you did not include the household employee's taxes on Forms 941, 941-SS, 943 or 944.
- **Medicare govt. emp.** Check this box if you are a U.S., state, or local agency filing Forms W-2 for employees subject only to Medicare tax. See *Government employers*.

**Box b — Kind of Employer.** Check the box that applies to you. Check only one box unless the second checked box is "Third-party sick pay." See *Pub. 557, Tax-Exempt Status for Your Organization*, for information about 501(c)(3) tax-exempt organizations.

- **None apply.** Check this box if none of the checkboxes discussed next apply to you.
- **501c non-govt.** Check this box if you are a non-governmental tax-exempt section 501(c) organization. Types of 501(c) non-governmental organizations include private foundations, public charities, social and recreation clubs, and veterans organizations. For additional examples of 501(c) non-governmental organizations, see chapters 3 and 4 of *Pub. 557, Tax-Exempt Status for Your Organization*.
- **State/local non-501c.** Check this box if you are a state or local government or instrumentality. This includes cities, townships, counties, special-purpose districts, public schools districts, or other publicly owned entities with governmental authority.
- **State/local 501c.** Check this box if you are a state or local government or instrumentality, and you have received a determination letter from the IRS indicating that you are also a tax-exempt organization under section 501(c)(3).
- **Federal govt.** Check this box if you are a Federal government entity or instrumentality.

**Box b — Third-party sick pay.** Check this box if you are a third-party sick pay payer (or are reporting sick pay payments made by a third party) filing Forms W-2 with the "Third-party sick pay" checkbox in box 13 checked. File a single Form W-3 for the regular and "Third-party sick pay" Forms W-2. See 941/941-SS above.

**Box c — Total number of Forms W-2.** Show the number of completed individual Forms W-2 that you are transmitting with this Form W-3. Do not count "Void" Forms W-2.

**Box d — Establishment number.** You may use this box to identify separate establishments in your business. You may file a separate Form W-3, with Forms W-2, for each establishment even if they all have the same EIN; or you may use a single Form W-3 for all Forms W-2 of the same type.

**Box e — Employer identification number (EIN).** Enter the nine-digit EIN assigned to you by the IRS. The number should be the same as shown on your Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040) and in the following format: 00-0000000. Do not use a prior owner's EIN. See *Box h—Other EIN used this year*.

If you do not have an EIN when filing your Form W-3, enter "Applied For" in box e, not your social security number (SSN), and see *Box b—Employer identification number (EIN)*.

**Box f — Employer's name.** Enter the same name as shown on your Forms 941, 941-SS, 943, 944, CT-1 or Schedule H (Form 1040).

**Box g — Employer's address and ZIP code.** Enter your address.

**Box h — Other EIN used this year.** If you have used an EIN (including a prior owner's EIN) on Forms 941, 941-SS, 943, 944, or CT-1 submitted for 2015 that is different from the EIN reported on Form W-3 in box e, enter the other EIN used. Agents generally report the employer's EIN in box h. See *Agent reporting*.

**Employer's contact person, employer's telephone number, employer's fax number, and employer's email address.** Include this information for use by the SSA if any questions arise during processing.

SSA will notify the employer by email or postal mail to correct and resubmit reports from the information provided on Form W-3.



**CAUTION:** Payroll service providers enter your client's information for these fields.



**TIP:** The amounts to enter in boxes 1 through 19, described next, are totals from only the Forms W-2 (excluding any Forms W-2 marked "VOID") that you are sending with this Form W-3.

**Boxes 1 through 8 —** Enter the totals reported in boxes 1 through 8 on the Forms W-2.

**Box 9 —** Do not enter an amount in box 9.

**Box 10 — Dependent care benefits (not applicable to Forms W-2AS, W-2CM, W-2GU, and W-2VI).** Enter the total reported in box 10 on Forms W-2.

**Box 11 — Nonqualified plans.** Enter the total reported in box 11 on Forms W-2.

**Box 12a — Deferred compensation.** Enter the total of all amounts reported with codes D through H, S, Y, AA, BB, and EE in box 12 on Forms W-2. Do not enter a code.



**CAUTION:** The total of Form W-2 box 12 amounts reported with Codes A through C, J through R, T through W, Z, and DD is not reported on Form W-3.

**Box 13 — For third-party sick pay use only.** Leave this box blank. See *Form 8922*.

**Box 14 — Income tax withheld by payer of third-party sick pay.** Complete this box only if you are the employer and have employees who had federal income tax withheld on third-party payments of sick pay. Show the total income tax withheld by third-party payers on payments to all of your employees. Although this tax is included in the box 2 total, it must be separately shown here.

**Box 15 — State/Employer's state ID number (territorial ID number for Forms W-2AS, W-2CM, W-2GU, and W-2VI).** Enter the two-letter abbreviation for the name of the state or territory being reported on Form(s) W-2. Also enter your state- or territory-assigned ID number. If the Forms W-2 being submitted with this Form W-3 contain wage and income tax information from more than one state or territory, enter an "X" under "State" and do not enter any state or territory ID number.

**Boxes 16 through 19 (not applicable to Forms W-2AS, W-2CM, W-2GU, and W-2VI) —** Enter the total of state/local wages and income tax shown in their corresponding boxes on the Forms W-2 included with this Form W-3. If the Forms W-2 show amounts from more than one state or locality, report them as one sum in the appropriate box on Form W-3. Verify that the amount reported in each box is an accurate total of the Forms W-2.

### RECONCILING FORMS W-2, W-3, 941, 941-SS, 943, 944, CT-1, AND SCHEDULE H (FORM 1040)

Reconcile the amounts shown in boxes 2, 3, 5, and 7 from all 2017 Forms W-3 with their respective amounts from the 2017 yearly totals from the quarterly Forms 941 or 941-SS or annual Forms 943, 944, CT-1 (box 2 only), and Schedule H (Form 1040). When there are discrepancies between amounts reported on Forms W-2 and W-3 filed with the SSA and on Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040) filed with the IRS, you will be contacted to resolve the discrepancies.

## To help reduce discrepancies on Forms W-2:

- Report bonuses as wages and as social security and Medicare wages on Form W-2, and on Forms 941, 941-SS, 943, 944, and Schedule H (Form 1040).
- Report both social security and Medicare wages and taxes separately on Forms W-2 and W-3, and on Forms 941, 941-SS, 943, 944, and Schedule H (Form 1040).
- Report social security taxes withheld on Form W-2 in box 4, not in box 3.
- Report Medicare taxes withheld on Form W-2 in box 6, not in box 5.
- Do not report a nonzero amount in box 4 if boxes 3 and 7 are both zero.
- Do not report a nonzero amount in box 6 if box 5 is zero.
- Do not report an amount in box 5 that is less than the sum of boxes 3 and 7.
- Make sure that the social security wage amount for each employee does not exceed the annual social security wage base limit (\$127,200 for 2017).
- Do not report noncash wages that are not subject to social security or Medicare taxes as social security or Medicare wages.
- If you use an EIN on any quarterly Forms 941 or 941-SS for the year (or annual Forms 943, 944, CT-1, or Schedule H (Form 1040)) that is different from the EIN reported in box e on Form W-3, enter the other EIN in box h on Form W-3.

## To reduce the discrepancies between amounts reported on Forms W-2 and W-3, and Forms 941, 941-SS, 943, 944, CT-1, and Schedule H (Form 1040):

- Be sure that the amounts on Form W-3 are the total amounts from Forms W-2.
- Reconcile Form W-3 with your four quarterly Forms 941 or 941-SS (or annual Forms 943, 944, CT-1, or Schedule H (Form 1040)) by comparing amounts reported for:

### 1. Income tax withholding (box 2).

2. Social security wages, Medicare wages and tips, and social security tips (boxes 3, 5, and 7). Form W-3 should include Forms 941 or 941-SS or Forms 943, 944, or Schedule H (Form 1040) adjustments only for the current year. If the Forms 941, 941-SS, 943, or 944 adjustments include amounts for a prior year, do not report those prior year adjustments on the current year Forms W-2 and W-3.
3. Social security and Medicare taxes (boxes 4 and 6). The amounts shown on the four quarterly Forms 941 or 941-SS (or annual Forms 943, 944, or Schedule H (Form 1040)), including current year adjustments, should be approximately twice the amounts shown on Form W-3.

Amounts reported on Forms W-2 and W-3, and Forms 941, 941-SS, 943, 944, CT-1, or Schedule H (Form 1040) may not match for valid reasons. If they do not match, you should determine that the reasons are valid. Retain your reconciliation information in case you receive inquiries from the IRS or the SSA.

## FORM W-2C AND FORM W-3C

### General Instructions

**Applicable forms.** Use with the current revision of Form W-2c and the current revision of Form W-3c.

**Purpose of Forms.** Use Form W-2c to correct errors on Forms W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c filed with the Social Security Administration (SSA). Also use Form W-2c to provide corrected Form W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c to employees.

Corrections reported on Form W-2c may require you to make corrections to your previously filed employment tax returns using the corresponding "X" form, such as Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund; Form 943t-X, Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund; Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund; or Form CT-1X, Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund. See *Section 13* of *Pub. 15 (Circular E)* and the *Instructions for Form CT-1X* for more information. If

you are making corrections to a previously filed Schedule H (Form 1040), see *Pub. 926, Household Employer's Tax Guide*. If an employee repaid you for wages received in a prior year, also see *Repayments*.

- **Do not** use Form W-2c to report corrections to back pay. Instead, see *Pub. 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration*, and *Form SSA-131, Employer Report of Special Wage Payments*.
- **Do not** use Form W-2c to correct Form W-2G, Certain Gambling Winnings. Instead, see the *General Instructions for Certain Information Returns* for the current reporting year.

Use Form W-3c to send Copy A of Form W-2c to the SSA. Always file Form W-3c when submitting one or more Forms W-2c.

**E-filing of Forms W-2c and W-3c.** The SSA encourages all employers to *e-file* using its secure BSO website. E-filing can save you effort and helps ensure accuracy. See *E-filing*.

**Where to File Forms W-2c and W-3c.** If you use the **U.S. Postal Service**, send Forms W-2c and W-3c to:

**Social Security Administration  
Data Operations Center  
P.O. Box 3333  
Wilkes-Barre, PA 18767-3333**

If you use a **carrier other than the U.S. Postal Service**, send Forms W-2c and W-3c to:

**Social Security Administration  
Direct Operations Center  
Attn: W-2c Process  
1150 E. Mountain Drive  
Wilkes-Barre, PA 18702-7997**

See *Pub. 15 (Circular E)* for a list of IRS-designated private delivery services.

**NOTE:** Do not send Forms W-2, W-2AS, W-2CM, W-2GU or W-2VI to either of these addresses. Instead, see *Where to file paper Forms W-2 and W-3*.

**When to file.** File Forms W-2c and W-3c as soon as possible after you discover an error. Also provide Form W-2c to employees as soon as possible.

**How to complete.** If you file Forms W-2c and W-3c on paper, make all entries using dark or black ink in 12-point Courier font, if possible, and make sure all copies are legible. See *How to complete Form W-2*.

If any item shows a change in the dollar amount and one of the amounts is zero, enter "-0-." Do not leave the box blank.

**Who may sign Form W-3c.** Generally, employers must sign Form W-3c. See *Who may sign Form W-3*.

### Special Situations

#### Correcting Forms W-2 and W-3

**Corrections.** Use the current version of Form W-2c to correct errors (such as incorrect name, SSN, or amount) on a previously filed Form W-2 or Form W-2c. File Copy A of Form W-2c with the SSA. To *e-file* your corrections, see *Correcting wage reports*.

If the SSA issues your employee a replacement card after a name change, or a new card with a different social security number after a change in alien work status, file a Form W-2c to correct the name/SSN reported on the most recently filed Form W-2. It is not necessary to correct the prior years if the previous name and number were used for the years prior to the most recently filed Form W-2.

File Form W-3c whenever you file a Form W-2c with the SSA, even if you are only filing a Form W-2c to correct an employee's name or SSN. However, see *Employee's incorrect address* on Form W-2, later, for information on

DO NOT CUT, FOLD, OR STAPLE THIS FORM						
44444		For Official Use Only ► OMB No. 1545-0008				
a Employer's name, address, and ZIP code			c Tax year/Form corrected  / W-2		d Employee's correct SSN	
			e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) <input type="checkbox"/>			
			Complete boxes f and/or g only if incorrect on form previously filed ►			
			f Employee's previously reported SSN			
b Employer's Federal EIN			g Employee's previously reported name			
			h Employee's first name and initial		Last name	Suff.
Note. Only complete money fields that are being corrected (exception: for corrections involving MOGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).						
Previously reported		Correct information				
1 Wages, tips, other compensation		1 Wages, tips, other compensation				
3 Social security wages		3 Social security wages				
5 Medicare wages and tips		5 Medicare wages and tips				
7 Social security tips		7 Social security tips				
9		9				
11 Nonqualified plans		11 Nonqualified plans				
13 Statutory employee Retirement plan Third-party sick pay		13 Statutory employee Retirement plan Third-party sick pay				
14 Other (see instructions)		14 Other (see instructions)				
Previously reported						
15 State		15 State				
Employer's state ID number		Employer's state ID number				
16 State wages, tips, etc.		16 State wages, tips, etc.				
17 State income tax		17 State income tax				
State Correction Information						
Previously reported		Correct information				
15 State		15 State				
Employer's state ID number		Employer's state ID number				
16 State wages, tips, etc.		16 State wages, tips, etc.				
17 State income tax		17 State income tax				
Locality Correction Information						
Previously reported		Correct information				
18 Local wages, tips, etc.		18 Local wages, tips, etc.				
19 Local income tax		19 Local income tax				
20 Locality name		20 Locality name				
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.						
Form W-2C (Rev. 8-2014)			Copy A—For Social Security Administration Corrected Wage and Tax Statement 41-0852411			
			Department of the Treasury Internal Revenue Service Form 5313			

correcting an employee's address. See *Correcting an incorrect tax year and/or EIN incorrectly reported on Form W-2 or Form W-3*, later, if an error was made on a previously filed Form W-3.

If you discover an error on Form W-2 after you issue it to your employee but before you send it to the SSA, check the "Void" box at the top of the incorrect Form W-2 on Copy A. Prepare a new Form W-2 with the correct information, and send Copy A to the SSA. Write "CORRECTED" on the employee's new copies (B, C, and 2), and furnish them to the employee. If the "Void" Form W-2 is on a page with a correct Form W-2, send the entire page to the SSA. The "Void" form will not be processed. Do not write "CORRECTED" on Copy A of Form W-2.

If you are making a correction for previously filed Forms 941, 941-SS, 943, 944, or CT-1, use the corresponding "X" forms, such as Forms 941-X, 943-X, 944-X, or CT-1X for the return period in which you found the error. See section 13 of Pub. 15 (Circular E) and the *Instructions for Form CT-1X* for more details. If you are making corrections to a previously filed Schedule H (Form 1040), see Pub. 926. Issue the employee a Form W-2c if the error discovered was for the prior year.

**Correcting an employee's name and/or SSN only.** If you are correcting only an employee's name and/or SSN, complete Form W-2c boxes d through i. Do not complete boxes 1 through 20. Advise your employee to correct the SSN and/or name on his or her original Form W-2.

If your employee is given a new social security card following an adjustment to his or her resident status that shows a different name or SSN, file a Form W-2c for the most current year only.

**Correcting an employee's name and SSN if the SSN was reported as blanks or zeros and the employee name was reported as blanks.** If you need to correct an employee's name and SSN and the SSN was reported as blanks or zeros and the employee's name was reported as blanks, **do not** use Form W-2c to report the corrections. You must contact the SSA at 1-800-772-6270 for instructions.

**Correcting an incorrect tax year and/or EIN incorrectly reported on Form W-2 or Form W-3.** To correct an incorrect tax year and/or EIN on a previously submitted Form W-2 or Form W-3, you must prepare two sets of Forms W-2c and W-3c.

<b>DO NOT CUT, FOLD, OR STAPLE</b>									
55555	a Tax year/Form corrected <b>/ W-</b>	For Official Use Only ► OMB No. 1545-0008							
b Employer's name, address, and ZIP code		c Kind of Payer (Check one)							
		941/941-SS	Military	943	944	Kind of Employer (Check one)		Third-party sick pay	
		<input type="checkbox"/> CT-1	<input type="checkbox"/> Hshd. emp.	<input type="checkbox"/> Medicare govt. emp.	<input type="checkbox"/>	<input type="checkbox"/> State/local non-501c	<input type="checkbox"/> State/local 501c	<input type="checkbox"/> Federal govt.	<input type="checkbox"/> (Check if applicable)
d Number of Forms W-2c		e Employer's Federal EIN		f Establishment number		g Employer's state ID number			
Complete boxes h, i, or j only if incorrect on last form filed.		h Employer's originally reported Federal EIN		i Incorrect establishment number		j Employer's incorrect state ID number			
Total of amounts previously reported as shown on enclosed Forms W-2c.		Total of corrected amounts as shown on enclosed Forms W-2c.		Total of amounts previously reported as shown on enclosed Forms W-2c.		Total of corrected amounts as shown on enclosed Forms W-2c.			
1 Wages, tips, other compensation		1 Wages, tips, other compensation		2 Federal income tax withheld		2 Federal income tax withheld			
3 Social security wages		3 Social security wages		4 Social security tax withheld		4 Social security tax withheld			
5 Medicare wages and tips		5 Medicare wages and tips		6 Medicare tax withheld		6 Medicare tax withheld			
7 Social security tips		7 Social security tips		8 Allocated tips		8 Allocated tips			
9		9		10 Dependent care benefits		10 Dependent care benefits			
11 Nonqualified plans		11 Nonqualified plans		12a Deferred compensation		12a Deferred compensation			
14 Inc. tax w/h by third-party sick pay payer		14 Inc. tax w/h by third-party sick pay payer		12b		12b			
16 State wages, tips, etc.		16 State wages, tips, etc.		17 State income tax		17 State income tax			
18 Local wages, tips, etc.		18 Local wages, tips, etc.		19 Local income tax		19 Local income tax			
Explain decreases here:									
Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? <input type="checkbox"/> Yes <input type="checkbox"/> No									
If "Yes," give date the return was filed ►									
Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.									
Signature ►		Title ►		Date ►					
Employer's contact person		Employer's telephone number		For Official Use Only					
Employer's fax number		Employer's email address							

Form **W-3c** (Rev. 11-2015)

### Transmittal of Corrected Wage and Tax Statements

Department of the Treasury  
Internal Revenue Service

- Prepare one Form W-3c along with a Form W-2c for each affected employee. On the Form W-3c, enter the incorrect tax year in box a, and the incorrect EIN originally reported in box h. Enter in the “Previously reported” boxes the money amounts that were on the original Form W-2. In the “Correct information” boxes, enter zeros.
- Prepare a second Form W-3c along with a second Form W-2c for each affected employee. On the Form W-3c, enter the correct tax year in box a and/or the correct EIN in box e. Enter zeros in the “Previously reported” boxes, and enter the correct money amounts in the “Correct information” boxes.

**Correcting more than one Form W-2 for an employee.** There are two ways to prepare a correction for an employee for whom more than one Form W-2 was filed under the same EIN for the tax year. You can (1) consider all the Forms W-2 when determining the amounts to enter on Form W-2c or (2) file a single Form W-2c to correct only the incorrect Form W-2.

However, state, local, and federal government employers who are preparing corrections for Medicare Qualified Government Employment (MQGE) employees must also follow the instructions in the **CAUTION** for state, local, and federal government employers earlier.

**Correcting more than one kind of form.** You must use a separate Form W-3c for each type of Form W-2 (Form W-2, W-2AS, W-2CM, W-2GU, W-2VI, or W-2c) being corrected. You must also use a separate Form W-3c for each kind of payer/employer combination in box c. If you are correcting more than one kind of form, please group forms of the same kinds of payer/employer combination, and send them in separate groups.

Employee's incorrect address on Form W-2. If you filed a Form W-2 with the SSA that reported an incorrect address for the employee, but all other information on the Form W-2 was correct, do not file Form W-2c with the SSA merely to correct the address. However, if the address was incorrect on the Form W-2 furnished to the employee, you must do one of the following:

- Issue a new, corrected Form W-2 to the employee that includes the new address. Indicate “REISSUED STATEMENT” on the new copies. Do not send Copy A of Form W-2 to the SSA.
- Issue a Form W-2c to the employee that shows the correct address in box i and all other correct information. Do not send Copy A of Form W-2c to the SSA.
- Reissue the Form W-2 with the incorrect address to the employee in an envelope showing the correct address or otherwise deliver it to the employee.

**Two Forms W-2 were filed under the same EIN, but only one should have been filed.**

**Example:** Two Forms W-2 were submitted for Mary Smith under the same EIN for the same tax year. One Form W-2 correctly reported social security wages of \$20,000. The other Form W-2 incorrectly reported social security wages of \$30,000. There are two ways to correct this situation:

- File a Form W-3c along with one Form W-2c, entering \$50,000 in box 3 under “Previously reported” and \$20,000 in box 3 under “correct information,” or
- File a Form W-3c along with one Form W-2c, entering \$30,000 in box 3 under “Previously reported” and \$0.00 in box 3 under “Correct information.”

**Two Forms W-2 were filed under the same EIN, but wages on one were incorrect.**

**Example:** Two Forms W-2 were submitted for Mary Smith under the same EIN for the same tax year. One Form W-2 correctly reported social security wages of \$20,000. The other Form W-2 incorrectly reported social security wages of \$30,000, whereas \$25,000 should have been reported. There are two ways to correct this situation.

- File a Form W-3c along with one Form W-2c, entering \$50,000 in box 3 under “Previously reported” and \$45,000 in box 3 under “Correct information,” or
- File a Form W-3c along with one Form W-2c, entering \$30,000 in box 3 under “Previously reported” and \$25,000.00 in box 3 under “Correct information.”

**Undeliverable Forms W-2c.** See *Undeliverable Forms W-2*.

## Specific Instructions for FORM W-2C

**Box a — Employer’s name, address, and ZIP code.** This entry should be the same as shown on your Form 941, 941-SS, 943, 944, 944-SS, CT-1, or Schedule H (Form 1040), Household Employment Taxes.

**Box b — Employer’s Federal EIN.** Show the correct nine-digit EIN assigned to you by the IRS in the format 00-0000000.

**Box c — Tax year/Form corrected.** If you are correcting Form W-2, enter all four digits of the year of the form you are correcting. If you are correcting Form W-2c, W-2AS, W-2CM, W-2GU, or W-2VI, enter all four digits of the year you are correcting, and also enter “c,” “AS,” “CM,” “GU,” or “VI” to designate the form you are correcting. For example, “2013” and “GU” shows that you are correcting a 2015 Form W-2GU.

**Box d — Employee’s correct SSN.** You must enter the employee’s correct SSN even if it was correct on the original Form W-2. If you are correcting the SSN, you must also complete boxes e through i.

**Box e — Corrected SSN and/or name.** Check this box only if you are correcting the employee’s SSN, name, or both SSN and name. You also must complete boxes d and f through i.

**Box f — Employee’s previously reported SSN.** Complete this box if you are correcting an employee’s previously reported incorrect SSN and/or name. If the previous SSN was reported as blanks or not available, then box f should be all zeroes.

**Box g — Employee’s previously reported name.** Complete this box if you are correcting an employee’s previously reported incorrect SSN and/or name. You must enter the employee’s previously reported full name in box g exactly as it was previously reported. If the previous reported name was reported as blanks or not available, then box g should be all blanks.



**CAUTION:** For boxes f and g, if both the previous SSN and the previous name were reported as blanks, **do not** use Form W-2c. Contact the SSA at 1-800-772-6270.

**Box h — Employee’s first name and initial, Last name, Suffix.** Always enter the employee’s correct name. See *Boxes e and f—Employee’s name and address* on page 22 for name formatting information.

**Box i — Employee’s address and ZIP code.** Always enter the employee’s correct address. See *Boxes e and f—Employee’s name and address* for address formatting information.



**CAUTION:** You must enter the employee’s full name in boxes g and h.

**Boxes 1 through 20 —** For the items you are changing, enter under “Previously reported” the amount reported on the original Form W-2 or on a prior Form W-2c. Enter under “Correct information” the correct amount.

Do not make an entry in any of these boxes on Copy A unless you are making a change. However, see the **CAUTION** for state, local, or federal government employers, below.

**Box 2 — Federal income tax withheld.** Use this box only to make corrections because of an administrative error. (An administrative error occurs only if the amount you entered in box 2 of the incorrect Form W-2 was not the amount you actually withheld.) If correcting Forms W-2AS, W-2CM, W-2GU, or W-2VI, box 2 is for income tax withheld for the applicable U.S. possession.

**Boxes 5 and 6 —** Complete these boxes to correct Medicare wages and tips and Medicare tax withheld. (*Exception:* Do not correct Additional Medicare Tax withheld unless you need to correct an administrative error. An administrative error occurs only if the amount you entered in box 6 of the incorrect Form W-2 is not the amount you actually withheld.) State, local, or federal government employers should also use these boxes to correct MQGE wages. Box 5 must equal or exceed the sum of boxes 3 and 7.



**CAUTION:** A state, local, or federal government employer correcting only social security wages and/or social security tips (boxes 3 and/or 7) for an MQGE employee also must complete Medicare wages and tips in box 5. Enter the total Medicare wages and tips, including MQGE-only wages, even if there is no change to the total Medicare wages and tips previously reported.

**Boxes 8, 10 and 11 —** Use these boxes to correct allocated tips, dependent care benefits, or deferrals and distributions relating to nonqualified plans.

**Box 12 — Codes.** Complete these boxes to correct any of the coded items shown on Forms W-2. Examples include uncollected social security and/or Medicare taxes on tips, taxable cost of group-term life insurance coverage over \$50,000, elective deferrals (codes D through H, S, Y, AA, BB and EE), sick pay not includable as income, and employee business expenses. See *Box 12—Codes in Specific Instructions for Form W-2* for the proper format to use in reporting coded items from box 12 of Forms W-2.

Employers should enter both the code and dollar amount for both fields on Form W-2c.

If a single Form W-2c does not provide enough blank spaces for corrections, use additional Forms W-2c.

**Box 13 —** Check the boxes in box 13, under “Previously reported,” as they were checked on the original Form W-2; under “Correct information,” check them as they should have been checked. For example, if you checked the “Retirement plan” box on the original Form W-2 by mistake, check the “Retirement plan” checkbox in box 13 under “Previously reported,” but do not check the “Retirement plan” checkbox in box 13 under “Correct information.”

**Box 14 —** Use this box to correct items reported in box 14 of the original Form W-2 or on a prior form W-2c. If possible, complete box 14 on Copies B, C, I, and 2 of Form W-2c only, not on Copy A.

**Boxes 15 through 20 — State/local taxes.** If your only changes to the original Form W-2 are to state or local data, do not send Copy A of Form W-2c to the SSA. Instead, send Form W-2c to the appropriate state or local agency and furnish copies to your employees.

**Correcting state information.** Contact your state or locality for specific reporting information.

## Specific Instructions for FORM W-3C

Do not staple or tape the Forms W-2c to Form W-3c or to each other. File a separate Form W-3c for each tax year, for each type of form, and for each kind of payer/employer combination. (The “Third-party sick pay” indicator box does not designate a separate kind of payer.) Make a copy of Form W-3c for your records.

In the money boxes of Form W-3c, total the amounts from each box and column on the Forms W-2c you are sending.

**Box a — Tax year/Form corrected.** Enter all four digits of the year of the form you are correcting and the type of form you are correcting. For the type of form, enter “2,” “2AS,” “2CM,” “2GU,” “2VI,” “2c,” “3,” “3SS,” or “3c.” For example, entering “2014” and “2” indicates that all the forms being corrected are 2015 Forms W-2.

**Box b — Employer’s name, address, and ZIP code.** This should be the same as shown on your Form 941, Form 941-SS, Form 943, Form 944, Form 944-SS, Form CT-1, or Schedule H (Form 1040). Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and you use a P.O. box, show the P.O. box number instead of the street address.

**NOTE:** The IRS will not use Form W-3c to update your address of record. If you wish to change your address, file Form 8822 or Form 8822-B. To get this or any other IRS form, call (800) TAX-FORM (800-829-3676) or visit [www.irs.gov](http://www.irs.gov).

**Box c — Kind of Payer.** Check the applicable box. Check only one box. If your previous Form W-3 or Form W-3SS was checked incorrectly, report your prior, incorrect payer type in the “Explain decreases here” area below boxes 18 and 19.

• **941/941-SS.** Check this box if you file Form 941 or Form 941-SS. If you are a railroad employer sending Forms W-2c for employees covered under the Railroad Retirement Tax Act (RRTA), check the “CT-1” checkbox.

• **Military.** Check this box if you are a military employer correcting Forms W-2 for members of the uniformed services.

• **943.** Check this box if you file Form 943 and you are correcting Forms W-2 for agricultural employees. For nonagricultural employees, send Forms W-2c with a separate Form W-3c, generally with the 941/941-SS box checked.

• **944.** Check this box if you file Form 944.

• **CT-1.** Check this box if you are a railroad employer correcting Forms W-2 for employees covered under the Railroad Retirement Tax Act (RRTA). If you also have to correct forms of employees who are subject to social security and Medicare taxes, complete a separate Form W-3c with the “941/941-SS” box or “944/944-SS” box checked instead.

• **Hshld. emp.** Check this box if you are a household employer correcting Forms W-2 for household employees and you file Schedule H (Form 1040). If you also have to correct forms of employees who are not household employees, complete a separate Form W-3c.

• **Medicare govt. emp.** Check this box if you are a U.S., state, or local agency filing corrections for employees subject only to Medicare taxes.

**Box c — Kind of Employer.** Check the box that applies to you. Check only one box. If your previous Form W-3 or W-3SS was checked incorrectly, report your prior incorrect employer type in the “Explain decreases here” area below boxes 18 and 19.

• **None apply.** Check this box if none of the checkboxes described next apply to you.

• **501c non-govt.** Check this box if you are a non-governmental tax-exempt 501(c) organization. Types of 501(c) non-governmental organizations include private foundations, public charities, social and recreation clubs, and veterans organizations. For additional examples of 501(c) non-governmental organizations, see chapters 3 and 4 of *Pub. 557, Tax-Exempt Status for Your Organization*.

• **State/local non 501c.** Check this box if you are a state or local government or instrumentality. This includes cities, townships, counties, special-purpose districts, public schools districts, or other publicly owned entities with governmental authority.

• **State/local 501c.** Check this box if you are a state or local government or instrumentality, and you have received a determination letter from the IRS indicating that you are also a tax-exempt organization under section 501(c)(3).

• **Federal govt.** Check this box if you are a Federal government entity or instrumentality.

**Box c — Third-party sick pay.** Check this box if you are a third-party sick pay payer (or are an employer reporting sick pay payments made by a third party) correcting Forms W-2 and the “Third-party sick pay” checkbox in box 13 of Form W-2c under “Correct information” is checked. File a separate Form W-3c for each payer reporting “Third-party sick pay” on Form W-2c.

**Box d — Number of Forms W-2c.** Show the number of individual Forms W-2c filed with this Form W-3c or enter “-0-” if you are correcting only a previously filed Form W-3 or Form W-3SS.

**Box e — Employer’s Federal EIN.** Enter the correct number assigned to you by the IRS in the following format: 00-0000000. If you are correcting your EIN, enter the originally reported EIN you used in box h.

**Box f — Establishment number.** You may use this box to identify separate establishments in your business. You may file a separate Form W-3c, with Forms W-2c, for each establishment or you may use a single Form W-3c for all Forms W-2c. You do not have to complete this item; it is optional.

**Box g — Employer’s state ID number.** You are not required to complete this box. This number is assigned by the individual state where your business is located. However, you may want to complete this item if you use copies of this form for your state returns.

**Box h — Employer’s incorrect Federal EIN.** Your correct number must appear in box e. Make an entry here only if the number on the original form was incorrect.

**Box i — Incorrect establishment number.** You may use this box to correct an establishment number.

**Box j — Employer’s incorrect state ID number.** Use this box to make any corrections to your previously reported state ID number.

**Boxes 1 through 8, 10, and 11.** Enter the total of amounts reported in boxes 1 through 8, 10, and 11 as “Previously reported” and “Correct information” from Forms W-2c.

**Box 12a — Deferred compensation.** Enter the total of amounts reported with codes D through H, S, Y, AA, BB and EE as “Previously reported” and “Correct information” from Forms W-2c.

 **CAUTION:** The total of Form W-2c box 12 amounts reported with Codes A through C, J through R, T through W, Z, and DD is not reported on Form W-3c.

**Box 14 — Income tax withheld by third-party sick pay payer.** Enter the amount previously reported and the corrected amount of income tax withheld on third-party payments of sick pay. Although this tax is included in the box 2 amounts, it must be shown separately here.

**Boxes 16 through 19 —** If your only changes to the Forms W-2c and W-3c are to the state and local data, do not send either Copy A of Form W-2c or Form W-3c to the SSA. Instead, send the forms to the appropriate state or local agency and furnish copies of Form W-2c to your employees.

**Explain decreases here —** Explain any decrease to amounts “Previously reported.” Also report here any previous, incorrect entry in box c, “Kind of Payer or Kind of Employer.” Enclose (but do no attach) additional sheets explaining your decreases, if necessary. Include your name and EIN on any additional sheets.

**Signature —** Sign and date the form. Also enter your title and employer’s contact person, employer’s telephone number, employer’s fax number, and employer’s email address, if available. If you are not the employer, see *Who may sign Form W-3*.

## Form W-2 Reference Guide for Box 12 Codes

<b>A</b>	Uncollected social security or RRTA tax on tips	<b>K</b>	20% excise tax on excess golden parachute payments	<b>V</b>	Income from exercise of nonstatutory stock option(s)
<b>B</b>	Uncollected Medicare tax on tips (but not Additional Medicare Tax)	<b>L</b>	Substantiated employee business expense reimbursements	<b>W</b>	Employer contributions (including employee contributions through a cafeteria plan) to an employee's health savings account (HSA)
<b>C</b>	Taxable cost of group-term life insurance over \$50,000	<b>M</b>	Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only)	<b>Y</b>	Deferrals under a section 409A nonqualified deferred compensation plan
<b>D</b>	Elective deferrals under a section 401(k) cash or deferred arrangement plan (including a SIMPLE 401(k) arrangement)	<b>N</b>	Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (but not Additional Medicare Tax) (former employees only)	<b>Z</b>	Income under a nonqualified deferred compensation plan that fails to satisfy section 409A
<b>E</b>	Elective deferrals under a section 403(b) salary reduction agreement	<b>P</b>	Excludable moving expense reimbursements paid directly to employee	<b>AA</b>	Designated Roth contributions under a section 401(k) plan
<b>F</b>	Elective deferrals under a section 408(k)(6) salary reduction SEP	<b>Q</b>	Nontaxable combat pay	<b>BB</b>	Designated Roth contributions under a section 403(b) plan
<b>G</b>	Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan	<b>R</b>	Employer contributions to an Archer MSA	<b>DD</b>	Cost of employer-sponsored health coverage
<b>H</b>	Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan	<b>S</b>	Employee salary reduction contributions under a section 408(p) SIMPLE plan	<b>EE</b>	Designated Roth contributions under a governmental section 457(b) plan
<b>J</b>	Nontaxable sick pay	<b>T</b>	Adoption benefits	<b>FF</b>	Permitted benefits under a qualified small employer health reimbursement arrangement

See Box 12, *Codes*.

## Form W-2 Box 13 Retirement Plan Checkbox Decision Chart

Type of Plan	Conditions	Check Retirement Plan Box?
Defined benefit plan (for example, a traditional pension plan)	Employee qualifies for employer funding into the plan, due to age/years of service—even though the employee may not be vested or ever collect benefits	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute but does not elect to contribute any money in this tax year	No
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute and elects to contribute money in this tax year	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee is eligible to contribute but does not elect to contribute any money in this tax year, but the employer does contribute funds	Yes
Defined contribution plan (for example, a 401(k) or 403(b) plan, a Roth 401(k) or 403(b) account, but not a 457 plan)	Employee contributed in past years but not during the current tax year under report	No (even if the account value grows due to gains in the investments)
Profit-sharing plan	Plan includes a grace period after the close of the plan year when profit sharing can be added to the participant's account	Yes

See Box 13, *Checkboxes*.

## Nonqualified Deferred Compensation Reporting Example Chart

<b>Example</b>	<b>How to report on Form W-2</b>
Example 1—Deferral, immediately vested (no risk of forfeiture). Regular wages: \$200 Defer, vested: \$20 Employer match, vested: \$10	Box 1 = \$180 (\$200 – \$20) Boxes 3 and 5 = \$210 (\$200 + \$10) Box 11 = \$0
Example 2—Deferral, delayed vesting (risk of forfeiture) of employee and employer portions. Regular wages: \$200 Defer, not vested: \$20 Employer match, not vested: \$10	Box 1 = \$180 (\$200 – \$20) Boxes 3 and 5 = \$180 (\$200 – \$20) Box 11 = \$0
Example 3—Deferral, immediately vested. Prior year deferrals and employer matches are now vesting. Regular wages: \$200 Defer, vested: \$20 Vesting of prior-year deferrals and employer matches: \$100 + \$15 (earnings on \$100)	Box 1 = \$180 (\$200 – \$20) Boxes 3 and 5 = \$315 (\$200 + \$100 + \$15) Box 11 = \$115 (\$100 + \$15)
Example 4—No deferrals, but there are distributions. No vesting of prior year deferrals. Regular wages: \$100 Distribution: \$50	Box 1 = \$150 (\$100 + \$50) Boxes 3 and 5 = \$100 Box 11 = \$50
Special Rule for W-2 Box 11: Distributions and Deferrals in the Same Year—Form SSA-131	If, in the same year, there are NQDC distributions and deferrals that are reportable in boxes 3 and/or 5 (current or prior year deferrals), do not complete box 11. Instead, report on Form SSA-131 the total amount the employee earned during the year. Generally, the amount earned by the employee during the tax year for purposes of item 6 of Form SSA-131 is the amount reported in box 1 of Form W-2 plus current year deferrals that are vested (employee and employer portions) less distributions. Do not consider prior-year deferrals that are vesting in the current year. If there was a plan failure, the box 1 amount in this calculation should be as if there were no plan failure. Submit the Form SSA-131 to the nearest SSA office or give it to the employee.
Example 5—Deferral, immediately vested, and distributions. No vesting of prior year deferrals. Regular wages: \$200 Defer, vested: \$20 Employer match, vested: \$10 Distribution: \$50	Box 1 = \$230 (\$200 – \$20 + \$50) Boxes 3 and 5 = \$210 (\$200 + \$10) Box 11 = \$0  Form SSA-131 = \$210 (\$230 (box 1) – \$50 (distribution) + \$30 (vested employee and employer deferrals))
Example 6—Deferral, delayed vesting, and distributions. No vesting of prior year deferrals. Regular wages: \$200 Defer, not vested: \$20 Distribution: \$50	Box 1 = \$230 (\$200 – \$20 + \$50) Boxes 3 and 5 = \$180 (\$200 – \$20) Box 11 = \$50
Example 7—Deferral, immediately vested, and distributions. Prior-year deferrals and employer matches are now vesting. Regular wages: \$200 Defer, vested: \$20 Distribution: \$50 Vesting of prior-year deferrals and employer matches: \$100 + \$15 (earnings on \$100)	Box 1 = \$230 (\$200 – \$20 + \$50) Boxes 3 and 5 = \$315 (\$200 + \$100 + \$15) Box 11 = \$0  Form SSA-131 = \$200 (\$230 (box 1) – \$50 (distribution) + \$20 (vested deferral))
Example 8—Deferral, delayed vesting, and distributions. Prior-year deferrals and employer matches are now vesting. Regular wages: \$200 Defer, not vested: \$20 Distribution: \$50 Vesting of prior-year deferrals and employer matches: \$100 + \$15 (earnings on \$100)	Box 1 = \$230 (\$200 – \$20 + \$50) Boxes 3 and 5 = \$295 (\$200 – \$20 + \$100 + \$15) Box 11 = \$0  Form SSA-131 = \$180 (\$230 (box 1) – \$50 (distribution))

See *Nonqualified deferred compensation plans*.

## Nonqualified Deferred Compensation Reporting Example Chart (continued)

Example	How to report on Form W-2
<p>Special Rule for Payment of Social Security, Medicare, and Unemployment Taxes</p> <p>If the amount cannot be reasonably ascertained (the employer is unable to calculate an amount for a year by December 31), the employer can use two methods. For example, immediately vested employer contributions to NQDC made late in the year would have no effect on Form W-2, box 1, but they would affect FICA and FUTA taxes.</p>	<p><i>Estimated Method</i> Under the estimated method, an employer may treat a reasonably estimated amount as wages paid on the last day of the calendar year (the "first year"). If the employer underestimates the amount deferred and, thereby, underdeposits social security, Medicare, or FUTA taxes, it can choose to treat the shortfall as wages either in the first year or the first quarter of the next year. The shortfall does not include income credited to the amount deferred after the first year. Conversely, if the amount deferred is overestimated, the employer can claim a refund or credit. If the employer chooses to treat the shortfall as wages in the first year, the employer must issue a Form W-2c. Also, the employer must correct the information on the Form 941 for the last quarter of the first year. In such a case, the shortfall will not be treated as a late deposit subject to penalty if it is deposited by the employer's first regular deposit date following the first quarter of the next year.</p> <p><i>Lag Method</i> Under the lag method, an employer may calculate the end-of-the-year amount on any date in the first quarter of the next calendar year. The amount deferred will be treated as wages on that date, and the amount deferred that would otherwise have been taken into account on the last day of the first year must be increased by income earned on that amount through the date on which the amount is taken into account.</p>
<p>Section 409A NQDC Plan Failure</p> <p>Example 9—Deferral, immediately vested. No distributions. Plan failure.</p> <p>Plan balance on January 1, 2010: \$325, vested</p> <p>Regular wages: \$100</p> <p>Defer, vested: \$50</p> <p>Employer match, vested: \$25</p> <p>Plan failure in 2010.</p>	<p>Box 12, code Z = \$400</p> <ul style="list-style-type: none"> <li>• Amount in the plan account on December 31, 2010, not subject to risk of forfeiture and not included in prior-year income: \$400 (\$325 + \$50 + \$25)</li> <li>• Current-year distribution: \$0</li> <li>• \$400 (\$0 + \$400)</li> </ul> <p>Box 1 = \$450 (\$100 – \$50 + \$400)</p> <p>Boxes 3 and 5 = \$125 (\$100 + \$25)</p> <p>Box 11 = \$0</p> <p>Form SSA-131 = not required</p>
<p>Section 409A NQDC Plan Failure</p> <p>Example 10—Deferral, some delayed vesting, and distributions. Plan failure.</p> <p>Plan balance on January 1, 2010: \$250 vested; \$75 not vested</p> <p>Regular wages: \$100</p> <p>Defer, vested: \$50</p> <p>Employer match, not vested: \$25</p> <p>Distribution: \$200</p> <p>Plan failure in 2010.</p> <p>Vesting of prior-year deferrals and employer matches: \$0</p>	<p>Box 12, code Z = \$300</p> <ul style="list-style-type: none"> <li>• Amount in the plan account on December 31, 2010, not subject to risk of forfeiture and not included in prior-year income: \$100 (\$250 + \$50 – \$200)</li> <li>• Current-year distribution: \$200</li> <li>• \$100 + \$200 = \$300</li> </ul> <p>Box 1 = \$350 (\$100 – \$50 + \$300 (code Z amount, which already includes the distribution))</p> <p>Boxes 3 and 5 = \$100</p> <p>Box 11 = \$0</p> <p>Form SSA-131 = \$100 (\$250 (what box 1 would have been without plan failure) – \$200 (distribution) + \$50 (vested deferral))</p>

See *Nonqualified deferred compensation plans*.

## FORMS W-4

In the past, employers had to routinely send the IRS any Form W-4 claiming complete exemption from withholding if \$200 or more in weekly wages was expected or claiming more than 10 allowances. Employers no longer have to submit these Forms W-4 to the IRS. However, Forms W-4 are still subject to review. When requested by the IRS, you must make specified original Forms W-4 available for inspection by an IRS employee. You may also be directed to send certain Forms W-4 to the IRS. You may receive a letter from the IRS requiring you to submit a copy of Form W-4 for one or more of your named employees. Send the requested copy or copies of Form W-4 to the IRS at the address provided and in the manner directed by the letter. IRS may also require you to submit copies of Form W-4 to the IRS as directed by a revenue procedure or notice published in the Internal Revenue Bulletin.

## FORM 1099

The Part letters mentioned under Form 1099 refer to the *2017 General Instructions for Certain Information Returns*, unless otherwise noted.

### REMINDERS

**Online fillable forms.** Due to the very low volume of paper Forms 1099-CAP, 1099-LTC, 1099-SA, 5498-ESA, and 5498-SA received and processed by the IRS each year, these forms have been converted to online fillable pdfs. You may fill out these forms, found online at [www.irs.gov/formspubs](http://www.irs.gov/formspubs), and send Copy B to each recipient. For filing with the IRS, follow your usual procedures for filing electronically if you are filing 250 or more of a form type. If you are filing any of these forms on paper due to a low volume of recipients, for these forms only, you may send a black and white Copy A with form 1096 that you print from the IRS website. See *Part E* for paper filing requirements.

**Due date for certain statements sent to recipients.** The due date for furnishing statements to recipients for Forms 1099-B, 1099-S, and 1099-MISC (if amounts are reported in box 8 or 14) is February 15, 2017. This also applies to statements furnished as part of a consolidated reporting statement. See the *Guide to Information Returns* for due dates for all returns.

**Electronic filing.** E-filers are reminded that using the FIRE System requires following the specifications contained in Pub. 1220. Also, the IRS does not provide a fill-in form option. See *Part F* for information on e-file.

**Payee.** Throughout these instructions the term "payee" means any recipient of Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G including beneficiaries, borrowers, debtors, donors, employees, insureds, participants, policyholders, shareholders, students, transferors, and winners.

**Who Must Issue Form 1099?** See the separate specific instructions for each form.

**When to File.** File Forms 1097, 1098, 1099, 3921, 3922, or W-2G on paper by February 28, 2017, or March 31, 2017, if filing electronically. File Forms 5498, 5498-ESA, 5498-QA, and 5498-SA by May 31, 2017. Form 1096 must accompany all paper submissions. See *Part E* for paper and part F for electronic filing requirements.



**CAUTION:** File Form 1099-MISC by January 31, 2018, if you are reporting nonemployee compensation in box 7.

You will meet the requirement to file if the form is properly addressed and mailed on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday. See *Part M* about providing forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G or statements to recipient.

**Private Delivery Services.** You can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing" rule for information returns. The list includes only the following:

- Federal Express (FedEx): FedEx First Overnight, FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2 Day, FedEx International Next flight Out, FedEx International Priority, FedEx International First, and FedEx International Economy.
- United Parcel Service (UPS): UPS Next Day Air Early AM, UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

**NOTE:** Private delivery services cannot deliver items to P.O. Boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. Box address.

**Reporting Period.** Forms 1097, 1098, 1099, 3921, 3922, and W-2G are used to report amounts received, paid, credited, donated, transferred, or canceled in the case of Form 1099-C during the calendar year. Forms 5498, 5498-ESA, 5498-QA and 5498-SA are used to report amounts contributed and the fair market value of an account for the calendar year.

**Extension.** You can get an automatic 30-day extension of time to file by completing Form 8809, Application for Extension of Time To File Information Returns. The form may be submitted on paper, or through the FIRE system either as a fill-in form or an electronic file. No signature or explanation is required for the extension. However, you must file Form 8809 by the due date of the returns in order to get the 30-day extension. Under certain hardship conditions you may apply for an additional 30-day extension. See the *Instructions for Form 8809* for more information.



**CAUTION:** For TY 2017, extensions of time to file Forms 1099-QA and 5498-QA will be through the IRIS system, not the FIRE system.

**How to apply.** As soon as you know that a 30-day extension of time to file is needed, file Form 8809.

- Follow the instructions on Form 8809 and mail it to the address listed in the instructions on the form, or you can fax it. See the *Instructions for Form 8809* for more information.
- You must submit the extension request online or electronically through the FIRE system. You are encouraged to submit requests using the online fill-in form. See *Pub. 1220, Part B*, for more information on filing online or electronically.

**Where to File.** Send all information returns filed on paper to the following:

If your principal business, office or agency, or legal residence in the case of an individual, is located in:	Use the following address
Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia	Department of the Treasury Internal Revenue Service Center Austin, TX 73301
Alaska, California, Colorado, District of Columbia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Washington, Wisconsin, Wyoming	Department of the Treasury Internal Revenue Service Center Kansas City, MO 64999
If your legal residence or principal place of business or principal office or agency is outside the United States, file with the Department of the Treasury, Internal Revenue Service Center, Austin, TX 73301.	

**State and local tax departments.** Contact the applicable state and local tax department as necessary for reporting requirements and where to file.

## PAPER DOCUMENT REPORTING

If you are required to file 250 or more information returns, see *Electronic Reporting*.

### Follow these guidelines:

1. Although handwritten forms are acceptable, they must be completely legible and accurate to avoid processing errors. Handwritten forms often result in name/TIN mismatches. Use block print, not script characters. If you have a small number of forms, consider contacting an IRS business partner who may be able to prepare them with little or no cost to you. See 5. below, for details. Type entries using black ink in 12-point Courier font. Copy A is read by machine and must be typed clearly using no corrections in the data entry fields. Data must be printed in the middle of the blocks, well separated from other printing and guidelines. Entries completed by hand, or using script, italic, or proportional spaced fonts, or in colors other than black, cannot be read correctly by machine. Make all dollar entries without the dollar sign, but include the decimal point (00000.00). Show the cents portion of the money amounts. If a box does not apply, leave it blank.
2. Do not enter 0 (zero) or "None" in money amount boxes when no entry is required. Leave the boxes blank unless the instructions specifically require that you enter a 0 (zero). For example, in some cases, you must enter 0 (zero) to make corrections. See *Part H. Corrected Returns on Paper Forms*.
3. Do not enter number signs (#)—RT 2, not RT. #2.
4. Send the entire page of Copy A of your information returns with Form 1096 to the IRS even if some of the forms are blank or void. Do not use staples on any forms.
5. To locate an IRS business partner who may be able to offer low-cost or even free filing of certain forms, enter "e-file for Business Partners" in the Search box on the home page of the IRS website, [www.irs.gov](http://www.irs.gov).

**Multiple filings.** If, after you file Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G, you discover additional forms that are required to be filed, file these forms with a new Form 1096. Do not include copies or information from previously filed returns.

**Required Format.** Because paper forms are scanned, all Forms 1096 and Copies A of Forms 1097, 1098, 1099, 3921, 3922, and 5498 must be prepared in accordance with the following instructions. If these instructions are not followed, you may be subject to a penalty for each incorrectly filed document. See *Part O. Penalties*.

1. **Do not cut or separate** Copies A of the forms that are printed two or three to a sheet (except Forms W-2G and 1098-C). Generally, Forms 1097, 1098, 1099, 3921, 3922, and 5498 are printed two or three to an 8- by 11-inch sheet. Form 1096 is printed one to an 8- by 11-inch sheet. These forms must be submitted to the IRS on the 8- by 11-inch sheet. If at least one form on the page is correctly completed, you must submit the entire page. Forms W-2G may be separated and submitted as single forms. Send the forms to the IRS in a flat mailing (not folded).
2. Forms 1098-MA, 1099-CAP, 1099-LTC, 1099-QA, 1099-SA, 5498-ESA, 5498-QA, and 5498-SA that you print from IRS.gov will print 1-to-a-page on 8 1/2 x 11 paper. Do not cut off the excess paper, unless you are using a pinfeed printer. If so, remove the pinfeed strip.
3. **No photocopies** of any forms are acceptable.
4. **Do not staple**, tear, or tape any of these forms. It will interfere with the IRS's ability to scan the documents.
5. Pinfeed holes on the form are **not** acceptable. Pinfeed strips outside the 8- by 11-inch area must be removed before submission, without tearing or ripping the form. Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single sheet (8 by 11 inches) before they are filed with the IRS.
6. **Do not** change the title of any box on any form. Do not use a form to report information that is not properly reportable on that form. If you are unsure of where to report the data, call the information reporting customer service site at 1-866-455-7438 (toll-free).
7. Report information only in the appropriate boxes provided on the forms. Make only one entry in each box unless otherwise indicated in the form's specific instructions.

8. **Do not** submit any copy other than Copy A to the IRS.

9. **Do not** use prior year forms unless you are reporting prior year information; do not use subsequent year forms for the current year. Because forms are scanned, you **must** use the current year form to report current year information.

10. Use the official forms or substitute forms that meet the specifications in **Pub. 1179**. If you submit substitute forms that do not meet the current specifications and that are not scannable, you may be subject to a penalty for each return for improper format. See *Part O. Penalties*.
11. **Do not** use dollar signs (\$) (they are preprinted on the forms), ampersands (&), asterisks (\*), commas (,), or other special characters in money amount boxes.
12. **Do not** use apostrophes (') , asterisks (\*), or other special characters on the payee name line.

**Common errors.** Be sure to check your returns to prevent the following common errors.

1. Duplicate filing. Do not send the same information to the IRS more than once. Also see *Multiple filings* above.
2. Filer's name, address, and TIN are not the same on Form 1096 and the attached Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G.
3. Decimal point to show dollars and cents omitted. For example, 1230.00 is correct, not 1230.
4. Two or more types of returns submitted with one Form 1096 (for example, Forms 1099-INT and 1099-MISC with one Form 1096). You must submit a separate Form 1096 with each type of return.

**Transmitters, paying agents, etc.** A transmitter, service bureau, paying agent, or disbursing agent (hereafter referred to as "agent") may sign Form 1096 on behalf of any person required to file (hereafter referred to as "payer") if the conditions in **1** and **2** below are met:

1. The agent has the authority to sign the form under an agency agreement (oral, written, or implied) that is valid under state law and
2. The agent signs the form and adds the caption "For: (Name of payer)."

Signing of the form by an authorized agent on behalf of the payer does not relieve the payer of the liability for penalties for not filing a correct, complete, and timely Form 1096 and accompanying returns.

Forms 1097, 1098, 1099, 3921, 3922, 5498, W-2G, or acceptable substitute statements to recipients issued by a service bureau or agent should show the same payer's name as shown on the information returns filed with the IRS.

For information about the election to report and deposit backup withholding under the agent's TIN and how to prepare forms if the election is made, see *Rev. Proc. 84-33, 1984-1C.B. 502* and the *Instructions for Form 945*.

**Keeping copies.** Generally, keep copies of information returns you filed with the IRS or have the ability to reconstruct the data for at least 3 years, 4 years for Form 1099-C, from the due date of the returns. Keep copies of information returns for 4 years if backup withholding was imposed.

**Shipping and mailing.** Send the forms to the IRS in a flat mailing envelope (not folded). If you are sending many forms, you may send them in conveniently sized packages. On each package, write your name, number the packages consecutively, and place Form 1096 in package number one. Postal regulations require forms and packages to be sent by First-Class Mail.

## ELECTRONIC REPORTING

Electronic reporting may be required for filing all information returns discussed in these instructions (see *Who must file electronically*, later). Different types of payments, such as interest, dividends, and rents, may be reported in the same submission.

Pub. 1220 provides the procedures for reporting electronically and is updated annually. Pub 1220 is available at [IRS.gov](http://IRS.gov).



You can file Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G, except Forms 1099-QA and 5498-QA, electronically through the Filing Information Returns Electronically System (FIRE System); however, you must have software that can produce a file in the proper format according to Pub. 1220. Pub. 1220 provides the procedures for reporting electronically and is updated annually. Pub. 1220 is available at [IRS.gov](http://IRS.gov). The FIRE System does not provide a fill-in form option for information return reporting. The FIRE System operates 24 hours a day, 7 days a week. You may access the FIRE System via the Internet at [fire.irs.gov](http://fire.irs.gov). See *Pub. 1220* for more information. Pub. 1220 provides the procedures for reporting electronically and is updated annually. Pub. 1220 is available at [IRS.gov](http://IRS.gov).



**CAUTION:** Forms 1099-QA and 5498-QA can only be filed on paper.



**Who must file electronically.** If you are required to file 250 or more information returns, you must file electronically. The 250-or-more requirement applies separately to each type of form. For example, if you must file 500 Forms 1098 and 100 Forms 1099-A, you must file Forms 1098 electronically, but you are not required to file Forms 1099-A electronically.

The electronic filing requirement does not apply if you apply for and receive a hardship waiver. See *How to request a waiver from filing electronically*, later.

**NOTE:** The IRS encourages you to file **electronically** even though you are filing fewer than 250 returns.

**Taxpayer Identification Number (TIN) Matching.** TIN Matching allows a payer or authorized agent who is required to file Forms 1099-B, DIV, INT, K, MISC, OID, and/or PATR, which report income subject to backup withholding, to match TIN and name combinations with IRS records before submitting the forms to the IRS. TIN Matching is one of the e-services products that is offered, and is accessible through the IRS website. Go to [www.irs.gov](http://www.irs.gov) and search for "e-services." It is anticipated that payers who validate the TIN and name combinations before filing information returns will receive fewer backup withholding (CP2100 "B" notices and penalty notices. E-services technical support is available by calling 1-866-255-0654, Monday through Friday, from 8:30 a.m. to 7:00 p.m., Eastern time.

**Due dates.** File Forms 1097, 1098, 1099, 3921, 3922, or W-2G electronically through the FIRE System by April 2, 2018. File Forms 5498, 5498-ESA, 5498-QA, or 5498-SA by May 31, 2018. See *Part M* about providing Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G or statements to recipients.



**CAUTION:** File Form 1099-MISC by January 31, 2018, if you are reporting nonemployee compensation in box 7.

**Extension of time to file.** For information about requesting an extension of time to file, see *Extension to file*.



**CAUTION:** If you file electronically, do not file the same returns on paper.

**Filing Requirement Applies Separately to Originals and Corrections.** The electronic filing requirements apply separately to original returns and corrected returns. Originals and corrections are not aggregated to determine whether you are required to file electronically. For example, if you file 400 Forms 1098 electronically and you are making 75 corrections, your corrections can be filed on paper because the number of corrections for Form 1098 is less than the 250 filing requirement. However, if you were filing 250 or more Form 1098 corrections, they would have to be filed electronically.

**Reporting incorrect payer name and/or TIN.** If a payer discovers an error in reporting the payer name and/or TIN, write a letter containing the following information:

1. Name and address of the payer,
2. Type of error (including the incorrect payer name/TIN that was reported),
3. Tax year,
4. Payer TIN,
5. Transmitter Control Code (TCC),
6. Type of return,
7. Number of payees, and
8. Filing method (paper or electronic).
9. Was federal income tax withheld?

Send the letter to **Internal Revenue Service, Information Returns Branch, 230 Murall Drive, Mail Stop 4360, Kearneysville, WV 25430**.

If a payer realizes duplicate reporting or a large percentage of incorrect information has been filed, contact the information reporting customer service site at 1-866-455-7438 for further instructions.

**How to Get Approval to File Electronically.** File Form 4419, Application for Filing Information Returns Electronically, at least 30 days before the due date of the returns. File Form 4419 for all types of returns that will be filed electronically. See *Form 4419* for more information. Once you have received approval, you need not reapply each year. The IRS will provide a written reply to the applicant and further instructions at the time of approval, usually within 30 days.

**How to Request a Waiver from Filing Electronically.** To receive a waiver from the required filing of information returns electronically, submit Form 8508, Request for Waiver From Filing Information Returns Electronically, at least 45 days before the due date of the returns. You cannot apply for a waiver for more than 1 tax year at a time. If you need a waiver for more than 1 tax year, you must reapply at the appropriate time each year.

If a waiver for original returns is approved, any corrections for the same types of returns will be covered under the waiver. However, if you submit original returns electronically but you want to submit your corrections on paper, a waiver must be approved for the corrections if you must file 250 or more corrections.

If you receive an approved waiver, do not send a copy of it to the service center where you file your paper returns. Keep the waiver for your records only.

**Penalty.** If you are required to file electronically but fail to do so, and you do not have an approved waiver, you may be subject to a penalty of up to \$260 per return for failure to file electronically unless you establish reasonable cause. However, you can file up to 249 returns on paper; those returns will not be subject to a penalty for failure to file electronically. See *Part O*.

#### **Recipient Names and Taxpayer Identification Numbers**

Taxpayer identification numbers (TINs) are used to associate and verify amounts you report to the IRS with corresponding amounts on tax returns. Therefore, it is important that you furnish correct names, social security numbers (SSNs), individual taxpayer identification numbers (ITINs), employer identification numbers (EINs), or adoption taxpayer identification numbers (ATINs) for recipients on the forms sent to the IRS.

**Requesting a recipient's TIN.** If the recipient is a U.S. person (including a U.S. resident alien), the IRS suggests that you request the recipient complete Form W-9, Request for Taxpayer Identification Number and Certification, or Form W-9S, Request for Student's or Borrower's Taxpayer Identification Number and Certification, if appropriate. See the *Instructions for the Requester of Form W-9* for more information on how to request a TIN. If the recipient is a foreign person, the IRS suggests that you request the recipient complete the appropriate Form W-8. See the *Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY*.

U.S. resident aliens who rely on a "saving clause" of a tax treaty are to complete Form W-9, not Form W-8BEN. See *Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities*, and *Pub. 519, U.S. Tax Guide for Aliens*.

You may be subject to a penalty for an incorrect or missing TIN on an information return. See *Penalties*. You are required to maintain the confidentiality of information obtained on a Form W-9/W-9S relating to the taxpayer's identity (including SSNs, EINs, ITINs, and ATINs), and you may use such information only to comply with the tax laws.

**NOTE:** If the recipient does not provide a TIN, leave the box for the recipient's TIN blank on the Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G. See *Part N. Backup Withholding*, below. Only one recipient TIN can be entered on the form.



**CAUTION:** If the recipient does not provide a TIN, you may not make the election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B) or report as described in Regulations section 1.1471-4(d)(2)(iii)(A).

The TIN for individual recipients of information returns is the SSN, ITIN or ATIN. See **sole proprietors**. For other recipients, including corporations, partnerships, and estates, the TIN is the EIN. Income reportable after the death of an individual must reflect the TIN of the payee, that is, of the estate or of the surviving joint owner. For more information, see *Personal Representative in Pub. 559, Survivors, Executors, and Administrators*. For LLCs, see the information on *Limited Liability Company (LLC)*.

SSNs, ITINs, and ATINs have nine digits separated by two hyphens (000-00-0000), and EINs have nine digits separated by only one hyphen (00-0000000).

**NOTE:** Make sure you include the hyphen(s) in the correct place(s) when completing the paper form(s).

Show the full name and address in the section provided on the information return. If payments have been made to more than one recipient or the account is in more than one name, show on the first name line the name of the recipient whose TIN is shown on the return. You may show the names of any other individual recipients in the area below the first line, if desired. Form W-2G filers, see the separate *Instructions for Forms W-2G and 5754*.

For **sole proprietors**, show the individual's name on the first name line; on the second name line, you may enter the "doing business as (DBA)" name. You may not enter only the DBA name. For the TIN, enter either the individual's SSN or the EIN of the business (sole proprietorship). The IRS prefers that you enter the SSN.

For single-member **limited liability company (LLC)** (including a foreign LLC with a U.S. owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the individual's name only on the first name line and the LLC's name on the second name line. For the TIN, enter the individual's SSN (or EIN, if applicable). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

**Bankruptcy estate.** If an individual (the debtor) for whom you are required to file an information return is in Chapter 11 bankruptcy, and the debtor notified you of the bankruptcy estate's EIN, report post-petition gross income, gross proceeds, or other reportable payments on the applicable information return using the estate's name and EIN. The debtor should notify you when the bankruptcy is closed, dismissed, or converted, so that any subsequent information returns will be filed with the correct name and EIN. Different rules apply if the bankruptcy is converted to Chapter 7, 12, or 13 of the Bankruptcy Code. For additional guidance, see *Notice 2006-83, 2006-40 IRB* 596, available at [www.irs.gov/irb/2006-40\\_IRB/ar12.html](http://www.irs.gov/irb/2006-40_IRB/ar12.html).

#### Filer's Name, Identification Number, and Address

The TIN for filers of information returns, including sole proprietors and nominees/middlemen, is the EIN. However, sole proprietors and nominees/middlemen who are not otherwise required to have an EIN should use their SSNs. A sole proprietor is not required to have an EIN unless he or she has a Keogh plan or must file excise or employment tax returns. See *Pub. 583, Starting a Business and Keeping Records*.

**NOTE:** If you are an FFI making the election described in Regulations section 1.1471-4(d)(5)(i)(A) or (B), you are required to use an EIN and cannot, for purposes of filing a Form 1099, use your GIIN.

- The filer's name and TIN should be consistent with the name and TIN used on the filer's other tax returns. The name of the filer's paying agent or service bureau must not be used in place of the name of the filer.
- If you do not have an EIN, you may apply for one online. Go to the IRS website [www.irs.gov](http://www.irs.gov) and under Online Services click on *Apply for Employer Identification Number (EIN) Online*. You may also apply by faxing or mailing Form SS-4, Application for Employer Identification Number, to the IRS. See the *Instructions for Form SS-4* for more information.
- For a single-member LLC (including a foreign LLC with a U.S. owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the individual's name only on the first name line and the LLC's name on the second name line. For the TIN, enter the individual's SSN (or EIN, if applicable). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

**Truncating payee identification number on payee statements.** Filers of information returns are permitted to truncate a payee's SSN, ITIN, ATIN, or EIN on most payee statements. The payee's TIN may not be truncated on Form W2-G. Where permitted, filers may truncate a payee's identification number on the payee statement (including substitute and composite substitute statements) furnished to the payee in paper form or electronically. Generally, the payee statement is that copy of an information return designated "Copy B" on the form. A "payee" is any person who is required to receive a copy of the information set forth on an information return by the filer of the return. For some forms, the term "payee" will refer to beneficiary, borrower, debtor, insured, participant, payer, policyholder, recipient, shareholder, student, or transferor. If a filer truncates an identification number on Copy B, other copies of the form furnished to the payee may also include a truncated number. A filer may not truncate a payee's identification number on any forms the filer files with the IRS. A filer's identification number may not be truncated on any form. To truncate where allowed, replace the first 5 digits of the 9-digit number with asterisks (\*) or Xs (for example, an SSN xxx-xx-xxxx would appear on the paper payee statement as \*\*\*-\*\*-xxxx or XXX-XX-xxxx). See *Treasury Decision 9675, 2014-31 IRB* 242, available at [www.irs.gov/irb/2014-31\\_IRB/ar07.html](http://www.irs.gov/irb/2014-31_IRB/ar07.html).

**Electronic submission of Forms W-9.** Requesters may establish a system for payees and payees' agents to submit Forms W-9 electronically, including by fax. A requester is anyone required to file an information return. A payee is anyone required to provide a TIN to the requester.

**Payee's agent.** A payee's agent can be an investment advisor (corporation, partnership, or individual) or an introducing broker. An investment advisor must be registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. The introducing broker is a broker-dealer that is regulated by the SEC and the National Association of Securities Dealers, Inc., and that is not a payer. Except for a broker who acts as a payee's agent for "readily tradable instruments," the advisor or broker must show in writing to the payer that the payee authorized the advisor or broker to transmit the Form W-9 to the payer.

Generally, the electronic system must do the following:

- Ensure the information received is the information sent and document all occasions of user access that result in the submission.
- Make reasonably certain the person accessing the system and submitting the form is the person identified on Form W-9.
- Provide the same information as the paper Form W-9.
- Be able to supply a hard copy of the electronic Form W-9 if the IRS requests it.
- Require as the final entry in the submission an electronic signature by the payee whose name is on Form W-9 that authenticates and verifies the submission. The electronic signature must be under penalties of perjury and the perjury statement must contain the language of the paper Form W-9.



**TIP:** For Forms W-9 that are not required to be signed, the electronic system need not provide for an electronic signature or a perjury statement.

Additional requirements may apply. See *Announcement 98-27*, available on page 30 of Internal Revenue Bulletin 1998-15 at [www.irs.gov/pub/irs-irbs/irb98-15.pdf](http://www.irs.gov/pub/irs-irbs/irb98-15.pdf), and *Announcement 2001-91*, available on

page 221 of Internal Revenue Bulletin 2001-36 at [www.irs.gov/pub/irs-irbs/irb01-36.pdf](http://www.irs.gov/pub/irs-irbs/irb01-36.pdf).

**Electronic submission of Forms W-9S.** See the *Instructions for Forms 1098-E and 1098-T*.

**Account Number Box on Forms.** Use the account number box on Forms 1097, 1098, 1099, 3921, 3922, and 5498 for an account number designation. The account number is required if you have multiple accounts for a recipient for whom you are filing more than one information return of the same type. The account number is also required if you are an FFI making the election described in Regulations section 1.1471-4(d)(5) (i) (A) or (B) or are a U.S. payer reporting as described in Regulations section 1.1471-4(d)(2)(iii)(A). Additionally, the IRS encourages you to include the recipient's account number on paper forms if your system of records uses the account number rather than the name or TIN for identification purposes. Also, the IRS will include the account number in future notices to you about backup withholding. See *Pub. 1220* if you are filing electronically.

The account number may be a checking account number, savings account number, brokerage account number, serial number, loan number, policy number, or any other number you assign to the payee that is unique and will distinguish the specific account. This number must not appear anywhere else on the form, and this box may not be used for any other item unless the separate instructions indicate otherwise. Using unique account numbers ensures that corrected information returns will be processed accurately. If you are using window envelopes to mail statements to recipients and using reduced rate mail, be sure the account number does not appear in the window. The Postal Service may not accept these for reduced rate mail.

**NOTE:** If you are reporting a payment that includes noncash property, show the fair market value of the property at the time of payment. Although, generally, you are not required to report payments smaller than the minimum described for a form, you may prefer, for economy and your own convenience, to file Copies A for all payments. The IRS encourages this. Report the type of payment information as described next for: (a) Dividend, interest, and royalty payments; (b) Real estate transactions; and (c) Other information.

**Substitute forms.** You may furnish to the recipient Copy B of the official IRS form, or you may use substitute Forms 1099-DIV, 1099-INT, 1099-OID, or 1099-PATR, if they contain the same language as the official IRS forms and they comply with the rules in Pub. 1179, relating to substitute Forms 1099. Applicable box titles and numbers must be clearly identified, using the same wording and numbering as the official IRS form. For information on substitute Forms 1099-MISC, see *Other information*, later. For Forms 1099-S, see *Real estate transactions*, later.



**TIP:** All substitute statements to recipients must contain the tax year, form number, and form name prominently displayed together in one area of the statement. For example, they could be shown in the upper right part of the statement.

If you are using substitutes, the IRS encourages you to use boxes so that the substitute has the appearance of a form. The substitute form must contain the applicable instructions as on the front and back of Copy B (in the case of Form 1099-R, Copies B, C, and 2) of the official IRS form. See *Pub. 1179* for additional requirements and certain "composite" statements that are permitted.

**Real estate transactions.** You must furnish a statement to the transferor containing the same information reported to the IRS on Form 1099-S. You may use Copy B of the official IRS Form 1099-S or a substitute form that complies with Pub. 1179 and Regulations section 1.6045-4(m). You may use a Settlement Statement (under the Real Estate Settlement Procedures Act (RESPA)) as the written statement if it is conformed by including on the statement the legend shown on Form 1099-S and by designating which information is reported to the IRS on Form 1099-S. You may furnish the statement to the transferor in person, by mail, or electronically. Furnish the statement at or after closing but by February 15 of the following year. The statement mailing requirements explained earlier do not apply to statements to transferors for proceeds from real estate transactions reported

on Form 1099-S. However, the statement mailing requirements do apply to statements to transferors for timber royalties reportable under section 6050N on Form 1099-S.

**Other information.** Statements to recipients for Forms 1097-BTC, 1098, 1098-C, 1098-E, 1098-Q, 1098-T, 1099-A, 1099-B, 1099-C, 1099-CAP, 1099-G, 1099-K, 1099-LTC, 1099-MISC, 1099-Q, 1099-QA, 1099-R, 1099-SA, 3921, 3922, 5498, 5498-ESA, 5498-QA, 5498-SA, W-2G, 1099-DIV (only for section 404(k) dividends reportable under section 6047), 1099-INT (only for interest reportable in the course of your trade or business under section 6041), or 1099-S (only for royalties) need not be, but can be, a copy of the official paper form filed with the IRS. If you do not use a copy of the paper form, the form number and title of your substitute must be the same as the official IRS form. All information required to be reported must be numbered and titled on your substitute in substantially the same manner as on the official IRS form. However, if you are reporting a payment as "Other income" in box 3 of Form 1099-MISC, you may substitute appropriate explanatory language for the box title. For example, for payments of accrued wages to a beneficiary of a deceased employee required to be reported on Form 1099-MISC, you might change the title of box 3 to "Beneficiary payments" or something similar.

Appropriate instructions to the recipient, similar to those on the official IRS form, must be provided to aid in the proper reporting of the items on the recipient's income tax return. For payments reported on Form 1099-B, rather than furnish appropriate instructions with each Form 1099-B statement, you may furnish to the recipient one set of instructions for all statements required to be furnished to a recipient in a calendar year.

Except for royalties reported on Form 1099-MISC or 1099-S, the statement mailing requirements explained earlier do not apply to statements to recipients for information reported on the forms listed under Other information, earlier. You may combine the statements with other reports or financial or commercial notices, or expand them to include other information of interest to the recipient. Be sure that all copies of the forms are legible. See *Pub. 1179* for certain "composite" statements that are permitted.

**Electronic recipient statements.** If you are required to furnish a written statement (Copy B or an acceptable substitute) to a recipient, then you may furnish the statement electronically instead of on paper. This includes furnishing the statement to recipients of Forms 1097-BTC, 1098, 1098-E, 1098-Q, 1098-T, 1099-A, B, C, CAP, DIV, G, H, INT, K, LTC, MISC, OID, PATR, Q, QA, R, S, SA, 3921, 3922, 5498, 5498-ESA, 5498-QA, and 5498-SA. It also includes Form W-2G (except for horse and dog racing, jai alai, sweepstakes, wagering pools, and lotteries).



**CAUTION:** Until further guidance is issued to the contrary, Form 1098-C may not be furnished electronically. If you meet the requirements that follow, you are treated as furnishing the statement timely.

**Consent.** The recipient must consent in the affirmative and not have withdrawn the consent before the statement is furnished. The consent by the recipient must be made electronically in a way that shows that he or she can access the statement in the electronic format in which it will be furnished.

You must notify the recipient of any hardware or software changes prior to furnishing the statement. A new consent to receive the statement electronically is required after the new hardware or software is put into service.

Prior to furnishing the statements electronically, you must provide the recipient a statement with the following statements prominently displayed.

- If the recipient does not consent to receive the statement electronically, a paper copy will be provided.
- The scope and duration of the consent. For example, whether the consent applies to every year the statement is furnished or only for the statement for a particular year, as applicable, immediately following the date of the consent.
- How to obtain a paper copy after giving consent.
- How to withdraw the consent. The consent may be withdrawn at any time by furnishing the withdrawal in writing (electronically or on paper) to

the person whose name appears on the statement. Confirmation of the withdrawal also will be in writing (electronically or on paper).

- Notice of termination. The notice must state under what conditions the statements will no longer be furnished to the recipient.
- Procedures to update the recipient's information.
- A description of the hardware and software required to access, print, and retain a statement, and a date the statement will no longer be available on the website.

**Format, posting, and notification.** Additionally, you must do the following:

- Ensure the electronic format contains all the required information and complies with the applicable revenue procedure for substitute statements to recipients in Pub. 1179.
- Post, on or before the January 31 or February 15, as applicable, due date, the applicable statement on a website accessible to the recipient through October 15 of that year.
- Inform the recipient, electronically or by mail, of the posting and how to access and print the statement.

For more information, see *Regulations section 31.6051-1*.

For electronic furnishing of:

- Forms 1098-E and 1098-T, see *Regulations section 1.6050S-2*;
- Forms 1099-R, 1099-SA, 1099-Q, 5498, 5498-ESA, and 5498-SA, see *Notice 2004-10, 2004-6 I.R.B. 433*, available at [www.irs.gov/irb/2004-06\\_IRB/ar12.html](http://www.irs.gov/irb/2004-06_IRB/ar12.html);
- Forms 3921 and 3922, see the form instructions;
- Form 1099-K, see *Regulations section 1.6050W-2(a) (2)(i)*; and
- Forms 1099-QA and 5498-QA, see *Proposed Regulations section 1.529A-7*, available at [www.irs.gov/irb/2015-27\\_IRB/ar09.html](http://www.irs.gov/irb/2015-27_IRB/ar09.html).

**Extension of time to furnish statements to recipients.** You may request an extension of time to furnish the statements to recipients by sending a letter to Internal Revenue Service, Attn: Extension of Time Coordinator, 240 Murall Drive, Mail Stop 4360, Kearneysville, WV 25430. The letter must include (a) payer name, (b) payer TIN, (c) payer address, (d) type of return, (e) a statement that extension request is for providing statements to recipients, (f) reason for delay, and (g) the signature of the payer or authorized agent. Your request must be postmarked by the date on which the statements are due to the recipients. If your request for an extension is approved, generally you will be granted a maximum of 30 extra days to furnish the recipient statements.

Requests for an extension of time to furnish recipient statements for more than 10 payers must be submitted electronically. See *Pub. 1220, Part D, Sec. 4*.

**Reporting Backup Withholding.** Report backup withholding on Form 945, Annual Return of Withheld Federal Income Tax. Also, report backup withholding and the amount of the payment on Forms W-2G, 1099-B, DIV, G, INT, K, MISC, OID, or PATR even if the amount of the payment is less than the amount for which an information return is normally required.

**Form 945.** Report backup withholding, voluntary withholding on certain government payments, and withholding from gambling winnings, pensions, annuities, IRAs, military retirement, and Indian gaming profits on Form 945. Generally, file Form 945 for 2017 by January 31, 2018. For more information, including the deposit requirements for Form 945, see the separate *Instructions for Form 945, and Circular E, Employer's Tax Guide (Pub. 15)*.

Any income tax withholding reported on the following forms must not be reported on Form 945:

- Form W-2 including withholding on distributions to plan participants from nonqualified plans that must be reported on Form 941, Employer's Quarterly Federal Tax Return and may be reported on Form 943, Employer's Annual Tax Return for Agricultural Employees; Form 944, Employer's ANNUAL Federal Tax Return; or Sch H (Form 1040), Household Employment Taxes.
- Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, must be reported on Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

**NOTE:** Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, has more information on Form 1042 reporting, partnership withholding on effectively connected income, and dispositions of U.S. real property interests by a foreign person.

**Use Form 1096 To Send Forms to the IRS.** You must send Copies A of all paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the IRS with Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Instructions for completing Form 1096 are contained on Form 1096.

**Backup Withholding.** Interest (including tax exempt interest and exempt interest dividends), dividends, rents, royalties, commissions, non-employee compensation, and certain other payments (including broker and barter exchange transactions, compensation paid to an H-2A visa holder who did not furnish a TIN, reportable gross proceeds paid to attorneys, and certain payments made by fishing boat operators) may be subject to backup withholding at a 28 percent rate. To be subject to backup withholding, a payment must be a reportable interest (including tax-exempt interest and exempt-interest dividends) or dividend payment under section 6049(a), 6042(a), or 6044 (if the patronage dividend is paid in money or qualified check), or an "other" reportable payment under section 6041, 6041A(a), 6045, 6050A, 6050N or 6050W. If the payment is one of these reportable payments, backup withholding will apply if:

1. The payee fails to furnish his or her taxpayer identification number (TIN) to you,
2. For interest, dividend, broker and barter exchange accounts opened or instruments acquired after 1983, the payee fails to certify, under penalties of perjury, that the TIN provided is correct,
3. The IRS notifies you to impose backup withholding because the payee furnished an incorrect TIN,
4. For interest and dividend accounts or instruments, you are notified that the payee is subject to backup withholding [under section 3406(a)(1) (C)], or
5. For interest and dividend accounts opened or instruments acquired after 1983, the payee fails to certify to you, under penalties of perjury, that he or she is not subject to backup withholding. See 4 above.

Some payees are exempt from backup withholding. For a list of exempt payees and other information, please see *Form W-9*, and the separate *Instructions for the requester of Form W-9*.



**CAUTION:** If you do not collect and pay over backup withholding from affected payees as required, you may become liable for any uncollected amount.

**Examples of payments to which backup withholding does not apply include but are not limited to:**

1. Wages.
2. Distributions from a pension, annuity, profit-sharing or stock bonus plan, any IRA, an owner-employee plan, or other deferred compensation plan.
3. Distributions from a medical or health savings account and long-term care benefits.
4. Certain surrenders of life insurance contracts.
5. Distribution from qualified tuition programs or Coverdell ESAs.
6. Gambling winnings if regular gambling winnings withholding is required under section 3402(q). However, if regular gambling winnings withholding is not required under section 3402(q), backup withholding applies if the payee fails to furnish a TIN.
7. Real estate transactions reportable under section 6045(e).
8. Cancelled debts reportable under section 6050P.
9. Fish purchases for cash reportable under section 6050R.

**When to Apply Backup Withholding.** Generally, the period for which the 28 percent should be withheld is as follows:

**1) Failure to Furnish TIN in the Manner Required.** Withhold on payments made until the TIN is furnished in the manner required. Special backup withholding rules may apply if the payee has applied for a TIN. The payee may certify to this on Form W-9 by noting "Applied For" in the TIN block and by signing the form. This form then becomes an "awaiting-TIN" certificate, and the payee has 60 days to obtain a TIN and furnish it to you.

If you do not receive a TIN from the payee within 60 days and you have not already begun backup withholding, begin backup withholding and continue until the TIN is provided.

**NOTE:** The 60-day exemption from backup withholding applies only to interest and dividend payments, and certain payments made with respect to readily tradable instruments. Therefore, any other payment, such as nonemployee compensation, is subject to backup withholding even if the payee has applied for and is awaiting a TIN. For information about whether backup withholding applies during the 60-day period, see *Regulations section 31.3406(g)-3*.

**2) Notice From the IRS That Payee's TIN is Incorrect.** You may choose to withhold on any reportable payment made to the account(s) subject to backup withholding after receipt of an incorrect TIN notice from the IRS, but you must withhold on any reportable payment made to the account more than 30 business days after you received the notice. Stop withholding within 30 days after you receive a certified Form W-9 (or other form that requires the payee to certify the payee's TIN).

**NOTE:** The IRS will furnish a notice to you, and you are required to promptly furnish a copy of such notice or an acceptable substitute to the payee. For further information, see *Regulations Section 31.3406(d)-5* and *Pub. 1281, Backup Withholding for Missing and Incorrect Name/TIN(s)*.

If you receive two incorrect TIN notices within three years for the same account, follow the procedures in *Regulations Section 31.3406(d)-5(g)* and *Pub. 1281*.

**3) Notice From the IRS That Payee is Subject to Backup Withholding Due to Notified Payee Underreporting.** You may choose to withhold on any reportable payment made to the account(s) subject to backup withholding after receipt of the notice, but you must withhold on any reportable payment made to the account more than 30 business days after you receive the notice. The IRS will notify you in writing when to stop withholding, or the payee may furnish you a written certification from the IRS stating when the withholding should stop. In most cases, the stop date will be January 1 of the year following the year of the notice.

**NOTE:** You must notify the payee when withholding under this procedure starts. For further information, see *Regulations section 31.3406(c)-1(d)*.

**4) Payee Failure to Certify That He or She is Not Subject to Backup Withholding.** Withhold on reportable interest and dividends until certification has been received.

For exceptions to these general timing rules, see *section 3406(e)*. For information regarding backup withholding on gambling winnings, see *Instructions for Form W-2G and 5754*.

## PENALTIES

The following penalties generally apply to the person required to file information returns. The penalties apply to paper filers as well as to electronic filers.

**Failure To File Correct Information Returns by the Due Date (Section 6721).** If you fail to file a correct information return by the due date and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to file timely, you fail to include all information required to be shown on a return, or you include incorrect information on a return. The penalty also applies if you file on paper when you were required to file electronically, you report an incorrect TIN or fail to report a TIN, or you fail to file paper forms that are machine readable.

The amount of the penalty is based on when you file the correct information return. The penalty is as follows.

- \$50 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$536,000 per year (\$187,500 for small businesses, defined below).
- \$100 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$1,609,000 per year (\$536,000 for small businesses).

- \$260 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$3,218,500 per year (\$1,072,500 for small businesses).

**NOTE:** If you do not file corrections and you do not meet any of the exceptions to the penalty described below, the penalty is \$260 per information return.

**Small businesses—lower maximum penalties.** You are a small business if your average annual gross receipts for the 3 most recent tax years (or for the period you were in existence, if shorter) ending before the calendar year in which the information returns were due are \$5 million or less.

**Exceptions to the penalty.** The following are exceptions to the failure to file penalty:

1. The penalty will not apply to any failure that you can show was due to reasonable cause and not to willful neglect. In general, you must be able to show that your failure was due to an event beyond your control or due to significant mitigating factors. You must also be able to show that you acted in a responsible manner and took steps to avoid the failure.
2. An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission does not prevent or hinder the IRS from processing the return, from correlating the information required to be shown on the return with the information shown on the payee's tax return, or from otherwise putting the return to its intended use. Errors and omissions that are never inconsequential are those related to (a) a TIN, (b) a payee's surname, and (c) any money amount.
3. *De minimis* rule for corrections. Even though you cannot show reasonable cause, the penalty for failure to file correct information returns will not apply to a certain number of returns if you:
  - a. Filed those information returns, timely
  - b. Either failed to include all the information required on a return or included incorrect information, and
  - c. Filed corrections by August 1.
4. Safe Harbor for de minimis Dollar Amount Errors, later.

If you meet all the conditions in a, b, and c above, the penalty for filing incorrect returns (but not for filing late) will not apply to the greater of 10 information returns or  $\frac{1}{2}$  of 1% of the total number of information returns you are required to file for the calendar year.

**Intentional disregard of filing requirements.** If any failure to file a correct information return is due to intentional disregard of the filing or correct information requirements, the penalty is at least \$530 per information return with no maximum penalty.

**Failure To Furnish Correct Payee Statements (Section 6722).** If you fail to provide correct payee statements and you cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you fail to provide the statement by the due date (January 31 for most returns; see the *Guide to Information Returns*, later), you fail to include all information required to be shown on the statement, or you include incorrect information on the statement. "Payee statement" has the same meaning as "statement to recipient" as used in part M.

The amount of the penalty is based on when you furnish the correct payee statement. It is a separate penalty, and is applied in the same manner as the penalty for failure to file correct information returns by the due date (Section 6721).

**Exception:** An inconsequential error or omission is not considered a failure to include correct information. An inconsequential error or omission cannot reasonably be expected to prevent or hinder the payee from timely receiving correct information and reporting it on his or her income tax return or from otherwise putting the statement to its intended use. Errors and omissions that are never inconsequential are those relating to (a) a dollar amount, (b) a significant item in a payee's address, (c) the appropriate form for the information provided (i.e., whether the form is an acceptable substitute for the official IRS form), and (d) whether the statement was furnished in person or by "statement mailing," when required.

**Intentional disregard of payee statement requirements.** If any failure to provide a correct payee statement is due to intentional disregard of the requirements to furnish a correct payee statement, the penalty is at least \$530 per payee statement with no maximum penalty.

#### **Safe Harbor for De Minimis Dollar Amount Errors on Information Returns and Payee Statements**

If one or more dollar amounts are incorrect on an information return filed with the IRS or on a payee statement furnished to a recipient, no correction of the dollar amount shall be required, and the return shall be treated as having been filed or the payee statement furnished, as correct, if:

- The difference between the dollar amount reported on the filed return or furnished payee statement, and the correct amount is no more than \$100; and
- The difference between the dollar amount reported for tax withheld, on the filed return or furnished payee statement, and the correct amount is no more than \$25.
- This safe harbor provision shall not apply if a recipient to whom a statement is required to be furnished elects to receive a corrected statement. In that case, a corrected return must be filed with the IRS and a corrected payee statement furnished to the recipient.

#### **FORMS 1099-Q, 1099-QA, 1099-SA, 5498, 5498-ESA, 5498-QA, and 5498-SA (Section 6693)**

The penalties under sections 6721 and 6722 do not apply to:

Forms	Filed Under Code Section
1099-SA	220(h) and 223(h)
5498	408(i) and 408(l)
1099-Q	529(d) and 530(h)
1099-QA and 5498-QA	529A
5498-ESA	530(h)

The penalty for failure to timely file Forms 1099-SA, 5498-SA, 5498, 1099-Q, 1099-QA, 5498-QA, or 5498-ESA is \$50 per return with no maximum, unless the failure is due to reasonable cause. See section 6693.



**CAUTION:** No penalty will be imposed on an educational institution that fails to provide the TIN of a student on Form 1098-T, if the institution certifies under penalty of perjury that it complied with the rules for obtaining the student's TIN. See the 2017 Instructions for Forms 1098-E and 1098-T for additional information.

**Fraudulent Acknowledgments With Respect to Donations of Motor Vehicles, Boats, and Airplanes (Section 6720).** If you are required under section 170(f)(12)(A) to furnish a contemporaneous written acknowledgment to a donor and you knowingly furnish a false or fraudulent Form 1098-C, or knowingly fail to furnish a Form 1098-C within the applicable 30-day period, you may be subject to a penalty. See the 2017 Instructions for Form 1098-C for more detailed information.

**Civil Damages for Fraudulent Filing of Information Returns (Section 7434).** If you willfully file a fraudulent information return for payments you claim you made to another person, that person may be able to sue you for damages. You may have to pay \$5,000 or more.

**Payments to Corporations and Partnerships.** Generally, payments to corporations are not reportable. However, you must report payments to corporations for the following:

1. Medical and health care payments (Form 1099-MISC),
2. Withheld Federal income tax or foreign tax,
3. Barter exchange transactions (Form 1099-B),
4. Substitute payments in lieu of dividends and tax-exempt interest (Form 1099-MISC),
5. Acquisitions or abandonments of secured property (Form 1099-A),
6. Cancellation of debt (Form 1099-C),

7. Payments of attorney's fees and gross proceeds paid to attorneys (Form 1099-MISC),
8. Fish purchases for cash (Form 1099-MISC),
9. The credits for qualified tax credit bonds treated as interest and reported on Form 1099-INT, and 1097-BTC
10. Federal executive agency payments for services (Form 1099-MISC).
11. Merchant card and third-party network payments (Form 1099-K).

For additional reporting requirements, see *Rev. Rul. 2003-66* on page 1115 of Internal Revenue Bulletin 2003-26 at [www.irs.gov/pub/irs-irbs/irb03-26.pdf](http://www.irs.gov/pub/irs-irbs/irb03-26.pdf).

Reporting generally is required for all payments to **partnerships**. For example, payments of \$600 or more made in the course of your trade or business to an architectural firm that is a partnership are reportable on Form 1099-MISC.

**Successor/predecessor Reporting.** A successor business (a corporation, partnership, or sole proprietorship) and a predecessor business (a corporation, partnership, or sole proprietorship) may agree that the successor will assume all or some of the predecessor's information reporting responsibilities. This would permit the successor to file one Form 1097, 1098, 1099, 5498, 3921, 3922, or W-2G for each recipient combining the predecessor's and successor's reportable amounts, including any withholding. If they so agree and the successor satisfies the predecessor's obligations and the conditions described below, the predecessor does not have to file the specified information returns for the acquisition year. If the successor and predecessor do not agree, or if the requirements described below are not met, the predecessor and the successor each must file Forms 1097, 1098, 1099, 5498, 3921, 3922, and W-2G for their own reportable amounts as they usually would. For more information and the rules that apply to filing combined Forms 1042-S, see *Rev. Proc. 99-50*, which is available on page 757 of Internal Revenue Bulletin 1999-52 at [www.irs.gov/pub/irs-irbs/irb99-52.pdf](http://www.irs.gov/pub/irs-irbs/irb99-52.pdf).

The combined reporting procedure is available when all the following conditions are met:

1. The successor acquires from the predecessor substantially all the property (a) used in the trade or business of the predecessor, including when one or more corporations are absorbed by another corporation under a merger agreement, or (b) used in a separate unit of a trade or business of the predecessor.
2. The predecessor is required to report amounts, including any withholding, on information returns for the year of acquisition, for the period before the acquisition.
3. The predecessor is not required to report amounts, including withholding, on information returns for the year of acquisition, for the period after the acquisition.

**Combined Reporting Agreement.** The predecessor and the successor must agree on the specific forms to which the combined reporting procedure applies and that the successor assumes the predecessor's entire information reporting obligations for these forms. The predecessor and successor may agree to:

1. Use the combined reporting procedure for all Forms 1097, 1098, 1099, 5498, 3921, 3922, and W-2G or
2. Limit the use of the combined reporting procedure to (a) specific forms or (b) specific reporting entities, including any unit, branch, or location within a particular business entity that files its own separate information returns. For example, if the predecessor's and successor's only compatible computer or recordkeeping systems are their dividends paid ledgers, they may agree to use the combined reporting procedure for Forms 1099-DIV only. Similarly, if the only compatible systems are in their Midwest branches, they may agree to use the combined reporting procedure for only the Midwest branches.

**Combined Reporting Procedure.** On each Form 1097, 1098, 1099, 3921, 3922, 5498 and W-2G filed by the successor, the successor must combine the predecessor's (before the acquisition) and successor's reportable amounts, including any withholding, for the acquisition year and report the aggregate. For transactional reporting on Form 1099-B,

*Proceeds From Broker and Barter Exchange Transactions*, the successor must report each of the predecessor's transactions and each of its own transactions on each Form 1099-B; these same reporting requirements apply to Form 3921, *Exercise of an Incentive Stock Option under Section 422(b)*, and Form 3922, *Transfer of Stock Acquired Through an Employee Stock Purchase Plan under Section 423(c)*. The successor may include with the form sent to the recipient additional information explaining the combined reporting.

For purposes of the combined reporting procedure, the sharing of taxpayer identification numbers and other information obtained under section 3406 for information reporting and backup withholding purposes does not violate the confidentiality rules in section 3406(f).

**Statement Required.** The successor must file a statement with the IRS indicating the forms that are being filed on a combined basis under Rev. Proc. 99-50. The statement must:

1. Include the predecessor's and successor's names, addresses, telephone numbers, EINs, and the name and telephone number of the person responsible for preparing the statement.
2. Reflect separately the amount of Federal income tax withheld by the predecessor and by the successor for each type of form being filed on a combined basis (e.g., Form 1099-R or 1099-MISC).
3. Be sent separately from Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G by the forms' due date to:

Internal Revenue Service  
Information Returns Branch  
230 Murall Drive, Mail Stop 4360  
Kearneysville, WV 25430

Do not send Form 1042-S statements to this address. Instead, use the address given in the Instructions for Form 1042-S; see *Rev. Proc. 99-50*.

**Earnings on any IRA, Coverdell ESA, ABLE account, Archer MSA, or HSA.** Generally, income earned in any IRA, Coverdell ESA, ABLE account, Archer MSA, or HSA, such as interest or dividends, is not reported on Forms 1099. However, distributions from such arrangements or accounts must be reported on Form 1099-R, 1099-Q, 1099-QA, or 1099-SA.

**Certain Grantor Trusts.** Certain grantor trusts (other than WHFITs) may choose to file Forms 1099 rather than a separate statement attached to Form 1041, U.S. Income Tax Return for Estates and Trusts. If you have filed Form 1041 for a grantor trust in the past and you want to choose the Form 1099 filing method for 2017, you must have filed a final Form 1041 for 2016. To change reporting method, see *Regulations section 1.671-4(g)* and the *Instructions for Form 1041 and Schedules A, B, D, G, I, J, and K-1*.

For more information on WHFITs, see *Widely held fixed investment trusts (WHFITs)*

**Special Rules for Reporting Payments Made Through Foreign Intermediaries and Foreign Flow-Through Entities on Form 1099**  
If you are the payer and have received a Form W-8IMY from a foreign intermediary or flow-through entity, follow the instructions for completing Form 1099, later.

## Definitions

**Foreign intermediary.** A foreign intermediary is any person who is not a U.S. person and acts as a custodian, broker, nominee, or otherwise as an agent for another person, regardless of whether that other person is the beneficial owner of the amount paid, a flow-through entity, or another intermediary. The intermediary can be a qualified intermediary or a nonqualified intermediary.

**Qualified intermediary (QI).** A QI is a person that is a party to a withholding agreement with the IRS and is:

- A foreign financial institution or a foreign clearing organization (other than a U.S. branch or U.S. office of the institution or organization),
- A foreign branch or office of a U.S. financial institution or a foreign branch or office of a U.S. clearing organization,

- A foreign corporation for purposes of presenting claims of benefits under an income tax treaty on behalf of its shareholders, or
- Any other person the IRS accepts as a qualified intermediary and who enters into a withholding agreement with the IRS.

For details on QI agreements, see:

- *Rev. Proc. 2000-12* on page 387 of Internal Revenue Bulletin 2000-4 at [www.irs.gov/pub/irs-irbs/irb00-04.pdf](http://www.irs.gov/pub/irs-irbs/irb00-04.pdf);
- Modified by *Rev. Proc. 2003-64*, Section 4A (Appendix 3), on page 306 of Internal Revenue Bulletin 2003-32 at [www.irs.gov/pub/irs-irbs/irb03-32.pdf](http://www.irs.gov/pub/irs-irbs/irb03-32.pdf);
- Further modified by *Rev. Proc. 2004-21*, 2004-14 I.R.B. 702, available at [www.irs.gov/irb/2004-14\\_IRB/ar10.html](http://www.irs.gov/irb/2004-14_IRB/ar10.html); and
- Modified *Rev. Proc. 2005-77*, which amends the final withholding partnership and withholding foreign trust agreements by expanding the availability of simplified documentation, reporting, and withholding procedures, further modifying *Rev. Proc. 2003-64*. See *Rev. Proc. 2005-77*, 2005-51 I.R.B. 1176, available at [www.irs.gov/irb/2005-51\\_IRB/ar13.html](http://www.irs.gov/irb/2005-51_IRB/ar13.html).



**CAUTION:** Generally, a branch of a financial institution may not operate as a QI in a country that does not have approved know-your-customer (KYC) rules. Branches of financial institutions that operate in non-KYC approved jurisdictions will be required to act as nonqualified intermediaries. For additional information, see *Notice 2006-35*, 2006-14 I.R.B. 708, available at [www.irs.gov/irb/2006-14\\_IRB/ar13.html](http://www.irs.gov/irb/2006-14_IRB/ar13.html). *Rev. Proc. 2014-47*, 2014-35 I.R.B. 393, available at [www.irs.gov/irb/2014-35\\_IRB/ar04.html](http://www.irs.gov/irb/2014-35_IRB/ar04.html) supersedes *Rev. Proc. 2003-64*, *Rev. Proc. 2004-21*, and *Rev. Proc. 2005-77* with respect to requirements of a WP or WT that apply on or after June 30, 2014.

**Nonqualified intermediary (NQI).** An NQI is any intermediary that is not a U.S. person and that is not a QI.

**Foreign flow-through entity (FTE).** An FTE is a foreign partnership (other than a withholding foreign partnership), a foreign simple trust or foreign grantor trust (other than a withholding foreign trust), or, for payments for which a reduced rate of withholding is claimed under an income tax treaty, any entity to the extent the entity is considered to be fiscally transparent under section 894 with respect to the payment by an interest holder's jurisdiction.

**Withholding foreign partnership or withholding foreign trust.** A withholding foreign partnership or withholding foreign trust is a foreign partnership or a foreign simple or grantor trust that has entered into a withholding agreement with the IRS in which it agrees to assume primary withholding responsibility for all payments that are made to it for its partners, beneficiaries, or owners. See *Rev. Proc. 2003-64*, as amended by *Rev. Proc. 2004-21*, modified by *Rev. Proc. 2005-77*, and superseded by *Rev. Proc. 2014-47* for procedures for entering into a withholding foreign partnership or trust agreement.

**Nonwithholding foreign partnership, simple trust, or grantor trust.** A nonwithholding foreign partnership is any foreign partnership other than a withholding foreign partnership. A nonwithholding foreign simple trust is any foreign simple trust that is not a withholding foreign trust. A nonwithholding foreign grantor trust is any foreign grantor trust that is not a withholding foreign trust.

**Fiscally transparent entity.** An entity is treated as fiscally transparent with respect to an item of income to the extent that the interest holders in the entity must, on a current basis, take into account separately their shares of an item of income paid to the entity, whether or not distributed, and must determine the character of the items of income as if they were realized directly from the sources from which they were realized by the entity. For example, partnerships, common trust funds, and simple trusts or grantor trusts are generally considered to be fiscally transparent with respect to items of income received by them.

## Presumption Rules



**TIP:** For additional information including details on the presumption rules, see the *Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY* and *Pub. 515*. To order, see *How To Get Forms, Publications, and Other Assistance* under Part T.

If you are the payer and do not have a Form W-9, appropriate Form W-8, or other valid documentation, or you cannot allocate a payment to a specific payee, prior to payment, you are required to use certain presumption rules to determine the following:

The status of the payee as a U.S. or foreign person. The classification of the payee as an individual, trust, estate, corporation, or partnership.

See *Regulations sections 1.1441-1(b)(3), 1.1441-5(d) and (e), 1.6045-1(g)(3)(ii), and 1.6049-5(d)*.

Under these presumption rules, if you must presume that the payee is a U.S. nonexempt recipient subject to backup withholding, you must report the payment on a Form 1099. However, if before filing Form 1099 with the IRS the recipient is documented as foreign, then report the payment on a Form 1042-S.

Conversely, if you must presume that the payee is a foreign recipient and prior to filing Form 1042-S with the IRS you discover that the payee is a U.S. nonexempt recipient based on documentation, then report all payments made to that payee during the calendar year on a Form 1099.

If you use the 90-day grace period rule to presume a payee is foreign, you must file a Form 1042-S to report all payments subject to withholding during the grace period.

If you later discover that the payee is a U.S. nonexempt recipient subject to backup withholding, you must file a Form 1099 for all payments made to that payee after the discovery of the payee's U.S. status.

#### **Rules for Payments Made to U.S. Nonexempt Recipients Through a QI, NQI, or FTE**

If you are the payer making a payment through a QI, NQI, or FTE for a U.S. nonexempt recipient on whose behalf the QI, NQI, or FTE is acting, use the following rules to complete Form 1099.

**Known recipient.** If you know that a payee is a U.S. nonexempt recipient and have the payee's name, address, and TIN (if a TIN has been provided), you must complete the Form 1099 with that information. Also, on the second name line below the recipient's name, enter "IMY" followed by the name of the QI, NQI, or FTE.

For payments made to multiple recipients: (a) enter the name of the recipient whose status you relied on to determine the applicable rate of withholding, and (b) on the second name line, enter "IMY" followed by the name of the QI, NQI, or FTE. However, if the QI has assumed primary Form 1099 reporting or backup withholding responsibility, you are not required to issue the Form 1099 or to backup withhold. See *Qualified intermediary (QI)*, earlier.

**Unknown recipient.** If you cannot reliably associate a payment with valid documentation and are required to presume a payee is a U.S. nonexempt recipient do the following:

- File a Form 1099 and enter "unknown recipient" on the first name line.
- On the second name line, enter "IMY" followed by the name of the QI, NQI, or FTE.
- Enter the EIN of the QI, NQI, or FTE, if applicable, in the recipient's identification number box.
- Furnish a copy of the Form 1099 with "unknown recipient" to the QI, NQI, or FTE who is acting on the recipient's behalf.



**CAUTION:** A payer that is required to report payments made to a U.S. nonexempt recipient account holder but does not receive the necessary allocation information cannot report those payments on a pro rata basis. Report unallocated payments using the presumption rules described above.

#### **Rules for Non-U.S. Payers**

Non-U.S. payers (foreign persons that are not U.S. payers) generally have the same reporting obligations as U.S. payers. A U.S. payer is anyone who is:

- A U.S. person;
- Any U.S. governmental agency;
- A controlled foreign corporation (CFC);

- A foreign partnership that has one or more U.S. partners who, in the aggregate, hold more than 50% of the gross income derived from the conduct of a U.S. trade or business;
- A foreign person who owns 50% or more of the gross income that is effectively connected with a U.S. trade or business; or
- A U.S. branch of a foreign bank or a foreign insurance company.

For more information, see *Regulations section 1.6049-5(c)(5)*.

**Exceptions.** The following payments are not subject to reporting by a non-U.S. payer:

A foreign source reportable payment paid outside the United States. For example, see *Regulations section 1.6049-5(b)(6)*.

Gross proceeds from a sale effected outside the United States. See *Regulations section 1.6045-1(a)*.

An NQI or QI that provides another payer all the information sufficient for that payer to complete Form 1099 reporting. For example, see *Regulations section 1.6049-5(b)(14)*. However, if an NQI or QI does not provide sufficient information for another payer to report a payment on Form 1099, the intermediary must report the payment.

#### **Rules for Reporting Payments Initially Reported on Form 1042-S**

If an NQI or QI receives a Form 1042-S made out to an "unknown recipient" and the NQI or QI has actual knowledge that the payee of the income is a U.S. nonexempt recipient, it must file a Form 1099 even if the payment has been subject to withholding by another payer. The NQI or QI reports the amount withheld by the other payer on Form 1099 as federal income tax withheld.

**Qualified settlement funds.** A qualified settlement fund must file information returns for distributions to claimants if any transferor to the fund would have been required to file if the transferor had made the distributions directly to the claimants.

For distributions to transferors, a fund is subject to the information reporting requirements of sections 6041 and 6041A and may be required to file Form 1099-MISC. For payments made by the fund on behalf of a claimant or transferor, the fund is subject to these same rules and may have to file Form 1099-MISC for the payment to a third party. For information reporting purposes, a payment made by the fund on behalf of a claimant or transferor is considered a distribution to the claimant or transferor and is also subject to information reporting requirements.

The same filing requirements, exceptions, and thresholds may apply to qualified settlement funds as apply to any other payer. That is, the fund must determine the character of the payment (for example, interest, fixed or determinable income, or gross proceeds from broker transactions) and to whom the payment is made (for example, corporation or individual).

For more information, see *Regulations section 1.468B-2(l)*. Also, see *Treasury Decision (TD) 9249, 2006-10 I.R.B. 546*, available at [www.irs.gov/irb/2006-10\\_IRB/ar05.html](http://www.irs.gov/irb/2006-10_IRB/ar05.html). TD 9249 relates to escrow and similar funds.

**Payments to foreign persons.** See the *Instructions for Form 1042-S*, relating to U.S. source income of foreign persons, for reporting requirements relating to payments to foreign persons.

**Widely held fixed investment trusts (WHFITs).** Trustees and middlemen of WHFITs are required to report all items of gross income and proceeds on the appropriate Form 1099. For the definition of a WHFIT, see *Regulations section 1.671-5(b)(22)*. A tax information statement that includes the information provided to the IRS on Forms 1099, as well as additional information identified in *Regulations section 1.671-5(e)*, must be furnished to trust interest holders (TIHs).

Items of gross income (including OID) attributable to the TIH for the calendar year including all amounts of income attributable to selling, purchasing, or redeeming of a trust holder's interest in the WHFIT must be reported. Items of income that are required to be reported including

non-pro rata partial principal payments, trust sales proceeds, redemption asset proceeds, and sales of a trust interest on a secondary market must be reported on Form 1099-B. See *Regulations section 1.671-5(d)*.

Safe harbor rules for determining the amount of an item to be reported on Form 1099 and a tax information statement with respect to a TIH in a non-mortgage WHFIT (NMWHTF) and a widely held mortgage trust (WHMT) are found in *Regulations sections 1.671-5(f) and (g)*, respectively.

Trustees and middlemen must follow all the rules for filing Forms 1099 with the IRS and furnishing a statement to the TIH (except as noted below) as described in parts A through S of these instructions. Trustees and middlemen should also follow the separate instructions for Forms 1099-B, 1099-DIV, 1099-INT, 1099-MISC, and 1099-OID, as applicable, which may address additional income reporting requirements.

**Due date exception and other requirements for furnishing statement to TIH.** The written tax information for 2017 furnished to the TIH is due on or before March 15, 2018. For other items of expense and credit that must be reported to the TIH, see *Regulations section 1.671-5(c)*.

There is no reporting requirement if the TIH is an exempt recipient unless the trustee or middleman backup withholds under section 3406. If the trustee or middleman backup withholds, then follow the rules in part N. An exempt recipient for this purpose is defined in *Regulations section 1.671-5(b)(7)*.

**Reporting to foreign persons.** Items of a WHFIT attributable to a TIH who is not a U.S. person must be reported and amounts withheld following the provisions of sections 1441 through 1464. See *Form 1042-S* and its separate instructions for more information.

**FATCA Filing Requirements of Certain Foreign Financial Institutions (FFIs).** If you are required to report an account that is a U.S. account under chapter 4 of the Code (chapter 4), you may be eligible to elect to report the account on Form(s) 1099 instead of on Form 8966, FATCA Report.



**CAUTION:** If the account is either a U.S. account held by a passive nonfinancial foreign entity (NFFE) that is a U.S.-owned foreign entity or an account held by an owner-documented FFI, do not file a Form 1099 with respect to such an account. Instead, you must file Form 8966, in accordance with its requirements and its accompanying instructions, to report the account for chapter 4 purposes.

**Election described in Regulations section 1.1471-4(d)(5)(i)(A).** You are eligible to make this election to report an account on Form(s) 1099 if:

- You are a participating FFI (including a Reporting Model 2 FFI) (PFFI) or are a registered deemed-compliant FFI (RDC FFI) (other than a Reporting Model 1 FFI) required to report a U.S. account as a condition of your applicable RDC FFI status (see *Regulations section 1.1471-5(f)(1)(i)*);
- You are required to report the account as a U.S. account for chapter 4 purposes; and
- The account is a U.S. account held by a specified U.S. person that you elect to report under *Regulations section 1.1471-4(d)(5)(i)(A)*.

**Election described in Regulations section 1.1471-4(d)(5)(i)(B).** You are eligible to make this election to report an account on Form(s) 1099 if:

- You are a PFFI or are a RDC FFI (other than a Reporting Model 1 FFI) required to report a U.S. account as a condition of your applicable RDC FFI status (see *Regulations section 1.1471-5(f)(1)(i)*);
- You are required to report the account as a U.S. account for chapter 4 purposes; and
- The account is a U.S. account held by a specified U.S. person that is a cash value insurance contract or annuity contract that you elect to report under *Regulations section 1.1471-4(d)(5)(i)(B)* in a manner similar to section 6047(d).

You may make an election described in *Regulations section 1.1471-4(d)(5)(i)(A) or (B)* either with respect to all such U.S. accounts or, separately, with respect to any clearly identified group of such accounts (for example, by line of business or by location where the account is maintained).

**Special reporting by U.S. payer described in Regulations section 1.1471-4(d)(2)(iii)(A).** If you are a U.S. payer that is a PFFI other than a U.S. branch, you also may satisfy your requirement to report with respect to a U.S. account for chapter 4 purposes by reporting on each appropriate Form 1099 in the manner described in *Regulations section 1.1471-4(d)(2)(iii)(A)*.

**Reporting procedure.** If you are an FFI that is eligible to make an election described in *Regulations section 1.1471-4(d)(5)(i)(A) or (B)* or are a U.S. payer reporting as described in *Regulations section 1.1471-4(d)(2)(iii)(A)*, you must do so by filing each appropriate Form 1099 with the IRS and reporting the payments required to be reported by a U.S. payer (as defined in *Regulations section 1.6049-5(c)(5)*) with respect to the account. See, however, *Payments required to be reported*, later. See also the separate specific instructions for each form to determine which form to file.



**TIP:** All Form 1099 filers must have an EIN. If you have not previously filed a Form 1099 or other return, you must obtain an EIN and include it on each Form 1099 that you file. See *part K* for more information, including how to obtain an EIN.

In addition to the information otherwise required to be reported on the appropriate Form 1099, you also must include the following information for each account you are reporting as described in *Regulations section 1.1471-4(d)(2)(iii)(A) or (d)(5)(i)(A) or (B)*:

- The name, address, and TIN of the account holder.
- The account number.
- If applicable, the jurisdiction of the branch that maintains the account being reported by adding the branch's jurisdiction after the payer's name, that is, "Payer's Name (Jurisdiction X branch)."



**CAUTION:** If you are an FFI making an election described in *Regulations section 1.1471-4(d)(5)(i)(A) or (B)*, or are a U.S. payer reporting as described in *Regulations section 1.1471-4(d)(2)(iii)(A)*, you are required to report the payee's account number on each Form 1099 you file (regardless of the fact that the account number otherwise may be optional for purposes of reporting on the applicable Form 1099).

If you are a sponsoring entity that is reporting a U.S. account on behalf of a sponsored FFI described above, report on the appropriate Form(s) 1099 the following information in the payer boxes (if filing on paper) or in the appropriate fields of the payer record (if filing electronically):

- For the name, enter the sponsored FFI's name on the first line and the sponsoring entity's name on the second line.
- For the address, enter the sponsoring entity's address.
- For the federal (or taxpayer) identification number, enter the sponsored FFI's EIN.

In addition, if you are filing electronically, enter numeric code "1" in the "Transfer Agent Indicator" field. See *Pub. 1220* for electronic filing of forms. If you are filing on paper, enter your Global Intermediary Identification Number (GIIN) in the lower right-hand portion of the title area on the top of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. For transmittal of paper forms, see *Form 1096* and its accompanying instructions.

If you are an FFI described above that is electing to report an account to which you did not make any payments for the calendar year that are required to be reported on a Form 1099, you must report the account on Form 1099-MISC. In addition, if you made any payments for the calendar year that would be required to be reported on a Form 1099 if not for an applicable dollar amount threshold, you also must report the account on Form 1099-MISC. See the *Instructions for Form 1099-MISC*.

**Payments required to be reported.** If you make an election described in *Regulations section 1.1471-4(d)(5)(i)(A) or (B)*, you are required to report any payments made to the account as required for purposes of the election, that is, payments that would be reportable under sections 6041, 6042, 6045, and 6049 if you were a U.S. payer.



**CAUTION:** Reporting under chapter 4 does not affect an FFI's otherwise applicable obligations to report payments as a payer under chapter 61.

**Forms 1099 used.** The payments required to be reported under this election for calendar year 2016 must be reported, as applicable, on Form 1099-B, Proceeds From Broker or Barter Exchange Transactions; Form 1099-DIV, Dividends and Distributions; 1099-INT, Interest Income; 1099-OID, Original Issue Discount; 1099-MISC, Miscellaneous Income; or 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See also the separate specific instructions for each form.

**Definitions.** For detailed information about definitions that apply for purposes of chapter 4 generally, see *Regulations section 1.1471-1(b)*. A Reporting FI under a Model 2 Intergovernmental Agreement (IGA) should also refer to definitions that may apply under that IGA or apply pursuant to any applicable domestic law pertaining to its FATCA obligations. Solely for purposes of filing Forms 1099, the following definitions are provided to help guide filers through the process.

**Account.** An account means a financial account described in Regulations section 1.1471-5(b), including a cash value insurance contract and annuity contract.

**Account holder.** An account holder is the person who holds a financial account, as determined under Regulations section 1.1471-5(a)(3).

**Foreign financial institution (FFI).** Except as otherwise provided for certain foreign branches of a U.S. financial institution, a foreign financial institution means a financial institution that is a foreign entity. The term “foreign financial institution” also includes a foreign branch of a U.S. financial institution with a Qualified Intermediary (QI) Agreement in effect.

**Owner-documented FFI.** An owner-documented FFI is an FFI described in Regulations section 1.1471-5(f)(3).

**Participating FFI (PFFI).** A PFFI is an FFI, or branch of an FFI, that has in effect an FFI agreement with the IRS, and includes a Reporting Model 2 FFI.

**Registered deemed-compliant FFI (RDC FFI).** A registered deemed-compliant FFI is an FFI described in Regulations section 1.1471-5(f)(1), and includes a Reporting Model 1 FFI, a QI branch of a U.S. financial institution that is a Reporting Model 1 FFI, and a non-reporting FI treated as a registered deemed-compliant FFI under a Model 2 IGA.

**Reporting Model 1 FFI.** A Reporting Model 1 FFI is an FI, including a foreign branch of a U.S. financial institution, treated as a reporting financial institution under a Model 1 IGA.

**Reporting Model 2 FFI.** A Reporting Model 2 FFI is an FI or branch of an FI treated as a reporting financial institution under a Model 2 IGA.

**Specified U.S. person.** A specified U.S. person is any U.S. person described in Regulations section 1.1473-1(c).

**Sponsored FFI.** A Sponsored FFI is an investment entity or an FFI that is a controlled foreign corporation having a Sponsoring Entity that performs certain due diligence, withholding, and reporting obligations on behalf of the Sponsored FFI.

**Sponsoring Entity.** A Sponsoring Entity is an entity that has registered with the IRS to perform the due diligence, withholding, and reporting obligations of one or more Sponsored FFIs or Sponsored Direct Reporting NFFEs.

**U.S. account.** A U.S. account is any account held by one or more specified U.S. persons. A U.S. account also includes any account held by a passive NFFE that has one or more substantial U.S. owners, or in the case of a Reporting Model 2 FFI, any account held by a passive NFFE that has one or more controlling persons that are specified U.S. persons. See *Regulations section 1.1471-5(a)* and an applicable Model 2 IGA.

## FORM 1099-INT

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Forms 1099-INT and 1099-OID and their instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099int](http://www.irs.gov/form1099int) or [www.irs.gov/form1099oid](http://www.irs.gov/form1099oid).

### What's New

**Reporting tax-exempt OID.** Box 11 was added to Form 1099-OID to report tax-exempt OID. Box 12 was added to Form 1099-INT and Box 10 was added to Form 1099-OID to report bond premium.

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics:

- Backup withholding
- Electronic reporting requirements
- Penalties
- Who must file (nominee/middleman; certain FFIs and U.S. payors that report on Form(s) 1099 to satisfy their chapter 4 reporting requirements).
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- The definitions of terms applicable for chapter 4 purposes that are referenced in these instructions.
- Other general topics

You can get the general instructions at [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

**How to get the latest information.** If there are changes to the 2016 tax law that affect Form 1099-INT or 1099-OID, you will be able to find them at [www.irs.gov/form1099int](http://www.irs.gov/form1099int) and [www.irs.gov/form1099oid](http://www.irs.gov/form1099oid).

## Specific Instructions for Form 1099-INT

File Form 1099-INT, Interest Income, for each person:

1. To whom you paid amounts reportable in boxes 1, 3, and 8 of at least \$10 (or at least \$600 of interest paid in the course of your trade or business described in the instructions for *Box 1 — Interest Income* on page 44).
2. For whom you withheld and paid any foreign tax on interest, or
3. From whom you withheld (and did not refund) any federal income tax under the backup withholding rules regardless of the amount of the payment.

Report only interest payments made in the course of your trade or business including federal, state, and local government agencies and activities deemed nonprofit, or for which you were a nominee/middleman. Report tax-exempt interest that is not original issue discount (OID) on Form 1099-INT. You do not need to report tax-exempt interest that is original issue discount (OID). Report interest that is taxable OID in box 1 or 8 of Form 1099-OID, Original Issue Discount, not on Form 1099-INT. Report exempt-interest dividends from a mutual fund or other RIC on Form 1099-DIV.

**Nonresident aliens.** If you pay U.S. bank deposit interest of at least \$10 to certain nonresident alien individuals, report the interest on Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding. To determine whether an information return is required for original issue discount, see *Treasury Regs. 1.6049-5(f)* and *1.6049-8(a)*. This interest may be subject to backup withholding. See the *Instructions for Form 1042-S*. Also see *Rev. Proc. 2012-24, 2012-20 I.R.B. 913*, available at [www.irs.gov/irb/2012-20\\_IRB/ar11.html](http://www.irs.gov/irb/2012-20_IRB/ar11.html).

**Exceptions to reporting.** No Form 1099-INT is required to be filed for payments made to exempt recipients or for interest excluded from reporting.

**Exempt recipients.** You are not required to file Form 1099-INT for payments made to certain payees including but not limited to a corporation, a tax-exempt organization, any IRA, Archer MSA, Medicare Advantage MSA, or health savings account (HSA), a U.S. agency, a state, the District of Columbia, a U.S. possession, a registered securities or commodities dealer,

9292

 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

Payer's RTN (optional)

OMB No. 1545-0112

2017

Form 1099-INT

PAYER'S federal identification number      RECIPIENT'S identification number

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RECIPIENT'S name

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Street address (including apt. no.)

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City or town, state or province, country, and ZIP or foreign postal code

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Account number (see instructions)

FATCA filing requirement

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the filer files with the IRS. A payer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-INT. The account number is also required if you check the "FATCA filing requirement" box. See *FATCA filing requirement Check Box*, later. Additionally, the IRS encourages you to designate an account number for all Forms 1099-INT that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**FATCA filing requirement check box.** Check the box if you are a U.S. payor that is reporting on Form(s) 1099 (including reporting payments in boxes 1, 3, 8, 9, and 10 on this Form 1099-INT) as part of satisfying your requirement to report with respect to a U.S. account for chapter 4 purposes as described in Regulations section 1.1471-4(d)(2)(iii)(A). In addition, check the box if you are an FFI reporting payments to a U.S. account pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A).

**2nd TIN not.** You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account. However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two notices in 3-year rule, you are considered to have received one notice. You are not required to send a second "B" notice upon receipt of the second notice. See *Part N* in the *2017 General Instructions for Certain Information Returns* for more information.

**Payer's RTN (optional).** If you are a financial institution that wishes to participate in the program for direct deposit of refunds, you may enter your routing and transit number (RTN).

**Box 1 — Interest Income.** Enter interest not included in box 3. Include amounts of \$10 or more, whether or not designated as interest, that are paid or credited to the person's account by savings and loan associations, mutual savings banks not having capital stock represented by shares, building and loan associations, cooperative banks, homestead associations, credit unions, or similar organizations. Include interest on bank deposits, accumulated dividends paid by a life insurance company, indebtedness (including bonds, debentures, notes, and certificates other than those of the U.S. Treasury) issued in registered form or of a type offered to the public, or amounts from which you withheld federal income tax or foreign tax. In addition, report interest of \$10 or more attributable to a trust interest holder (TIH) of a widely held fixed investment trust (WHFIT), or accrued to a real estate mortgage investment conduit (REMIC) or financial asset securitization investment trust (FASIT) regular interest holder or paid to a collateralized debt obligation (CDO) holder, as explained later.

Also include interest of \$600 or more paid in the course of your trade or business not meeting the above criteria, such as interest on delayed death benefits paid by a life insurance company, interest received with damages, interest on a state or federal income tax refund, or interest attributable to a swap with significant nonperiodic payments.

Include in box 1 any accrued interest on bonds sold between interest dates (or on a payment date). Also show OID on short-term obligations of 1 year or less and interest on all bearer certificates of deposit.

Do not include in box 1 interest on tax-free covenant bonds or dividends from money market funds (which are reportable on Form 1099-DIV). Do not include any description in box 1.

**Interest to holders of tax credit bonds.** Report amounts of \$10 or more paid on the following tax credit bonds:

- Clean renewable energy bonds.
- New clean renewable energy bonds.
- Qualified energy conservation bonds.
- Qualified zone academy bonds.
- Qualified school construction bonds.
- Build America Bonds (Tax Credit).

Treat these amounts as paid on the credit allowance date. The credit allowance dates are March 15, June 15, September 15, December 15, and the last day on which the bond is outstanding. For bonds issued during the 3-month period ending on a credit allowance date and for bonds which are redeemed or mature, the amount of the credit is determined ratably based on the portion of the 3-month period during which the bond is outstanding.

Generally, interest paid is not required to be reported to the list of recipients below. However, if they are holders of the tax credit bonds listed above, the interest must be reported.

- A corporation,
- A dealer in securities or commodities required to register as such under the laws of the United States, a state, the District of Columbia, or a possession of the United States,
- A real estate investment trust (REIT) as defined in section 856,
- An entity registered at all times during the tax year under the Investment Company Act of 1940,
- A common trust fund as defined in section 584(a), or
- Any trust which is exempt from tax under section 664(c).

**Box 2 — Early Withdrawal Penalty.** Enter interest or principal forfeited because of an early withdrawal of time deposits, such as an early withdrawal from a certificate of deposit (CD), that is deductible from gross income by the recipient. Do not reduce the amount reported in box 1 by the amount of the forfeiture. For detailed instructions for determining the amount of forfeiture deductible by the depositor, see *Rev. Ruls. 75-20, 1975-1 C.B. 29, and 75-21, 1975-1 C.B. 367*.

**Box 3 — Interest on U.S. Savings Bonds and Treas. Obligations.** Enter interest on U.S. Savings Bonds, Treasury bills, Treasury notes, and Treasury bonds. Do not include in box 1.

If you make payment on a U.S. Savings Bond or other U.S. obligation on which interest is reportable, enter your name, address, and federal identification number on Form 1099-INT and Form 1096, Annual Summary and Transmittal of U.S. Information Returns, not those of the U.S. Treasury Department or the Bureau of Public Debt.

**Box 4 — Federal Income Tax Withheld.** Enter backup withholding. For example, if a recipient does not furnish its TIN to you in the manner required, you must backup withhold at a 28% rate on payments required to be reported in box 1 (which may be reduced by the amount reported in box 2), box 3, and box 8 on this form.

For information on requesting the recipient's TIN, see *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Box 5 — Investment Expenses.** For single-class REMICs only, see *Box 5 – Investment Expenses under Rules for REMICs, FASITs, and Issuers of CDOs*, below.

**Box 6 — Foreign Tax Paid.** Enter any foreign tax withheld and paid on interest. Report this amount in U.S. dollars.

**Box 7 — Foreign Country or U.S. Possession.** Enter the name of the foreign country or U.S. possession for which the foreign tax was paid and reported in box 6.

**Box 8 — Tax-Exempt Interest.** Enter interest of \$10 or more that is credited or paid to the person's account if that interest is used to finance government operations and is issued by a state, the District of Columbia, a U.S. possession, an Indian tribal government, or a political subdivision. A political subdivision includes port authorities, toll road commissions, utility services authorities, community redevelopment agencies, and qualified volunteer fire departments. Include in box 8 any accrued interest on these bonds sold between interest dates (or on a payment date). Any exempt-interest dividends from a mutual fund or other RIC are reported on Form 1099-DIV.

No information reporting for tax-exempt OID under section 6049 will be required until such time as the IRS and Treasury provide future guidance.

Include specified private activity bond interest in box 9 and in the total for box 8. See the instruction for *Box 9*, below.

**Box 9 — Specified Private Activity Bond Interest.** Enter interest of \$10 or more of interest from specified private activity bonds. Generally, “specified private activity bond” means any private activity bond defined in section 141 and issued after August 7, 1986. See *section 57(a)(5)* for more details. Also see the *Instructions for Form 6251, Alternative Minimum Tax—Individuals*, available at [www.irs.gov/form6251](http://www.irs.gov/form6251).

**Box 10 — Market Discount.** For a covered security acquired with market discount, if the taxpayer notified you that a section 1278(b) election was made, enter the amount of market discount that accrued on the debt instrument during the tax year in the amount of \$10 or more. For more details, see *Regulations section 1.6045-1(n)*. Also see *TD 9616*, available at [www.irs.gov/irb/2013-20\\_IRB/ar07.html](http://www.irs.gov/irb/2013-20_IRB/ar07.html). Unless the taxpayer notified you that a section 1276(b) election was made to use the constant yield method to determine accruals of market discount for the debt instrument, use the general rules in section 1276 to determine the accruals of market discount. See *Regulations section 1.6045-1(n)(5)*. For a taxable covered security with original issue discount, report the accruals of market discount on Form 1099-OID rather than on Form 1099-INT. For a tax-exempt covered security with original issue discount and no qualified stated interest (for example, a zero coupon debt instrument), you are not required to report the accruals of market discount in this box or on Form 1099-OID.

**Box 11 — Bond Premium.** For a taxable covered security acquired at a premium, enter the amount of bond premium amortization for the tax year, unless you were notified in writing that the holder did not want to amortize bond premium under section 171. See *Regulations section 1.6045-1(n)(5)* and *1.6049-9T(b)*. For a tax-exempt covered security acquired at a premium, enter the amount of bond premium amortization for the tax year. If you amortized bond premium and reported a net amount of interest in boxes 1, 3, 8, or 9, as applicable, leave this box blank. If you are required to report bond premium amortization and you reported a net amount of interest in box 1 or 3, as applicable, leave this box blank.

**Box 12 — Bond Premium on U.S. Treasury Obligations.** For a U.S. Treasury obligation that is a covered security, enter the amount of bond premium amortization allocable to the interest paid during the tax year, unless you were notified in writing that the holder did not want to amortize bond premium under section 171. See *Regulations sections 1.6045-1(n)(5)* and *1.6049-9(b)*. If you are required to report bond premium amortization and you reported a net amount of interest in box 3, leave this box blank.

**Box 13 — Bond Premium on Tax-Exempt Bond.** For a tax-exempt covered security acquired at a premium, enter the amount of bond premium amortization allocable to the interest paid during the tax year. If you reported a net amount of interest in box 8 or 9, whichever is applicable, leave this box blank.

**Box 14 — Tax-Exempt and Tax Credit Bond CUSIP No.** For single bonds or accounts containing a single bond, enter the CUSIP number of the tax-exempt bond for which tax-exempt interest is reported in box 8 or tax credit bond (including build America bond and specified tax credit bond) for which a tax credit or taxable interest, as applicable, is reported in box 1. Enter the CUSIP number of the bond for which interest was paid or tax credit was allowed. If the tax-exempt interest or the tax credit is reported in the aggregate for multiple bonds or accounts, enter “various.”

**Boxes 15 through 17 — State Information.** These boxes may be used by payers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See *Publication 1220* for more information regarding the Combined Federal/State Filing Program. They are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 17. In box 15, enter the abbreviated name of the state, and in box 16, enter the payer’s state identification number. The state number is the payer’s identification number assigned by the individual state.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient’s state income tax return.

**Rules for Widely Held Fixed Investment Trusts (WHFITS).** Trustees and middlemen must report the gross amount of interest attributable to the TIH for the calendar year on Form 1099-INT if that amount exceeds \$10. If the trustee provides WHFIT information using the safe harbor rules in Regulations section 1.671-5(f)(1) or (g)(1), the trustee or middleman must determine the amounts reported on Form 1099-INT under Regulations section 1.671-5(f)(2) or (g)(2), as appropriate.

**Requirement to furnish a tax information statement to the TIH.**

A tax information statement that includes the information provided to the IRS on Form 1099-INT, as well as additional information identified in Regulations section 1.671-5(e) must be provided to TIHs. The written tax information statement must be furnished to the TIH by **March 15**. The amount of an item of a trust expense that is attributable to a TIH must be included on the tax information statement provided to the TIH and is not required to be included in box 5 on the Form 1099-INT.

WHFIT interest income information may be included in summary totals reported to the IRS and the TIH. Information about WHFIT interest income may also be included in a composite statement furnished to the TIH.

For more filing requirements, see the *2017 General Instructions for Certain Information Returns*.

**Rules for REMICs, FASITs, and Issuers of CDOs.** These reporting rules apply only to FASITs in existence on October 22, 2004, to the extent that regular interests issued by the FASIT before that date continue to remain outstanding in accordance with the original terms of issue. REMICs, holders of ownership interests in FASITs, issuers of CDOs, and any broker or middleman who holds as a nominee a REMIC or FASIT regular interest or CDO must file Form 1099-INT. The form is used to report interest of \$10 or more, other than OID, accrued to a REMIC or FASIT regular interest holder during the year or paid to a holder of a CDO. If you are also reporting OID, this interest and the OID can be reported on Form 1099-OID. You do not have to file both Forms 1099-INT and 1099-OID.

You are not required to file or issue Form 1099-INT for exempt recipients including but not limited to the following:

- A corporation.
- A broker.
- A middleman/nominee.
- A financial institution.
- Any IRA or Archer MSA, Medicare Advantage MSA or HSA.
- A tax-exempt organization

For additional exempt recipients, see *Regulations section 1.6049-7(c)*.

**Box 1 — Interest Income:** Report in box 1 the amount of interest, other than OID, accrued to each REMIC or FASIT regular interest holder or paid to a CDO holder for the period during the year for which the return is made. If you are a single-class REMIC [as defined in Temporary Regulations section 1.67-3T(a)(2)(ii)(B)], increase the amount otherwise reportable in box 1 by the regular interest holder’s share of investment expenses of the REMIC for the year. No amount should be reported in box 3.

**Box 5 — Investment Expenses:** Enter the regular interest holder’s *pro rata* share of investment expenses deductible by a single-class REMIC.

**Statements to Holders.** For each Form 1099-INT you are required to file, you must furnish a statement to the REMIC or FASIT regular interest or CDO holder identified on the form. The statement must contain the information shown on Form 1099-INT, including the legend shown on Copy B of the official Form 1099-INT, and an indication that these items are being furnished to the IRS. The statement also must show the information specified in *Regulations section 1.6049-7(f)(2)(i)*. In addition, the statement furnished by a REMIC must show, for each calendar quarter, the information specified in *Regulations section 1.6049-7(f)(3)*. Also see *Regulations section 1.6049-7(f)(3)(ii)* for information that may be required to be reported to a real estate investment trust (REIT) that holds a REMIC regular interest.

A single-class REMIC [as defined in Temporary Regulations section 1.67-3T(a)(2)(ii)(B)] must include in the statement the investment expenses paid or accrued during each calendar quarter by the REMIC for which the REMIC is allowed a deduction under section 212 and the proportionate share of those investment expenses allocated to the regular interest holder.

The statement must be furnished to holders by **March 15**. To meet the statement requirement, you may furnish a copy of Form 1099-INT and a separate statement containing the additional information to the REMIC or FASIT regular interest or CDO holder.

**Form 8811 and Reporting by Brokers or Middlemen.** REMICs and issuers of CDOs must also file Form 8811, Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations, within 30 days after the start-up date of the REMIC or issue date of a CDO. The IRS will use the information on Forms 8811 to update Pub. 938, Real Estate Mortgage Investment Conduits (REMICs) Reporting Information, for use by certain brokers, middlemen, corporations, and others specified in Regulations section 1.6049-7(e)(4). Pub. 938 is available at [www.irs.gov](http://www.irs.gov).

For the requirements that a REMIC or CDO issuer or a broker or middleman who holds a REMIC or FASIT regular interest or a CDO furnish certain information on request, see *Regulations sections 1.6049-7(e) and 1.6049-7(f)(7)*.

## FORM 1099-OID

### Specific Instructions for Form 1099-OID

File Form 1099-OID, Original Issue Discount, if the original issue discount (OID) includable in gross income is at least \$10 and you are any of the following:

- An issuer with any bond outstanding or other evidence of indebtedness in registered or bearer form issued with OID;
- An issuer of a certificate of deposit (CD) made, purchased, or renewed after 1970 if the CD has OID and a term of more than 1 year;
- A financial institution having other deposit arrangements, such as time deposits or bonus-savings plans, if the arrangements have OID and a term of more than 1 year;
- A broker or other middleman holding an OID obligation, including CDs, as nominee for the actual owner;
- A trustee or middleman of a WHFIT or widely held mortgage trust (WHMT); or
- A real estate mortgage investment conduit (REMIC), a holder of an ownership interest in a financial asset securitization investment trust (FASIT), or an issuer of a collateralized debt obligation (CDO).



**CAUTION:** Report interest on U.S. Savings Bonds on Form 1099-INT. Also report OID on obligations with a term of 1 year or less on Form 1099-INT.

Also, file Form 1099-OID for any person for whom you withheld and paid any foreign tax on OID or from whom you withheld (and did not refund) any federal income tax under the backup withholding rules even if the amount of the OID is less than \$10.

**Original issue discount.** OID is the excess of an obligation's stated redemption price at maturity over its issue price (acquisition price for a stripped bond or coupon). A discount of less than  $\frac{1}{4}$  of 1% of the stated redemption price at maturity, multiplied by the number of full years from the date of issue to maturity, is considered to be zero.

**Reporting OID.** You must prepare a Form 1099-OID for each person who is a holder of record of the obligation if the OID includable in the holder's gross income is at least \$10. See the instructions for *Box 1* on page 47.

Ordinarily, you will file only one Form 1099-OID for the depositor or holder of a particular obligation for the calendar year. If a person holds more than one discount obligation, issue a separate Form 1099-OID for each obligation. However, if a person holds more than one certificate, you can file a single Form 1099-OID only if: (1) they are the same issue, (2) held

the same amount of time during the calendar year, (3) acquired at the same time, (4) acquired for the same price, and (5) all debt elections (or lack of elections) are the same for all certificates.

For information about how to compute OID, see *sections 1271-1275* and their regulations.

If you are a broker or middleman who holds a bank CD as nominee, whether or not you sold the CD to the owner, you must determine the amount of OID includable in the income of the owner, if any, and report it on Form 1099-OID.

Pub. 1212, Guide to Original Issue Discount (OID) Instruments, contains information on certain outstanding publicly offered discount obligations. It is available at [www.irs.gov/pub/1212](http://www.irs.gov/pub/1212).

Issuers of certain publicly offered debt instruments having OID must file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments, within 30 days after the date of issuance or, if later, the date of registration with the Securities and Exchange Commission. The information provided on that form will enable the IRS to update Pub. 1212. See *Form 8281*, available at [www.irs.gov/form8281](http://www.irs.gov/form8281), and *TD 9616*, available at [www.irs.gov/irb/2013-20\\_IRB/ar07.html](http://www.irs.gov/irb/2013-20_IRB/ar07.html), for details.

**Exceptions:** You are not required to file Form 1099-OID for payments made to certain payees including a corporation, a tax-exempt organization, any IRA, an Archer MSA or Medicare Advantage MSA, HSA, a U.S. agency, a state, the District of Columbia, a U.S. possession, or a registered securities or commodities dealer.

**Reporting interest and OID.** If you are reporting qualified stated interest and OID on an obligation, you may report both the interest and the OID on Form 1099-OID. It is not necessary to file both Forms 1099-INT and 1099-OID. On Form 1099-OID, report the qualified stated interest in box 2 and the OID in box 1, 8, or 11, as applicable. You may choose to report the interest on Form 1099-INT and the OID on Form 1099-OID.

**Reporting OID and acquisition premium.** For a covered security acquired with acquisition premium, you must report the amount of acquisition premium amortization for the tax year. See *Regulations section 1.6045-1(a)(15)(i)(C)* to determine if a debt instrument is a covered security. In general, you must use the rules in *Regulations section 1.1272-2(b)(4)* to amortize the acquisition premium. See *Regulations section 1.6049-9(c)*. You may, but are not required to, report the acquisition premium amortization for a tax-exempt obligation that is a covered security acquired before January 1, 2017.

If you are required to report the amount of acquisition premium amortized for the tax year, you may report either (1) a net amount of OID that reflects the offset of OID by the amount of acquisition premium amortization for the year, or (2) a gross amount for both the OID and the acquisition premium amortization for the year. For example, if \$20 of OID accrues on a corporate bond during the year and there is acquisition premium amortization of \$2 for the year, you may report \$18 of OID in box 1 and \$0 in box 6, or you may report \$20 of OID in box 1 and \$2 in box 6. For a noncovered security acquired with acquisition premium, you are only required to report the gross amount of OID.

**Statements to recipients.** If you are required to file Form 1099-OID, you must furnish a statement to the recipient. For more information about the requirement to furnish an official form or acceptable substitute statement to recipients in person, by statement mailing, or electronically, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of Form 1099-OID may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

9696	<input type="checkbox"/> VOID	<input type="checkbox"/> CORRECTED												
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.														
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**Original Issue Discount**

**Copy A**

**For Internal Revenue Service Center**

**File with Form 1096.**

**For Privacy Act and Paperwork Reduction Act Notice, see the **2017 General Instructions for Certain Information Returns.****

**FATCA filing requirement check box.** Check the box if you are a U.S. payor that is reporting on Form(s) 1099 (including reporting amounts in boxes 1, 2, and 8 on this Form 1099-OID) as part of satisfying your requirement to report with respect to a U.S. account for chapter 4 purposes as described in Regulations section 1.1471-4(d)(2)(iii)(A). In addition, check the box if you are an FFI reporting payments to a U.S. account pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A).

**Account number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-OID. The account number is also required if you check the “FATCA filing requirement” box. See *FATCA filing requirement Check Box*, earlier. Additionally, the IRS encourages you to designate an account number for all Forms 1099-OID that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**2nd TIN not.** You may enter an "X" in this box if you were notified by the IRS twice within 3 calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account. However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two notices in 3-year rule, you are considered to have received one notice. You are not required to send a second "B" notice upon receipt of the second notice. See *Part N* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Original Issue Discount for 2017.** Report the OID on the obligation for the part of the year it was owned by the record holder. Do not include the amount reported in box 8. For a discussion of WHFITs, WHMTs, REMICs, FASITs, and CDOs, see the instructions below.

**Box 2 — Other Periodic Interest.** Enter any qualified stated interest (that is not OID) paid or credited on this obligation during the year. However, you may report any qualified stated interest on Treasury-Inflation-Protected Securities in box 3 of Form 1099-INT rather than in box 2 of Form 1099-OID. Interest reported here must not be reported on Form 1099-INT. For a discussion of REMICs, FASITs, and CDOs, see the instructions below.

**Box 3 — Early Withdrawal Penalty.** Enter interest or principal forfeited because of an early withdrawal, such as an early withdrawal from a CD, that is deductible from gross income by the recipient. Do not reduce the amounts in boxes 1 and 2 by the amount of the forfeiture. For detailed instructions for determining the amount of forfeiture deductible by the holder, see *Rev. Ruls. 75-20, 1975-1 C.B. 29*, and *75-21, 1975-1 C.B. 367*.

**Box 4 — Federal Income Tax Withheld.** Enter backup withholding. For example, if a recipient does not furnish its TIN to you in the manner required, you must backup withhold at a 28% rate. The 28% rate applies to amounts required to be reported in boxes 1, 2, and 8 but limited to the cash paid on these obligations. Before applying the 28% rate, you may reduce the amounts reported in boxes 1 and 2 by the amount reported in box 3.

For information on requesting the recipient's TIN, see *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Box 5 — Market Discount.** For a covered security acquired with market discount and OID, if the taxpayer notified you that a section 1278(b) election was made, enter the amount of market discount that accrued on the debt instrument during the tax year in the amount of \$10 or more. For more details, see *Regulations section 1.6045-1(n)*. Unless the taxpayer notified you that the taxpayer did not make a section 1276(b) election, use the constant yield method described in section 1276(b)(2) to determine the accruals of market discount for the debt instrument. See *Regulations section 1.6045-1(n)(11)(i)(B)*. You may, but are not required to, report the market discount for a tax-exempt obligation that is a covered security acquired before January 1, 2017.

**Box 6 — Acquisition Premium.** For a covered security acquired with acquisition premium, enter the amount of premium amortization for the part of the year the debt instrument was owned by the holder. See *Regulations sections 1.6045-1(n)(5) and 1.6049-9(c)*. If you reported a net amount of OID in box 1, 8 or 11, as applicable, leave this box blank. You may, but are not required to, report the acquisition premium for a tax-exempt obligation that is a covered security acquired before January 1, 2017.

**Box 7 — Description.** Enter the CUSIP number, if any. If there is no CUSIP number, enter the abbreviation for the stock exchange, the abbreviation for the issuer used by the stock exchange, the coupon rate, and the year of maturity (for example, NYSE XYZ 12 ½ 25). If the issuer of the obligation is other than the payer, show the name of the issuer.

**Box 8 — Original Issue Discount on U.S. Treasury Obligations.**

Enter the OID on a U.S. Treasury obligation for the part of the year it was owned by the record holder. Do not include this amount in box 1. You may enter any qualified stated interest on the Treasury obligation in box 2. The amount in box 8 may be a negative number (for example, if a Treasury Inflation Protected Security has a deflation adjustment for the year).

If you make payment on a U.S. Treasury obligation on which OID is reportable, enter your name, address, and federal identification number on Forms 1099-OID and 1096, not those of the U.S. Treasury Department or the Bureau of Public Debt.

**Box 9 — Investment Expenses.** For single-class REMICs only, see *Box 9 — Investment Expenses* under *Rules for REMICs, FASITs, and Issuers of CDOs*, later.

**Boxes 10 — Bond Premium.** For a taxable covered security acquired at a premium, enter the amount of bond premium amortization allocable to the interest paid during the tax year, unless you were notified in writing that the holder did not want to amortize bond premium under section 171. See *Regulations sections 1.6045-1(n)(5)* and *1.6049-9(b)*. If you are required to report bond premium amortization and you reported a net amount of interest in box 2, leave this box blank.

**Boxes 11 — Tax-Exempt OID.** For a tax-exempt obligation that is a covered security acquired on or after January 1, 2017, enter the OID for the part of the year it was owned by the record holder. You may, but are not required to, report the OID for a tax-exempt obligation that is a covered security acquired before January 1, 2017.

**Boxes 12 through 14 — State Information.** These boxes may be used by payers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See *Publication 1220* for more information regarding the Combined Federal/State Filing Program. They are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 12. In box 10, enter the abbreviated name of the state and in box 11, enter the payer's state identification number. The state number is the payer's identification number assigned by the individual state.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient's state income tax return.

**Rules for Widely Held Fixed Investment Trusts (WHFITs) and Widely Held Mortgage Trusts (WHMTs).** If the OID attributable to a trust interest holder (TIH) exceeds \$10 for the calendar year, trustees and middlemen must use Form 1099-OID to report both the gross amount of OID (box 1) and interest (box 2) of the WHFIT that is attributable to the TIH. If the trustee provides WHFIT information using the safe harbor rules in *Regulations section 1.671-5(f)(1)* or *(g)(1)*, the trustee or middleman must determine the amounts reported on Form 1099-OID under *Regulations section 1.671-5(f)(2)* or *(g)(2)*, as appropriate.

**Reporting OID for a Widely Held Mortgage Trust (WHMT).** If a WHMT has a start-up date before August 13, 1998, trustees and middlemen of the WHMT are not required to report OID information. If the WHMT has a start-up date on or after August 13, 1998, and on or before January 24, 2006, and the trustee has attempted in good faith, but without success, to obtain the historical information required to provide OID information, no penalties will be imposed if the trustee and middlemen of the WHMT do not provide OID information. The trustee must provide a statement to middlemen indicating that the trustee is not providing OID information because the trustee has attempted, in good faith, to obtain the information necessary to calculate OID but has been unsuccessful. See *Regulations section 1.671-5(m)(2)*.

**Requirement to furnish a tax information statement to the TIH.**

A tax information statement that includes the information provided to the IRS on Form 1099-OID, as well as additional information identified in *Regulations section 1.671-5(e)* must be provided to TIHs. The written tax information statement must be furnished to the TIH by **March 15**. The amount of an item of a trust expense that is attributable to a TIH must be included on the tax information statement provided to the TIH and is not required to be included in box 9 on the Form 1099-OID.

For more filing requirements, see the *2017 General Instructions for Certain Information Returns*.

**Rules for REMICs, FASITs, and Issuers of CDOs.** REMICs, holders of ownership interests in FASITs, issuers of CDOs and any broker or middleman who holds as a nominee a REMIC or FASIT regular interest or CDO must file Form 1099-OID. The form is used to report OID of \$10 or more accrued to a REMIC or FASIT regular interest holder or to a holder of a CDO. Also use Form 1099-OID to report other interest accrued to a REMIC or FASIT regular interest holder during the year or paid to a holder of a CDO. You may use Form 1099-INT rather than Form 1099-OID to report interest for an instrument issued with OID if no OID is includable in the regular interest holder's or CDO holder's income for the year.



**CAUTION:** These reporting rules apply only to FASITs in existence on October 22, 2004, to the extent that regular interests issued by the FASIT before that date continue to remain outstanding in accordance with the original terms of issue.

You are not required to file or issue Form 1099-OID for exempt recipients including but not limited to the following:

- A corporation.
- A broker.
- A middleman/nominee.
- A financial institution.
- Any IRA or Archer MSA, Medicare Advantage MSA or HSA.
- A tax-exempt organization.

For additional exempt recipients, see *Regulations section 1.6049-7(c)*.

**Box 1 — Original Issue Discount for 2017.** Report in box 1 the aggregate amount of OID includable in the gross income of each REMIC or FASIT regular interest or CDO holder for the period during the year for which the return is made. No amount should be reported in box 8.

**Box 2 — Other Periodic Interest.** Report in box 2 any amount of interest, other than OID, accrued to each REMIC or FASIT regular interest holder or paid to each CDO holder. If you are a single-class REMIC [as defined in *Temporary Regulations section 1.67-3T(a)(2)(ii)(B)*], increase the amount otherwise reportable in box 2 by the regular interest holder's share of investment expenses of the REMIC for the year.

**Box 9 — Investment Expenses.** Enter the regular interest holder's *pro rata* share of investment expenses deductible by a single-class REMIC.

**Statements to Holders.** For each Form 1099-OID you are required to file, you must furnish a statement to the REMIC or FASIT regular interest or CDO holder identified on the form. The statement must contain the information shown on Form 1099-OID, including the legend shown on Copy B of the official Form 1099-OID, and an indication that these items are being furnished to the IRS. The statement also must show the information specified in *Regulations section 1.6049-7(f)(2)(ii)*. In addition, the statement furnished by a REMIC must show, for each calendar quarter, the information specified in *Regulations section 1.6049-7(f)(3)*. Also see *Regulations section 1.6049-7(f)(3)(ii)* for information that may be required to be reported to a real estate investment trust (REIT) that holds a REMIC regular interest.

A single-class REMIC [as defined in *Temporary Regulations section 1.67-3T(a)(2)(ii)(B)*] must include in the statement the investment expenses paid or accrued during each calendar quarter by the REMIC for which the REMIC is allowed a deduction under section 212 and the proportionate share of those investment expenses allocated to the regular interest holder.

The statement must be furnished to holders by **March 15**. To meet the statement requirement, you may furnish a copy of Form 1099-OID and a

separate statement containing the additional information to the REMIC or FASIT regular interest or CDO holder.

For information about reporting income to REMIC residual interest holders, see the *Instructions for Schedule Q (Form 1066), Quarterly Notice to Residual Interest Holder of REMIC Taxable Income or Net Loss Allocation*, in the separate *Instructions for Form 1066* available at [www.irs.gov/form1066](http://www.irs.gov/form1066).

**Form 8811 and Reporting by Brokers or Middlemen.** REMICs and issuers of CDOs must also file Form 8811, Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations, within 30 days after the start-up date of the REMIC or issue date of a CDO. The IRS will use the information on Forms 8811 to update Pub. 938, Real Estate Mortgage Investment Conduits (REMICs) Reporting Information, for use by certain brokers, middlemen, corporations, and others specified in Regulations section 1.6049-7(e)(4). Pub. 938 is available at [www.irs.gov/pub938](http://www.irs.gov/pub938).

For the requirements that a REMIC or CDO issuer or a broker or middleman who holds a REMIC or FASIT regular interest or a CDO furnish certain information on request, see *Regulations sections 1.6049-7(e) and 1.6049-7(f)(7)*.

## FORM 1099-DIV

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 1099-DIV and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099div](http://www.irs.gov/form1099div).

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics:

- Backup withholding
- Electronic reporting requirements
- Penalties
- Who must file (nominee/middleman; certain FFIs and U.S. payors that report on Form(s) 1099 to satisfy their chapter 4 reporting requirements).
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- The definitions of terms applicable for chapter 4 purposes that are referenced in these instructions.
- Other general topics

You can get the general instructions from **IRS.gov** or by calling 1-800-TAX-FORM (1-800-829-3676).

## Specific Instructions for Form 1099-DIV

File Form 1099-DIV, Dividends and Distributions, for each person:

- To whom you have paid dividends (including capital gains dividends and exempt-interest dividends) and other distributions on stock of \$10 or more,
- For whom you have withheld and paid any foreign tax on dividends and other distributions on stock,
- For whom you have withheld any federal income tax on dividends under the backup withholding rules, or
- To whom you have paid \$600 or more as part of a liquidation.

**Dividends.** If you make a payment that may be a dividend, but you are unable to determine whether any part of the payment is a dividend by the time you must file Form 1099-DIV, the entire payment must be reported as a dividend. See *Regulations under Section 6042* for a definition of dividends.

**Exceptions:** You are not required to report on Form 1099-DIV the following:

1. Taxable dividend distributions from life insurance contracts and employee stock ownership plans are reported on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
2. Substitute payments in lieu of dividends. For payments received by a broker on behalf of a customer in lieu of dividends as a result of a loan of a customer's securities, see *Box 8 in the 2017 Instructions for Form 1099-MISC*.

**NOTE:** Substitute payments in lieu of dividends may be reported on a composite statement to the recipient with Form 1099-DIV. See *Pub. 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns*.

3. Payments made to certain payees including a corporation, tax-exempt organization, any IRA, Archer MSA, health savings account (HSA), U.S. agency, state, the District of Columbia, U.S. possession, or registered securities or commodities dealer.

**NOTE:** Certain distributions commonly referred to as "dividends" are actually interest and are to be reported on *Form 1099-INT*. These include so-called "dividends" on deposits or on share accounts in cooperative banks, credit unions, domestic building and loan associations, domestic and federal savings and loan associations, and mutual savings banks.

**Qualified Dividends.** Except as provided below, qualified dividends are dividends paid during the tax year from domestic corporations and qualified foreign corporations.

**Exceptions:** The following dividends are not qualified dividends:

- Dividends the recipient received on any share of stock held for less than 61 days during the 121-day period that began 60 days before the ex-dividend date. (See the instructions for *box 1b*.) When determining the number of days the recipient held the stock, you cannot count certain days during which the recipient's risk of loss was diminished. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of a stock is not entitled to receive the next dividend payment. When counting the number of days the recipient held the stock, include the day the recipient disposed of the stock but not the day the recipient acquired it.
- Dividends attributable to periods totaling more than 366 days that the recipient received on any share of preferred stock held for less than 91 days during the 181-day period that began 90 days before the ex-dividend date. See the instructions for *box 1b*. When determining the number of days the recipient held the stock, you cannot count certain days during which the recipient's risk of loss was diminished. Preferred dividends attributable to periods totaling less than 367 days are subject to the 61-day holding period rule above.
- Dividends that relate to payments that the recipient is obligated to make with respect to short sales or positions in substantially similar or related property.
- Dividends paid by a regulated investment company that are not treated as qualified dividend income under section 854.
- Dividends paid by a real estate investment trust that are not treated as qualified dividend income under section 857(c).
- Deductible dividends paid on employer securities. See *Section 404(k) Dividends*, below.

**Qualified foreign corporation.** A foreign corporation is a **qualified** foreign corporation if it is:

1. Incorporated in a possession of the United States or
2. Eligible for benefits of a comprehensive income tax treaty with the United States that the Treasury Department determines is satisfactory for this purpose and that includes an exchange of information program.

9191

 VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

PATTON & OSBORNE, INC  
15 MADDEN DRIVE  
EUCLID, GA 30399  
(800) 545-8095

1a Total ordinary dividends

OMB No. 1545-0110

\$ 3140.00

1b Qualified dividends

\$

2017

Form 1099-DIV

## Dividends and Distributions

PAYER'S federal identification number    RECIPIENT'S identification number

14-2813054    311-11-2975

2a Total capital gain distr.

2b Unrecap. Sec. 1250 gain

\$

\$

2c Section 1202 gain

2d Collectibles (28%) gain

\$

\$

RECIPIENT'S name

ROBERT U. HORT

3 Nondividend distributions

4 Federal income tax withheld

\$

\$

Street address (including apt. no.)

42 PEACHTREE STREET

5 Investment expenses

\$

City or town, state or province, country, and ZIP or foreign postal code

ATLANTA, GA 30285

6 Foreign tax paid

7 Foreign country or U.S. possession

\$

\$

8 Cash liquidation distributions

9 Noncash liquidation distributions

\$

\$

10 Exempt-interest dividends

11 Specified private activity bond interest dividends

\$

\$

Form 1099-DIV

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www.irs.gov/form1099div

Department of the Treasury - Internal Revenue Service

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Internal Revenue  
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**File with Form 1096.**

**For Privacy Act  
and Paperwork  
Reduction Act  
Notice, see the  
2017 General  
Instructions for  
Certain  
Information  
Returns.**

**NOTE:** For a list of income tax treaties of the United States that (a) are comprehensive, (b) include an information exchange program, and (c) have been determined by the Treasury Department to be satisfactory for this purpose, see *Notice 2011-64*, *2011-37 I.R.B.* 231, available at [www.irs.gov/irb/2011-37\\_IRB/ar07.html](http://www.irs.gov/irb/2011-37_IRB/ar07.html).

If the foreign corporation does not meet either 1 or 2 above, then it may be treated as a qualified foreign corporation for any dividend paid by the corporation if the stock associated with the dividend paid is readily tradable on an established securities market in the United States. See *Notice 2003-71*, *2003-43 I.R.B.* 922, available at [www.irs.gov/irb/2003-43\\_IRB/ar10.html](http://www.irs.gov/irb/2003-43_IRB/ar10.html), for more information on when a stock may be considered to be readily tradable. For additional requirements that must be met, see *Notice 2006-3*, *2006-3 I.R.B.* 306, available at [www.irs.gov/irb/2006-03\\_IRB/ar11.html](http://www.irs.gov/irb/2006-03_IRB/ar11.html).

**NOTE:** For guidance on the extent to which distributions, inclusions, and other amounts received by, or included in the income of, individual shareholders as ordinary income from foreign corporations subject to certain anti-deferral regimes may be treated as qualified dividends, see *Notice 2004-70*, *2004-44 I.R.B.* 724, available at [www.irs.gov/irb/2004-44\\_IRB/ar09.html](http://www.irs.gov/irb/2004-44_IRB/ar09.html).

**Section 404(k) Dividends.** Report as ordinary dividends in box 1a of Form 1099-DIV payments of 404(k) dividends directly from the corporation to the plan participants or their beneficiaries.

Section 404(k) dividends are not subject to backup withholding. Also, these dividends are not eligible for the reduced capital gains rates (see *Exceptions under Qualified Dividends*, earlier).

**RICs and REITs Qualified Dividends.** If any part of the total ordinary dividends reported in box 1a is qualified dividends, report the qualified dividends in box 1b.

**NOTE:** For guidance pertaining to dividends of RICs and REITs, see *Notice 2004-39*, *2004-22 I.R.B.* 982, (capital gain dividends of RICs and REITs) available at [www.irs.gov/irb/2004-22\\_IRB/ar11.html](http://www.irs.gov/irb/2004-22_IRB/ar11.html), modified by

*Notice 2015-41*, *2015-24 I.R.B.* 1058, (capital gain distributions of RICs) available at [www.irs.gov/irb/2015-24\\_IRB/ar07.html](http://www.irs.gov/irb/2015-24_IRB/ar07.html), and *Rev. Rul. 2005-31*, *2005-21 I.R.B.* 1084, (limitations applicable to dividends received from RICs) available at [www.irs.gov/irb/2005-21\\_IRB/ar07.html](http://www.irs.gov/irb/2005-21_IRB/ar07.html).

**Dividend Payment Delayed Until January.** If a regulated investment company (RIC) or a real estate investment trust (REIT) declares a dividend in October, November or December payable to shareholders of record on a specified date in such a month, the dividends are treated as paid by the RIC or REIT and received by the recipients on December 31 of such year as long as the dividends are actually paid by the RIC or REIT during January of the following year. Report the dividends on Form 1099-DIV for the year preceding the January they are actually paid. See *section 852(b)(7)* and *857(b)(9)* for RICs and REITs respectively.

If a dividend paid in January is subject to backup withholding, withhold when the dividend is actually paid. Therefore, backup withhold in January, deposit the withholding when appropriate, and reflect it on Form 945, Annual Return of Withheld Federal Income Tax, for the year withheld. However, since the dividend is reportable on Form 1099-DIV in the prior year, the related backup withholding is also reportable on the prior year Form 1099-DIV.

**Qualified small business stock – RICs.** Under section 1202, a 50% exclusion may be allowed on the gain from the sale or exchange of qualified small business stock issued after August 10, 1993, and held for more than 5 years. For qualified small business stock acquired after February 17, 2009, and before September 28, 2010, the exclusion is 75%. For qualified small business stock acquired after September 27, 2010, and before January 1, 2014, the exclusion is 100%. A 60% exclusion may be allowed if the stock is empowerment zone business stock acquired after December 21, 2000. For purposes of the 75% and 100% exclusions, the acquisition date shall be the first day on which the stock was held by the taxpayer determined after the application of section 1223. The 75% and 100% exclusion increases do not apply to empowerment zone stock.

If any part of the capital gain distribution reported in box 2a may qualify for this exclusion (taking into consideration the recipient's holding period),

report the gain in box 2c, and furnish the recipient a statement that reports separately for each designated section 1202 gain the:

- Name of the corporation that issued the stock that was sold,
- Date(s) on which the RIC acquired the stock,
- Date sold,
- Recipient's part of the sales price,
- Recipient's part of the RIC's basis in the stock, and
- Amount of the recipient's section 1202 gain and the exclusion percentage.

**Qualified tax credit bonds.** If a RIC or REIT holds any qualified tax credit bonds, any interest that the RIC or REIT recognizes on the bonds is included in the RICs or REIT's gross income. See *section 54A and Notice 2009-15, 2009-6 I.R.B. 449*, available at [www.irs.gov/irb/2009-06\\_IRB/ar09.html](http://www.irs.gov/irb/2009-06_IRB/ar09.html). RICs can make an election to distribute any credits allowed to shareholders or beneficiaries. Report tax credit bond credits distributed by a RIC or REIT on Form 1097-BTC. See *Section 853A*.

If a RIC or REIT distributes any credits with respect to its stock, the RIC or REIT must report the distributed credits that are treated as dividends on Form 1099-DIV. See *Notice 2010-28* available at [www.irs.gov/irb/2010-15\\_ar08.html](http://www.irs.gov/irb/2010-15_ar08.html).

**Restricted Stock.** For information about reporting dividends on restricted stock, see *Rev. Procs. 80-11, 1980-1 C.B. 616*, and *83-38, 1983-1 C.B. 773*; and *Rev. Rul. 83-22, 1983-1 C.B. 17*.

**Widely Held Fixed Investment Trusts (WHFITS).** Trustees and middlemen must report the gross amount of dividend income attributable to a trust income holder (TIH) in the appropriate box on Form 1099-DIV, if that amount exceeds \$10. If the trustee or middleman provides WHFIT information using the safe harbor rules in Regulations section 1.671-5(f)(1) or (g)(1), the trustee or middleman must determine the amounts reported on all Forms 1099 under section 1.671-5(f)(2) or (g)(2), as appropriate.

**Due date exception and other requirements for furnishing the tax information statement to TIHs.** A tax information statement that includes the information provided to the IRS on all Forms 1099 filed for the calendar year with respect to the TIH's interest in the WHFIT, as well as additional information identified in Regulations section 1.671-5(e), must be provided to the TIHs. The written tax information statement furnished to the TIH for 2017 is due on or before March 15, 2018. The amount of an item of trust expense that is attributable to a TIH must be included on the tax information statement provided to the TIH and is not required to be included in box 5 on the Form 1099-DIV.

For more filing requirements, see the *2017 General Instructions for Certain Information Returns*.

**Statements to Recipients.** If you are required to file Form 1099-DIV, you must provide a statement to the recipient. For information about the requirement to furnish an official or acceptable substitute Form 1099-DIV to recipients in person, by statement mailing, or electronically, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Information Returns*.

**FATCA Filing Requirement Check Box** Check the box if you are a U.S. payor that is reporting on Form(s) 1099 (including reporting distributions in boxes 1 through 3 and 8 through 11 on this Form 1099-DIV) as part of satisfying your requirement to report with respect to a U.S. account for chapter 4 purposes as described in Regulations section 1.1471-4(d)(2)(iii) (A). In addition, check the box if you are an FFI reporting payments to a U.S. account pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A).

**2nd TIN Not.** You may enter an "X" in this box if you were notified by IRS twice within three calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account. However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two notices in 3-year rule, you are considered to have received one notice. You are not required to send a second "B" notice to the taxpayer on receipt of the second notice. See *Part N* in the *2017 General Instructions for Certain Information Returns* for more information.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-DIV. The account number is also required if you check the "FATCA filing requirement" box. See *FATCA Filing Requirement Check Box*, earlier. Additionally, the IRS encourages you to designate an account number for all Forms 1099-DIV that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1a — Total Ordinary Dividends.** Enter dividends, including dividends from money market funds, net short-term capital gains from mutual funds, and other distributions on stock. Include reinvested dividends and section 404(k) dividends paid directly from the corporation. Include as a dividend the amount of the recipient's share of investment expenses that you report in box 5.

**For S Corporations.** Report as dividends, on Form 1099-DIV, only distributions made during 2017 out of accumulated earnings and profits. See *section 1368* for more information.

**Box 1b — Qualified Dividends.** Enter the portion of the dividends in box 1a that qualify for the reduced capital gains rates. Include dividends for which it is impractical to determine if the section 1(h)(11)(B)(iii) holding period requirement has been met. See *Qualified Dividends* on page 49.

You must report a dividend paid by a foreign corporation according to the guidance provided in *Notice 2003-79, 2003-50 I.R.B. 1206*, available at [www.irs.gov/irb/2003-50\\_IRB/ar12.html](http://www.irs.gov/irb/2003-50_IRB/ar12.html) and *Notice 2004-71, 2004-45 I.R.B. 793*, available at [www.irs.gov/irb/2004-45\\_IRB/ar09.html](http://www.irs.gov/irb/2004-45_IRB/ar09.html), which contain the rules for reporting the dividend for tax years 2003 and 2004. These rules are extended for 2005 and subsequent tax years by *Notice 2006-3, 2006-3 I.R.B. 306*, available at [www.irs.gov/irb/2006-03\\_IRB/ar11.html](http://www.irs.gov/irb/2006-03_IRB/ar11.html).

**Box 2a — Total Capital Gain Distributions.** Enter total capital gain distributions (long-term). Include all amounts shown in boxes 2b, 2c, and 2d.

**NOTE:** For more information about reporting amounts in boxes 2b through 2d, see *section 1(h)*.

**Box 2b — Unrecap. Sec. 1250 Gain.** Enter any amount included in box 2a that is an unrecaptured section 1250 gain from certain depreciable real property.

**Box 2c — Section 1202 Gain.** Enter any amount included in box 2a that is a section 1202 gain from certain qualified small business stock. See *Qualified small business stock — RICs* on page 50.

**Box 2d — Collectibles (28%) Gain.** Enter any amount included in box 2a that is a 28% rate gain from sales or exchanges of collectibles.

**Box 3 — Nondividend Distributions.** Enter nondividend distributions, if determinable.

**NOTE:** File Form 5452, Corporate Report of Nondividend Distributions, if you are a corporation and paid nondividend distributions to shareholders.

**Box 4 — Federal Income Tax Withheld.** Enter backup withholding. For example, if a recipient does not furnish its TIN to you in the manner required, you must backup withhold at a 28% rate on certain dividend payments reported on this form. Use Form W-9, Request for Taxpayer Identification Number and Certification, to request the TIN of the recipient.

For foreign recipients, use the applicable Form W-8. See the instructions for the *Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY*.

**Box 5 — Investment Expenses.** Enter the recipient's pro rata share of certain amounts deductible by a nonpublicly offered regulated investment company in computing its taxable income. This amount is includable in the recipient's gross income under section 67(c) and must also be included in box 1a. Do not include any investment expenses in box 1b.

**Box 6 — Foreign Tax Paid.** Enter foreign tax withheld and paid on dividends and other distributions on stock. A RIC must report only the amount it elects to pass through to the recipient. Report this amount in U.S. dollars.

**Box 7 — Foreign Country or U.S. Possession.** Enter the name of the foreign country or U.S. possession for which the foreign tax was paid and reported in box 6.

**RICs—special reporting instructions.** Do not complete box 7. Under Regulations section 1.853-4, country-by-country reporting to shareholders for the amount reported in box 6 is not required. The requirement to file a separate statement to the Internal Revenue Service has been modified to require filing a statement that elects the application of section 853 for the tax year with the return for the tax year. See *Regulations section 1.853-4* for more information. The statement does not have to be sent with the Forms 1096 and 1099.



**CAUTION:** Boxes 8 and 9 apply only to corporations in partial or complete liquidation. Do not include these amounts in box 1a or 1b.

**Box 8 — Cash Liquidation Distribution.** Enter cash distributed as part of a liquidation.

**Box 9 — Noncash Liquidation Distribution.** Enter noncash distributions made as part of a liquidation. Show the fair market value as of the date of distribution.

**Box 10 — Exempt-Interest Dividends.** Enter exempt-interest dividends from a mutual fund or other regulated investment company (RIC). Include specified private activity bond interest dividends in box 11 and in the total for box 10. See the instructions for *Box 11*, below.

**Box 11 — Specified Private Activity Bond Interest Dividends.** Enter exempt-interest dividends paid by a RIC on specified private activity bonds to the extent that the dividends are attributable to interest on the bonds received by the RIC minus an allocable share of the expenses. Generally, "specified private activity bond" means any private activity bond defined in section 141 and issued after August 7, 1986. See *section 57(a)(5)* for more details.

**Boxes 12 through 14 — State Information.** These boxes, and Copies 1 and 2, are provided for your convenience only and need not be completed for the IRS. If you withheld state income taxes on this payment, use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dashed line in each box. In box 12, enter the abbreviated name of the state. In box 13, enter payer's state identification number. The state number is the payer's identification number assigned by the individual state. Enter in box 14 the state income tax withheld on this payment.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient's state income tax return.

## FORM 1099-MISC

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 1099-MISC and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099misc](http://www.irs.gov/form1099misc).

### REMINDER

**General Instructions.** In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics.

- Who must file (nominee/middleman; certain FFIs and U.S. payers that report on Form(s) 1099 to satisfy their chapter 4 reporting requirements).
- When and where to file.
- Electronic reporting requirements.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers.
- Backup withholding.
- Penalties.
- The definitions of terms applicable for chapter 4 purposes that are referenced in these instructions.
- Other general topics

You can get the general instructions at *2017 General Instructions for Certain Information Returns* or [www.irs.gov/form1099misc](http://www.irs.gov/form1099misc).

Filing date when nonemployee compensation payments are reported in box 7. Public Law 114-113, Division Q, section 201, requires you to file Form 1099-MISC if you are reporting nonemployee compensation payments in box 7 on or before January 31, 2018, using either paper or electronic filing procedures. For all other reported payments, file Form 1099-MISC by February 28, 2018, if you file on paper, or April 2, 2018, if you file electronically.

### Specific Instructions for Form 1099-MISC

File Form 1099-MISC, Miscellaneous Income, for each person to whom you have paid during the year:

- At least \$10 in royalties (see the instructions for *box 2*) or broker payments in lieu of dividends or tax-exempt interest (see the instructions for *box 8*);
- At least \$600 in:
  1. rents (box 1);
  2. services performed by someone who is not your employee (including parts and materials), box 7;
  3. prizes and awards (see instructions for *boxes 3 and 7*);
  4. other income payments (box 3);
  5. medical and health care payments (box 6);
  6. crop insurance proceeds (box 10);
  7. cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish (box 7);
  8. generally, the cash paid from a notional principal contract to an individual, partnership, or estate (box 3);
- 9. Payments to an attorney. See *Payments to attorneys*, later; or
- 10. Any fishing boat proceeds (box 5).

In addition, use Form 1099-MISC to report that you made direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment (box 9).

You must also file Form 1099-MISC for each person from whom you have withheld any federal income tax (report in box 4) under the backup withholding rules regardless of the amount of the payment.



**CAUTION:** Be sure to report payments in the proper box because the IRS uses this information to determine whether the recipient has properly reported the payment.

**Trade or Business Reporting Only.** Report on Form 1099-MISC only when payments are made in the course of your trade or business. Personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit. However, nonprofit organizations are considered to be engaged in a trade or business and are subject to these reporting requirements. Organizations also subject to these reporting requirements include trusts of qualified pension or profit-sharing plans of employers,

9595

 VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

COLBY REALTY CO.  
12 CRAWFORD STREET  
BEAVERTON, OR 97199  
(800) 452-2894

1 Rents

\$

OMB No. 1545-0115

2017

Form 1099-MISC

### Miscellaneous Income

PAYER'S federal identification number    RECIPIENT'S identification number

99-1234567

123-45-6789

3 Other income

\$

4 Federal income tax withheld

\$

RECIPIENT'S name

MARTHA LANGMAN

5 Fishing boat proceeds

\$

6 Medical and health care payments

Street address (including apt. no.)

2840 LADYBUG ROAD

7 Nonemployee compensation

\$

8 Substitute payments in lieu of dividends or interest

City or town, state or province, country, and ZIP or foreign postal code

PORTLAND, OR 98651

\$ 6400.00

9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale ► 

10 Crop insurance proceeds

\$

11

12

Account number (see instructions)

FATCA filing requirement

2nd TIN not

13 Excess golden parachute payments

\$

14 Gross proceeds paid to an attorney

\$

15a Section 409A deferrals

15b Section 409A income

16 State tax withheld

\$

17 State/Payer's state no.

\$

**Copy A**  
For  
**Internal Revenue Service Center**

File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **2017 General Instructions for Certain Information Returns**.

Form 1099-MISC

41-0852411

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Department of the Treasury - Internal Revenue Service

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certain organizations exempt from tax under section 501(c) or (d) and farmers' cooperatives that are exempt from tax under section 521, and widely held fixed investment trusts. Payments by Federal, state or local government agencies are also reportable.

**Payments to Attorneys.** The term attorney includes a law firm or other provider of legal services. Attorney's fees of \$600 or more paid in the course of your trade or business are reportable in box 7 of Form 1099-MISC.

**Gross Proceeds Paid to Attorneys.** Under section 6045(f), report in box 14 payments to an attorney made in the course of your trade or business in connection with legal services, such as in a settlement agreement, that totals \$600 or more and are not reportable by you in box 7. Generally, you are not required to report the claimant's attorney's fees. For example, an insurance company pays a claimant's attorney \$100,000 to settle a claim. The insurance company reports the payment as gross proceeds of \$100,000 in box 14. The insurance company does not have a reporting requirement for the claimant's attorney's fees subsequently paid from these funds.

These rules apply whether or not the legal services are provided to the payer and whether or not the attorney is exclusive payee (for example, the attorney's and claimant's names are on one check) or other information returns are required for some or all of a payment under section 6041A(a)(1). For example, a person who, in the course of a trade or business, pays \$600 of taxable damages to a claimant by paying that amount to a claimant's attorney is required to furnish Form 1099-MISC to the claimant under section 6041 and furnish Form 1099-MISC to the claimant's attorney under section 6045(f). For more examples and exceptions relating to payments to attorneys, see *Regulations section 1.6045-5*.

However, these rules do not apply to wages paid to attorneys that are reportable on Form W-2 or to profits distributed by a partnership to its partners that are reportable on:

• **Schedule K-1 (Form 1065), Partner's Share of Income, Credits, Deductions, etc., or**

• **Schedule K-1 (Form 1065-B), Partner's Share of Income (Loss) From an Electing Large Partnership.**

**Payments to Corporations for Legal Services.** The exemption from reporting payments made to corporations does not apply to payments for legal services. Therefore, you must report attorneys' fees (in box 7) or gross proceeds (in box 14) as described above to corporations that provide legal services.

**TINs.** To report payments to attorneys on Form 1099-MISC, you must obtain the attorney's taxpayer identification number (TIN). Form W-9, Request for Taxpayer Identification Number and Certification, may be used to obtain the attorney's TIN. An attorney is required to promptly supply its TIN whether it is a corporation or other entity but the attorney is not required to certify its TIN. If the attorney fails to provide its TIN, the attorney may be subject to a penalty under section 6723 and its regulations, and you must backup withhold on the reportable payments.

**Fish Purchases.** If you are in the trade or business of purchasing fish for resale, you must report total cash payments of \$600 or more paid during the year to any person who is engaged in the trade or business of catching fish. Report these payments in box 7. You are required to keep records showing the date and amount of each cash payment made during the year, but you must report only the total amount paid for the year on Form 1099-MISC. "Fish" means all fish and other forms of aquatic life. "Cash" means U.S. and foreign coin and currency and a cashier's check, bank draft, traveler's check, or money order. Cash does not include a check drawn on your personal or business account.

**Canceled Debt.** A canceled debt is not reportable on Form 1099-MISC. Canceled debts are required to be reported on Form 1099-C, Cancellation of Debt, by financial institutions, credit unions, Federal Government agencies, certain agencies connected with the Federal Government, and an organization where the lending of money (such as finance and credit card companies) is a significant trade or business.

See the separate *Instructions for Forms 1099-A and 1099-C*.

**Exceptions:** Some payments are not required to be reported on Form 1099-MISC, although they may be taxable to the recipient. Payments for which a Form 1099-MISC is not required include:

- Generally, payments to a corporation (including a limited liability company (LLC) that is treated as a C- or S-Corporation), but see *Reportable payments to corporations*, below;
- Payments for merchandise, telegrams, telephone, freight, storage, and similar items;
- Payments of rent to real estate agents. But the real estate agent must use Form 1099-MISC to report the rent paid over to the property owner. See *Regulations section 1.6041-1(e)(5)*, *Example 5*, and the instructions for *Box 1*;
- Wages paid to employees (report on Form W-2, Wage and Tax Statement);
- Military differential wage payments made to employees while they are on active duty in the Armed Forces or other uniformed services (report on Form W-2);
- Business travel allowances paid to employees (may be reportable on Form W-2);
- Cost of current life insurance protection (report on Form W-2 or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.);
- Payments to a tax-exempt organization including tax-exempt trusts (IRAs, HSAs, Archer MSAs, and Coverdell ESAs), the United States, a state, the District of Columbia, a U.S. possession, or a foreign government;
- Payments made to or for homeowners from the HFA Hardest Hit Fund or the Emergency Homeowners' Loan Program or similar state program (report on Form 1098-MA).
- Compensation for injuries or sickness by the Department of Justice as a public safety officer disability or survivor's benefit, or under a state program that provides benefits for surviving dependents of a public safety officer who has died as the direct and proximate result of a personal injury sustained in the line of duty.
- Compensation for wrongful incarceration for any criminal offense for which there was a conviction under Federal or State law. See *section 139F*, Certain amounts received by wrongfully incarcerated individuals

**Form 1099-K.** Payments made with a credit card or payment card and certain other types of payment, including third party network transactions, must now be reported on Form 1099-K by the payment settlement entity under section 6050W and are not subject to reporting on Form 1099-MISC. See the separate *Instructions for Form 1099-K*.

**Scholarships.** DO NOT use Form 1099-MISC to report scholarship or fellowship grants. Scholarship or fellowship grants that are taxable to the recipient because they are paid for teaching, research or other services as a condition for receiving the grant, are considered wages and must be reported on Form W-2. Other taxable scholarship or fellowship payments (to a degree or non-degree candidate) are not required to be reported by you to the IRS on any form. See *Section 117(b)-(d)* and *Regulations section 1.6041-3(n)* for more information.

**Fees Paid to Informers.** A payment to an informer as an award, fee, or reward for information about criminal activity is not required to be reported if the payment is made by a Federal, state or local government agency, or by a nonprofit organization exempt from tax under section 501(c)(3) that makes the payment to further the charitable purpose of lessening the burdens of government. For more information, see *Regulations section 1.6041-3(l)*.

**Difficulty-of-care Payments.** Difficulty-of-care payments that are excludable from the recipient's gross income are not required to be reported. Difficulty-of-care payments to foster care providers are not reportable if paid for not more than 11 children under age 19 and not more than 6 individuals age 19 or older. Amounts paid for more than 10 children or more than 5 individuals are reportable on Form 1099-MISC.

**Reportable Payments to Corporations.** The following payments made to corporations generally must be reported on Form 1099-MISC:

- Medical and health care payments reported in box 6.
- Fish purchases for cash reported in box 7.

- Attorney's fees reported in box 7.
- Gross proceeds paid to an attorney reported in box 14.
- Substitute payments in lieu of dividends or tax-exempt interest reported in box 8.
- Payments by a Federal executive agency for services (vendors) reported in box 7.

**NOTE:** Federal executive agencies may also have to file Form 8596, Information Return for Federal Contracts, and Form 8596A, Quarterly Transmittal of Information Returns for Federal Contracts, if a contracted amount for personal services is more than \$25,000. See *Rev. Rul. 2003-66*, which is on page 1115 of *Internal Revenue Bulletin 2003-26* at [www.irs.gov/pub/irs-irsbs/irb03-26.pdf](http://www.irs.gov/pub/irs-irsbs/irb03-26.pdf), for details.

**Directors' Fees.** You must report directors' fees and other remuneration, including payments made after retirement, on Form 1099-MISC in the year paid. Report them in box 7.

**Deceased Employee's Wages.** If an employee dies during the year, you must report the accrued wages, vacation pay, and other compensation paid after the date of death. If you made the payment in the same year the employee died, you must withhold social security and Medicare taxes on the payment and report them only as social security and Medicare wages on the employee's Form W-2 to ensure that proper social security and Medicare credit is received. On the Form W-2, show the payment as social security wages (box 3) and Medicare wages and tips (box 5) and the social security and Medicare taxes withheld in boxes 4 and 6; do not show the payment in box 1 of Form W-2. If you made the payment after the year of death, do not report it on Form W-2, and do not withhold social security and Medicare taxes.

Whether the payment is made in the year of death or after the year of death, you also must report the payment to the estate or beneficiary on Form 1099-MISC. Report the payment in box 3 (rather than in box 7 as specified in Rev. Rul. 86-109, 1986-2 C.B. 196). Enter the name and TIN of the payment recipient on Form 1099-MISC. For example, if the recipient is an individual beneficiary, enter the name and social security number of the individual; if the recipient is the estate, enter the name and employer identification number of the estate. The general backup withholding rules apply to this payment.

Death benefits from nonqualified deferred compensation plans or section 457 plans paid to the estate or beneficiary of a deceased employee are reportable on Form 1099-MISC. However, if the benefits are from a qualified plan, report them on Form 1099-R. See the *Instructions for Forms 1099-R* and *5498*.

**Example:** Before Employee A's death on June 15, 2017, A was employed by Employer X and received \$10,000 in wages on which Federal income tax of \$1,500 was withheld. When A died, X owed A \$2,000 in wages and \$1,000 in accrued vacation pay. The total of \$3,000 (less the social security and Medicare taxes withheld) was paid to A's estate on July 20, 2017. Because X made the payment during the year of death, X must withhold social security and Medicare taxes on the \$3,000 payment and must complete Form W-2 as follows:

- **Box 1** — 10000.00 (does not include the \$3,000 accrued wages and vacation pay)
- **Box 2** — 1500.00
- **Box 3** — 13000.00 (includes the \$3,000 accrued wages and vacation pay)
- **Box 4** — Social security tax withheld on the amount in box 3
- **Box 5** — 13000.00 (includes the \$3,000 accrued wages and vacation pay)
- **Box 6** — Medicare tax withheld on the amount in box 5

Employer X also must complete Form 1099-MISC as follows:

- **Boxes for recipient's name, address, and TIN** — the estate's name, address, and TIN.
- **Box 3** — 3000.00 (Even though amounts were withheld for social security and Medicare taxes, the gross amount is reported here.)

If Employer X made the payment after the year of death, the \$3,000 would **not** be subject to social security and Medicare taxes and would **not** be shown on Form W-2. However, the employer would still file Form 1099-MISC.

**Employee Business Expense Reimbursements.** Do not use Form 1099-MISC to report employee business expense reimbursements. Report payments made to employees under a nonaccountable plan as wages on Form W-2. Generally, payments made to employees under an accountable plan are not reportable on Form W-2, except in certain cases when you pay per diem or mileage allowance. For more information, see the *Instructions for Forms W-2 and W-3 and Pub. 463, Travel, Entertainment, Gift, and Car Expenses* and *Pub. 1542, Per Diem Rates*. For information on reporting employee moving expense reimbursements on Form W-2, see the *Instructions for Forms W-2 and W-3*.

**Independent Contractor or Employee.** Generally, you must report payments to independent contractors on Form 1099-MISC in box 7.

**NOTE:** Section 530 of the Revenue Act of 1978 as extended by section 269(c) of P.L. 97-248, deals with the employment tax status of independent contractors and employees. To qualify for relief under section 530, employers must file Form 1099-MISC. Additional requirements for relief are discussed in Rev. Proc. 85-18, 1985-1 C.B. 518. Also, see *Pub. 15-A, Employer's Supplemental Tax Guide*, for special rules that may apply to technical service specialists and test proctors and room supervisors.

**Transit Passes and Parking for Independent Contractors.** Although you cannot provide qualified transportation fringes to independent contractors, the working condition and *de minimis* fringe rules for transit passes and parking apply to independent contractors. Tokens or farecards that enable an independent contractor to commute on a public transit system (not including privately operated van pools) are excludable from the independent contractor's gross income and are not reportable on Form 1099-MISC if their value in any month is \$21 or less. However, if the value of a pass provided in a month is greater than \$21, the full value is includable in gross income and is reportable on Form 1099-MISC. The value of parking may be excludable from an independent contractor's gross income, and, therefore, not reportable on Form 1099-MISC if certain requirements are met. See *Regulations section 1.132-9, Q/A24*.

**Commissions Paid to Lottery Ticket Sales Agents.** A state that has control over and responsibility for on-line and instant lottery games must file Form 1099-MISC to report commissions paid, whether directly or indirectly, to licensed sales agents. For example, State X retains control over and liability for on-line and instant lottery games. For on-line ticket sales, State X pays commissions by allowing an agent to retain 5% of the ticket proceeds the agent remits to State X. For instant ticket sales, State X pays commissions by providing tickets to the agent for 5% less than the proceeds to be obtained by the agent from the sale of those tickets. If the commissions for the year total \$600 or more, they must be reported in box 7 on Form 1099-MISC. See *Rev. Rel. 92-96, 1992-2 C.B. 281*.

**Escrow Agent; Construction Project.** When an escrow agent maintains owner-provided funds in an escrow account for a construction project, performs management and oversight functions relating to the construction project, and makes payments for the owner and the general contractor, the escrow agent must file Form 1099-MISC for reportable payments of \$600 or more. This requirement applies whether or not the escrow agent is a bank. If the contractor is the borrower of the funds, do not report on Form 1099-MISC any loan payments made to the contractor/borrower.

**Indian Gaming Profits, Payments to Tribal Members.** If you make payments to members of Indian tribes from the net revenues of class II or class III gaming activities conducted or licensed by the tribes, you must withhold Federal income tax on such payments.

File Form 1099-MISC to report the distributions to tribal members. Report the payments in box 3 and the Federal income tax withheld in box 4. *Pub. 15-A, Employer's Supplemental Tax Guide*, contains the necessary "Tables for Withholding on Distributions of Indian Gaming Profits to Tribal Members."

**State or Local Sales Taxes.** If state or local sales taxes are imposed on the service provider and you (as the buyer) pay them to the service provider, report them on Form 1099-MISC as part of the reportable payment. However, if sales taxes are imposed on you (as the buyer) and collected from you by the service provider, do not report the sales taxes on Form 1099-MISC.

**Widely held fixed investment trusts (WHFITs).** Trustees and middlemen of WHFITs must report items of gross income attributable to a trust income holder (TIH) on the appropriate Form 1099. A tax information statement that includes the information provided to the IRS on Forms 1099, as well as additional information identified in Regulations section 1.671-5(e), must be furnished to TIHs. For details, see the *2017 General Instructions for Certain Information Returns*.

**Statements to recipients.** If you are required to file Form 1099-MISC, you must provide a statement to the recipient. For more information about the requirement to furnish a statement to each recipient, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on paper statements.** Pursuant to Treasury Regulations 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**FATCA Filing Requirement Check Box.** Check the box if you are a U.S. payor that is reporting on Form(s) 1099 (including reporting payments on this Form 1099-MISC) as part of satisfying your requirement to report with respect to a U.S. account for chapter 4 purposes as described in Regulations section 1.1471-4(d)(2)(iii)(A). In addition, check the box if you are an FFI reporting payments to a U.S. account pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A). Finally, check the box if you are an FFI making the election described in Regulations section 1.1471-4(d)(5)(i)(A) and are reporting a U.S. account for chapter 4 purposes to which you made no payments during the year that are reportable on any applicable Form 1099 (or are reporting a U.S. account to which you made payments during the year that do not reach the applicable reporting threshold for any applicable Form 1099).

**2nd TIN Not.** You may enter an "X" in this box if you were notified by IRS twice within three calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account. However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two notices in 3-year rule, you are considered to have received one notice. You are not required to send a second "B" notice upon receipt of the second notice. See *Part N* in the *2017 General Instructions for Certain Information Returns* for more information.



**TIP:** For information on the TIN Matching System offered by the IRS, see the *2017 General Instructions for Certain Information Returns*.

#### Corrections to Form 1099-MISC

If you need to correct a Form 1099-MISC that you have already sent to the IRS:

- For paper forms, see the *2017 General Instructions for Certain Information Returns, Part H*;
- For electronic corrections, see *Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G*

**NOTE:** If you are filing a correction on a paper form, do not check the VOID box on the form. A checked VOID box alerts IRS scanning equipment to ignore the form and proceed to the next one. Your correction will not be entered into IRS records if you check the VOID box.

**Recipient's Identification Number.** Enter the recipient's identification number using hyphens in the proper format. SSNs, ITINs, and ATINs should be in the XXX-XX-XXXX format. EINs should be in the XX-XXXXXXX format. You should make every effort to insure that you have the correct type of number reported in the correct format.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-MISC. The account number is also required if you check the "FATCA filing requirement" box. See *FATCA Filing Requirement Check Box*, earlier. Additionally, the IRS encourages you to designate an account number for all Forms 1099-MISC that you file. See Part L in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Rents.** Enter amounts of \$600 or more for all types of rents, such as any of the following:

- Real estate rentals paid for office space. However, you do not have to report these payments on Form 1099-MISC if you paid them to a real estate agent. But the real estate agent must use Form 1099-MISC to report the rent paid over to the property owner. See *Regulations section 1.6041-1(e)(5), Example 5*.
- Machine rentals (for example, renting a bulldozer to level your parking lot). If the machine rental is part of a contract that includes both the use of the machine and the operator, prorate the rental between the rent of the machine (report that in box 1) and the operator's charge (report that as nonemployee compensation in box 7).
- Pasture rentals (for example, farmers paying for the use of grazing land).

Public housing agencies must report in box 1 rental assistance payments made to owners of housing projects. See *Rev. Rul. 88-53, 1988-1 C.B. 384*.

**Coin-operated Amusements.** If an arrangement between an owner of coin-operated amusements and an owner of a business establishment where the amusements are placed is a lease of the amusements or the amusement space, the owner of the amusements or the owner of the space, whoever makes the payments, must report the lease payments in Box 1 of Form 1099-MISC if the payments total at least \$600. However, if the arrangement is a joint venture, the joint venture must file a Form 1065, U.S. Return of Partnership Income, and provide each partner with information necessary to report the partner's share of the taxable income. Coin-operated amusements include video games, pinball machines, jukeboxes, pool tables, slot machines, and other machines and gaming devices operated by coins or tokens inserted into the machines by individual users. For more information, see *Rev. Rul. 92-49, 1992-1 C.B. 433*.

**Box 2 — Royalties.** Enter gross royalty payments (or similar amounts) of \$10 or more. Report royalties from oil, gas, or other mineral properties before reduction for severance and other taxes that may have been withheld and paid. Do not include surface royalties. They should be reported in box 1. Do not report oil or gas payments for a working interest in box 2; report payments for working interests in box 7. Do not report timber royalties made under a pay-as-cut contract; report these timber royalties on Form 1099-S, Proceeds From Real Estate Transactions.

Use box 2 to report royalty payments from intangible property such as patents, copyrights, trade names, and trademarks. Report the gross royalties (before reduction for fees, commissions, or expenses) paid by a publisher directly to an author or literary agent, unless the agent is a corporation. The literary agent (whether or not a corporation) that receives the royalty payment on behalf of the author must report the gross amount of royalty payments to the author on Form 1099-MISC whether or not the publisher reported the payment to the agent on its form 1099-MISC.

**Box 3 — Other Income.** Enter other income of \$600 or more required to be reported on Form 1099-MISC that is not reportable in one of the other boxes on the form. See *Illustrated example*.

Also enter in box 3 prizes and awards that are not for services performed. Include the fair market value of merchandise won on game shows. Also include amounts paid to a winner of a sweepstakes not involving a wager. If a wager is made, report the winnings on Form W-2G, Certain Gambling Winnings.

**NOTE:** If, not later than 60 days after the winner becomes entitled to the prize, the winner can choose the option of a lump sum or an annuity payable over at least 10 years, the payment of winnings is considered made when actually paid. If the winner chooses an annuity, File Form 1099-MISC each year to report the annuity paid during that year.

Do not include prizes and awards paid to your employees. Report these on Form W-2. Do not include in box 3 prizes and awards for services performed by nonemployees, such as an award for the top commission salesperson. Report them in box 7.

Prizes and awards received in recognition of past accomplishments in religious, charitable, scientific, artistic, educational, literary, or civic fields are not reportable if (1) the winners are chosen without action on their part; (2) the winners are not expected to perform future services; AND (3) the payer transfers the prize or award to a charitable organization or governmental unit under a designation made by the recipient. See *Rev. Proc. 87-54, 1987-2 C.B. 669*.

**Other items** required to be reported in box 3 include the following:

1. Payments as explained earlier under *Deceased employee's wages*.
2. Payments as explained earlier under *Indian gaming profits, payments to tribal members*.
3. A payment or series of payments made to individuals for participating in a medical research study or studies.
4. Termination payments to former self-employed insurance salespeople. These payments are not subject to self-employment tax and are reportable in box 3 (rather than box 7) if **all** the following apply:
  - a. The payments are received from an insurance company because of services performed as an insurance salesperson for the company.
  - b. The payments are received after termination of the salesperson's agreement to perform services for the company.
  - c. The salesperson did not perform any services for the company after termination and before the end of the year.
  - d. The salesperson enters into a covenant not to compete against the company for at least 1 year after the date of termination.
  - e. The amount of the payments depends primarily on policies sold by the salesperson or credited to the salesperson's account during the last year of the service agreement or to the extent those policies remain in force for some period after termination, or both.
  - f. The amount of the payments does not depend at all on length of service or overall earnings from the company (regardless of whether eligibility for payment depends on length of service).

If the termination payments do not meet these requirements, report them in box 7.

5. Generally, all punitive damages, any damages for nonphysical injuries or sickness, and any other taxable damages. Report punitive damages even if they relate to physical injury or physical sickness. Generally, report all compensatory damages for nonphysical injuries or sickness, such as employment discrimination or defamation. However, do not report damages (other than punitive damages):

- a. Received on account of personal physical injuries or physical sickness;
- b. That do not exceed the amount paid for medical care for emotional distress;
- c. Received on account of nonphysical injuries (for example, emotional distress) under a written binding agreement, court decree, or mediation award in effect on or issued by September 13, 1995; or
- d. That are for a replacement of capital, such as damages paid to a buyer by a contractor who failed to complete construction of a building.

Damages received on account of emotional distress, including physical symptoms such as insomnia, headaches, and stomach disorders, are not considered received for a physical injury or physical sickness and are reportable unless described in **b** or **c** above. However, damages received on account of emotional distress due to physical injuries or physical sickness are not reportable.

Also report liquidated damages received under the Age Discrimination in Employment Act of 1967.



**TIP:** Taxable back pay damages may be wages and reportable on Form W-2. See *Pub. 957, Reporting Back Pay and Special Wage Payments to the Social Security Administration*.

**Foreign agricultural workers.** Report in box 3 compensation of \$600 or more paid in a calendar year to an H-2A visa agricultural worker who did not give you a valid taxpayer identification number. You must also withhold federal income tax under the backup withholding rules. For more information, go to **IRS.gov** and enter “foreign agricultural workers” in the search box.

**Account reported under FATCA.** If you are an FFI reporting pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A) a U.S. account required to be reported under chapter 4 to which during the year you made no payments reportable on an applicable Form 1099, enter zero in box 3. In addition, if you are an FFI described in the preceding sentence and, during the year, you made payments to the account required to be reported under chapter 4, but those payments are not reportable on an applicable Form 1099 (for example, because the payment is under the applicable reporting threshold), you must report the account on this Form 1099-MISC and enter zero in box 3.

**Box 4 — Federal Income Tax Withheld.** Enter backup withholding. For example, persons who have not furnished their taxpayer identification number to you become subject to withholding on payments required to be reported in Boxes 1, 2 (net of severance taxes), 3, 5 (to the extent paid in cash), 6, 7 (except fish purchases for cash), 8, 10, and 14. For more information on backup withholding, see *Part N* in the *2017 General Instructions for Certain Information on Returns*.

Also enter any income tax withheld from payments to members of Indian tribes from the net revenues of class II or class III gaming activities conducted or licensed by the tribes.

**Box 5 — Fishing Boat Proceeds.** Enter the individual’s share of all proceeds from the sale of a catch or the fair market value of a distribution in kind to each crew member of fishing boats with normally fewer than 10 crew members. A fishing boat has normally fewer than 10 crew members if the average size of the operating crew was fewer than 10 on trips during the preceding 4 calendar quarters.

In addition, report cash payments of up to \$100 per trip that are contingent on a minimum catch and are paid solely for additional duties (such as mate, engineer, or cook) for which additional cash payments are traditional in the industry. However, do not report on Form 1099-MISC any wages reportable on Form W-2.

**Box 6 — Medical and Health Care Payments.** Enter payments of \$600 or more made in the course of your trade or business to each physician or other supplier or provider of medical or health care services. Include payments made by medical and health care insurers under health, accident, and sickness insurance programs. If payment is made to a corporation, list the corporation as the recipient rather than the individual providing the services. Payments to persons providing health care services often include charges for injections, drugs, dentures, and similar items. In these cases the entire payment is subject to information reporting. You are not required to report payments to pharmacies for prescription drugs.

The exemption from issuing Form 1099-MISC to a corporation does not apply to payments for medical or health care services provided by corporations, including professional corporations. However, you are not required to report payments made to a tax-exempt hospital or extended care facility or to a hospital or extended care facility owned and operated by the United States (or its possessions), a state, the District of Columbia, or any of their political subdivisions, agencies, or instrumentalities.

**NOTE:** Payments made under a flexible spending arrangement [as defined in section 106(c)(2)] or a health reimbursement arrangement which is treated as employer-provided coverage under an accident or health plan for purposes of section 106 are exempt from the reporting requirements of section 6041.

**Box 7 — Non-employee Compensation.** Enter non-employee compensation of \$600 or more. Include fees, commissions, prizes and awards for services performed, as a nonemployee, other forms of compensation for services performed for your trade or business by an individual who is not your employee, and fish purchases for cash. Include oil and gas payments for a working interest, whether or not services are performed. Also include expenses incurred for the use of an entertainment facility that you treat as compensation to a nonemployee. Federal executive agencies that make payments to vendors for services, including payments to corporations, must report the payments in this box. See *Rev. Rul. 2003-66*, which is on page 1115 of *Internal Revenue Bulletin 2003-26* at [www.irs.gov/pub/irs-irbs/irb03-26.pdf](http://www.irs.gov/pub/irs-irbs/irb03-26.pdf).

**What is nonemployee compensation?** If the following four conditions are met, you must generally report a payment as nonemployee compensation.

- You made the payment to someone who is not your employee;
- You made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations);
- You made the payment to an individual, partnership, estate, or, in some cases, a corporation; and
- You made payments to the payee of at least \$600 during the year.

**Self-employment Tax.** Generally, amounts reportable in box 7 are subject to self-employment tax. If payments to individuals are not subject to this tax and are not reportable elsewhere on Form 1099-MISC, report the payments in box 3. However, report section 530 (of the Revenue Act of 1978) worker payments in box 7.

**Examples of Payments to be Reported in Box 7:**

1. Professional service fees, such as fees to attorneys (including corporations), accountants, architects, contractors, engineers, etc.
2. Fees paid by one professional to another, such as fee-splitting or referral fees.
3. Payments by attorneys to witnesses or experts in legal adjudication.
4. Payment for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the services. For example, report the total insurance company payments to an auto repair shop under a repair contract showing an amount for labor and another amount for parts if furnishing parts was incidental to repairing the auto.
5. Commissions paid to non-employee salespersons that are subject to repayment but not repaid during the calendar year.
6. A fee paid to a non-employee including an independent contractor, or travel reimbursement for which the non-employee did not account to the payer, if the fee and reimbursement total at least \$600. To help you determine whether someone is an independent contractor or an employee, see *Pub. 15-A*.
7. Payments to nonemployee entertainers for services. (Use Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding, for payments to nonresident aliens.)
8. Exchanges of services between individuals in the course of their trades or businesses. For example, an attorney represents a painter for nonpayment of business debts in exchange for the painting of the attorney’s law offices. The amount reportable by each on Form 1099-MISC is the fair market value of his or her own services performed. However, if the attorney represents the painter in a divorce proceeding, this is an activity that is unrelated to the painter’s trade or business. The attorney must report on Form 1099-MISC the value of his or her services. But the painter need not report on Form 1099-MISC the value of painting the law offices because the work is in exchange for legal services that are separate from the painter’s business.
9. Taxable fringe benefits for non-employees. For information on valuation of fringe benefits, see *Pub. 15-B, Employer’s Tax Guide to Fringe Benefits*.
10. Gross oil or gas payments for a working interest.
11. Payments to an insurance salesperson who is not your common law or statutory employee. See *Pub. 15-A* for the definition of employee. However, for termination payments to former insurance salespeople, see the instructions for box 3.
12. Directors’ fees.
13. Commissions paid to licensed lottery ticket sales agents.

**Illustrated Example.** The completed Form 1099-MISC illustrates the following example. Z Builders is a contractor that subcontracts drywall work to Ronald Green, a sole proprietor who does business as Y Drywall. During the year, Z Builders pays Mr. Green \$5,500. Z Builders must file Form 1099-MISC because they paid Mr. Green \$600 or more in the course of their trade or business, and Mr. Green is not a corporation.

9595	<input type="checkbox"/> VOID	<input type="checkbox"/> CORRECTED		
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.			1 Rents \$	OMB No. 1545-0115
Z BUILDERS 123 MAPLE AVENUE OAKTOWN, AL 00000 555-555-1212			2 Royalties \$	2017
			3 Other income \$	Form 1099-MISC
			4 Federal income tax withheld \$	<b>Miscellaneous Income</b> <b>Copy A</b> <b>For Internal Revenue Service Center</b>  <b>File with Form 1096.</b>  <b>For Privacy Act and Paperwork Reduction Act Notice, see the <b>2017 General Instructions for Certain Information Returns.</b></b>
PAYER'S federal identification number	RECIPIENT'S identification number		5 Fishing boat proceeds 6 Medical and health care payments \$	
10-9999999	123-00-6789		7 Nonemployee compensation 8 Substitute payments in lieu of dividends or interest \$	
RECIPIENT'S name RONALD GREEN DBA/Y DRYWALL			9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale ► <input type="checkbox"/> \$	10 Crop insurance proceeds \$
Street address (including apt. no.) 456 FLOWER LANE			11	12
City or town, state or province, country, and ZIP or foreign postal code OAKTOWN, AL 00000			13 Excess golden parachute payments \$	14 Gross proceeds paid to an attorney \$
Account number (see instructions)	FATCA filing requirement <input type="checkbox"/>	2nd TIN not <input type="checkbox"/>	15a Section 409A deferrals \$	15b Section 409A income \$
16 State tax withheld \$	17 State/Payer's state no. 18 State income \$			
<b>Form 1099-MISC</b> 41-0852411 <a href="http://www.irs.gov/form1099misc">www.irs.gov/form1099misc</a> Department of the Treasury - Internal Revenue Service				
<b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>				

14. Payments to section 530 (of the Revenue Act of 1978) workers.  
 15. Fish purchases for cash.

**Nonqualified deferred compensation (Section 409A) income.** Include in box 7 the amount of all deferrals (plus earnings) reported in box 15b that are includable in gross income because the NQDC plan fails to satisfy the requirements of section 409A. See *Regulations sections 1.409A-1 through 1.409A-6*.

**Golden Parachute Payments.** A parachute payment is any payment that meets **all** of the following conditions:

1. The payment is in the nature of compensation.
2. The payment is to, or for the benefit of, a disqualified individual.
3. The payment is contingent on a change in the ownership of a corporation, the effective control of a corporation, or the ownership of a substantial portion of the assets of a corporation (a change in ownership or control).
4. The payment has (together with other payments described in 1, 2, and 3 above made to the same individual) an aggregate present value of at least 3 times the individual's base amount.

A **disqualified individual** is one who at any time during the 12-month period prior to and ending on the date of the change in ownership or control of the corporation (the disqualified individual determination period) was an employee or independent contractor and was in regard to that corporation, a shareholder, an officer, or a highly compensated individual.

For more details, see *Regulations section 1.280G-1*. Also, see *Rev. Proc. 2003-68*, which is on page 398 of *Internal Revenue Bulletin 2003-34* at [www.irs.gov/pub/irs-irbs/irb03-34.pdf](http://www.irs.gov/pub/irs-irbs/irb03-34.pdf), concerning the valuation of stock options for purposes of golden parachute payment rules. For the treatment of unvested shares of restricted stock, see *Rev. Rul. 2005-39*, available at [www.irs.gov/irb/2005-27\\_IRB/ar08.html](http://www.irs.gov/irb/2005-27_IRB/ar08.html).

**Independent Contractor.** Enter in box 7 the total compensation, including any golden parachute payment. For excess golden parachute payments, see *Box 13 reporting instructions*.

For employee reporting of these payments, see *Pub. 15-A*.

**Payments not reported in box 7.** Do not report in box 7:

- expense reimbursements paid to volunteers of non-profit organizations;
- decreased employee wages paid in the year after death (report in box 3) (*See Deceased employee's wages*, earlier);
- payments more appropriately described as rent (report in box 1), royalties (report in box 2), other income not subject to self-employment tax (report in box 3), interest (use Form 1099-INT);
- the cost of current life insurance protection (report on Form W-2 or Form 1099-R); an employee's wages, travel or auto allowance, or bonuses and prizes (report on Form W-2); and
- the cost of group-term life insurance paid on behalf of a former employee (report on Form W-2).

**Box 8 — Substitute Payments in Lieu of Dividends or Interest.** Enter aggregate payments of at least \$10 received by a broker for a customer in lieu of **dividends or tax-exempt interest** as a result of a loan of a customer's securities. For this purpose, a customer includes an individual, trust, estate, partnership, association, company, or corporation (see *Notice 2003-67*, which is on page 752 of *Internal Revenue Bulletin 2003-40* at [www.irs.gov/pub/irs-irbs/irb03-40.pdf](http://www.irs.gov/pub/irs-irbs/irb03-40.pdf)). It does not include a tax-exempt organization, the United States, any state, the District of Columbia, a U.S. possession, or a foreign government. File Form 1099-MISC with the IRS and furnish a copy to the customer for whom you received the payment. Also, file Form 1099-MISC for and furnish a copy to an individual for whom you received a payment in lieu of tax-exempt interest.

**Substitute payment** means a payment in lieu of (a) a dividend or (b) tax-exempt interest to the extent that interest (including OID) has accrued while the securities were on loan.

**Box 9 — Payer Made Direct Sales of \$5,000 or More.** Enter an “X” in the checkbox for sales by you of \$5,000 or more of **consumer products** to a person on a buy-sell, deposit-commission, or other commission basis for resale (by the buyer or any other person) anywhere other than in a permanent retail establishment. Do not enter a dollar amount in this box.

If you are reporting an amount in Box 7, you may also check Box 9 on the same Form 1099-MISC.

The report you must give to the recipient for these direct sales need not be made on the official form. It may be in the form of a letter showing this information along with commissions, prizes, and awards, etc.

**Box 10 — Crop Insurance Proceeds.** Enter crop insurance proceeds of \$600 or more paid to farmers by insurance companies, unless the farmer has informed the insurance company that expenses have been capitalized under section 278, 263A, or 447.

**Box 13 — Excess Golden Parachute Payments.** Enter any excess golden parachute payments. An excess parachute payment is the amount of the excess of any parachute payment over the base amount (the average annual compensation for services includable in the individual's gross income over the most recent 5 tax years). See Q/A-38 through Q/A-44 of *Regulations section 1.280G-1* for how to compute the excess amount. See *Golden Parachute payments* on page 58.

**Box 14 — Gross Proceeds Paid to an Attorney.** Report gross proceeds of \$600 or more paid to an attorney in connection with legal services (regardless of whether the services are performed for the payer). See *Payments to Attorneys*, earlier.

**Box 15a — Section 409A Deferrals.** You do not have to complete this box. For details, see *Notice 2008-115*, available at [www.irs.gov/irb/2008-52\\_IRB/ar10.html](http://www.irs.gov/irb/2008-52_IRB/ar10.html).

If you complete this box, enter the total amount deferred during the year of at least \$600 for the nonemployee under all nonqualified plans. The deferrals during the year include earnings on the current year and prior year deferrals. For additional information, see *Regulations sections 1.409A-1* through *1.409A-6*.

For deferrals and earnings under NQDC plans for employees, see the *Instructions for Forms W-2 and W-3*.

**Box 15b — Section 409A Income.** Enter all amounts deferred (including earnings on amounts deferred) that are includable in income under section 409A because the NQDC plan fails to satisfy the requirements of section 409A. Do not include amounts properly reported on a Form 1099-MISC, corrected Form 1099-MISC, Form W-2, or Form W-2c for a prior year. Also, do not include amounts that are considered to be subject to a substantial risk of forfeiture for purposes of section 409A. For additional information, see *Regulations sections 1.409A-1* through *1.409A-6*; *Notice 2008-113*, available at [www.irs.gov/irb/2008-51\\_IRB/ar12.html](http://www.irs.gov/irb/2008-51_IRB/ar12.html); and *Notice 2008-115; Notice 2010-6*, which is available at [www.irs.gov/irb/2010-03\\_IRB/ar08.html](http://www.irs.gov/irb/2010-03_IRB/ar08.html); and *Notice 2010-80*, available at [www.irs.gov/irb/2010-51\\_IRB/ar08.html](http://www.irs.gov/irb/2010-51_IRB/ar08.html).

The amount included in box 15b us also includable in box 7.

**Boxes 16 through 18 — State Information.** These boxes may be used by payers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See *Publication 1220* for more information regarding the Combined Federal/State Filing Program. These boxes, and Copies 1 and 2, are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 16. In box 17, enter the abbreviated name of the state and the payer's

state identification number. The state number is the payer's identification number assigned by the individual state. In box 18, you may enter the amount of the state payment. Use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient's state income tax return.

## FORM 1099-B

Section references are to the Internal Revenue Code unless otherwise noted.

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics:

- Backup withholding
- Electronic reporting requirements
- Penalties
- Who must file (nominee/middleman)
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- Other general topics

You can get the general instructions from [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

## Specific Instructions for Form 1099-B

A broker or barter exchange must file Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, for each person: (a) for whom the broker has sold (including short sales) stocks, bonds, commodities, regulated futures contracts, foreign currency contracts (pursuant to a forward contract or regulated futures contract), forward contracts, debt instruments, etc., for cash; or (b) who exchanged property or services through the barter exchange; or (c) who received cash, stock, or other property from a corporation that the broker knows or has reason to know has had its stock acquired in an acquisition of control or had a substantial change in capital structure reportable on Form 8806.

**Brokers.** A broker is any person who, in the ordinary course of a trade or business, stands ready to effect sales to be made by others. A broker may include a U.S. or foreign person or a governmental unit and any subsidiary agency. You **are considered** a broker if:

- You are an obligor that regularly issues and retires its own debt obligations; or
- You are a corporation that regularly redeems its own stock. However, for a sale, redemption, or retirement at an office outside the United States, only a U.S. payer or U.S. middleman is a broker. See *Regulations section 1.6045-1(g)(1)* and *1.6049-5(c)(5)*.

You **are not considered** a broker if:

- You are a corporation that purchases odd-lot shares from its stockholders on an irregular basis (unless facts indicate otherwise);
- You manage a farm for someone else; or
- You are an international organization that redeems or retires its own debt. See *Regulations section 1.6045-1(a)(1)*.

### Reporting

**How many transactions to report on each form.** Report each transaction (other than regulated futures or foreign currency contracts or section 1256 option contracts) on a separate Form 1099-B. Report transactions involving regulated futures or foreign currency contracts on a aggregate basis. However you may report these contracts on an aggregate basis on a separate Form 1099-B for each type of contract.

**How many forms to file for each transaction.** Report sales of each of the following types of securities on a separate Form 1099-B, even if all three types were sold in a single transaction:

- Covered securities (defined on page 64) with short-term gain or loss;

7979

 VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

**HERALD & PINCH**  
1420 SPENCER STREET  
NEW YORK, NY 10004  
(800) 932-1095

Applicable check box on Form 8949

OMB No. 1545-0715

**2017**  
**Form 1099-B**

**Proceeds From  
Broker and  
Barter Exchange  
Transactions**

PAYER'S federal identification number		RECIPIENT'S identification number	
13-1234567		110-98-6543	
RECIPIENT'S name <b>CLARK KENT</b>			
Street address (including apt. no.) <b>17 SKYLIGHT DRIVE</b>			
City or town, state or province, country, and ZIP or foreign postal code <b>SUNSET CITY, MD 20609</b>			
Account number (see instructions)		2nd TIN not. <input type="checkbox"/>	
CUSIP number		FATCA filing requirement <input type="checkbox"/>	
14 State name	15 State identification no.	16 State tax withheld	\$ <input type="checkbox"/>
			\$ <input type="checkbox"/>

1a Description of property (Example 100 sh. XYZ Co.)

1b Date acquired

1c Date sold or disposed

061115

1d Proceeds

1e Cost or other basis

\$ 

1f Accrued market discount

1g Wash sale loss disallowed

\$ 2 Short-term gain or loss 3 Check if basis reported to IRS Long-term gain or loss Ordinary 

4 Federal income tax withheld

5 Check if noncovered security \$ 

6 Reported to IRS:

7 Check if loss is not allowed based on amount in 1d

Gross proceeds Net proceeds 

8 Profit or (loss) realized in 2017 on closed contracts

9 Unrealized profit or (loss) on open contracts—12/31/2016

\$ 

10 Unrealized profit or (loss) on open contracts—12/31/2017

11 Aggregate profit or (loss) on contracts

\$ 12 Check if proceeds from collectibles 13 Bartering \$ 

Form 1099-B

41-0852411

www.irs.gov/form1099b

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page****Copy A**

**For  
Internal Revenue  
Service Center  
File with Form 1096.**

**For Privacy Act  
and Paperwork  
Reduction Act  
Notice, see the  
2017 General  
Instructions for  
Certain  
Information  
Returns.**

- Covered securities with long-term gain or loss; and
- Noncovered securities (securities that are not covered securities) if you choose to check box 5 when reporting their sale.

**Substitute statements.** Brokers that use substitute statements may be able to report customer transactions (stock sales (Form 1099-B), interest earned (Forms 1099-INT and OID), dividends (Form 1099-DIV), foreign taxes paid (Form INT)) for the year on a single substitute statement. For details, see *Pub. 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498 and Certain Other Information Returns*, which provides the rules for substitute forms.

**Additional information required for covered securities.** For each sale of a covered security for which you are required to file Form 1099-B, report the date of acquisition (box 1b), whether the gain or loss is short-term or long-term, and whether any portion of the gain or loss is ordinary (box 2), cost or other basis (box 1e), the amount of accrued market discount (box 1f), and the loss disallowed due to a wash sale (box 1g). When selling a noncovered security, you may check box 5 and leave boxes 1b, 1e, 1f, 1g, and 2 blank. If you check box 5, you may choose to report the information requested in boxes 1b, 1e, 1f, 1g, and 2 and will not be subject to penalties under section 6721 or 6722 for failure to report this information correctly.

**Example:** Your customer Mary bought shares of stock in ABC Corporation in April 1995, April 2016, and August 2016. The shares of stock bought in 2016 are covered securities. The shares of stock bought in April 1996 are noncovered securities. In June 2017, Mary sells all of the stock in a single transaction. Even though the stock was sold in a single transaction, you must report the sale of the covered securities on two separate 2017 Forms 1099-B (one for the securities bought in April 2016 with long-term gain or loss and one for the securities bought in August 2016 with short-term gain or loss). You must report the sale of the noncovered securities on a third Form 1099-B or on the Form 1099-B reporting the sale of the covered securities bought in April 2016 (reporting long-term gain or loss). You may check box 5 if reporting the noncovered securities on a third Form 1099-B.

If you check box 5, you may leave boxes 1b, 1e, and 2 blank or you may complete boxes 1b, 1e, and 2 and not be subject to penalties under section 6721 or 6722 for failing to report this information correctly.

**Short sales of securities.** Do not report a short sale entered into after 2010 until the year a customer delivers a security to satisfy the short sale obligation. Disregard sections 1259 (constructive sales) and 1233(h) (short sales of property that becomes worthless). Report the short sale on a single Form 1099-B unless:

- You are reporting both short-term and long-term gain or loss from a short sale closed by delivery of covered securities (as just explained under *How many forms to file for each transaction*);
- The securities delivered to close the short sale include both covered securities and noncovered securities (see *tt; or* below);
- There was backup withholding and other conditions apply (see below).

Report on Form 1099-B the relevant information about the security sold to open the short sale, with the exceptions described in the following paragraphs.

In box 1a, report the quantity of the security delivered to close the short sale.

In box 1b, report the acquisition date of the security delivered to close the short sale.

In box 1c, report date of the security delivered to close the short sale.

In box 1e, report the adjusted basis of the security delivered to close the short sale.

In Box 2, report whether any gain or loss on the closing of the short sale is short-term or long-term based on the acquisition date of the security delivered to close the short sale. Apply section 1233(d), if applicable.

If the short sale is closed by delivery of a noncovered security, you may check box 5. In this case, you do not have to complete boxes 1b, 1e, and 2. However, if you choose to report the information in those boxes and check box 5, you will not be subject to the penalties under sections 6721 and 6722 for failure to report that information correctly.

If a short sale obligation is satisfied by delivery of a security transferred into a customer's account accompanied by a transfer statement indicating the security was borrowed, see *Regulations section 1.6045-1(c)(3)(xi)(C)*.

If backup withholding was taken from the gross proceeds when a short sale was opened in 2017 but the short sale was not closed by the end of 2017, file a 2017 Form 1099-B. Report the tax withheld in box 4. In box 1a, enter a brief description of the transaction (for example, "5,000 short sale of 100 shares of ABC stock not closed"). Leave the other numbered boxes blank. File a complete Form 1099-B for the year the short sale is closed, as described above, but do not include backup withholding on this form 1099-B.

In the case of a short sale, you can take backup withholding either:

- From the gross proceeds when the short sale is opened, or
- From any gain when the short sale is closed if you expect to be able to determine the gain on the short sale at that time.

**Widely held fixed investment trusts (WHFITs).** Trustees and middlemen must report the amount of non *pro-rata* partial principal payments [as defined in Regulations section 1.671-5(b)(13)], trust sales proceeds [as defined in Regulations section 1.671-5(b)(21)], redemption asset proceeds [as defined in Regulations section 1.671-5(b)(14)], redemption proceeds [as defined in Regulations section 1.671-5(b)(15)], the sales asset proceeds [as defined in Regulations section 1.671-5(b)(17)], and the sales proceeds [as defined in Regulations section 1.671-5(b)(18)] that are attributable to a trust interest holder (TIH) for the calendar year on Form 1099-B.

To determine the amount of each item of proceeds to be reported on Form 1099-B, see generally *Regulations section 1.671-5*. If the trustee provides WHFIT information using the safe harbor rules in Regulations section 1.671-5(f)(1) or (g)(1), the trustee or middleman must determine the amounts reported on Forms 1099 and Regulations section 1.671-5(f)(2) or (g)(2), as appropriate.

Check box 5 and leave boxes 1b, 1e, and 2 blank if:

- You are a broker reporting the sale of a security held by a WHFIT to the WHFIT trustee, or
- You are a trustee or middleman of a WHFIT reporting non *pro-rata* partial principal payments, trust sale proceeds, redemption asset proceeds, redemption proceeds, sales asset proceeds, and sales proceeds to a TIH.

**Requirement to furnish a tax information statement to TIH.** A tax information statement that includes the information provided to the IRS on Form 1099-B, as well as additional information identified in Regulations section 1.671-5(e) must be provided to TIHs. The written tax information statement for 2016 furnished to the TIH is due on or before March 15, 2018. The amount of an item of a trust expense that is attributable to a TIH must be included on the tax information statement provided to the TIH and is not required to be included in box 5 on the Form 1099-DIV. See *Regulations section 1.671-5(e)* for a complete list of the items of information that must be included in the statement to the TIH.

**Acquisition of control or substantial change in capital structure.** File Form 1099-B for each customer who received cash, stock, or other property from a corporation that you know, or have reason to know based on readily available information, must recognize gain under section 367(a) from the transfer of property to a foreign corporation in an acquisition of control or substantial change in capital structure reportable on Form 8806. Readily available information includes information from a clearing organization, such as the Depository Trust Company (DTC), or from information published on the IRS website.



**TIP:** Go to [www.irs.gov](http://www.irs.gov) and enter keyword "Form 8806" in the upper right corner to find information on the IRS website.

You are not required to file a second Form 1099-B for a customer who received only cash for stock acquired in an acquisition of control if you report the cash as proceeds from a sale on another Form 1099-B. You also are not required to file Form 1099-B for a customer who is an exempt recipient (under Regulations sections 1.6045-1(c)(3)(i) or 1.6043-4(b)(5)). For a list of exempt recipients, see the *2017 Instructions for Form 1099-CAP*.

Enter in box 1d the aggregate amount of cash and the fair market value of any stock and other property received in exchange for stock held in your custody. Also, check box 7.

In box 1a, show the corporation's name and the number of shares of the corporation's stock you held that were exchanged. Also enter the class or classes of stock (for example, preferred, common, etc.) that were exchanged, whether for cash or other property. Abbreviate the class to fit the entry. For example, enter "C" for common stock, "P" for preferred, or "O" for other. Also abbreviate any subclasses.

Leave the other numbered boxes and the CUSIP number box blank unless you are required to file a Form 1099-B to report proceeds you paid to the customer from the acquisition of control or substantial change in capital structure and you choose to file and furnish one Form 1099-B for amounts reported under both Regulations sections 1.6045-1 and 1.6045-3. If you choose to combine the reporting for both, do not combine other transactions the customer may have had during the year with the reporting of the acquisition of control or change in capital structure. Also, in box 1e, report the total basis of the customer's stock. Do not enter an amount in box 1e that is greater than the amount entered in box 1d.

**Cash On Delivery Account.** For a sale of securities through a "cash on delivery" or similar account, only the broker that receives the gross proceeds from the sale against delivery of the securities sold is required to report the sale. However, if such broker's customer is a "second-party broker" that is an exempt recipient, only the second-party broker is required to report the sale.

**Foreign Currency.** If the purchase amount or sales proceeds are paid in foreign currency, you must report the amount of foreign currency in U.S. dollars. Generally, you must determine the reportable amount as of the date you receive, credit, or make the payment, whichever applies, at the spot rate or by following a reasonable spot rate convention, such as a month-end spot rate or a monthly average spot rate. When reporting the purchase or sale of a security traded on an established securities market, you must determine the U.S. dollar amounts to be reported as of the settlement date, at the spot rate or by following a reasonable spot rate convention. See *Regulations section 1.6045-1(d)(8)*.

Generally, payments of foreign currency amounts representing accrued interest or original issue discount must be translated using the average rate for the interest accrual period, although certain customers may elect to translate such amounts using the spot rate on the last day of the interest accrual period. See *Regulations sections 1.988-2(b)(2)* and *1.6045-1(n)(4)(v)*.

**Substitute Payments.** Do not report substitute payments in lieu of dividends and tax-exempt interest on Form 1099-B. Instead, report these payments in Box 8 of Form 1099-MISC, Miscellaneous Income. See *section 6045(d)* and the *Instructions for Form 1099-MISC*.

**Stock Options Granted in Connection with the Performance of Services.** If an employee, former employee, or other service provider, in connection with the performance of services, obtains substantially vested shares of stock from the exercise of a stock option, and sells that stock through a broker on the same day, then the broker may not be required to report the sale on Form 1099-B. For details, see *Rev. Proc. 2002-50*, which is on page 173 of Internal Revenue Bulletin 2002-29 at [www.irs.gov/pub/irs-irbs/irb02-29.pdf](http://www.irs.gov/pub/irs-irbs/irb02-29.pdf).

**Partnership Sale.** Form 8308, Report of a Sale of Exchange of Certain Partnership Interests, does not have to be filed if, under section 6045, a return is required to be filed by a broker on Form 1099-B for the transfer of the partnership interest.

**Exceptions:** Brokers are not required to file, but may file Form 1099-B for:

1. Sales by exempt recipients including corporations, charitable organizations, IRAs, Archer MSAs, health savings accounts (HSAs), the United States, state political subdivisions or corporations. However, see *Identifying a corporation*, later, for instructions about how to know whether a customer is a corporation for this purpose. Also, you must file Form 1099-B for the sale of a covered security (defined later) by an S corporation if the S corporation acquired the covered security after 2011.
2. Sales initiated by dealers in securities and financial institutions.
3. Sales by custodians and trustees, provided the sale is reported on a properly filed Form 1041, U.S. Income Tax Return for Estates and Trusts.
4. Sales at issue price of interests in certain regulated investment companies.
5. Obligor payments on: (a) non-transferable obligations, such as savings bonds or CDs; (b) obligations for which gross proceeds are reported on other Forms 1099, such as stripped coupons issued prior to July 1, 1982; (c) retirement of short-term obligations issued before January 1, 2014, with original issue discount that is reported on Form 1099-INT, Interest Income; and (d) callable demand obligations that have no premium or discount.
6. Sales of foreign currency unless under a forward or regulated futures contract that requires delivery of foreign currency.
7. Sales of fractional shares of stock if gross proceeds are less than \$20.
8. Retirements of book-entry or registered form obligations issued before January 1, 2014, if no interim transfers have occurred.
9. Sales for exempt foreign persons as defined in Regulations section 1.6045-1(g)(1).
10. Sales of Commodity Credit Corporation certificates.
11. Spot or forward sales of agricultural commodities. See below.
12. Some sales of precious metals. See *Sales of precious metals*, later.
13. Grants or purchases of options, purchases due to exercises of call options, or entering into contracts that require delivery of personal property or an interest therein.
14. Sales (including retirements) of short-term obligations issued on or after January 1, 2014. However, a broker may be required to file a Form 1099-INT, Interest Income, for interest or original issue discount on a short-term obligation.

**Spot or forward sales of agricultural commodities.** Agricultural commodities include grain, feed, livestock, meat, oil seed, timber, and fiber. A spot sale is a sale that results in almost immediate delivery of a commodity. A forward sale is a sale under a forward contract. However, sales and exchanges of timber for lump-sum payments must be reported on Form 1099-S.

Report sales of agricultural commodities under a regulated futures contract, sales of derivative interests in agricultural commodities, and sales of receipts for agricultural commodities issued by a designated warehouse on Form 1099-B. A designated warehouse is a warehouse, depository, or other similar entity designated by a commodity exchange in which or out of which a particular type of agricultural commodity is deliverable to satisfy a regulated futures contract. Sales of warehouse receipts issued by any other warehouse are not reportable.

**Sales of precious metals.** A sale of a precious metal (gold, silver, platinum, or palladium) in any form for which the Commodity Futures Trading Commission (CFTC) has not approved trading by regulated futures contract (RFC) is not reportable. Further, even if the sale is of a precious metal in a form for which the CFTC has approved trading by RFC, the sale is not reportable if the quantity, by weight or by number of items, is less than the minimum required quantity to satisfy a CFTC-approved RFC.

For example, a broker selling a single gold coin does not need to file Form 1099-B, even if the coin is of such form and quality that it could be delivered to satisfy a CFTC-approved RFC, if all CFTC-approved contracts for gold coins currently call for delivery of at least 25 coins.

Sales of precious metals for a single customer during a 24-hour period must be aggregated and treated as a single sale to determine if this exception applies. This exception does not apply if the broker knows or has reason to know that a customer, either alone or with a related person, is engaging in sales to avoid information reporting.

**Identifying a Corporation.** For sales of covered securities (defined later) that were acquired after 2011, you cannot rely on Regulations section 1.6049-4(c)(1)(ii)(A) to tell whether a customer is a corporation. However, for sales of all securities, you can treat a customer as an exempt recipient if one of the following statements is true.

1. The name of the customer contains the term "insurance company," "indemnity company," "reinsurance company," or "assurance company."
2. The name of the customer indicates it is an entity listed as a per se corporation under Regulations section 301.7701-2(b)(8)(i).
3. You receive a properly completed exemption certificate on Form W-9 that shows the customer is not an S corporation.
4. You receive a Form W-8 that includes a certification that the person whose name is on the form is a foreign corporation.

**Exemption Certificate.** A broker may require an exempt recipient to file a properly completed Form W-9, Request for Taxpayer Identification Number and Certification, or similar form. A broker may treat an exempt recipient that fails to do so as a recipient that is not exempt. See *Part J* in the *2017 General Instructions for Certain Information Returns* for more information.

**Transfer Statement.** Any person that transfers custody of a specified security (defined later) to a broker after 2010 (after 2011 if the stock is in a regulated investment company and after 2014 for certain debt instruments, options, and securities futures contracts) must give the broker a written transfer statement within 15 days after the date of settlement for the transfer.

The transferor must furnish a separate statement for each security and, if transferring custody of the same security acquired on different dates or at different prices, for each acquisition. However, a separate statement is not required for:

- Noncovered securities, and
- Securities acquired more than 5 years before the transfer for which basis is determined using an average basis method.

These rules apply to:

- Any broker,
- Anyone that acts as a custodian of securities in the ordinary course of a trade or business,
- Any issuer of securities,
- Any trustee or custodian of an individual retirement plan, or
- Any agent of the above.

These rules do not apply to:

- The beneficial owner of a security or any agent substituted for an undisclosed beneficial owner,
- Any governmental unit or any agency or instrumentality of a governmental unit holding escheated securities, or
- Any organization that holds and transfers obligations among members as a service to its members.

**Information required.** Each transfer statement must include:

- Date the statement is furnished,
- Name, address, and telephone number of the person furnishing the statement,
- Name, address, and telephone number of the broker receiving custody of the security,
- Name of the customer(s) for the account from which the security is transferred,
- Account number for the transferring account and, if different, the receiving account,
- CUSIP number of the transferred security,
- Number of shares or units,
- Type of security (such as stock),
- Date the transfer was initiated and settlement date of the transfer (if known), and
- The security's total adjusted basis, original acquisition date, and, if applicable, the holding period adjustment under section 1091.

For a debt instrument, the following additional information is required:

- A description of the payment terms used by the broker to compute any basis adjustments under Regulations section 1.6045-1(n).
- The issue price.
- The issue date, if different from the original acquisition date.
- The adjusted issue price as of the transfer date.
- The initial basis.
- Any market discount that has accrued as of the transfer date.
- Any bond premium that has been amortized as of the transfer date.
- Any acquisition premium that has been amortized as of the transfer date.
- Whether the transferring broker has computed any of the information by taking into account one or more elections under Regulations section 1.6045-1(n).
- The last date on or before the transfer date that the broker made an adjustment for a particular item relating to a debt instrument transferred on or after January 1, 2016

For option transfers, the date of grant or acquisition of the option, the amount of the premium paid or received, and any other information required to fully describe the option.

For the transfer of a section 1256 option on or after January 1, 2016, also provide the original basis of the option and the fair market value of the option as of the end of the prior calendar year

The adjusted basis, original acquisition date, and holding period adjustment are not required if the transfer statement identifies the security as a noncovered security.

If the names of the customer(s) for the transferring and receiving accounts are not the same, the transfer statement must also include the name of the customer(s) for the account to which the security is transferred. However, if the transfer is to or from an account for which a broker, custodian, or other person subject to the transfer reporting rules is the customer, the transfer statement must treat the beneficial owner or, if applicable, an agent substituted by an undisclosed beneficial owner, as the customer for both accounts, and the broker receiving the transfer statement should treat the security as held for the beneficial owner or the beneficial owner's agent regardless of the customer listed for the broker's account.

The person giving and the broker receiving the transfer statement can agree to combine the information in any format or to use a code in place of one or more required items. Determine the adjusted basis and other information to be reported as explained in these instructions. If the basis of the transferred security is determined using an average basis method, any securities acquired more than 5 years prior to the transfer may be reported on a single statement on which the original acquisition date is reported as "various," but only if the other information reported applies to all the securities.

**Effect on Form 1099-B and other transfer statements.** In preparing Form 1099-B or a transfer statement for securities you transfer to someone else, you must take into account all the information (other than securities classifications) reported on a transfer statement you receive, unless the statement is incomplete or you know it is incorrect. If you do not receive a required transfer statement by the due date, you must request one from the transferor. If a complete transfer statement is not furnished, either after you requested one or because no transfer statement was required, you may treat the security as noncovered. However, you must file a corrected Form 1099-B within 30 days of receiving a transfer statement indicating that the security is a covered security. But you do not have to file a corrected Form 1099-B if you receive the statement more than 3 years after you filed the original Form 1099-B. You must also furnish a corrected transfer statement within 15 days of receiving a transfer statement indicating that a security is a covered security if you transferred the security transferred to you. But you do not have to furnish a corrected transfer statement if you receive the transfer statement more than 18 months after you furnished your transfer statement.

**More information.** For more information about transfer statements, including definitions, exceptions, rules for gift transfers, transfers from a decedent's estate, and transfers of borrowed securities, see *Regulations section 1.6045A-1*.

**Issuer Returns for Actions Affecting Basis.** An issuer of a specified security (defined later) that takes an organizational action that affects the basis of the security must file an issuer return on Form 8937. This applies to organizational actions after 2010 (after 2011 if the stock is in a regulated investment company, and after 2013 for debt instruments, options, and securities futures contracts). The return is due on or before the 45th day following the organizational action or, if earlier, January 15 of the next calendar year.

An issuer is not required to file this return if, by the due date, the issuer posts the return with the required information in a readily accessible format in an area of its primary public website dedicated to this purpose and, for 10 years, keeps the return accessible to the public on its primary public website or the primary public website of any successor organization.

An issuer may electronically sign a return that is publicly reported on the issuer's public website. The electronic signature must identify the individual who is signing the return

**Effect on Form 1099-B and transfer statements.** In preparing Form 1099-B or a transfer statement, you must take into account all the information reported by the issuer of the security on a statement that the issuer furnishes to you or is deemed to furnish to you, unless the issuer statement is incomplete or you know it is incorrect. Take into account only those organizational actions taken by the issuer of the security during the period you held custody of the security (not including the settlement date on which you received a transferred security). If you receive or are deemed to receive an issuer statement after filing Form 1099-B, you must file a corrected Form 1099-B within 30 days of receiving the issuer statement. But you do not have to file a corrected Form 1099-B if you receive the issuer statement more than 3 years after you filed the original Form 1099-B. If you receive or are deemed to receive an issuer statement after furnishing a transfer statement for a covered security, you must furnish a corrected transfer statement within 15 days of receiving the issuer statement. But you do not have to furnish a corrected transfer statement if you receive the issuer statement more than 18 months after you furnished the original transfer statement.

**More Information.** For more information, see *Form 8937* and its instructions and *Regulations section 1.6045B-1*.

**Barter Exchanges.** A **barter exchange** is any person or organization with members or clients that contract with each other (or with the barter exchange) to jointly trade or barter property or services. The term does not include arrangements that provide solely for the informal exchange of similar services on a noncommercial basis. Persons who do not contract a barter exchange, but who trade services, do not file Form 1099-B. However, they may be required to file Form 1099-MISC.

**Transactional/Aggregate Reporting.** Barter exchanges involving noncorporate members or clients must report each transaction on a separate Form 1099-B. Transactions involving corporate members or clients of a barter exchange may be reported on an aggregate basis.

**Member Information.** In the recipient area of Form 1099-B, enter information about the member or client that provided the property or services in the exchange.

**Exceptions:** Barter exchanges are not required to file Form 1099-B for:

1. Exchanges through a barter exchange having fewer than 100 transactions during the year.
2. Exempt foreign persons as defined in *Regulations section 1.6045-1(g)(1)*.
3. Exchanges involving property or services with a fair market value of less than \$1.00.

**Statements to recipients.** If you are required to file Form 1099-B, you must provide a statement to the recipient. For more information about the requirement to furnish a statement to the recipient, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number

(SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A filer's identification number may not be truncated on any form. See *Part J in the 2017 General Instructions for Certain Information Returns*.

**2nd TIN Not.** You may enter an "X" in this box if you were notified by IRS twice within three calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account. However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two notices in 3-year rule, you are considered to have received one notice. You are not required to send a second "B" notice to the taxpayer upon receipt of the second notice. See *Part N in the 2017 General Instructions for Certain Information Returns*.

**CUSIP Number.** For transactional reporting by brokers, enter the CUSIP (Committee on Uniform Security Identification Procedures) number of the security or other applicable identifying number.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-B. The account number is also required if you check the "FATCA filing requirement" box. See *FATCA Filing Requirement Check Box*, below. Additionally, the IRS encourages you to designate an account number for all Forms 1099-B that you file. See *Part L in the 2017 General Instructions for Certain Information Returns*.

**FATCA Filing Requirement Check Box.** Check the box if you are an FFI reporting payments to a U.S. account pursuant to an election described in Regulations section 1.1471-4(d)(5)(i)(A). In addition, check the box if you are a U.S. payer that is reporting on Form 1099-B as part of satisfying your requirement to report with respect to a U.S. account for chapter 4 purposes as described in Regulations section 1.1471-4(d) (2)(iii)(A)

**Applicable Check Box on Form 8949.** Use this box to enter a one-letter code that will assist the recipient in reporting the transaction on Form 8949 and/or Schedule D. Use the code below that applies to how the recipient will report the transaction.

**Code A.** This code indicates a short-term transaction for which the cost or other basis is being reported to the IRS. Use this code to report a transaction that the recipient will report on Schedule D, line 1a or on Form 8949 with Box A checked with totals being carried to Schedule D, line 1b.

**Code B.** This code indicates a short-term transaction for which the cost or other basis is **not** being reported to the IRS. Use this code to report a transaction that the recipient will report on Form 8949 with Box B checked with totals being carried to Schedule D, line 2.

**Code D.** This code indicates a long-term transaction for which the cost or other basis is being reported to the IRS. Use this code to report a transaction that the recipient will report on Schedule D, line 8a or on Form 8949 with Box D checked with totals being carried to Schedule D, line 8b.

**Code E.** This code indicates a long-term transaction for which the cost or other basis is **not** being reported to the IRS. Use this code to report a transaction that the recipient will report on Form 8949 with Box E checked with totals being carried to Schedule D, line 9.

**Code X.** Use this code to report a transaction if you cannot determine whether the recipient should check Box B or Box E on Form 8949 because the holding period is unknown.

**Box 1a — Description of Property.** Enter the corporation's name and the number of shares of the corporation's stock you held that were exchanged. Also enter the class or classes of stock (for example, preferred, common, etc.) that were exchanged, whether for cash or other property. Abbreviate the class to fit the entry. For example, enter "C" for common stock, "P" for preferred, or "O" for other. Also abbreviate any subclasses.

For bartering transactions, describe the service or property provided.

For regulated futures contracts and forward contracts, enter "RFC" or other appropriate description.

For Section 1256 option contracts, enter "Section 1256 option" or other appropriate description.

See *Acquisition of control or substantial change in capital structure*, earlier, for the information to enter in box 1a for that type of transaction.

**Box 1b — Date of Acquisition.** Enter the acquisition date of any securities sold. Leave this box blank if:

- The securities sold were acquired on a variety of dates, or
- You check box 5 and do not choose to complete box 1b.

For short sales, see *Short sales of securities*, earlier.

**Box 1c — Date Sold or Disposed.** For broker transactions, enter the trade date of the sale or exchange. For short sales, see *Short sales of securities*, earlier. For barter exchanges, enter the date that cash, property, a credit, or scrip is actually or constructively received.

**Box 1d — Proceeds.** Enter the gross cash proceeds from all dispositions (including short sales) of securities, commodities, options, securities futures contracts, or forward contracts. Show a loss, such as one from a closing transaction on a written option or forward contract, as a negative amount by enclosing it in parentheses.

You must reduce the proceeds by commissions and transfer taxes related to the sale. For securities sold because of the exercise of an option granted or acquired before 2014, you may, but are not required to, take into account option premiums in determining gross proceeds if that is consistent with your books. For securities sold because of the exercise of an option granted after 2013 or for the treatment of an option granted or acquired after 2013 see *Regulations section 1.6045-1(m)* for details.

If you reduce gross proceeds by option premiums, check the second box in box 6. Otherwise, check the first box.

Do not include amounts shown in boxes 8 through 11.

If identical stock is sold at separate times on the same calendar day by a single trade order and a single confirmation is given that reports to the customer an aggregate price or an average price per share, you can determine gross proceeds by averaging the proceeds for each share. However, do not do this if the customer notifies you in writing of an intent to determine the proceeds from the sale by the actual proceeds per share and you receive that notification by January 15 of the calendar year following the year of the sale. You may extend the January 15 deadline, but not beyond the due date for filing Form 1099-B.

Do not include any accrued qualified stated interest on bonds sold between payment dates (or on a payment date) in this box. Instead, report this accrued interest on Form 1099-INT.

For reporting an acquisition of control or substantial change in capital structure, see page 61.

**Box 1e — Cost or Other Basis.** Enter the adjusted basis of any securities sold unless the security is not a covered security and you check box 5. If you check box 5 and are not reporting basis, leave box 1e blank. Enter -0- in box 1e only if the securities sold actually had a basis of zero.

**Covered security.** A covered security is any of the following.

- Stock acquired for cash in an account after 2010, except stock for which the average basis method is available.
- Stock for which the average basis method is available and that is acquired for cash in an account after 2011.
- A specified security transferred to an account if the broker or other custodian of the account receives a transfer statement (explained earlier) reporting the security as a covered security.
- Certain debt instruments or options that are specified securities acquired for cash in an account after 2013 (see *Regulations section 1.6045-1(a) (15)(i)(C)*).

- A securities futures contract entered into in an account after 2013.
- A security acquired due to a stock dividend, stock split, reorganization, redemption, stock conversion, recapitalization, corporate division, or other similar action, if the basis of the acquired security is determined from the basis of a covered security.
- Certain debt instruments or options that are specified securities acquired for cash in an account after 2015. See *Regulations sections 1.6045-1(a)(15)(i)(D)* and *1.6045-1(m)(2)(ii)*. This includes variable rate debt instruments, inflation-indexed debt instruments, contingent payment debt instruments, options on debt instruments with payments denominated in, or determined by reference to, a currency other than the U.S. dollar, and options issued as part of investment units

**Specified security.** A specified security is any share of stock (or any interest treated as stock, such as an American Depository Receipt) in an entity organized as, or treated for federal tax purposes as, a corporation (foreign or domestic). For this purpose, a security classified as stock by the issuer is treated as stock. If the issuer has not classified the security, the security is not treated as stock unless the broker knows that the security is reasonably classified as stock under general federal tax principles.

- Any debt instrument, other than a debt instrument subject to Section 1272(a)(6) (certain interests in or mortgages held by a REMIC, certain other debt instruments with payments subject to acceleration, and pools of debt instruments the yield on which may be affected by prepayments), or any short-term obligation. For this purpose, a security classified as debt by the issuer is treated as debt. If the issuer has not classified the security, the security is not treated as debt unless the broker knows that the security is reasonably classified as debt under general Federal tax principles or that the instrument or position is treated as a debt instrument under a specific provision of the Internal Revenue Code.
- Any option on one or more specified securities (which includes an index substantially all the components of which are specified securities), any option on financial attributes of specified securities, or a warrant or stock right.
- Any securities futures contract.

**Noncovered security.** A noncovered security is any security that is not a covered security.

The following securities are not covered securities:

- Stock acquired in 2011 that is transferred in 2011 to a dividend reinvestment plan that meets the requirements of *Regulations section 1.1012-1(e)(6)*. However, a covered security acquired in 2011 and transferred to a dividend reinvestment plan after 2011 remains a covered security. For purposes of this rule, stock is considered transferred to a dividend reinvestment plan if it is held in a plan that is not a dividend reinvestment plan and the plan amends its plan documents to become a dividend reinvestment plan. The stock is considered transferred as of the effective date of the plan amendments.
- A security acquired due to a stock dividend, stock split, reorganization, redemption, stock conversion, recapitalization, corporate division, or other similar action, if the basis of the acquired security is determined from the basis of a noncovered security.
- A security that, when acquired, did not have to be reported on Form 1099-B because it was acquired from an exempt recipient or an exempt foreign person as defined in *Regulations section 1.6045-1(g)(1)*.
- A security for which reporting is required by *Regulations section 1.6049-5(d)(3)(ii)* (certain securities owned by a foreign intermediary or flow-through entity).
- A debt instrument if the terms of the debt instrument are not reasonably available to the broker within 90 days of the date the debt instrument was acquired by the customer and the debt instrument is either a debt instrument issued by a non-U.S. issuer or a tax-exempt obligation issued before January 1, 2014.

**Identification of securities.** If the customer has acquired securities on different dates or at different prices and sells less than the entire position in the security, report the sale according to the customer's adequate and timely identification of the security to be sold. If no identification is provided, report the sale in this order.

1. Any shares for which the acquisition date is unknown.
2. The shares that were acquired first, whether they are covered or noncovered securities.

**Average basis method.** Generally, the average basis method is available for either of the following types of stock if the customer leaves the shares with a custodian or agent in an account and acquires identical shares of stock at different prices in the account.

- Stock in most mutual funds or other regulated investment companies.
- Stock acquired after 2010 in connection with a dividend reinvestment plan that meets the requirements of *Regulations section 1.1012-1(e)(6)*.

Compute basis using the average basis method if:

- The customer elects that method, or
- You choose the average basis method as your default method, and the customer does not give you any other instructions.

Generally, determine the average basis of a share of stock by dividing the aggregate basis of all shares of identical stock in an account by the total number of shares, regardless of holding period. However, for this purpose, shares of stock in a dividend reinvestment plan are not identical to shares of stock with same CUSIP number that are not in a dividend reinvestment plan. The basis of each share of identical stock in the account is the aggregate basis of all shares of that stock in the account divided by the aggregate number of shares. Unless a single-account election is in effect, you may not average together the basis of identical stock held in separated accounts that is sold, exchanged or otherwise disposed of after December 31, 2011. But see *Regulations section 1.1012-1(e)* for details.

**Adjusted basis.** The adjusted basis begins with the initial basis (defined next) as of the date the security is acquired into an account.

In reporting the adjusted basis, take into account all information, other than the classification of the security (such as stock), reported on a transfer statement or issuer return furnished to you or deemed furnished to you, unless that statement or return is incomplete or you know it is incorrect. See *Transfer Statement and Issuer Returns for Actions Affecting Basis*, earlier. Also, treat Form 2439 as an issuer return and take into account the effects of undistributed capital gains reported to you on the form by a regulated investment company or real estate investment trust.

You are not required to consider other transactions, elections, or events occurring outside the account when determining basis.

You are also not required to apply section 1259 (constructive sales), section 475 (mark-to-market method of accounting), section 1296 (mark-to-market method of accounting for marketable stock in a passive foreign investment company), and section 1092 (straddles).

For a debt instrument, see *Regulations section 1.6045-1(n)(7)* for the rules to determine adjusted basis for a debt instrument acquired at a premium or discount.

**Initial basis.** If a customer paid cash for a security, the initial basis is:

1. The total cash paid by the customer or credited against the customer's account, plus
2. The commissions and transfer taxes to buy the security.

You may, but do not have to:

- Take option premiums into account to determine the initial basis of securities acquired by exercising an option granted or acquired before 2014, or
- Increase initial basis for income recognized upon the exercise of a compensatory option or the vesting or exercise of other equity-based compensation arrangements granted or acquired before 2014.

You cannot increase initial basis for income recognized upon the exercise of a compensatory option or the vesting or exercise of other equity-based compensation arrangements, granted or acquired after 2013. For rules related to options granted or acquired after 2013, see *Regulations section 1.6045-1(m)*.

You must report the basis of identical stock by averaging the basis of each share if:

- The stock was purchased at separate times on the same calendar day in executing a single trade order, and
- The broker executing the trade provides a single confirmation to the customer that reports an aggregate total price or an average price per share.

However, do not average the basis if the customer timely notifies you in writing of an intent to determine basis by the actual cost per share.

The initial basis of a security transferred to an account is generally the basis reported on the transfer statement. If a transfer statement indicates that the security is acquired as a gift, you must apply the relevant basis rules for property acquired by gift in determining the initial basis, except you do not have to adjust the basis for gift tax. Treat the initial basis as equal to the gross proceeds from the sale if:

- Neither gain nor loss is recognized because of the basis rules for gift property, or
- The initial basis depends on fair market value as of the date of the gift and you neither know nor can readily ascertain this value.

**Short sales.** In the case of a short sale, report the adjusted basis of the security delivered to close the short sale.

**Wash sales.** If a customer acquired securities that caused a loss from a sale of other securities to be both nondeductible under section 1091 and the loss was reported as a wash sale adjustment on a Form 1099-B for the sale at a loss, increase the adjusted basis of the acquired securities by the amount of the disallowed loss. For 2011 through 2013, the wash sale adjustment was reported in box 5. In 2014 and 2015, the wash sale adjustment was reported in boxes 1f and 1g. Beginning in 2016, the wash sale adjustment is reported in box 1g.

**Corporate mergers.** Report only the net reduction in basis between stock exchanged and stock received when reporting the payment of cash paid as part of a corporate merger, reorganization, or similar event that is taxable only to the extent that cash or property other than stock or securities ("boot") is received and for which no loss can be recognized. Enter only the amount of the reduction attributable to the amount reported in box 1d. Enter the amount as a positive number. However, do not apply this rule, and instead report adjusted basis as described earlier, for any stock considered to have been redeemed or sold, for example, fractional shares of stock resulting from the merger that are only paid in cash.

**Example:** Your customer Fred buys 100 shares of covered stock in MNO Corporation for \$5,000 in February 2017. MNO Corporation merges with PQR Corporation in December 2017. The merger is taxable only to the extent that boot is received. Fred receives 100 shares of PQR stock with a value of \$4,700 and \$800 cash boot in exchange for his MNO stock. Fred's resulting basis in the PQR stock is \$4,700. Report the \$800 cash boot in box 1d, and report \$300 in box 1e to reflect the net reduction in basis from \$5,000 (for the MNO stock) to \$4,700 (for the PQR stock).

**Box 1f — Accrued Market Discount.** Enter the amount of accrued market discount in box 1f.

Any additions made to the list of codes after these instructions are published can be found at [www.irs.gov/form1099b](http://www.irs.gov/form1099b).

**Box 1g — Adjustments.**

**Wash Sales.** Report wash sale loss amount disallowed here. You must report any loss disallowed under section 1091 if both the sale and purchase transactions occur in the same account with respect to covered securities with the same CUSIP number. You are permitted, but are not required, to report in box 1g all loss disallowed under section 1091. For example, you may report a disallowed loss even though a security is sold in one account and repurchased in a different account. Increase the adjusted basis of the acquired securities by the amount of the disallowed loss reported in box 1g.

You also do not have to apply the wash sale rules if:

- The purchased security is transferred to another account before the wash sale,
- The purchased security was purchased in another account and later transferred into the account from which securities were sold,
- The securities are treated as held in separate accounts, or
- The customer has notified you in writing (including in an electronic format) that he or she has made a valid and timely mark-to-market election under section 475 and identifies the account from which the securities were sold as containing only securities subject to the election.

For more details, see *Regulations section 1.6045-1(d)(6)(iii)*.

**Example:** Your customer Joe buys 100 shares for \$1,000 in September 2017. In October 2017, he sells them for \$600. Within 30 days of the sale, he buys 75 shares with the same CUSIP number in the same account. Since his loss is \$400 (\$1,000 minus \$600) but the loss on 75 shares is disallowed, his disallowed loss is \$300. Report the \$600 gross proceeds from the sale in box 1d, \$1,000 basis in box 1e, and \$300 wash sale loss disallowed in box 1g. The \$300 in disallowed loss is added to his basis in the newly purchased 75 shares.

**Box 2 — Type of Gain or Loss.** Except as provided below, in addition to checking the applicable short-term or long-term box, you are required to check the "Ordinary" check box if all or a portion of the gain or loss may be ordinary. You may not report both short-term and long-term gain or loss on the same Form 1099-B.

For transactions that are denominated in a currency other than the U.S. dollar, brokers must check the "Ordinary" check box because these transactions may be section 988 transactions to the customer. Because a customer may make an election to treat gains and losses on certain section 988 transactions as capital, the broker must also check the short-term or long-term box to indicate whether any portion of the gain or loss may be short-term or long-term. Brokers are not required to check the "Ordinary" check box if the security is a market discount bond or passive foreign investment company stock. Brokers are required to check the "Ordinary" check box if the security is a contingent payment debt instrument subject to the noncontingent bond method.

You are not required to consider other transactions, elections, or events occurring outside the account when determining whether the gain or loss on the sale is short-term or long-term. You are also not required to apply holding period-related adjustments under section 1259 (constructive sales), 475 (mark-to-market method of accounting), 1092 (straddles), 1233(b)(2) (short sales), 1296 (mark-to-market method of accounting for marketable stock in a passive foreign investment company), 852(b)(4)(A), 857(b)(8), 852(b)(4)(B) (regulated investment company and real estate investment trust adjustments), and *Regulations section 1.1221-2(b)* (hedging transactions).

**Box 3 — Check if Basis Reported to IRS.** Check this box if:

- You are not checking box 5, or
- You are checking box 5 but are reporting basis to the IRS in box 1e anyway.

**Box 4 — Federal Income Tax Withheld.** Enter backup withholding. For example, persons who have not furnished their TIN to you in the manner required are subject to withholding on certain amounts required to be reported on this form. This is called backup withholding. For more information on backup withholding, including the rate, see *Part N* in the *2017 General Instructions for Certain Information Returns and go to www.irs.gov/form1099b*.

Use Form W-9 to request the TIN of the recipient. For foreign recipients, request the recipient complete the appropriate Form W-8. See the *Instructions for the Requester of Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY*.

**Box 5 — Check if a Noncovered Security.** You may check the box if reporting the sale of a noncovered security. Do not check this box if reporting the sale of a covered security.

If you check this box, you do not have to complete boxes 1b, 1e, 1f, 1g, and 2, and you do not have to check box 3. If you check box 5 and choose to complete boxes 1b, 1e, 1f, 1g, and 2, you are not subject to penalties under section 6721 or 6722 for failure to report boxes 1b, 1e, 1f, 1g, and 2 correctly. If you do not check box 5, you are subject to penalties under sections 6721 and 6722 for failure to report boxes 1b, 1e, 1f, 1g, and 2 correctly even if you are reporting the sale of a noncovered security

**Box 6 — Reported to the IRS.** See Box 1d—*Proceeds*, earlier.

**Box 7 — Check if Loss Not Allowed Based on Amount in Box 1d.** See *Acquisition of control or substantial change in capital structure*, earlier.

**Regulated Futures Contracts, Foreign Currency Contracts, and Section 1256 Option Contracts (Boxes 8 Through 11)—Brokers Only.** If you complete boxes 8 through 11, do not complete any other numbered box except box 1a and, if applicable, box 4. Also, do not complete the “Applicable check box on Form 8949” box.

**Box 8 — Profit or (Loss) Realized in 2017 on Closed Contracts.** Enter the profit or (loss) realized by the customer on closed regulated futures, foreign currency, or Section 1256 option contracts in 2017.

**Box 9 — Unrealized Profit or (Loss) on Open Contracts – 2016.** Enter the unrealized profit or (loss) on open regulated futures, foreign currency, or Section 1256 option contracts at the end of 2016.

**Box 10 — Unrealized Profit or (Loss) on Open Contracts – 2017.** Enter the unrealized profit or (loss) on open regulated futures, foreign currency, or Section 1256 option contracts at the end of 2017.

**Box 11 — Aggregate Profit or (Loss) on Contracts.** Enter the aggregate profit or (loss) for the year from regulated futures, foreign currency, or Section 1256 option contracts. Use boxes 8, 9, and 10 to figure the aggregate profit or (loss).

**Box 12 — Check if Proceeds Are From Collectibles.** Check the box if the proceeds you are reporting in box 1d are from a transaction involving collectibles.

**Box 13 — Bartering.** Enter the gross amounts received by a member or client of a barter exchange. This includes cash received, the fair market value of any property or services received, and the fair market value of any trade credits or scrip credited to the member’s or client’s account. However, do not include amounts received by a member or client in a subsequent exchange of credits or scrip. Do not report negative amounts.

**Boxes 14 through 16 — State Information.** These boxes may be used by filers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See *Publication 1220* for more information regarding the Combined Federal/State Filing Program. They are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 16. In box 14, enter the abbreviated name of the state. In box 15, enter the filer’s state identification number. The state number is the filer’s identification number assigned by the individual state.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the payee for use in filing the payee’s state income tax return.

## FORM 1099-S

Section references are to the Internal Revenue Code unless otherwise noted.

### What's New

**Foreign Transferors.** A new checkbox has been added as box 5 to report the transfer of real estate by a foreign person. Previous box 5, Buyer’s Part of Real Estate Tax, is now box 6.

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 1099-S and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099s](http://www.irs.gov/form1099s).

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics:

- Backup withholding
- Electronic reporting requirements
- Penalties
- Who must file (nominee/middleman)
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- Other general topics

You can get the general instructions from **IRS.gov** or by calling 1-800-TAX-FORM (1-800-829-3676).

### Specific Instructions for Form 1099-S

File Form 1099-S, *Proceeds From Real Estate Transactions*, to report the sale or exchange of real estate.

**Reportable Real Estate.** Generally, you are required to report a transaction that consists in whole or in part of the sale or exchange for money, indebtedness, property or services of any present or future ownership interest in any of the following:

1. improved or unimproved land, including air space;
2. inherently permanent structures, including any residential, commercial, or industrial building;
3. a condominium unit and its appurtenant fixtures and common elements, including land;
4. stock in a cooperative housing corporation (as defined in section 216);
5. any non-contingent interest in standing timber.

**Sale or Exchange.** A sale or exchange includes any transaction properly treated as a sale or exchange for federal income tax purposes, even if the transaction is not currently taxable. For example, a sale of a principal residence may be a reportable sale even though the transferor may be entitled to exclude the gain under section 121, but see *Exceptions*, below. Also, a transfer to a corporation that qualifies for non-recognition of gain under section 351 is a reportable exchange. In addition, a transfer under a land contract is reportable in the year in which the parties enter into the contract.

**Ownership Interest.** An ownership interest includes fee simple interests, life estates, reversions, remainders and perpetual easements. It also includes any previously created rights to possession or use for all or part of any particular year (such as a leasehold, easement or time share), if such rights have a remaining term of at least 30 years, including any period for which the holder may renew such rights determined on the date of closing. For example, a preexisting leasehold on a building with an original term of 99 years and a remaining term of 35 years on the closing date is an ownership interest; however, if the remaining term is 10 years, it is not an ownership interest. An ownership interest does not include any option to acquire real estate. An ownership interest also includes any contractual interest in a sale or exchange of standing timber for a lump-sum payment that is fixed and not contingent.

**Involuntary Conversion.** A sale of real estate under threat or imminence of seizure, requisition or condemnation is generally a reportable transaction.

**Timber.** Report on Form 1099-S payments of timber royalties made under a pay-as-cut contract, reportable under section 6050N. For more information, see *Announcement 90-129, 1990-48 I.R.B. 10*.

7575

 VOID     CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number

WHEELING DEALING REAL ESTATE  
127 MILLIONAIRE DRIVE  
ASPEN , CO 81642  
(800) 320-9595

FILER'S federal identification number    TRANSFEROR'S identification number  
13-9742858    135-90-6521

TRANSFEROR'S name

PAUL A. WILLIAMS

Street address (including apt. no.)

152 ALLISON WAY

City or town, state or province, country, and ZIP or foreign postal code

VICTORIA, CO 80279

Account or escrow number (see instructions)

1 Date of closing  
040115  
2 Gross proceeds  
\$ 495000.00

OMB No. 1545-0997  
2017  
Form 1099-S

Proceeds From Real Estate Transactions

Copy A

For Internal Revenue Service Center File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the 2017 General Instructions for Certain Information Returns.

Form 1099-S

41-0852411

www.irs.gov/form1099s

Department of the Treasury - Internal Revenue Service

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**Exceptions:** The following is a list of transactions that are not reportable. However, you may choose to report them. If you do, you are subject to the rules in these instructions.

1. Sale or exchange of a residence (including stock in a cooperative housing corporation) for \$250,000 or less if you received an acceptable written assurance (certification) from the seller that such residence is the principal residence (within the meaning of section 121) of the seller and the full amount of the gain on such sale is excludable from gross income under section 121. If the certification includes an assurance that the seller is married, the preceding sentence shall be applied by substituting "\$500,000" for "\$250,000." If there are joint sellers, you must obtain a certification from each seller (whether married or not) or file Form 1099-S for any seller who does not make the certification. The certification must be signed by each seller under penalties of perjury.

A sample certification format can be found in Revenue Procedure 2007-12, 2007-4 I.R.B. 354, available at [www.irs.gov/irb/2007-04\\_IRB/ar09.html](http://www.irs.gov/irb/2007-04_IRB/ar09.html).



**CAUTION:** Rev. Proc. 2007-12 does not reflect changes made by Public Law 110-289, section 3092(a), which added section 121(b)(5). The sample certification included in Rev. Proc. 2007-12 does not include an assurance that there has been no period of nonqualified use (as that term is defined in section 121(b)(5)(C)) after December 31, 2008. Also, the sample certification included in Rev. Proc. 2007-12 does not include an assurance, as required by section 6045(e)(5)(A)(iii), that the full amount of the gain from the sale is excludable under section 121.

You may get the certification any time on or before January 31 of the year after the year of sale. You may rely on the certification and not file or furnish Form 1099-S unless you know that any assurance on the certification is incorrect.

You must retain the certification for 4 years after the year of sale. You may retain the certification on paper, microfilm, microfiche, or in an electronic storage system.

You are not required to obtain the certification. However, if you do not obtain it, you must file and furnish Form 1099-S.

2. Any transaction in which the transferor is a corporation [or is considered to be a corporation under Regulations section 1.6045-4(d)(2)]; a governmental unit, including a foreign government or an international organization; or an exempt volume transferor. Under this rule, if there are exempt and non-exempt transferors, you must file Form 1099-S only for the non-exempt transferors.

**Exempt Volume Transferor** — An exempt volume transferor is someone who sold or exchanged during the year, who expects to sell or exchange during the year, or who sold or exchanged in either of the two previous years, at least 25 separate items of reportable real estate to at least 25 separate transferees. In addition, each item of reportable real estate must have been held, at the date of closing, or will be held, primarily for sale or resale to customers in the ordinary course of a trade or business. You are not required to report an exempt volume transferor's transactions if you receive the penalties of perjury certification required by Regulations section 1.6045-4(d)(3).

3. Any transaction that is not a sale or exchange, including a bequest, a gift (including a transaction treated as a gift under section 1041), and a financing or refinancing that is not related to the acquisition of real estate.
4. A transfer in full or partial satisfaction of a debt secured by the property. This includes a foreclosure, a transfer in lieu of foreclosure, or an abandonment.
5. A de minimis transfer for less than \$600. A transaction is de minimis if it can be determined with certainty that the total money, services and property received, or to be received, is less than \$600, as measured on the closing date. For example, if a contract for sale provides for total consideration of "\$1.00 plus other valuable consideration," the transfer is not a de minimis transfer unless you can determine that the "other valuable consideration" is less than \$599, as measured on the closing date. The \$600 rule applies to the transaction as a whole, not separately to each transferor.

The following are also not reportable if the transaction is not related to the sale or exchange of reportable real estate:

- a. An interest in surface or subsurface natural resources (for example, water, ores, or other natural deposits) or crops, whether or not such natural resources or crops are severed from the land. For this purpose, the terms "natural resources" and "crops" do not include standing timber. For timber royalties, see *Timber*, earlier.
- b. A burial plot or vault.
- c. A manufactured structure used as a dwelling that is manufactured and assembled at a location different from that where it is used, but only if such structure is not affixed to a foundation on the closing date. This exception applies to an unaffixed mobile home that is unrelated to the sale or exchange of reportable real estate.

**Who Must File.** Generally, the person responsible for closing the transactions, as explained in (1) later, is required to file Form 1099-S. If no one is responsible for closing, the person required to file Form 1099-S

is explained in (2) later. However, you may designate the person required to file Form 1099-S in a written agreement, as explained under (3) later.

**NOTE:** For each transaction, please be sure that only one person is responsible for filing and that only one Form 1099-S is filed for each transferor.

(1) If you are the person responsible for closing the transaction you must file Form 1099-S. If a Uniform Settlement Statement (HUD-1), prescribed under the Real Estate Settlement Procedures Act of 1974 (RESPA), is used and a person is listed as the settlement agent on the statement, the person responsible for closing is the person listed as the settlement agent on that statement. A Uniform Settlement Statement includes any amendments, variations or substitutions that may be prescribed under RESPA if any such form requires disclosure of the transferor and transferee, the application of the proceeds, and the name of the settlement agent or other person responsible for preparing the settlement statement. If a Uniform Settlement Statement is not used, or no settlement agent is listed, the person responsible for closing is the person who prepares the closing statement, including a settlement statement (including a HUD-1) or other written document that identifies the transferor, transferee and real estate transferred, and that describes how the proceeds are to be disbursed.

If no closing statement is used, or if two or more statements are used, the person responsible for closing is, in the following order: (a) the transferee's attorney, provided the attorney is present at the delivery of the transferee's note or a significant part of the cash proceeds to the transferor or if the attorney prepares or reviews the preparation of the documents transferring legal or equitable ownership; (b) the transferor's attorney, if the attorney is present at the delivery of either the transferee's note or a significant part of the cash proceeds to the transferor or if the attorney prepares or reviews the preparation of the documents transferring legal or equitable ownership; or (c) the disbursing title or escrow company that is most significant in disbursing gross proceeds. If there is more than one attorney described in (a) or (b), the one whose involvement is most significant is the person considered responsible for closing the transaction.

(2) If no one is responsible for closing the transaction as explained in (1) above, the person responsible for filing is, in the following order (a) the mortgage lender, (b) the transferor's broker, (c) the transferee's broker, or (d) the transferee.

For purposes of (2) above, apply the following definitions:

a. **Mortgage lender** means a person who lends new funds in connection with the transaction, but only if the loan is at least partially secured by the real estate. If there is more than one lender, the one who lends the most new funds is the mortgage lender. If several lenders advance equal amounts of new funds and no other person advances a greater amount of the new funds, the mortgage lender is the one who has the security interest that is most senior in priority. Amounts advanced by the transferor are not treated as new funds.

b. **Transferor's broker** means the broker who contracts with the transferor and who is compensated for the transaction.

c. **Transferee's broker** means the broker who significantly participates in the preparation of the offer to acquire the property or who presents such offer to the transferor. If there is more than one such person, the transferee's broker is the one who most significantly participates in the preparation of the acquisition offer. If there is no such person, the one who most significantly participates in the presentation of the offer is the transferee's broker.

d. **Transferee** means the person who acquires the greatest interest in the property. If no one acquires the greatest interest, the transferee is the person listed first on the ownership transfer documents.

(3) **Designation Agreement.** You can enter into a written agreement at or before closing to designate who must file Form 1099-S for the transaction. The agreement will identify the person responsible for filing if such designated person signs the agreement. It is not necessary that all parties to the transaction (or that more than one party) enter into the agreement. You may be designated in the agreement as the person who

must file if you are the person responsible for closing (explained earlier), the transferee's or transferor's attorney, a title or escrow company that is most significant in terms of the gross proceeds disbursed, or the mortgage lender. The designation agreement may be in any written form and may be included on the closing statement: (1) it must identify by name and address the person designated as responsible for filing; (2) it must include the names and addresses of each person entering into the agreement; (3) it must be signed and dated by all persons entering into the agreement; (4) it must include the names and addresses of the transferor and transferee; and (5) it must include the address and any other information necessary to identify the property. Each person who signs the agreement must retain it for four years.

**Employees, Agents and Partners.** If an employee, agent or partner, acting within the scope of such person's employment, agency or partnership, participates in a real estate transaction, only the employer, principal, or partnership (not the employee, agent, or partner) may be the reporting person. However, the participation of a person listed on the Uniform Settlement Statement as the settlement agent acting as an agent of another is not attributed to the principal.

**Foreign Transferors.** Sales or exchanges involving foreign transferors are reportable on Form 1099-S. For information on the transferee's responsibility to withhold income tax when a U.S. real property interest is acquired from a foreign person, see *Pub. 515, Withholding of Tax on Non-resident Aliens and Foreign Entities*.

**Multiple Transferors.** For multiple transferors of the same real estate, you must file a separate Form 1099-S for each transferor. At or before closing, you must request from the transferors an allocation of the gross proceeds among the transferors. The request and the response are not required to be in writing. You must make a reasonable effort to contact all transferors of whom you have knowledge. However, you may rely on the unchallenged response of any transferor, and you need not make additional contacts with other transferors after at least one complete allocation is received (100 percent of gross proceeds, whether or not received in a single response). If you receive the allocation, report gross proceeds on each Form 1099-S accordingly.

You are not required to, but you may, report gross proceeds in accordance with an allocation received after the closing date, but before the due date of Form 1099-S (without extensions). However, you cannot report gross proceeds in accordance with an allocation received on or after the due date of Form 1099-S (without extensions).

If no gross proceeds are allocated to a transferor because no allocation or an incomplete allocation is received, you must report the total unallocated gross proceeds on the Form 1099-S made for that transferor. If you do not receive any allocation or you receive conflicting allocations, report on each transferor's Form 1099-S the total unallocated gross proceeds.

**Spouses.** If the transferors were spouses at the time of closing, who held the property as joint tenants, tenants by the entirety, tenants in common or as community property, treat them as a single transferor. Only one Form 1099-S showing either of them as the transferor is required. You need not request an allocation of gross proceeds if spouses are the only transferors. But if you receive an uncontested allocation of gross proceeds from them, file Form 1099-S for each spouse according to the allocation. If there are other transferors, you must make a reasonable effort to contact either spouse to request an allocation.

**Partnerships.** If the property is transferred by a partnership, file only one Form 1099-S for the partnership, not separate Forms 1099-S for each partner.

**Multiple Assets Sold.** If real estate is sold or exchanged and other assets are sold or exchanged in the same transaction, report the total gross proceeds from the entire transaction on Form 1099-S.

**Taxpayer Identification Numbers (TINs).** You must request the transferor's TIN no later than the time of closing. The TIN request need not be made in a separate mailing. Rather, it may be made in person, in a mailing that includes other items or electronically. The transferor is required to furnish his or her TIN and to certify that the TIN is correct. For

U.S. persons (including U.S. resident aliens), you may request a TIN on Form W-9, Request for Taxpayer Identification Number and Certification. Foreign persons must provide their TIN to you on the appropriate Form W-8. See *Part J in the 2017 General Instructions for Certain Information Returns*. Alternatively, you may provide a written statement to the transferor similar to the following: “You are required by law to provide (insert name of person responsible for filing) with your correct taxpayer identification number. If you do not provide (insert name of person responsible for filing) with your correct taxpayer identification number, you may be subject to civil or criminal penalties imposed by law.” The solicitation must contain space for the name, address and TIN of the transferor, and a place to certify under penalties of perjury that the TIN furnished is the correct TIN of the transferor. The certification must read similar to: “Under penalties of perjury, I certify that I am a U.S. person or U.S. resident alien and the number shown on this statement is my correct taxpayer identification number.” If you use a HUD-1, you may provide a copy of such statement, appropriately modified to solicit the TIN, to the transferor. Keep the Form W-9, W-8, or substitute form in your records for 4 years.

**Separate Charge Prohibited.** You may not charge your customers a separate fee for complying with the Form 1099-S filing requirements. However, you may take into account the cost of filing the form in setting the fees you charge your customers for services in a real estate transaction.

**Filer’s Name and Address Box.** Enter the name, address and phone number of the person who is filing Form 1099-S. This information must be the same as the filer information reported on Form 1096.

**Statements to Transferors.** If you are required to file Form 1099-S, you must provide a statement to the transferor. Furnish a copy of Form 1099-S or an acceptable substitute statement to each transferor. For more information about the requirement to furnish a statement to the transferor, see *Part M in the 2017 General Instructions for Certain Information Returns*.

**NOTE:** You are not required to indicate on Form 1099-S that the transferor’s (seller’s) financing was federally subsidized. Also, you are not required to enter the following:

- Both total gross proceeds and the allocated gross proceeds for a multiple transferor transaction (enter either one or the other).
- An indication that the transferor may receive property or services for an obligation having a stated principal amount.
- An indication that, in connection with a contingent payment transaction, the transferor may receive gross proceeds that cannot be determined with certainty under the regulations and is not included in gross proceeds

**Truncating transferor’s identification number on payee statements.** Pursuant to Treasury Regulation section 301.6109-4, all filers of this form may truncate a transferor’s identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A filer’s identification number may not be truncated on any form. See *Part J in the 2017 General Instructions for Certain Information Returns*.

**Transferor’s Name and Address Box.** Enter the name and address of the seller or other transferor of the real estate. If spouses are joint sellers, it is only necessary to enter one name and the TIN for that person on the form.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-S. Additionally, the IRS encourages you to designate an account number for all Forms 1099-S that you file. See *Part L in the 2017 General Instructions for Certain Information Returns*.

**Box 1 — Date of Closing.** Enter the closing date. On a HUD-1 the closing date is the settlement date. If a HUD-1 is not used, the closing date is the earlier of the date title transfers or the date the economic burdens and benefits of ownership shift to the transferee.

**Box 2 — Gross Proceeds.** Enter the gross proceeds from the sale or exchange of real estate. Gross proceeds means any cash received or to be received for the real property by, or on behalf of the transferor, including the stated principal amount of a note payable to or for the benefit of the transferor and including a note or mortgage paid off at settlement. If the transferee assumes a liability of the transferor or takes the property subject to a liability, such liability is treated as cash and is includable as part of gross proceeds. For a contingent payment transaction, include the maximum determinable proceeds. Also see *Multiple Assets Sold*, earlier. If you are reporting a like-kind exchange of property for which no gross proceeds are reportable, enter -0- (zero) in Box 2 and enter an “X” in the checkbox in Box 4. Gross proceeds do not include the value of property or services received or to be received by, or on behalf of, the transferor, or separately stated cash received for personal property, such as draperies, rugs or a washer and dryer. Do not reduce gross proceeds by any expenses paid by the transferor such as sales commissions, deed preparation, advertising and legal expenses. If a HUD-1 is used for a transfer of real estate for cash and notes only, gross proceeds generally will be the contract sales price shown on that statement. If other property or services were exchanged, see *Box 4*, below.

**Contingent Payment Transaction.** A contingent payment transaction is one in which the receipt, by or on behalf of the transferor, is subject to a contingency. The maximum determinable proceeds means the greatest amount of gross proceeds possible if all the contingencies are satisfied. If the maximum amount of gross proceeds cannot be determined with certainty, the maximum determinable proceeds are the greatest amount that can be determined with certainty.

**Box 3 — Address or Legal Description (Including City, State, and Zip Code).** Enter the address of the property, including the city, state and zip code. If the address does not sufficiently identify the property, also enter a legal description, such as section, lot and block. For timber royalties, enter “Timber Royalties.” For lump-sum timber payments, enter “Lump-sum timber payment.”

**Box 4 — Check Here if the Transferor Received or Will Receive Property or Services as Part of the Consideration.** If the transferor received or will receive property (other than cash and consideration treated as cash in computing gross proceeds) or services as part of the consideration for the property, enter an “X” in the checkbox in Box 4.

**Box 5 — Check Here if the Transferor is a Foreign Person (nonresident alien, foreign partnership, foreign estate, or foreign trust)**

If the transferor is a foreign person (nonresident alien, foreign partnership, foreign estate, or foreign trust), enter an “X” in the checkbox in box 5

**Box 6 — Buyer’s Part of Real Estate Tax.** For a real estate transaction involving a residence, enter the real estate tax paid in advance that is allocable to the buyer. You do not have to report an amount as allocable to the buyer for real estate taxes paid in arrears. You may use the appropriate information included on the HUD-1, or comparable form, provided at closing. For example, a residence is sold in a county where the real estate tax is paid annually in advance. The seller paid real estate taxes of \$1,200 for the year in which the sale took place. The sale occurred at the end of the 9th month of the real estate tax year. Therefore, \$300 of the tax paid in advance is allocated to the buyer, by reference to the amount of real estate tax shown on the HUD-1 as paid by the seller in advance, and is reported in box 5. See *Notice 93-4, 1993-1 C.B. 295*.

## FORM 1099-PATR

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 1099-PATR and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099patr](http://www.irs.gov/form1099patr).

9797

 VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

JONES CORPORATION  
25 MAPLE STREET  
DENVER, CO 80202

1 Patronage dividends
\$ 410.00
2 Nonpatronage distributions
\$
3 Per-unit retain allocations
\$

OMB No. 1545-0118

2017

Form 1099-PATR

### Taxable Distributions Received From Cooperatives

PAYER'S federal identification number	RECIPIENT'S identification number
99-9876543	023-12-1234

4 Federal income tax withheld
\$

RECIPIENT'S name

CAROLYNN NELSON

5 Redemption of nonqualified notices and retain allocations
\$

6 Domestic production activities deduction
\$

Street address (including apt. no.)

55 APRICOT LANE

7 Investment credit
\$

City or town, state or province, country, and ZIP or foreign postal code

DENVER, CO 80202

8 Work opportunity credit
\$

9 Patron's AMT adjustment
\$

Account number (see instructions)

2nd TIN not.

10 Other credits and deductions
\$

Form 1099-PATR

41-0852411

www.irs.gov/form1099patr

Department of the Treasury - Internal Revenue Service

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**Copy A**  
For  
**Internal Revenue Service Center**

**File with Form 1096.**  
For Privacy Act and Paperwork Reduction Act Notice, see the 2017 General Instructions for Certain Information Returns.

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics:

- Who must file (nominee/middleman).
- When and where to file.
- Electronic reporting requirements.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers.
- Backup withholding.
- Penalties.
- Other general topics.

### Specific Instructions for Form 1099-PATR

File Form 1099-PATR, Taxable Distributions Received from Cooperatives, for each person to whom the cooperative has paid at least \$10.00 in patronage dividends and other distributions described in section 6044(b) or from whom you withheld any Federal income tax under the backup withholding rules regardless of the amount of the payment. A cooperative determined to be primarily engaged in the retail sale of goods or services that are generally for personal, living, or family use of the members may ask for and receive exemption from filing Form 1099-PATR. See *Form 3491, Consumer Cooperative Exemption Application*, for information about how to apply for this exemption.

Report dividends paid on a cooperative's capital stock on Form 1099-DIV, Dividends and Distributions.



**CAUTION:** Report on Form 1099-PATR only items of income, expenses, and credits that you properly pass through to patrons for reporting on the patron's tax return.

**Exceptions:** Generally you are not required to file Form 1099-PATR for payments made to a corporation, a tax-exempt organization including tax-exempt trusts (HSAs, Archer MSAs, and Coverdell ESAs), the United States, a state, a possession, or the District of Columbia. See *Regulations section 1.6044-3(c)*.

**Statement to Recipients.** If you are required to file Form 1099-PATR, you must provide a statement to the recipient. For more information about the requirement to furnish an official form or acceptable substitute statement to recipients in person, by statement mailing, or electronically, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulation section 301.6109-4, all filers of this form

may truncate a payee's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A filer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**2nd TIN Not.** You may enter an "X" in this box if you were notified by the IRS twice within three calendar years that the payee provided an incorrect taxpayer identification number (TIN). If you mark this box, the IRS will not send you any further notices about this account. However, if you received both IRS notices in the same year, or if you received them in different years but they both related to information returns filed for the same year, do not check the box at this time. For purposes of the two notices in 3-year rule, you are considered to have received one notice. You are not required to send a second "B" notice to the taxpayer on receipt of the second notice. See *Part N* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-PATR. Additionally, the IRS encourages you to designate an account number for all Forms 1099-PATR that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Patronage Dividends.** Enter the total patronage dividends paid in cash (qualified or "consent" checks), qualified written notices of allocation (face amount), and other property (except nonqualified written notices of allocation).

**Box 2 — Nonpatronage Distributions.** This box applies only to farmers' cooperatives exempt from tax under section 521. Enter the total nonpatronage distributions paid in cash (qualified or "consent" checks), qualified written notices of allocation (face amount), and other property. Do not include nonqualified written notices of allocation.

**Box 3 — Per-Unit Retain Allocations.** Enter the total per-unit retain allocations paid in cash, qualified per-unit retain certificates (face amount), and other property.

**Box 4 — Federal Income Tax Withheld.** Enter backup withholding. For example, persons who have not furnished their TIN to you in the manner required are subject to withholding at a 28% rate on payments required to be reported in boxes 1, 2, 3 and 5 to the extent such payments are in cash or qualified check. See *Regulations section 31.3406(b)(2)-5* for more information on backup withholding by cooperatives.

**Box 5 — Redemption of Nonqualified Notices and Retain Allocations.** For farmers' cooperatives qualifying under section 521

only enter all redemptions of nonqualified written notices of allocation issued as patronage dividends or nonqualified written notices of allocation issued as nonpatronage allocations. Also enter nonqualified per-unit retain certificates, issued with respect to marketing.

**Pass-Through Credits and Deductions.** Report in the appropriate boxes the patron's share of unused credits and deductions that the cooperative is passing through to the patron.

#### **Box 6 — Domestic Production Activities Deduction.**



**CAUTION:** A cooperative must reduce its section 1382 deduction by an amount equal to the portion of any patronage dividend or per-unit retain allocation, including any advances on these paid in cash during the year, that is attributable to the cooperative's section 199 deduction passed through to its patrons during the year. See *Regulations section 1.199-6* for more details.

Section 199(d)(3) and Regulations section 1.199-6 provide special rules for cooperatives to pass through, if elected, to their patrons receiving certain patronage dividends or certain per-unit retain allocations from the cooperative a deduction equal to their portion of the cooperative's qualified production activities income (QPAI) that would be deductible by the cooperative and have been designated by the cooperative in a written notice mailed to its patrons during the payment period specified under section 1382(d). The deduction for QPAI applies to any cooperative that is engaged in the manufacturing, producing, growing, or extracting in whole or significant part of any agricultural or horticultural product, or the marketing of agricultural or horticultural products.

If any amount of a patronage dividend or qualified per-unit retain allocation is received by a patron from the cooperative, and such amount is allocable to QPAI that is deductible under section 199(a), then the amount is deductible from the gross income of the patron and is reported in box 6. However, if no written notice (see later) was sent within the payment period or if the cooperative does not pass through the deduction to the patron, leave box 6 blank.

To determine the portion of the cooperative's QPAI that would be deductible, the cooperative's taxable income is computed without taking into account any deduction allowable under section 1382(b) or (c) relating to patronage dividends, per-unit retain allocations, and nonpatronage distributions. In the case of a cooperative engaged in the marketing of agricultural or horticultural products (or both), the cooperative is treated as having manufactured, produced, grown, or extracted in whole or in significant part any qualifying production property marketed by the cooperative that its patrons have manufactured, produced, grown, or extracted. Agricultural or horticultural products also include fertilizer, diesel fuel, and other supplies used in agricultural or horticultural production that are manufactured, produced, grown, or extracted by the cooperative.



**CAUTION:** Don't reduce the amounts reported in boxes 1 or 3 by the amount you report in box 6.

**Written notice.** In order for the patron to qualify for the deduction, the cooperative must designate the patron's portion of the section 199 deduction in a written notice mailed to the patron no later than the 15th day of the ninth month following the close of the taxable year. The cooperative may use the same written notice, if any, that it uses to notify patrons of their respective allocations of patronage dividends, or may use a separate timely written notice to comply with the written notice requirement for this deduction.

**Box 7 — Investment Credit.** Enter the total investment credit for the patron.

**Box 8 — Work Opportunity Credit.** Enter the total work opportunity credit for the patron.

**Box 9 — Patron's AMT Adjustment.** Enter the total alternative minimum tax (AMT) patronage dividend adjustment for the patron.

**Box 10 — Other Credits and Deductions.** For the patron, state separately in box 10 the type and amount of each of the following credits and deductions.

- The empowerment zone credit (Form 8844). The low sulfur diesel fuel production credit (Form 8896).
- The credit for small employer health insurance premiums (Form 8941).
- The credit for employer differential wage payments (Form 8932).
- The deduction for capital costs incurred by small refiner cooperatives when complying with EPA sulfur regulations.

The following credits are scheduled to expire after December 31, 2016. These are being retained for fiscal year cooperatives that may be able to pass through credits in calendar year 2017.

- The cellulosic biofuel credit (including second generation biofuel) (Form 6478).
- The renewable electricity, refined coal, and Indian coal production credit (Form 8835).
- The Indian employment credit (Form 8845). The biodiesel and renewable diesel fuels credit (Form 8864).

## **FORM 1099-A**

Section references are to the Internal Revenue Code unless otherwise noted.

### **Future Developments**

For the latest information about developments related to Forms 1099-A and 1099-C and their instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099a](http://www.irs.gov/form1099a) and [www.irs.gov/form1099c](http://www.irs.gov/form1099c).

### **What's New**

T.D. 9793 removes the rule that a deemed discharge of indebtedness for which a Form 1099-C must be filed occurs at the expiration of a 36-month nonpayment testing period.

### **REMINDER**

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns* (Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G). Those general instructions include information about the following topics:

- Backup withholding
- Electronic reporting requirements
- Penalties
- Who must file (nominee/middleman)
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- Other general topics

You can get the general instructions from [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

## **Specific Instructions for Form 1099-A**

File *Form 1099-A, Acquisition or Abandonment of Secured Property*, for each borrower if you lend money in connection with your trade or business and, in full or partial satisfaction of the debt, you acquire an interest in property that is security for the debt, or you have reason to know that the property has been abandoned. You need not be in the business of lending money to be subject to this reporting requirement.

**Coordination with Form 1099-C.** If, in the same calendar year, you cancel a debt of \$600 or more in connection with a foreclosure or abandonment of secured property, it is not necessary to file both Form 1099-A and Form 1099-C, Cancellation of Debt, for the same debtor. You may file Form 1099-C only. You will meet your Form 1099-A filing requirement for the debtor by completing boxes 4, 5 and 7 on Form 1099-C. However, if you file both Forms 1099-A and 1099-C, do not complete boxes 4, 5 and 7 on Form 1099-C. See the instructions for *Form 1099-C*.

8080

 VOID     CORRECTED

LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

EUREKA TOOL WORKS  
42 BENNETT STREET  
CINCINNATI, OH 45214  
(800) 489-2982

LENDER'S federal identification number  
**11-8472659**

BORROWER'S identification number  
**13-8573209**

BORROWER'S name  
**SUSAN MARLOWE d/b/a  
MARLOWE SEWING & EMBROIDERY CO.**

Street address (including apt. no.)  
**1234 CIRCLE DRIVE**

City or town, state or province, country, and ZIP or foreign postal code  
**CINCINNATI, OH 45213**

Account number (see instructions)  
**59201**

OMB No. 1545-0877

**2017**

Form 1099-A

### Acquisition or Abandonment of Secured Property

**Copy A**For  
Internal Revenue  
Service Center

File with Form 1096.

For Privacy Act  
and Paperwork  
Reduction Act  
Notice, see the  
**2017 General  
Instructions for  
Certain  
Information  
Returns.**

Form 1099-A

41-0852411

www.irs.gov/form1099a

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page**

**Abandonment.** An **abandonment** occurs when the objective facts and circumstances indicate that the borrower intended to and has permanently discarded the property from use. You have "reason to know" of an abandonment based on all the facts and circumstances concerning the status of the property. You will be deemed to know all the information that would have been discovered through a reasonable inquiry when, in the ordinary course of business, you become aware or should become aware of circumstances indicating that the property has been abandoned. If you expect to commence a foreclosure, execution, or similar sale within three months of the date you had reason to know that the property was abandoned, reporting is required as of the date you acquire an interest in the property or a third party purchases the property at such sale. If you expect to but do not commence such action within three months, the reporting requirement arises at the end of the three-month period.

**Property.** **Property** means any real property (such as a personal residence), any intangible property, and tangible personal property except:

1. No reporting is required for tangible personal property (such as a car) held only for personal use. However, you must file Form 1099-A if the property is totally or partly held for use in trade or business or for investment.
2. No reporting is required if the property securing the loan is located outside the U.S. and the borrower has furnished the lender a statement, under penalties of perjury, that the borrower is an exempt foreign person (unless the lender knows that the statement is false).

#### Who Must File

In addition to the general rule specified above, the following rules apply:

**Multiple Owners.** If there are **multiple owners** of undivided interests in a single loan, such as in pools, fixed investment trusts or other similar arrangements, the trustee, record owner or person acting in a similar capacity must file Form 1099-A on behalf of all the owners of beneficial interests or participations. In this case, only one form for each borrower must be filed on behalf of all owners with respect to the loan. Similarly, for bond issues, only the trustee or similar person is required to report.

**Governmental Unit.** A **governmental unit**, or any of its subsidiary agencies, that lends money secured by property must file Form 1099-A.

**Subsequent Holder.** A **subsequent holder** of a loan is treated as the lender for purposes of the reporting requirement for events occurring after the loan is transferred to the new holder.

**Multiple Lenders.** If **more than one person lends** money secured by property and one lender forecloses or otherwise acquires an interest in the

property and the sale or other acquisition terminates, reduces or otherwise impairs the other lenders' security interests in the property, the other lenders must file Form 1099-A for each of their loans. For example, if a first trust holder forecloses on a building, and the second trust holder knows or has reason to know of such foreclosure, the second trust holder must file Form 1099-A for the second trust, even though no part of the second trust was satisfied by the proceeds of the foreclosure sale.

**Statements to Borrowers.** If you are required to file Form 1099-A, you must provide a statement to the borrower. Furnish a copy of Form 1099-A or an acceptable substitute statement to each borrower. For more information about the requirement to furnish a statement to the borrower, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating Borrower's identification number on statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of Form 1099-A may truncate a borrower's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A lender's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a borrower for whom you are filing more than one Form 1099-A. Additionally, the IRS encourages you to designate an account number for all Forms 1099-A that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Date of Lender's Acquisition or Knowledge of Abandonment.** For an acquisition, enter the date you acquired the secured property. An interest in the property is generally acquired on the earlier of the date title is transferred to the lender or the date possession and the burdens and benefits of ownership are transferred to the lender. If an objection period is provided by law, use the date the objection period expires. If you purchase the property at a sale held to satisfy the debt, such as at a foreclosure or execution sale, use the later of the date of sale or the date the borrower's right of redemption, if any, expires.

For an abandonment, enter the date you knew, or had reason to know, that the property was abandoned unless you expect to commence a foreclosure, execution, or similar action within three months, as explained earlier. If a third party purchases the property at a foreclosure, execution, or similar sale, the property is treated as abandoned, and you have reason to know of its abandonment on the date of sale.

**Box 2 — Balance of Principal Outstanding.** Enter the balance of the debt outstanding at the time the interest in the property was acquired or on the date you first knew, or had reason to know, that the property was abandoned. Include only unpaid principal on the original debt. Do not include accrued interest or foreclosure costs.

**Box 3 — Reserved.**

**Box 4 — Fair Market Value (FMV) of Property.** For a foreclosure, execution, or similar sale, enter the fair market value of the property. (See *Temporary Regulations section 1.6050J-1T, Q/A 32*.) Generally, the gross foreclosure bid price is considered to be the fair market value. If an abandonment or voluntary conveyance to the lender in lieu of foreclosure occurred, check “Yes” in box 5 and enter the appraised value of the property. Otherwise, make no entry in this box.

**Box 5 — Was Borrower Personally Liable for Repayment of the Debt?** Enter an “X” in the applicable box to indicate whether the borrower was personally liable for repayment of the debt at the time the debt was created or, if modified, at the time of the last modification.

**Box 6 — Description of Property.** Enter a general description of the property. For real property, generally you must enter the address of the property, or, if the address does not sufficiently identify the property, enter the section, lot and block. For personal property, enter the applicable type, make and model. For example, describe a car as “Car — 2013 Honda Accord.” Use a category such as “Office Equipment” to describe more than one piece of personal property, such as six desks and seven computers. Enter “CCC” for crops forfeited on Commodity Credit Corporation loans

## FORM 1099-C



**CAUTION:** The creditor’s phone number must be provided in the creditor’s information box. It should be a central number for all canceled debts at which a person may be reached who will insure the debtor is connected with the correct department.



**CAUTION:** Do not file Form 1099-C when fraudulent debt is canceled due to identity theft. Form 1099-C is to be used only for cancellations of debts for which the debtor actually incurred the underlying debt.

**When To File.** File Form 1099-C, Cancellation of Debt, for each debtor for whom you canceled a debt owed to you of \$600 or more only if:

1. You are an entity described under *Who Must File*, below, and
2. An identifiable event has occurred. It does not matter whether the actual cancellation is on or before the date of the identifiable event. See *When is a Debt Canceled?*

Form 1099-C must be filed regardless of whether the debtor is required to report the debt as income.

The debtor may be an individual, corporation, partnership, trust, estate, association, or company.

Do not combine multiple cancellations of a debt to determine whether you meet the \$600 reporting requirement unless the separate cancellations are under a plan to evade the Form 1099-C requirements.

**Coordination with Form 1099-A.** If, in the same calendar year, you cancel a debt in connection with a foreclosure or abandonment of secured property, it is not necessary to file both a Form 1099-A, Acquisition or Abandonment of Secured Property, and a Form 1099-C for the same debtor. You may file Form 1099-C only. You will meet your Form 1099-A filing requirement for the debtor by completing boxes 4, 5 and 7 on Form 1099-C. However, you may file both Forms 1099-A and 1099-C; if you do, do not complete boxes 4, 5 and 7 on Form 1099-C. See the instructions for *Form 1099-A*, earlier, and *Box 4, Box 5 and Box 7*.

**Who Must File.** File Form 1099-C if you are:

1. A financial institution described in section 581 or 591(a) (such as a domestic bank, trust company, building and loan or savings and loan association);
2. A credit union;
3. Any of the following, its successor, or subunit of one of the following:
  - a. Federal Deposit Insurance Corporation,
  - b. National Credit Union Administration,
  - c. Any other federal executive agency, including government corporations,
  - d. Any military department,
  - e. U.S. Postal Service, or
  - f. Postal Rate Commission;
4. A corporation that is a subsidiary of a financial institution or credit union, but only if, because of your affiliation, you are subject to supervision and examination by a federal or state regulatory agency;
5. A Federal Government agency including:
  - a. A department,
  - b. An agency,
  - c. A court or court administrative office, or
  - d. An instrumentality in the judicial or legislative branch of the government;
6. Any organization whose significant trade or business is the lending of money, such as a finance company or credit card company (whether or not affiliated with a financial institution). The lending of money is a significant trade or business if money is lent on a regular and continuing basis. Regulations section 1.6050P-2(b) lists three safe harbors under which reporting may not be required for the current year. See *Safe harbor rules*, below.

**Safe Harbor Rules.** The three safe harbor rules in which an entity will not be considered to have a significant trade or business of lending money are:

1. **No prior year reporting required.** An organization will not have a significant trade or business of lending money for the current year if the organization was not required to report in the prior year and if its gross income from lending money in the most recent test year (see item 3, below) is less than both 15% of the organization’s gross income and \$5 million.
2. **Prior year reporting requirement.** An organization that had a prior year reporting requirement will not have a significant trade or business of lending money for the current year if, for each of the three most recent test years, its gross income from lending money is less than both 10% of the organization’s gross income and \$3 million.
3. **No test year.** Newly formed organizations are considered not to have a significant trade or business of lending money even if the organization lends money on a regular and continuing basis. However, this safe harbor does not apply to an entity formed or availed of for the principal purpose of holding loans acquired or originated by another entity. In this instance, the transferee entity (including real estate mortgage investment conduits (REMICs) and pass-through securitized indebtedness arrangements) may be required to report cancellation of indebtedness on Form 1099-C. See *Regulations section 1.6050P-1(e)(5)*.

**Test Year Defined.** A test year is a taxable year of the organization that ends before July 1 of the previous calendar year. For example, X, a calendar year taxpayer who has a significant trade or business of lending money, is formed in year one. X will not have a test year in year one or year two. However, for year three, X’s test year will be year one. In year three, year one is the only year that ended before July 1 of the previous calendar year (in this example, year two).

**Penalties.** There are penalties for failure to file correct information returns by the due date and for failure to furnish correct payee statements. See *Part O* in the *2017 General Instructions for Certain Information Returns* for details.

**Exceptions.** Until further guidance is issued, no penalty will apply for failure to file Form 1099-C, or provide statements to debtors, for amounts:

- Discharged in nonlending transactions, or
- Forgiven pursuant to the terms of a debt obligation.

8585

 VOID CORRECTED

CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

**U.S. BANK**  
4500 HILL STREET  
WASHINGTON, DC 20503

1 Date of identifiable event

10-10-2016

OMB No. 1545-1424

2 Amount of debt discharged

\$ 775.00

2017

3 Interest if included in box 2

\$

Form 1099-C

## Cancellation of Debt

CREDITOR'S federal identification number DEBTOR'S identification number

95-3456789

111-11-1111

DEBTOR'S name

JAMES CLINE

Street address (including apt. no.)

2600 LIBRARY STREET

City or town, state or province, country, and ZIP or foreign postal code

WASHINGTON, DC 20559

Account number (see instructions)

4 Debt description

MORTGAGE

5 Check here if the debtor was personally liable for repayment of the debt 

6 Identifiable event code

7 Fair market value of property

\$

Copy A

For

Internal Revenue Service Center

File with Form 1096.

For Privacy Act and

Paperwork Reduction

Act Notice, see the

2017 General

Instructions for

Certain Information

Returns.

Form 1099-C

41-0852411

www.irs.gov/form1099c

Department of the Treasury - Internal Revenue Service

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**Multiple Creditors.** If a debt is owned (or treated as owned for federal income tax purposes) by more than one creditor, each creditor that is described under *Who must file* must issue a Form 1099-C if that creditor's part of the canceled debt is \$600 or more. A creditor will be deemed to have met its filing requirements if a lead bank, fund administrator, or other designee of the creditor complies on its behalf. The designee may file a single Form 1099-C reporting the aggregate canceled debt or may file Form 1099-C for that creditor's part of the canceled debt. Use any reasonable method to determine the amount of each creditor's part of the canceled debt.

Debt owned by a partnership is treated as owned by the partners and must follow the rules for multiple creditors.

**Pass-throughs and REMICs.** Until further guidance is issued, no penalty will apply for failure to file Form 1099-C, or provide statements to debtors, for a canceled debt held in a pass-through securitized debt arrangement or held by a real estate mortgage investment conduit (REMIC). However, see **item 3** under *Safe Harbor Rules* earlier. A pass-through securitized debt arrangement is any arrangement in which one or more debts are pooled and held for 20 or more persons whose interests in the debt are undivided co-ownership interests that are freely transferable. Co-ownership interests that are actively traded personal property (as defined in Regulations section 1.1092(d)-1) are presumed to meet these requirements.

**Debt Defined.** A **debt** is any amount owed to you including stated principal, stated interest, fees, penalties, administrative costs, and fines. The amount of debt canceled may be all or only part of the total amount owed. However, for a lending transaction, you are required to report only the stated principal. See *Exceptions* later.

**When to File.** Generally, file Form 1099-C for the year in which an identifiable event occurs. See *Exceptions* later. If you cancel a debt before an identifiable event occurs, you may choose to file Form 1099-C for the year of cancellation. No further reporting is required even if a second identifiable event occurs on the same debt. Also, you are not required to file an additional or corrected Form 1099-C if you receive payment on a prior year debt.

**When is a Debt Canceled?** A debt is deemed canceled on the date an identifiable event occurs or, if earlier, the date of the actual discharge if you choose to file Form 1099-C for the year of cancellation. An **identifiable event** is one of the following:

1. A discharge in bankruptcy under Title 11 of the U.S. Code for business or investment debt; see *Exceptions* later. Enter "A" in Box 6 to report this identifiable event.

2. A cancellation or extinguishment making the debt unenforceable in a receivership, foreclosure, or similar Federal or state court proceeding. Enter "B" in Box 6 to report this identifiable event.
3. A cancellation or extinguishment when the statute of limitations for collecting the debt expires, or when the statutory period for filing a claim or beginning a deficiency judgment proceeding expires. Expiration of the statute of limitations is an identifiable event only when a debtor's affirmative statute of limitations defense is upheld in a final judgment or decision of a court and the appeal period has expired. Enter "C" in Box 6 to report this identifiable event.
4. A cancellation or extinguishment when the creditor elects foreclosure remedies that by law end or bar the creditor's right to collect the debt. This event applies to a mortgage lender or holder who is barred by local law from pursuing debt collection after a "power of sale" in the mortgage or deed of trust is exercised. Enter "D" in Box 6 to report this identifiable event.
5. A cancellation or extinguishment due to a probate or similar proceeding. Enter "E" in Box 6 to report this identifiable event.
6. A discharge of indebtedness under an agreement between the creditor and the debtor to cancel the debt at less than full consideration. Enter "F" in Box 6 to report this identifiable event.
7. A discharge of indebtedness because of a decision or a defined policy of the creditor to discontinue collection activity and cancel the debt. A creditor's defined policy can be in writing or an established business practice of the creditor. A creditor's established practice to stop collection activity and abandon a debt when a particular nonpayment period expires is a defined policy. Enter "G" in Box 6 to report this identifiable event.
8. Other actual discharge before identifiable event. Enter "I" in Box 6 if there is another actual discharge before one of the identifiable events listed above.

**Exceptions:** You are not required to report on Form 1099-C the following:

1. **Certain Bankruptcies.** You are not required to report a debt canceled in bankruptcy unless you know from information included in your books and records that the debt was incurred for business or investment purposes. If you are required to report a business or investment debt discharged in bankruptcy, report it for the later of (a) the year in which the amount of discharged debt first can be determined or (b) the year in which the debt is discharged in bankruptcy. A debt is incurred for business if it is incurred in connection with the conduct of any trade or business other than the trade or business of performing services as an employee. A debt is incurred for investment if it is incurred to purchase property held for investment [as defined in section 163(d)(5)].

**2. Interest.** You are not required to report interest. However, if you choose to report interest as part of the canceled debt in box 2, you must show the interest separately in box 3.

**3. Nonprincipal Amounts.** Nonprincipal amounts include penalties, fines, fees, and administrative costs. For a lending transaction, you are not required to report any amount other than stated principal. A lending transaction occurs when a lender loans money to, or makes advances on behalf of, a borrower (including revolving credit and lines of credit). For a nonlending transaction, nonprincipal amounts are included in the debt. However, until further guidance is issued, no penalties will be imposed for failure to report these amounts in nonlending transactions.

**4. Foreign Debtors.** Until further guidance is issued, no penalty will apply if a financial institution does not file Form 1099-C for a debt canceled by its foreign branch or foreign office for a foreign debtor provided all the following apply:

- a. The financial institution is engaged in the active conduct of a banking or similar business outside the United States.
- b. The branch or office is a permanent place of business that is regularly maintained, occupied, and used to carry on a banking or similar financial business.
- c. The business is conducted by at least one employee of the branch or office who is regularly in attendance at the place of business during normal working hours.
- d. The indebtedness is extended outside the United States by the branch or office in connection with that trade or business.
- e. The financial institution does not know or have reason to know that the debtor is a U.S. person.

**5. Related Parties.** Generally, a creditor is not required to file Form 1099-C for the deemed cancellation of a debt that occurs when the creditor acquires the debt of a related debtor, becomes related to the debtor, or transfers the debt to another creditor related to the debtor. However, if the transfer to a related party by the creditor was for the purpose of avoiding the Form 1099-C requirements, Form 1099-C is required. See section 108(e)(4).

**6. Release of a Debtor.** You are not required to file Form 1099-C if you release one of the debtors on a debt as long as the remaining debtors are liable for the full unpaid amount.

**7. Guarantor or Surety.** You are not required to file Form 1099-C for a guarantor or surety. A guarantor is not a debtor for purposes of filing Form 1099-C even if demand for payment is made to the guarantor.

**8. Seller Financing.** Organizations whose principal trade or business is the sale of non-financial goods or non-financial services, and who extend credit to customers in connection with the purchase of those non-financial goods and non-financial services, are not considered to have a significant trade or business of lending money, with respect to the credit extended in connection with the purchase of those goods or services, for reporting discharge of indebtedness on Form 1099-C. See *Regulations section 1.6050P-2(c)*. But the reporting applies if a separate financing subsidiary of the retailer extends the credit to the retailer's customers.

**Multiple Debtors.** For debts of \$10,000 or more incurred after 1994 that involve debtors who are jointly and severally liable for the debt, you must report the entire amount of the canceled debt on each debtor's Form 1099-C. Multiple debtors are jointly and severally liable for a debt if there is no clear and convincing evidence to the contrary. If it can be shown that joint and several liability does not exist, a Form 1099-C is required for each debtor for whom you canceled a debt of \$600 or more.

For debts incurred before 1995 and for debts of less than \$10,000 incurred after 1994, you must file Form 1099-C only for the primary (or first-named) debtor.

If you know or have reason to know that the multiple debtors were husband and wife who were living at the same address when the debt was incurred, and you have no information that these circumstances have changed, you may file only one Form 1099-C.

**Recordkeeping.** If you are required to file Form 1099-C, you must retain a copy of that form or be able to reconstruct the data for at least 4 years from the due date of the return.

**Requesting TINs.** You must make a reasonable effort to obtain the correct name and taxpayer identification number (TIN) of the person whose debt was canceled. You may obtain the TIN when the debt is incurred. If you do not obtain the TIN before the debt is canceled, you must request the debtor's TIN. Your request must clearly notify the debtor that the IRS requires the debtor to furnish its TIN and that failure to furnish such TIN subjects the debtor to a \$50 penalty imposed by the IRS. You may use Form W-9 to request the TIN. However, a debtor is not required to certify his or her TIN under penalties of perjury.

**Statements to Debtors.** If you are required to file Form 1099-C, you must provide a statement to the debtor. Furnish a copy of Form 1099-C or an acceptable substitute statement to each debtor. In the *2017 General Instructions for Certain Information Returns*, see:

- *Part M* for more information about the requirement to furnish a statement to the debtor, and
- *Part J* for specific procedures to complete Form 1099-C for debtors in bankruptcy.

**Truncating Debtor's identification number on payee statements.** Pursuant to Treasury Regulations sections 301.6109-4, all filers of Form 1099-C may truncate a debtor's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A creditor's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a debtor for whom you are filing more than one Form 1099-C. Additionally, the IRS encourages you to designate an account number for all Forms 1099-C that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Date of Identifiable Event.** Enter the date of the identifiable event. See *When Is a Debt Canceled*, earlier. However, if you actually cancel a debt before an identifiable event and you choose to report that cancellation, enter the date that you actually canceled the debt.

**Box 2 — Amount of Debt Canceled.** Enter the amount of the canceled debt. See *Debt defined* earlier and *Exceptions*. The amount of the canceled debt cannot be greater than the total debt less any amount the lender receives in satisfaction of the debt by means of a settlement agreement, foreclosure sale, a short sale that partially satisfied the debt, etc.

**Box 3 — Interest if Included in Box 2.** Enter any interest you included in the canceled debt in box 2. You are not required to report interest in box 2. But if you do, you also must report it in box 3.

**Box 4 — Debt Description.** Enter a description of the origin of the debt, such as student load, mortgage, or credit card expenditure. Be as specific as possible. If you are filing a combined Form 1099-C and 1099-A, include a description of the property.

**Box 5 — Was Borrower Personally Liable for Repayment of the Debt?** Enter an "X" in the applicable box to indicate whether the borrower was personally liable for repayment of the debt at the time the debt was created or, if modified, at the time of the last modification.

**Box 6 — Identifiable Event Code.** Enter the appropriate code to report the nature of the identifiable event. For more information about each identifiable event, see *When Is a Debt Canceled*, earlier, and *Regulations section 1.6050P-1(b)(2)*. Also see *Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments*.

**Box 7 — Fair Market Value (FMV) of Property.** If you are filing a combined Form 1099-C and 1099-A for a foreclosure, execution, or similar sale, enter the fair market value of the property. Generally, the gross foreclosure bid price is considered to be the fair market value. If an abandonment or voluntary conveyance to the lender in lieu of foreclosure occurred, enter the appraised value of the property.

## FORM 1099-CAP

File Form 1099-CAP, Changes in Corporate Control and Capital Structure, for shareholders of a corporation if control of the corporation was acquired or it underwent a substantial change in capital structure. Form 1099-CAP is furnished to shareholders who receive cash, stock, or other property from an acquisition of control or a substantial change in capital structure.

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 1099-CAP and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099cap](http://www.irs.gov/form1099cap).

## Specific Instructions for FORM 1099-CAP

**Reporting late rollover contributions to an IRA.** Report late rollover contributions certified by the participant in boxes 13a and 13b on Form 5498. Report the self-certification code in box 13c.

Due to the very low volume of paper Forms 1099-CAP received and processed by the IRS each year, this form has been converted to an online fillable format. You may fill out the form, found online at [www.irs.gov/form1099cap](http://www.irs.gov/form1099cap), and send Copy B to the recipient. For filing with the IRS, follow your usual procedures for filing electronically if you are filing 250 or more forms. If you are filing this form on paper due to a low volume of recipients, for this form only, you may send in the black and white Copy A with a Form 1096 that you print from the IRS website.

**When To File.** See Part C in the *2017 General Instructions for Certain Information Returns* and its *Guide to Information Returns* for filing and furnishing dates. But see the separate guidance for clearing organizations in *Special reporting date—clearing organizations*, next.

**Special reporting date – clearing organizations.** A corporation must file Form 1099-CAP and furnish a copy to each of its shareholders who receives any stock or other consideration in the transaction and who is not an exempt recipient. A clearing organization, such as the Depository Trust Company (DTC), is not an exempt recipient. The corporation is therefore required to file and furnish a copy of Form 1099-CAP to a clearing organization with respect to shares held by the clearing organization unless it makes a consent election, as discussed below. Furnish Form 1099-CAP to the clearing organization on or before January 5, 2018. If you are furnishing the DTC with Forms 1099-CAP, see *Notice 2004-9, 2004-04 I.R.B. 334*, available at [www.irs.gov/irb/2004-04\\_IRB/ar12.html](http://www.irs.gov/irb/2004-04_IRB/ar12.html).

### Who Must File

**NOTE:** Any broker that holds shares on behalf of a customer in a corporation that the broker knows or has reason to know based on readily available information has engaged in a transaction of acquisition of control or substantial change in capital structure must file Form 1099-B unless the customer is an exempt recipient. Readily available information includes information from a clearing organization, such as the DTC. Information is also published on the IRS website. Go to [www.irs.gov](http://www.irs.gov) and enter keyword "Form 8806" in the upper right corner.

A domestic corporation that is required to file Form 8806, Information Return for Acquisition of Control or Substantial Change in Capital Structure, must file Form 1099-CAP with the IRS and furnish a copy to each shareholder who receives cash, stock, or other property as a result of the acquisition of control or substantial change in capital structure and who is not an exempt recipient. However, if the corporation can reasonably determine that the receipt of such stock would not cause the shareholder to recognize gain, then the corporation is not required to report the fair market value of any stock provided to a shareholder. Corporations do not file Form 1099-CAP under one of the following conditions:

- The transaction involves the acquisition of control within an affiliated group or involves stock valued at less than \$100 million.

- The corporation makes the consent election on Form 8806. Under the election, the corporation is not required to file Form 1099-CAP with respect to shares held by a clearing organization because it allows the IRS to publish information necessary for brokers to meet their reporting obligations.
- The corporation properly reports the transaction under section 6043(a).
- Information returns are filed under section 6042 (Form 1099-DIV) or section 6045 (Form 1099-B), unless the corporation knows or has reason to know that such returns were not filed.

**Exempt Recipients.** The corporation is not required to file Form 1099-CAP for the following shareholders including brokers who are also exempt:

- Any shareholder who receives only stock for its stock in the corporation.
- Any shareholder whose amount of cash plus the fair market value (FMV) of any stock and other property does not exceed \$1,000.
- Any shareholder from whom the corporation has received a properly completed exemption certificate.
- Any one of the following:
  1. A corporation, except a subchapter S corporation;
  2. A tax-exempt organization;
  3. An individual retirement account (IRA);
  4. The U.S. government or a state;
  5. A foreign government, an international organization, or a foreign central bank of issue;
  6. A real estate investment trust (REIT);
  7. A regulated investment company (RIC);
  8. A securities or commodities dealer;
  9. An entity registered under the Investment Company Act of 1940;
  10. A common trust fund; or
  11. A financial institution such as a bank, savings and loan, credit union, or similar organization.

- Any foreign person the corporation associates with a valid Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, or other documentation upon which the corporation relies in order to treat the shareholder as a foreign beneficial owner or foreign payee. See *Regulations section 1.6049-5(c)* for more information.



**CAUTION:** Corporations are not relieved of their withholding obligations on nonresident aliens under section 1441.

**Acquisition of Control.** An acquisition of control of a corporation (first corporation) occurs if, in a transaction or series of related transactions, before an acquisition of stock of the first corporation (directly or indirectly) by a second corporation, the second corporation does not have control of the first corporation; after the acquisition, the second corporation has control of the first corporation; the FMV of the stock acquired in the transaction and in any related transactions as of the date or dates on which the stock was acquired is \$100 million or more; the shareholders of the first corporation receive stock or other property pursuant to the acquisition; and, the first corporation or any of its shareholders is required to recognize gain under section 367(a) as a result of the transaction.

For these purposes, control is defined as the ownership of stock possessing at least 50 percent of the total combined voting power of all classes of stock entitled to vote, or at least 50 percent of the total value of shares of all classes of stock.

See *Form 8806* and *Regulations section 1.6043-4* for details and special rules with respect to constructive ownership of stock.

**Section 338 election.** An acquisition of stock of a corporation under which a section 338 election is made is treated as an acquisition of stock and not as an acquisition of the assets of the corporation.

**Substantial Change in Capital Structure.** A change in capital structure occurs if:

- The amount of cash or other property provided to its shareholders is \$100 million or more and the corporation in a transaction or series of

7373	<input type="checkbox"/> VOID	<input type="checkbox"/> CORRECTED		
CORPORATION'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.			1 Date of sale or exchange <b>04202016</b>	OMB No. 1545-1814
<b>JONES CORPORATION</b> <b>25 MAPLE STREET</b> <b>DENVER, CO 80202</b> <b>303-456-7890</b>			2 Aggregate amount rec'd* <b>\$</b>	<b>2017</b> Form 1099-CAP
			3 No. of shares exchanged <b>150</b>	4 Classes of stock exchanged
CORPORATION'S federal identification no. <b>99-9876543</b>	SHAREHOLDER'S identification no. <b>023-12-1234</b>			
SHAREHOLDER'S name <b>CAROLYN NELSON</b>				
Street address (including apt. no.) <b>20 APPLE LANE</b>			5	
City or town, state or province, country, and ZIP or foreign postal code <b>DENVER, CO 80202</b>			* The shareholder cannot claim a loss based on the amount in box 2.	
Account number (see instructions)				
<b>Changes in Corporate Control and Capital Structure</b> <b>Copy A</b> <b>For Internal Revenue Service Center</b> <b>File with Form 1096.</b> <b>For Paperwork Reduction Act Notice, see the 2017 General Instructions for Certain Information Returns.</b>				

transactions merges, consolidates, or otherwise combines with another corporation or transfers all or substantially all of its assets to one or more corporations;

- Transfers all or part of its assets to another corporation under bankruptcy proceedings including distributing its stock or securities;
  - Changes its identity, form, or place of organization; and
  - The corporation or any of its shareholders is required to recognize gain under section 367(a) as a result of the transaction.

**Penalties for Failure To File.** The penalties under section 6652(l) for failure to file information returns under section 6043(c) apply. For purposes of the 6652(l) penalty, Form 8806 and all Forms 1099-CAP required to be filed are treated as one return. Thus, the penalty will not exceed \$500 for each day the failure continues, up to a maximum of \$100,000, for any acquisition of control or any substantial change in capital structure. If a corporation (transferor) transfers all or substantially all of its assets to another entity (transferee) and is required to file Form 1099-CAP, the transferor must satisfy the reporting requirements. If the transferor fails to file Form 1099-CAP, then the transferee must meet the filing requirements. If the filing requirements are not met by either the transferor or transferee, then both are jointly and severally liable for the applicable penalties.

Failure to file Forms 1099-CAP also includes the requirement to file electronically. For more information on penalties for failure to file electronically, see *Part F* in the *2017 General Instructions for Certain Information Returns*.

**Statement to Shareholder.** If required to file Form 1099-CAP, you must provide a statement to the shareholder. For more information about the requirement to furnish a statement to the shareholder, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-CAP. Additionally, the IRS encourages you to designate an account number for all Forms 1099-CAP that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Name, Address, Telephone Number, and TIN.** Generally, this will be the reporting corporation's information and employer identification number (EIN).

**Box 1 — Date of Sale or Exchange.** Enter the trade date of the sale or exchange, actually or constructively received.

**Box 2 — Aggregate Amount Rec'd.** Enter the aggregate amount of cash and the fair market value of any stock and other property received in exchange for the number of shares exchanged in the reporting corporation.

**Box 3 — No. of Shares Exchanged.** Enter the number of shares the shareholder exchanged in the reporting corporation for cash or other property received.

**Box 4 — Classes of Stock Exchanged.** Enter the class or classes of stock (for example, preferred, common, etc.) exchanged in the reporting corporation for cash or other property received. Abbreviate the class to fit the entry. For example, you may enter "C" for common stock, "P" for preferred, or "O" for other. Also, abbreviate any subclasses.

## **FORM 1099-R**

## Future Developments

For the latest information about developments related to Forms 1099-R and 5498 and their instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099r](http://www.irs.gov/form1099r) or [www.irs.gov/form5498](http://www.irs.gov/form5498).

What's New

**Reporting late rollover contributions to an IRA.** Report late rollover contributions certified by the participant in boxes 13a and 13b on Form 5498. Report the self-certification code in box 13c.

## Guide to Distribution Codes

**Distribution code K.** The subheadings for distribution code K reported on Form 1099-R have been rewritten to match the types of investments reported on Form 5498 in box 15b.

## **REMINDER**

In addition, see the *2017 General Instructions for Certain Information Returns* for information on the following topics:

- Backup withholding

- Electronic reporting requirements
- Penalties
- Who must file (nominee/middleman middleman; certain FFIs and U.S. payors that report on Form(s) 1099 to satisfy their chapter 4 reporting requirements)
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- The definitions of terms applicable for chapter 4 purposes that are referenced in these instructions.
- Other general topics

You can get the general instructions at [www.irs.gov/form1099r](http://www.irs.gov/form1099r) or [www.irs.gov/form5498](http://www.irs.gov/form5498) or call 1-800-TAX-FORM (1-800-829-3676).

## Specific Instructions for Form 1099-R

File Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., for each person to whom you have made a designated distribution or are treated as having made a distribution of \$10 or more from profit-sharing or retirement plans, any IRAs, annuities, pensions, insurance contracts, survivor income benefit plans, permanent and total disability payments under life insurance contracts, charitable gift annuities, etc.

Also, report on Form 1099-R death benefit payments made by employers that are not made as part of a pension, profit-sharing, or retirement plan. See *Box 1* on page 87. See *Nonqualified Plans*, below, for distributions from nongovernmental section 457(b) plans to beneficiaries of deceased participants.

Reportable disability payments made from a retirement plan must be reported on Form 1099-R.

Generally, do not report payments subject to withholding of social security and Medicare taxes on this form. Report such payments on Form W-2, Wage and Tax Statement.

Generally, do not report amounts totally exempt from tax, such as workers' compensation and Department of Veterans Affairs (VA) payments. However, if part of the distribution is taxable and part is nontaxable, report the entire distribution in box 1 and the taxable part in box 2a when known.

**NOTE:** There is no special reporting for qualified health savings account (HSA) funding distributions described in section 408(d)(9) or for the payment of qualified health and long-term care insurance premiums for retired public safety officers described in section 402(l).

**Military Retirement Annuities.** Report payments to military retirees or payments of survivor benefit annuities on Form 1099-R. Report military retirement pay awarded as a property settlement to a former spouse under the name and taxpayer identification number (TIN) of the recipient, not that of the military retiree.



**CAUTION:** Use Code 7 in box 7 for reporting military pensions or survivor benefit annuities. Use Code 4 for reporting death benefits paid to a survivor beneficiary on a separate Form 1099-R. Do not combine with any other codes.

**Governmental Section 457(b) Plans.** Report on Form 1099-R, not Form W-2, income tax withholding and distributions from a governmental section 457(b) plan maintained by a state or local government employer. Distributions from a governmental section 457(b) plan to a participant or beneficiary include all amounts that are paid from the plan. For more information, see *Notice 2003-20* which is on page 894 of *Internal Revenue Bulletin 2003-19*, available at [www.irs.gov/pub/irs-irbs/irb03-19.pdf](http://www.irs.gov/pub/irs-irbs/irb03-19.pdf). Also see *Governmental Section 457(b) plan distributions* on page 91 for information on distribution codes.

**Nonqualified Plans.** Report any reportable distributions from commercial annuities. Report distributions to employee plan participants from section 409A nonqualified deferred compensation plans including nongovernmental section 457(b) plans on Form W-2, not on Form 1099-R; for nonemployees,

these payments are reportable on Form 1099-MISC. Also, report distributions to beneficiaries of deceased plan participants on Form 1099-MISC. See the instructions for *Form 1099-MISC* for more information.

**Section 404(k) dividends.** Distributions of section 404(k) dividends from an employee stock ownership plan (ESOP), including a tax credit ESOP, are reported on Form 1099-R. Distributions other than section 404(k) dividends from the plan must be reported on a separate Form 1099-R.

Section 404(k) dividends paid directly from the corporation to participants or their beneficiaries are reported on Form 1099-DIV. See *Announcement 2008-56, 2008-26, I.R.B. 1192*, available at [www.irs.gov/irb/2008-26\\_IRB/ar11.html](http://www.irs.gov/irb/2008-26_IRB/ar11.html).

**Charitable Gift Annuities.** If cash or capital gain property is donated in exchange for a charitable gift annuity, report distributions from the annuity on Form 1099-R. See *Charitable gift annuities* on page 87.

**Life Insurance, Annuity and Endowment Contracts.** Report payments of matured or redeemed annuity, endowment and life insurance contracts. However, you do not need to file Form 1099-R to report the surrender of a life insurance contract if it is reasonable to believe that none of the payment is includible in the income of the recipient. If you are reporting the surrender of a life insurance contract, see *Code 7* on page 84. See, however, *Box 1*, later, for FFIs reporting in a manner similar to section 6047(d) for chapter 4 purposes.

Also report premiums paid by a trustee or custodian for the cost of current life or other insurance protection. Costs of current life insurance protection are not subject to the 10% additional tax under section 72(t). See *Cost of current life insurance protection* on page 88.

Report charges or payments for a qualified long-term care insurance contract against the cash value of an annuity contract or the cash surrender value of a life insurance contract, which is excludable from gross income under section 72(e)(11). See *Code W*, later.

**Section 1035 Exchange.** A tax-free section 1035 exchange is the exchange of (a) a life insurance contract for another life insurance contract, or for an endowment or annuity contract, or for a qualified long-term care insurance contract; or (b) a contract of endowment insurance for another contract of endowment insurance that provides for regular payments to begin no later than they would have begun under the old contract, or for an annuity contract, or for a qualified long-term care insurance contract; or (c) an annuity contract for an annuity contract or for a qualified long-term care insurance contract; or (d) a qualified long-term care insurance contract for a qualified long-term care insurance contract. A contract shall not fail to be treated as an annuity contract or as a life insurance contract solely because a qualified long-term care insurance contract is a part of or a rider on such contract. However, the distribution of other property or the cancellation of a contract loan at the time of the exchange may be taxable and reportable on a separate Form 1099-R.

These exchanges of contracts are generally reportable on Form 1099-R. However, reporting on Form 1099-R is not required if (a) the exchange occurs within the same company; (b) the exchange is solely a contract for contract exchange, as defined above, that does not result in a designated distribution; and (c) the company maintains adequate records of the policyholder's basis in the contracts. For example, a life insurance contract issued by Company X received in exchange solely for another life insurance contract previously issued by Company X does not have to be reported on Form 1099-R as long as the company maintains the required records. See *Rev. Proc. 92-26, 1992-1 C.B. 744*, for certain exchanges for which reporting is not required under Section 6047(d). Also see *Rev. Rul. 2007-24, 2007-21 I.R.B. 1282*, available at [www.irs.gov/irb/2007-21\\_IRB/ar15.html](http://www.irs.gov/irb/2007-21_IRB/ar15.html) for certain transactions that do not qualify as tax-free exchanges. For more information on partial exchanges of annuity contracts, see *Rev. Proc. 2011-38, 2011-30 I.R.B. 66*, available at [www.irs.gov/irb/2011-30\\_IRB/ar09.html](http://www.irs.gov/irb/2011-30_IRB/ar09.html).

For more information on reporting taxable exchanges, see *Box 1* on page 87.

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 VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code

**1** Gross distribution

OMB No. 1545-0119

\$

**2017**

Form 1099-R

Distributions From  
Pensions, Annuities,  
Retirement or  
Profit-Sharing  
Plans, IRAs,  
Insurance  
Contracts, etc.

PAYER'S federal identification  
number

RECIPIENT'S identification  
number

**2a** Taxable amount

\$

**2b**Taxable amount  
not determinedTotal  
distribution

**3** Capital gain (included  
in box 2a)

**4** Federal income tax  
withheld

RECIPIENT'S name

**5** Employee contributions  
/Designated Roth  
contributions or  
insurance premiums

**6** Net unrealized  
appreciation in  
employer's securities

\$

\$

Street address (including apt. no.)

**7** Distribution  
code(s)

**8** Other

IRA/  
SEP/  
SIMPLE

**9a** Your percentage of total  
distribution

**9b** Total employee contributions

%

%

City or town, state or province, country, and ZIP or foreign postal code

**10** Amount allocable to IRR  
within 5 years

\$

**11** 1st year of  
desig. Roth contrib.

\$

FATCA filing  
requirement

**12** State tax withheld

\$

**13** State/Payer's state no.

\$

Account number (see instructions)

**15** Local tax withheld

\$

**16** Name of locality

\$

\$

\$

\$

**Copy A**  
For  
Internal Revenue  
Service Center

File with Form 1096.

For Privacy Act  
and Paperwork  
Reduction Act  
Notice, see the  
**2017 General  
Instructions for  
Certain  
Information  
Returns.**

Form 1099-R

41-0852411

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

**Prohibited Transactions.** If an IRA owner engages in a prohibited transaction with respect to an IRA, the assets of the IRA are treated as distributed on the first day of the tax year in which the prohibited transaction occurs. IRAs that include, or consist of, non-marketable securities and/or closely held investments, in which the IRA owner effectively controls the underlying assets of such securities or investments, have a greater potential for resulting in a prohibited transaction. Enter **Code 5** in box 7.

**Designated Roth Account Distributions.** An employer offering a section 401(k) or 403(b) or governmental section 457(b) plan may allow participants to contribute all or a portion of the elective deferrals they are otherwise eligible to make to a separate designated Roth account established under the plan. Contributions made under a 401(k) plan must meet the requirements of Regulations section 1.401(k)-1(f) [Regulations section 1.403(b)-3(c) for a section 403(b) plan]. Under the terms of the 401(k) plan or section 403(b) or governmental section 457(b) plan, the designated Roth account must meet the requirements of section 402A.



**CAUTION:** A separate Form 1099-R must be used to report the total annual distribution from a designated Roth account

**Distributions Allocable to an In-plan Roth Rollover (IRR).** Distributions allocable to an in-plan Roth rollover (IRR). The distribution of an amount allocable to the taxable amount of an in-plan Roth rollover (IRR), made within the 5-year period beginning with the first day of the participant's tax year in which the rollover was made, is treated as includible in gross income for purposes of applying section 72(t) to the distribution. The total amount allocable to such an IRR is reported in box 10. See the instructions for **Box 10**, later. An IRR is a rollover within a retirement plan to a designated Roth account in the same plan. See Notice 2010-84, 2010-51 I.R.B. 872 available at [www.irs.gov/irb/2010-51\\_IRB/ar11.html](http://www.irs.gov/irb/2010-51_IRB/ar11.html), modified by Notice 2013-74, 2013-52 I.R.B. 819 available at [www.irs.gov/irb/2013-52\\_IRB/ar11.html](http://www.irs.gov/irb/2013-52_IRB/ar11.html).

### IRA Distributions

For deemed IRAs under section 408(q), use the rules that apply to traditional IRAs or Roth IRAs as applicable. Simplified employee pension (SEP) IRAs and savings incentive match plan for employees (SIMPLE) IRAs, however, may not be used as deemed IRAs.

**Deemed IRAs.** For more information on deemed IRAs in qualified employer plans, see *Regulations section 1.408(q)-1*.

**IRAs other than Roth IRAs.** Unless otherwise instructed, distributions from any IRA, except a Roth IRA, must be reported in boxes 1 and 2a. Check the "Taxable amount not determined" box in box 2b. But see:

- *Traditional, SEP, or SIMPLE IRA* on page 88 for how to report the withdrawal of IRA contributions under section 408(d)(4),
- *Transfers* on page 82 for information on trustee-to-trustee transfers, including recharacterizations,
- *Reporting a corrective distribution from an IRA* under section 408(d)(5) on page 83,
- *Reporting IRA revocations or account closures due to Customer Identification Program failures*, below, and
- *Reporting a transfer from a SIMPLE IRA to a non-SIMPLE IRA within the first 2 years of plan participation* on page 83.

The direct rollover provisions beginning on page 81 do not apply to distributions from any IRA. However, taxable distributions from traditional IRAs and SEP IRAs may be rolled over into an eligible retirement plan. See *section 408(d)(3)*. SIMPLE IRAs may also be rolled over into an eligible retirement plan, but only after the 2-year period described in section 72(t)(6).

An IRA includes all investments under one IRA plan or account. File only one Form 1099-R for distributions from all investments under one plan that are paid in 1 year to one recipient, unless you must enter different codes in box 7. You do not have to file a separate Form 1099-R for each distribution under the plan.

**Roth IRAs.** For distributions from a Roth IRA, report the gross distribution in box 1 but generally leave box 2a blank. Check the “Taxable amount not determined” box in box 2b. Enter Code J, Q or T as appropriate in box 7. Do not use any other codes with Code Q or Code T. You may enter Code 8 or P with Code J. For the withdrawal of excess contributions, see *Roth IRA* on page 88. It is not necessary to mark the IRA/SEP/SIMPLE checkbox.

**Roth IRA conversions.** You must report a traditional, SEP, or SIMPLE IRA distribution that you know is converted this year to a Roth IRA in boxes 1 and 2a (checking box 2b “taxable amount not determined” unless otherwise directed elsewhere in these instructions), even if the conversion is a trustee-to-trustee transfer or is with the same trustee. Enter Code 2 or 7 in box 7 depending on the participant’s age.

**IRA Revocation or Account Closure.** If a traditional or Roth IRA is revoked during its first 7 days [under Regulations section 1.408-6(d) (4)(ii)] or is closed at any time by the IRA trustee or custodian due to a failure of the taxpayer to satisfy the Customer Identification Program requirements described in section 326 of the USA Patriot Act, the distribution from the IRA must be reported. In addition, Form 5498, IRA Contribution Information, must be filed to report any regular, rollover, Roth IRA conversion, SEP IRA, or SIMPLE IRA contribution to an IRA that is subsequently revoked or closed by the trustee or custodian.

If a regular contribution is made to a traditional or Roth IRA that later is revoked or closed, and distribution is made to the taxpayer, enter the gross distribution in box 1. If no earnings are distributed, enter 0 (zero) in box 2a and Code 8 in box 7 for a traditional IRA and Code J for a Roth IRA. If earnings are distributed, enter the amount of earnings in box 2a. For a traditional IRA, enter Code 1 and 8, if applicable, in box 7; for a Roth IRA, enter Codes J and 8, if applicable. These earnings could be subject to the 10% early distribution tax under section 72(t).

If a rollover contribution is made to a traditional or Roth IRA that later is revoked or closed, and distribution is made to the taxpayer, enter in boxes 1 and 2a of Form 1099-R the gross distribution and the appropriate code in box 7 (Code J for a Roth IRA). Follow this same procedure for a transfer from a traditional or Roth IRA to another IRA of the same type that later is revoked or closed. The distribution could be subject to the 10% early distribution tax under section 72(t).

If an IRA conversion contribution or a rollover from a qualified plan is made to a Roth IRA that later is revoked or closed, and a distribution is made to the taxpayer, enter the gross distribution in box 1 of Form 1099-R. If no earnings are distributed, enter 0 (zero) in box 2a and Code J in box 7. If earnings are distributed, enter the amount of the earnings in box 2a and Code J in box 7. These earnings could be subject to the 10% early distribution tax under section 72(t).

If an employer SEP IRA or SIMPLE IRA plan contribution is made and the SEP IRA or SIMPLE IRA is revoked by the employee or is closed by the trustee or custodian, report the distribution as fully taxable.

For more information on IRAs that have been revoked, see *Rev. Proc. 91-70, 1991-2 C.B. 899.*

**Deductible Voluntary Employee Contributions (DVECs).** If you are reporting a total distribution from a plan that includes a distribution of DVECs, file a separate Form 1099-R to report the distribution of DVECs. Report the distribution of DVECs in boxes 1 and 2a on the separate Form 1099-R. However, for the direct rollover (explained below) of funds that include DVECs, a separate Form 1099-R is not required to report the direct rollover of the DVECs.

**Direct Rollovers.** You must report a direct rollover of an eligible rollover distribution. A direct rollover is the direct payment of the distribution from a qualified plan (including a governmental section 457(b) plan) or section 403(b) plan to a traditional IRA, Roth IRA, or other eligible retirement plan. For additional rules regarding the treatment of direct rollovers from designated Roth accounts, see *Designated Roth accounts* later. A direct rollover may be made for the employee, for the employee’s surviving spouse, for the spouse or former spouse who is an alternate payee under a qualified domestic relations order (QDRO) or for a nonspouse

designated beneficiary, in which case the direct rollover can only be made to an inherited IRA. If the distribution is paid to the surviving spouse, the distribution is treated in the same manner as if the spouse were the employee. See *Part V of Notice 2007-7, 2007-5 I.R.B. 395*, available at [www.irs.gov/irb/2007-05\\_IRB/ar11.html](http://www.irs.gov/irb/2007-05_IRB/ar11.html), which has been modified by *Notice 2009-82, 2009-41 I.R.B. 491*, available at [www.irs.gov/irb/2009-41\\_IRB/ar12.html](http://www.irs.gov/irb/2009-41_IRB/ar12.html), for guidance on direct rollovers by nonspouse designated beneficiaries. See also *Notice 2008-30, Part II, 2008-12 I.R.B. 638*, available at [www.irs.gov/irb/2008-12\\_IRB/ar11.html](http://www.irs.gov/irb/2008-12_IRB/ar11.html), which has been amplified and clarified by *Notice 2009-75, 2009-39 I.R.B. 436*, available at [www.irs.gov/irb/2009-39\\_IRB/ar15.html](http://www.irs.gov/irb/2009-39_IRB/ar15.html), for questions and answers covering rollover contributions to Roth IRAs.

An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the employee [including net unrealized appreciation (NUA)] from a qualified plan (including a governmental section 457(b) plan) or a section 403(b) plan except:

1. One of a series of substantially equal periodic payments made at least annually over:
  - a. The life of the employee or the joint lives of the employee and the employee’s designated beneficiary,
  - b. The life expectancy of the employee or the joint life and last survivor expectancy of the employee and the employee’s designated beneficiary, or
  - c. A specified period of 10 years or more.
2. A required minimum distribution [under section 401(a)(9)]. A plan administrator is permitted to assume there is no designated beneficiary for purposes of determining the minimum distribution.
3. Elective deferrals [under section 402(g)(3)], employee contributions, and earnings on each returned because of the section 415 limits.
4. Corrective distributions of excess deferrals [under section 402(g)] and earnings.
5. Corrective distributions of excess contributions under a qualified cash or deferred arrangement [under section 401(k)] and excess aggregate contributions [under section 401(m)] and earnings.
6. Loans treated as deemed distributions [under section 72(p)]. But plan loan offset amounts can be eligible rollover distributions. See *Regulations section 1.402(c)-2, Q/A-9*.
7. Section 404(k) dividends.
8. Cost of current life insurance protection.
9. Distributions to a payee other than the employee, the employee’s surviving spouse, or a spouse or former spouse who is an alternate payee under a QDRO, or a nonspouse designated beneficiary.
10. Any hardship distribution.
11. A permissible withdrawal under section 414(w).
12. Prohibited allocations of securities in an S corporation that are treated as deemed distributions.
13. Distributions of premiums for accident or health insurance under *Regulations section 1.402(a)-1(e)*.

Amounts paid under an annuity contract purchased for and distributed to a participant under a qualified plan can qualify as eligible rollover distributions. See *Regulations section 1.402(c)-2, Q/A-10*.

**Automatic rollovers.** Eligible rollover distributions may also include involuntary distributions that are more than \$1,000 but \$5,000 or less and are made from a qualified plan to an IRA on behalf of a plan participant. Involuntary distributions are generally subject to the automatic rollover provisions of section 401(a)(31)(B) and must be paid in a direct rollover to an IRA, unless the plan participant elects to receive the distribution directly.

For information on the notification requirements, see *Explanation to Recipients Before Eligible Rollover Distributions (Section 402(f) Notice)*, later on page 82. For additional information, also see *Notice 2005-5, 2005-3 I.R.B. 337*, available at [www.irs.gov/irb/2005-03\\_IRB/ar10.html](http://www.irs.gov/irb/2005-03_IRB/ar10.html), modified by *Notice 2005-95, 2005-51 I.R.B. 1172*, available at [www.irs.gov/irb/2005-51\\_IRB/ar12.html](http://www.irs.gov/irb/2005-51_IRB/ar12.html).

**Reporting a Direct Rollover.** Report a direct rollover in box 1 and a 0 (zero) in box 2a, unless the rollover is a direct rollover of a qualified rollover contribution other than from a designated Roth Account. See *Qualified*

*rollover contributions as defined in section 408A(e), below.* You do not have to report capital gain in box 3 or NUA in box 6. Enter Code G in box 7 unless the rollover is a direct rollover from a designated Roth account to a Roth IRA. See *Designated Roth accounts*, below. If the direct rollover is made by a nonspouse designated beneficiary, also enter Code 4 in box 7.

Prepare the form using the name and social security number (SSN) of the person for whose benefit the funds were rolled over (generally the participant), not those of the trustee of the traditional IRA or other plan to which the funds were rolled.

If part of the distribution is a direct rollover and part is distributed to the recipient, prepare two Forms 1099-R.

For more information on eligible rollover distributions, including substantially equal periodic payments, required minimum distributions, and plan loan offset amounts, see *Regulations sections 1.402(c)-2 and 1.403(b)-7(b)*. Also, see *Rev. Rul. 2002-62* which is on page 710 of *Internal Revenue Bulletin 2002-42* at [www.irs.gov/pub/irs-irbs/irb02-42.pdf](http://www.irs.gov/pub/irs-irbs/irb02-42.pdf) for guidance on substantially equal periodic payments.

**NOTE:** For information on distributions of amounts attributable to rollover contributions separately accounted for by an eligible retirement plan and if permissible timing restrictions apply, see *Rev. Rul. 2004-12, 2004-7 I.R.B. 478*, available at [www.irs.gov/irb/2004-07\\_IRB/ar08.html](http://www.irs.gov/irb/2004-07_IRB/ar08.html), modified by *Notice 2013-74, 2013-52 I.R.B. 819*, available at [www.irs.gov/irb/2013-52\\_IRB/ar11.html](http://www.irs.gov/irb/2013-52_IRB/ar11.html).

**Designated Roth accounts.** A direct rollover from a designated Roth account may only be made to another designated Roth account or to a Roth IRA. A distribution from a Roth IRA, however, cannot be rolled over into a designated Roth account. In addition, a plan is permitted to treat the balance of the participant's designated Roth account and the participant's other accounts under the plan as accounts held under two separate plans for purposes of applying the automatic rollover rules of section 401(a)(31)(B) and Q/A-9 through Q/A-11 of Regulations section 1.401(a)(31)-1. Thus, if a participant's balance in the designated Roth account is less than \$200, the plan is not required to offer a direct rollover election or to apply the automatic rollover provisions to such balance.

A distribution from a designated Roth account that is a qualified distribution is tax-free. A qualified distribution is a payment that is made both after age 59½ (or after death or disability) and after the 5-taxable-year period that begins with the first day of the first taxable year in which the employee makes a designated Roth contribution. Certain amounts, including corrective distributions, cannot be qualified distributions. See *Regulations section 1.402A-1*.

For a direct rollover of a distribution from a designated Roth account to a Roth IRA, enter the amount rolled over in box 1 and 0 (zero) in box 2a. Use Code H in box 7. For all other distributions from a designated Roth account, use Code B in box 7, unless Code E applies. If the direct rollover is from one designated Roth account to another designated Roth account, also enter Code G in box 7.

For a direct rollover of a distribution from a section 401(k) plan, a section 403(b) plan, or a governmental section 457(b) plan to a designated Roth account in the same plan, enter the amount rolled over in box 1, the taxable amount in box 2a, and any basis recovery amount in box 5. Use Code G in box 7.

If any portion of the distribution from a designated Roth account that is not includable in gross income is to be rolled over into a designated Roth account under another plan, the rollover must be accomplished by a direct rollover. Any portion not includable in gross income that is distributed to the employee, however, cannot be rolled over to another designated Roth account, though it can be rolled over into a Roth IRA within the 60-day period described in section 402(c)(3). In the case of a direct rollover, the distributing plan is required to report to the recipient plan the amount of the investment (basis) in the contract and the first year of the 5-taxable-year period, or that the distribution is a qualified distribution.

**Qualified rollover contributions as defined in section 408A(e).** A qualified rollover contribution as defined in section 408A(e) is:

- A rollover contribution to a Roth IRA from another IRA that meets the requirements of section 408(d)(3) or
- A rollover contribution to a Roth IRA from an eligible retirement plan (other than an IRA) that meets the requirements of section 408A(e)(1)(B).

For reporting a rollover from an IRA other than a Roth IRA to a Roth IRA, see *Roth IRA conversions* on page 88.

For a direct rollover of an eligible rollover distribution to a Roth IRA (other than from a designated Roth account), report the total amount rolled over in box 1, the taxable amount in box 2a, and any basis recovery amount in box 5. (See the instructions for *Box 5* on page 90.) Use Code G in box 7. If the direct rollover is made on behalf of a nonspouse designated beneficiary, also enter Code 4 in box 7.

For reporting instructions for a direct rollover from a designated Roth account, see *Designated Roth accounts* earlier.

#### **Explanation to Recipients Before Eligible Rollover Distributions (Section 402(f) Notice)**

For qualified plans, section 403(b) plans, and governmental section 457(b) plans, the plan administrator must provide to each recipient of an eligible rollover distribution an explanation using either a written paper document or an electronic medium (section 402(f) notice). The explanation must be provided no more than 180 days and no fewer than 30 days before making an eligible rollover distribution or before the annuity starting date. However, if the recipient who has received the section 402(f) notice affirmatively elects a distribution, you will not fail to satisfy the timing requirements merely because you make the distribution fewer than 30 days after you provided the notice as long as you meet the requirements of *Regulations section 1.402(f)-1, Q/A-2*. The electronic section 402(f) notice must meet the requirements for using electronic media in *Regulations section 1.401(a)-21*.

The notice must explain the rollover rules, the special tax treatment for certain lump-sum distributions, the direct rollover option (and any default procedures), the mandatory 20% withholding rules, and an explanation of how distributions from the plan to which the rollover is made may have different restrictions and tax consequences than the plan from which the rollover is made. The notice is permitted to be sent either as a written paper document or through an electronic medium; see *Regulations section 1.402(f)-1, Q/A-5*.

For periodic payments that are eligible rollover distributions, you must provide the notice before the first payment and at least once a year as long as the payments continue. For section 403(b) plans, the payer must provide an explanation of the direct rollover option within the time period described above or some other reasonable period of time.

*Notice 2009-68, 2009-39 I.R.B. 423*, available at [www.irs.gov/irb/2009-39\\_IRB/ar14.html](http://www.irs.gov/irb/2009-39_IRB/ar14.html), modified by *Notice 2014-74, 2014-50 I.R.B. 937*, available at [www.irs.gov/irb/2014-50\\_IRB/ar09.html](http://www.irs.gov/irb/2014-50_IRB/ar09.html), contains two safe harbor explanations that may be provided to recipients of eligible rollover distributions from an employer plan in order to satisfy section 402(f).

**Involuntary distributions.** For involuntary distributions paid to an IRA in a direct rollover (automatic rollover) you may satisfy the notification requirements of section 401(a)(31)(B)(i) either separately or as a part of the section 402(f) notice. The notification must be in writing and may be sent using electronic media in accordance with Q/A-5 of *Regulations section 1.402(f)-1*. For more information, see *Notice 2005-5, Q/A-15*.

#### **Transfers**

Generally, do not report a transfer between trustees or issuers that involves no payment or distribution of funds to the participant, including a trustee-to-trustee transfer from one IRA to another IRA, valid transfers from one section 403(b) plan in accordance with paragraphs 1 through 3 of *Regulations section 1.403(b)-10(b)*, or for the purchase of permissive service credit under section 403(b)(13) or section 457(e)(17) in accordance with paragraph 4 of *Regulations section 1.403(b)-10(b)* and *Regulations section 1.457-10(b)(8)*. However, you must report:

- Recharacterized IRA contributions;
- Roth IRA conversions;

- Direct rollovers from qualified plans [including governmental section 457(b) plans] and section 403(b) plans, including any direct rollovers from such plans that are IRRs or are qualified rollover contributions described in section 408A(e).
- Direct payments from IRAs to accepting employer plans.

**IRA recharacterizations.** You must report each recharacterization of an IRA contribution. If a participant makes a contribution to an IRA (first IRA) for a year, the participant may choose to recharacterize the contribution by transferring, in a trustee-to-trustee transfer, any part of the contribution (plus earnings) to another IRA (second IRA). The contribution is treated as made to the second IRA (recharacterization). A recharacterization may be made with the same trustee or with another trustee. The trustee of the first IRA must report the recharacterization as a distribution on Form 1099-R and the contribution to the first IRA and its character on Form 5498.

Enter the fair market value (FMV) of the amount recharacterized in box 1, 0 (zero) in box 2a, and Code R in box 7 if reporting a recharacterization of a prior-year (2016) contribution or Code N if reporting a recharacterization of a contribution in the same year (2016). It is not necessary to check the IRA/SEP/SIMPLE checkbox. For more information, see *Notice 2000-30* on page 1266 of *Internal Revenue Bulletin 2000-25* at [www.irs.gov/pub/irs-irbs/irb00-25.pdf](http://www.irs.gov/pub/irs-irbs/irb00-25.pdf).

**Section 1035 exchange.** You may have to report exchanges of insurance contracts, including an exchange under section 1035, under which any designated distribution may be made. For a section 1035 exchange that is in part taxable, file a separate Form 1099-R to report the taxable amount. See *Section 1035 exchange* on page 79.

**SIMPLE IRAs.** Do not report a trustee-to-trustee transfer from one SIMPLE IRA to another SIMPLE IRA. However, you must report as a taxable distribution in boxes 1 and 2a a trustee-to-trustee transfer from a SIMPLE IRA to an IRA that is not a SIMPLE IRA during the 2-year period beginning on the day contributions are first deposited in the individual's SIMPLE IRA by the employer. Use Code S in box 7 if appropriate.

**Transfer of an IRA to spouse.** If you transfer or redesignate an interest from one spouse's IRA to an IRA for the other spouse under a divorce or separation instrument, the transfer or redesignation as provided under section 408(d)(6) is tax free. Do not report such a transfer on Form 1099-R.

**Corrective Distributions.** You must report on Form 1099-R corrective distributions of excess deferrals, excess contributions and excess aggregate contributions under section 401(a) plans, section 401(k) cash or deferred arrangements, section 403(a) annuity plans, section 403(b) salary reduction agreements, and salary reduction simplified employee pensions (SARSEPs) under section 408(k)(6). Excess contributions that are recharacterized under a section 401(k) plan are treated as distributed. Corrective distributions must include earnings through the end of the year in which the excess arose. These distributions are reportable on Form 1099-R and are generally taxable in the year of the distribution (except for excess deferrals under section 402(g)). Enter Code 8 or P in box 7 (with Code B if applicable) to designate the distribution and the year it is taxable. Use a separate Form 1099-R to report a corrective distribution from a designated Roth account.

For more information about reporting corrective distributions, see the *Guide to Distribution Codes* on pages 84-85; *Notice 89-32, 1989-1 C.B. 671*; *Notice 88-33, 1988-1 C.B. 513*; *Notice 87-77, 1987-2 C.B. 385*; and the *Regulations under sections 401(k), 401(m), 402(g), and 457*.



**TIP:** The total amount of the elective deferral is reported in box 12 of Form W-2. See the Instructions for Forms W-2 and W-3 for more information.

**Excess Deferrals.** Excess deferrals under section 402(g) can occur in 401(k) plans, section 403(b) plans, or SARSEPs. If distributed by April 15 of the year following the year of deferral, the excess is taxable to the participant in the year of deferral (other than designated Roth contributions), but the earnings are taxable in the year distributed. Except for a SARSEP, if the distribution occurs after April 15, the excess is taxable in the year of deferral and the year distributed. The earnings are taxable in the year

distributed. For a SARSEP, excess deferrals not withdrawn by April 15 are considered regular IRA contributions subject to the IRA contribution limits. Corrective distributions of excess deferrals are not subject to federal income tax withholding or social security and Medicare taxes. For losses on excess deferrals, see *Losses*, below. See the *Regulations under section 1.457-4(e)* for special rules for excess deferrals under *governmental section 457(b) plans*.

**Excess Contributions.** Excess contributions can occur in a section 401(k) plan or a SARSEP. All distributions of the excess contributions plus earnings (other than designated Roth contributions), including recharacterized excess contributions, are taxable to the participant in the year of distribution. Report the gross distribution in box 1 of Form 1099-R. In box 2a, enter the excess contribution and earnings distributed less any designated Roth contributions. For a SARSEP, the employer must notify the participant by March 15 of the year after the year the excess contribution was made that the participant must withdraw the excess and earnings. All distributions from a SARSEP are taxable in the year of distribution. An excess contribution not withdrawn by April 15 of the year after the year of notification is considered a regular IRA contribution subject to the IRA contribution limits.



**CAUTION:** Regulations have not been updated for SARSEPs.

**Excess Aggregate Contributions.** Excess aggregate contributions under section 401(m) can occur in section 401(a), section 401(k), section 403(a), and section 403(b) plans. A corrective distribution of excess aggregate contributions plus earnings is taxable to the participant in the year the distribution was made. Report the gross distribution in box 1 of Form 1099-R. In box 2a, enter the excess and earnings distributed less any after-tax contributions.

**Losses.** If a corrective distribution of an excess deferral is made in a year after the year of deferral and a net loss has been allocated to the excess deferral, report the corrective distribution amount in boxes 1 and 2a of Form 1099-R for the year of the distribution with the appropriate distribution code in box 7. If the excess deferrals consist of designated Roth account contributions, report the corrective distribution amount in box 1, 0 (zero) in box 2a, and the appropriate distribution code in box 7. However, taxpayers must include the total amount of the excess deferral (unadjusted for loss) in income in the year of deferral, and they may report a loss on the tax return for the year the corrective distribution is made.

**Distributions under Employee Plans Compliance Resolution System (EPCRS).** The procedure for correcting excess annual additions under section 415 is explained in the latest EPCRS revenue procedure in section 6.06 of Rev. Proc. 2013-12, 2013-4 I.R.B. 313, available at [www.irs.gov/irb/2013-04\\_IRB/ar06.html](http://www.irs.gov/irb/2013-04_IRB/ar06.html), modified by Rev. Proc. 2015-27, 2015-16 I.R.B. 914, available at [www.irs.gov/irb/2015-16\\_IRB/ar06.html](http://www.irs.gov/irb/2015-16_IRB/ar06.html) and Rev. Proc. 2015-28, 2015-16 I.R.B. 920, available at [www.irs.gov/irb/2015-16\\_IRB/ar07.html](http://www.irs.gov/irb/2015-16_IRB/ar07.html).

Distributions to correct a Section 415 failure are not eligible rollover distributions although they are subject to federal income tax withholding under section 3405. They are not subject to social security, Medicare, or Federal Unemployment Tax Act (FUTA) taxes. In addition, such distributions are not subject to the 10% early distribution tax under section 72(t).

You may report the distribution of elective deferrals (other than designated Roth account contributions) and employee contributions (and earnings attributable to such elective deferrals and employee contributions) on the same Form 1099-R. However, if you made other distributions during the year, report them on a separate Form 1099-R. Because the distribution of elective deferrals (other than designated Roth account contributions) is fully taxable in the year distributed (no part of the distribution is a return of the investment in the contract), report the total amount of the distribution in boxes 1 and 2a. Leave box 5 blank, and enter Code E in box 7. For a return of employee contributions (or designated Roth account contributions) plus earnings, enter the gross distribution in box 1, the earnings attributable to the employee contributions (or designated Roth account contributions) being

## Guide to Distribution Codes

Distribution Codes	Explanations	*Used with code... (If applicable)
1 – Early distribution, no known exception.	Use Code 1 only if the employee/taxpayer has not reached age 59½, and you do not know if any of the exceptions under Distribution Code 2, 3, or 4 apply. Use Code 1 even if the distribution is made for medical expenses, health insurance premiums, qualified higher education expenses, a first-time home purchase, or a qualified reservist distribution under section 72(t)(2)(B), (D), (E), (F), or (G). Code 1 must also be used even if a taxpayer is 59½ or older and he or she modifies a series of substantially equal periodic payments under section 72(q), (t), or (v) prior to the end of the 5-year period, which began with the first payment.	8, B, D, K, L, or P
2 – Early distribution, exception applies.	Use Code 2 only if the employee/taxpayer has not reached age 59½ and the distribution is: <ul style="list-style-type: none"> <li>• A Roth IRA conversion (an IRA converted to a Roth IRA).</li> <li>• A distribution made from a qualified retirement plan or IRA because of an IRS levy under section 6331.</li> <li>• A section 457(b) plan distribution that is not subject to the additional 10% tax. But see <i>Governmental Section 457(b) plan distributions</i> on page 91 for information on distributions that may be subject to the 10% additional tax.</li> <li>• A distribution from a qualified retirement plan after separation from service in or after the year the taxpayer has reached age 55.</li> <li>• A distribution from a governmental defined benefit plan to a public safety employee after separation from service in or after the year the employee has reached age 50.</li> <li>• A distribution that is part of a series of substantially equal periodic payments as described in section 72(q), (t), (u) or (v).</li> <li>• A distribution that is a permissible withdrawal under an eligible automatic contribution arrangement (EACA).</li> <li>• Any other distribution subject to an exception under section 72(q), (t), (u) or (v) that is not required to be reported using Code 1, 3, or 4.</li> </ul>	8, B, D, K, or P
3 – Disability.	For these purposes, see <i>section 72(m)(7)</i> .	D
4 – Death.	Use Code 4 regardless of the age of the employee/taxpayer to indicate payment to a decedent's beneficiary, including an estate or trust. Also use it for death benefit payments made by an employer but not made as part of a pension, profit-sharing, or retirement plan.	8, A, B, D, G, H, K, L, or P
5 – Prohibited transaction.	Use Code 5 if there was a prohibited transaction involving the account. Code 5 means the account is no longer an IRA.	None
6 – Section 1035 exchange.	Use Code 6 to indicate the tax-free exchange of life insurance, annuity, long-term care insurance, or endowment contracts under section 1035.	W
7 – Normal distribution.	Use Code 7: (a) for a normal distribution from a plan, including a traditional IRA, section 401(k), or section 403(b) plan, if the employee/taxpayer is at least age 59½; (b) for a Roth IRA conversion if the participant is at least age 59½; and (c) to report a distribution from a life insurance, annuity, or endowment contract and for reporting income from a failed life insurance contract under sections 7702(g) and (h). See <i>Proc 2008-42 2008-29 I.R.B. 160</i> available at <a href="http://www.irs.gov/irb/2008-29_IRB/ar19.html">www.irs.gov/irb/2008-29_IRB/ar19.html</a> . Generally, use Code 7 if no other code applies. Do not use Code 7 for a Roth IRA.  NOTE: Code 1 must be used even if a taxpayer is 59½ or older and he or she modifies a series of substantially equal periodic payments under section 72(q), (t), or (v) prior to the end of the 5-year period, which began with the first payment.	A, B, D, or K
8 – Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2017.	Use Code 8 for an IRA distribution under section 408(d)(4), unless Code P applies. Also use this code for corrective distributions of excess deferrals, excess contributions, and excess aggregate contributions, unless Code P applies. See <i>Corrective Distributions</i> on page 89 and <i>IRA Revocation or Account Closure</i> on page 81 for more information.	1, 2, 4, B, J, or K
9 – Cost of current life insurance protection.	Use Code 9 to report premiums paid by a trustee or custodian for current life or other insurance protection. See <i>Box 2a</i> on page 87 for more information.	None
A – May be eligible for 10-year tax option.	Use Code A only for participants born before January 2, 1936, or their beneficiaries to indicate the distribution may be eligible for the 10-year tax option method of computing the tax on lump-sum distributions (on Form 4972, Tax on Lump-Sum Distributions). To determine whether the distribution may be eligible for the tax option, you need not consider whether the recipient used this method (or capital gain treatment) in the past.	4 or 7
B – Designated Roth account distribution.	Use Code B for a distribution from a designated Roth account. But use Code E for a section 415 distribution under EPCRS (see <i>Code E</i> ) or Code H for a direct rollover to a Roth IRA.	1, 2, 4, 7, 8, G, L, P, or U
D – Annuity payments from nonqualified annuities and distributions from life insurance contracts that may be subject to tax under section 1411.	Use Code D for a distribution from any plan or arrangement not described in sections 401(a), 403(a), 403(b), 408, 408A, or 457(b).	1, 2, 3, 4, or 7
E – Distributions under Employee Plans Compliance Resolution System (EPCRS).	See <i>Distributions under Employee Plans Compliance Resolution System (EPCRS)</i> starting on page 83.	None

## Guide to Distribution Codes (continued)

Distribution Codes	Explanations	*Used with code... (If applicable)
F – Charitable gift annuity.	See <i>Charitable Gift Annuities</i> on page 89.	None
G – Direct rollover and rollover direct payment.	Use Code G for a direct rollover from a qualified plan (including a governmental section 457(b) plan) or section 403(b) plan to an eligible retirement plan (another qualified plan, a section 403(b) plan, or an IRA). See Direct Rollovers on page 81. Also use Code G for IRA rollover contributions to an accepting employer plan and for IRAs. Note: Do not use Code G for a direct rollover from a designated Roth account to a Roth IRA. Use Code H.	4, B, or K
H – Direct rollover of a designated Roth account distribution to a Roth IRA.	Use Code H for a direct rollover of a distribution from a designated Roth account to a Roth IRA.	4
J – Early distribution from a Roth IRA	Use Code J for a distribution from a Roth IRA when Code Q or Code T does not apply. But use Code 2 for an IRS levy and Code 5 for a prohibited transaction.	8 or P
K – Distribution of IRA assets not having a readily available FMV.	Use Code K to report distributions of IRA assets not having a readily available FMV. These assets may include: <ul style="list-style-type: none"> <li>• stock, other ownership interest in a corporation, short or long-term debt obligations, not readily tradeable on an established securities market,</li> <li>• ownership interest in a limited liability company (LLC), partnership, trust, or similar entity (unless the interest is traded on an established securities market),</li> <li>• real estate, or</li> <li>• option contracts or similar products not offered for trade on an established US or foreign option exchange.</li> <li>• other asset that does not have a readily available FMV.</li> </ul>	1, 2, 4, 7, 8, or G
L – Loans treated as deemed distributions under section 72(p).	Do not use Code L to report a loan offset. See <i>Loans Treated as Distributions</i> on page 86.	1, 4, or B
N – Recharacterized IRA contribution made for 2016.	Use Code N for a recharacterization of an IRA contribution made for 2017 and recharacterized in 2017 to another type of IRA by a trustee-to-trustee transfer or with the same trustee.	None
P – Excess contributions plus earnings/excess deferrals taxable in 2015.	See the explanation for Code 8. The IRS suggests that anyone using Code P for the refund of an IRA contribution under section 408(d)(4), including excess Roth IRA contributions, advise payees, at the time the distribution is made, that the earnings are taxable in the year in which the contributions were made.	1, 2, 4, B, or J
Q – Qualified distribution from a Roth IRA.	Use Code Q for a distribution from a Roth IRA if you know that the participant meets the 5-year holding period and: <ul style="list-style-type: none"> <li>• The participant has reached age 59½, or</li> <li>• The participant died, or</li> <li>• The participant is disabled.</li> </ul> NOTE: If any other code, such as 8 or P, applies, use Code J.	None
R – Recharacterized IRA contribution made for 2015.	Use Code R for a recharacterization of an IRA contribution made for 2015 and recharacterized in 2016 to another type of IRA by a trustee-to-trustee transfer or with the same trustee.	None
S – Early distribution from a SIMPLE IRA in the first 2 years, no known exception.	Use Code S only if the distribution is from a SIMPLE IRA in the first 2 years, the employee/taxpayer has not reached age 59½, and none of the exceptions under section 72(t) are known to apply when the distribution is made. The 2-year period begins on the day contributions are first deposited in the individual's SIMPLE IRA. Do not use Code S if Code 3 or 4 applies.	None
T – Roth IRA distribution, exception applies.	Use Code T for a distribution from a Roth IRA if you do not know if the 5-year holding period has been met but: <ul style="list-style-type: none"> <li>• The participant has reached age 59½, or</li> <li>• The participant died, or</li> <li>• The participant is disabled.</li> </ul> NOTE: If any other code, such as 8 or P, applies, use Code J.	None
U – Dividends distributed from an ESOP under section 404(k).	Use Code U for a distribution of dividends from an employee stock ownership plan (ESOP) under section 404(k). These are not eligible rollover distributions. Note: Do not report dividends paid by the corporation directly to plan participants or their beneficiaries. Continue to report those dividends on Form 1099-DIV.	B
W – Charges or payments for purchasing qualified long-term care insurance contracts under combined arrangements.	Use Code W for charges or payments, for purchasing qualified long-term care insurance contracts under combined arrangements, which are excludible under section 72(e)(11) against the cash value of an annuity contract or the cash surrender value of a life insurance contract.	6

returned in box 2a, and the employee contributions (or designated Roth account contributions) being returned in box 5. Enter Code E in box 7. For more information, see *Rev. Proc. 92-93, 1992-2 C.B.505*.

Similar rules apply to other corrective distributions under EPCRS. Also, special Form 1099-R reporting is available for certain plan loan failures. See *Rev. Proc. 2013-12* for details.

If excess employer contributions (other than elective deferrals), and the earnings on them, under SEP, SARSEP, or SIMPLE IRA plans are returned to an employer (with the participant's consent), enter the gross distribution (excess and earnings) in box 1 and 0 (zero) in box 2a. Enter Code E in box 7.

**Failing the ADP or ACP Test After a Total Distribution.** If you make a total distribution in 2017 and file a Form 1099-R with the IRS and then discover in 2018 that the plan failed either the section 401(k) (3) actual deferral percentage (ADP) test for 2017 and you compute excess contributions, or the section 401(m)(2) actual contribution percentage (ACP) test and you compute excess aggregate contributions, you must recharacterize part of the total distribution as excess contributions or excess aggregate contributions. First, file a CORRECTED Form 1099-R for 2017 for the correct amount of the total distribution (not including the amount recharacterized as excess contributions or excess aggregate contributions). Second, file a new Form 1099-R for 2017 for the excess contributions or excess aggregate contributions and allocable earnings.

To avoid a late filing penalty if the new Form 1099-R is filed after the due date, enter in the bottom margin of Form 1096, Annual Summary and Transmittal of U.S. Information Returns, the words "Filed to Correct Excess Contributions."

You must also issue copies of the Forms 1099-R to the plan participant with an explanation of why these new forms are being issued. ADP and ACP test corrective distributions are exempt from the 10% early distribution tax under section 72(t).

**Loans Treated as Distributions.** A loan from a qualified plan under sections 401(a) and 403(a) and (b), and a plan maintained by the United States, a state or political subdivision, or any of its subsidiary agencies made to a participant or beneficiary is not treated as a distribution from the plan if the loan satisfies the following requirements:

1. The loan is evidenced by an enforceable agreement;
2. The agreement specifies that the loan must be repaid within 5 years, except for a principal residence;
3. The loan must be repaid in substantially level installments (at least quarterly); and
4. The loan amount does not exceed the limits in section 72(p)(2)(A) (maximum limit is equal to the lesser of 50% of the vested account balance or \$50,000).

Certain exceptions, cure periods, and suspension of the repayment schedule may apply.

The loan agreement must specify the amount of the loan, the term of the loan, and the repayment schedule. The agreement may include more than one document.

If a loan fails to satisfy **1, 2 or 3**, the balance of the loan is a deemed distribution. The distribution may occur at the time the loan is made or later if the loan is not repaid in accordance with the repayment schedule.

If a loan fails to satisfy **4** at the time the loan is made, the amount that exceeds the amount permitted to be loaned is a deemed distribution.

**Deemed Distribution.** If a loan is treated as a deemed distribution, it is reportable on Form 1099-R using the normal taxation rules of section 72, including tax basis rules. The distribution also may be subject to the 10% early distribution tax under section 72(t). It is not eligible to be rolled over to an eligible retirement plan nor is it eligible for the 10-year tax option. On Form 1099-R, complete the appropriate boxes, including boxes 1 and 2a, and enter Code L in box 7. Also, enter Code 1 or Code B, if applicable.

Interest that accrues after the deemed distribution of a loan is not an additional loan and, therefore, is not reportable on Form 1099-R.

Loans that are treated as deemed distributions or that are actual distributions are subject to federal income tax withholding. If a distribution occurs after the loan is made, you must withhold only if you distributed cash or property (other than employer securities) at the time of the deemed or actual distribution. See *section 72(p)*, *72(e)(4)(A)*, and *Regulations section 1.72(p)-1*.

**Subsequent Repayments.** If a participant makes any cash repayments on a loan that was reported on Form 1099-R as a deemed distribution, the repayments increase the participant's tax basis in the plan as if the repayments were after-tax contributions. However, such repayments are not treated as after-tax contributions for purposes of section 401(m) or 415(c)(2)(B).

For a deemed distribution that was reported on Form 1099-R but was not repaid, the deemed distribution does not increase the participant's basis.

If a participant's accrued benefit is reduced (offset) to repay a loan, the amount of the account balance that is offset against the loan is an actual distribution. Report it as you would any other actual distribution. Do not enter Code L in box 7.

**Permissible Withdrawals Under Section 414(w).** For permissible withdrawals from an eligible automatic contribution arrangement (EACA) under section 414(w):

- The distribution (except to the extent the distribution consists of designated Roth contributions) is included in the employee's gross income in the year distributed;
- Report principal and earnings in boxes 1 and 2a except, in the case of a distribution from a designated Roth account, report only earnings in box 2a;
- The distribution is not subject to the 10% additional tax, indicated by reporting Code 2 in box 7; and
- The distribution must be elected by the employee no later than 90 days after the first default elective contribution under the EACA, as specified in *Regulations section 1.414(w)-1(c)(2)*.

If the distribution is from a designated Roth account, enter Code **B** as well as Code **2** in box 7.

**Corrected Form 1099-R.** If you filed a Form 1099-R with the IRS and later discover that there is an error on it, you must correct it as soon as possible. For example, if you transmit a direct rollover and file a Form 1099-R with the IRS reporting that none of the direct rollover is taxable by entering 0 (zero) in box 2a, and you then discover that part of the direct rollover consists of required minimum distributions under section 401(a)(9), you must file a corrected Form 1099-R reporting the eligible rollover distribution as the direct rollover and file a new Form 1099-R reporting the RMD as if it had been distributed to the participant. See *Part H* in the *2017 General Instructions for Certain Information Returns*, or *Pub. 1220* if filing electronically.

**Filer.** The payer, trustee, or plan administrator must file Form 1099-R using the same name and employer identification number (EIN) used to deposit any tax withheld and to file Form 945, Annual Return of Withheld Federal Income Tax.

**Beneficiaries.** If you make a distribution to a beneficiary, trust, or estate, prepare Form 1099-R using the name and TIN of the beneficiary, trust, or estate, not that of the decedent. If there are multiple beneficiaries, report on each Form 1099-R only the amount paid to the beneficiary whose name appears on the Form 1099-R, and enter the percentage in box 9a, if applicable.

**Disclaimers.** A beneficiary may make a qualified disclaimer of all or some of an IRA account balance if the disclaimed amount and income are paid to a new beneficiary or segregated in a separate account. A qualified disclaimer may be made after the beneficiary has previously received the required minimum distribution for the year of the decedent's death. For more information, see *Revenue Ruling 2005-36, 2005-26 I.R.B. 1368*, available at [www.irs.gov/irb/2005-26\\_IRB/ar11.html](http://www.irs.gov/irb/2005-26_IRB/ar11.html).

**Alternate Payee Under a Qualified Domestic Relations Order (QDRO).** Distributions to an alternate payee who is a spouse or former spouse of the employee under a QDRO are reportable on Form 1099-R using the name and TIN of the alternate payee. If the alternate payee under a QDRO is a nonspouse, enter the name and TIN of the employee. However, this rule does not apply to IRAs; see *Transfer of an IRA to spouse* on page 83.

**Nonresident Aliens.** If income tax is withheld under section 3405 on any distribution to a nonresident alien, report the distribution and withholding on Form 1099-R. Also file Form 945 to report the withholding. See the *Presumption Rules in Part S* of the *2017 General Instructions for Certain Information Returns*.

However, any payments to a nonresident alien from any trust under section 401(a), any annuity plan under section 403(a), any annuity, custodial account, or retirement income account under section 403(b), or any IRA account under section 408(a) or (b) are subject to withholding under section 1441, unless there is an exception under a tax treaty. Report the distribution and withholding on Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons, and Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.

For guidance regarding covered expatriates, see *Notice 2009-85, 2009-45 I.R.B. 598*, available at [www.irs.gov/irb/2009-45\\_IRB/ar10.html](http://www.irs.gov/irb/2009-45_IRB/ar10.html).

**Statements to Recipients.** If you are required to file Form 1099-R, you must furnish a statement to the recipient. For more information about the requirement to furnish a statement to each recipient, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on paper payee statements.** Pursuant to regulations §301.6109-4 (REG-148873-09), all filers of Form 1099-R may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN) or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. See *Part J* in the *2017 General Instructions for Certain Information Returns*, for more information.



**TIP:** Do not enter a negative amount in any box on Form 1099-R.

**FATCA Filing Requirement Check Box.** Check the box if you are an FFI reporting a cash value insurance contract or annuity contract that is a U.S. account in a manner similar to that required under section 6047(d). See *Regulations section 1.1471-4(d)(5)(i)(B)* for this election. In addition, check the box if you are a U.S. payer that is reporting on Form 1099-R as part of satisfying your requirement to report with respect to a U.S. account for chapter 4 purposes as described in *Regulations section 1.1471-4(d)(2)(iii)(A)*.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-R. The account number is also required if you check the "FATCA filing requirement" box. See *FATCA Filing Requirement Check Box*, earlier. Additionally, the IRS encourages you to designate an account number for all Forms 1099-R that you file. See *part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Gross Distribution.** Enter the total amount of the distribution before income tax or other deductions were withheld. Include direct rollovers, IRA direct payment rollovers to accepting employer plans, premiums paid by a trustee or custodian for the cost of current life or other insurance protection, and the gross amount of any IRA distribution, including a recharacterization and a Roth IRA conversion. Also include in this box distributions to plan participants from governmental section 457(b) plans. However, in the case of a distribution by a trust representing certificates of deposit (CDs) redeemed early, report the net amount distributed. Also, see *Box 6* on page 90.

For a distribution from a traditional IRA of assets that do not have a readily available FMV, enter code K in box 7.

Include in this box the value of U.S. Savings Bonds distributed from a plan. Enter the appropriate taxable amount in box 2a. Furnish a statement to the plan participant showing the value of each bond at the time of distribution. This will provide him or her with the information necessary to figure the interest income on each bond when it is redeemed.

Include in box 1 amounts distributed from a qualified retirement plan for which the recipient elects to pay health insurance premiums under a cafeteria plan or that are paid directly to reimburse medical care expenses incurred by the recipient (see *Rev. Rul. 2003-62, 2003-25 I.R.B. 1034* at [www.irs.gov/pub/irs-irbs/irb03-25.pdf](http://www.irs.gov/pub/irs-irbs/irb03-25.pdf)). Also include this amount in box 2a.

Include in box 1 charges or payments for qualified long-term care insurance contracts under combined arrangements. Enter Code W in box 7.

In addition to reporting distributions to beneficiaries of deceased employees, report here any death benefit payments made by employers that are not made as part of a pension, profit-sharing or retirement plan. Also enter these amounts in box 2a; enter Code 4 in box 7.



**CAUTION:** Do not report accelerated death benefits on Form 1099-R. Report them on Form 1099-LTC, Long-Term Care and Accelerated Death Benefits.

For section 1035 exchanges that are reportable on Form 1099-R, enter the total value of the contract in box 1, 0 (zero) in box 2a, the total premiums paid in box 5, and Code 6 in box 7.

**Designated Roth account distributions.** If you are making a distribution from a designated Roth account, enter the gross distribution in box 1, the taxable portion of the distribution in box 2a, the basis included in the distributed amount in box 5, any amount allocable to an IRR made within the previous 5 years (unless an exception to section 72(t) applies) in box 10, and the first year of the 5-taxable-year period for determining qualified distributions in box 11. Also, enter the applicable code(s) in box 7.

**Employer Securities and Other Property.** If you distribute employer securities or other property, include in box 1 the FMV of the securities or other property on the date of distribution. If there is a loss, see *Losses* on page 89.

If you are distributing worthless property only, you are not required to file Form 1099-R. However, you may file and enter 0 (zero) in boxes 1 and 2a and any after-tax employee contributions or designated Roth contributions in box 5.

**Charitable Gift Annuities.** If cash or capital gain property is donated in exchange for a charitable gift annuity, report the total amount distributed during the year in box 1. See *Charitable gift annuities* under *Box 3* on page 89.

**FFIs reporting in a manner similar to section 6047(d).** If you are a participating FFI electing to report with respect to a cash value insurance contract or annuity contract that is a U.S. account held by a specified U.S. person in a manner similar to section 6047(d), include in box 1 any amount paid under the contract during the reporting period (that is, the calendar year or the year ending on the most recent contract anniversary date).



**CAUTION:** Do not report the account balance or value (as of the end of the reporting period) in box 1. Participating FFIs reporting in a manner similar to section 6047(d) should check the Recent Developments section for Form 1099-R at [www.irs.gov/form1099r](http://www.irs.gov/form1099r) before filing for 2017.

**Box 2a — Taxable Amount**



**CAUTION:** When determining the taxable amount to be entered in box 2a, do not reduce the taxable amount by any portion of the \$3,000 exclusion for which the participant may be eligible as a payment of qualified health and long-term care insurance premiums for retired public safety officers under section 402(l).

Generally, you must enter the taxable amount in box 2a. However, if you are unable to reasonably obtain the data needed to compute the taxable amount, leave this box blank. Do not enter excludable or tax-deferred amounts reportable in boxes 5, 6 and 8. Enter **0** (zero) in box 2a for:

- A direct rollover [other than a qualified rollover contribution under section 408A(e) or an IRR] from a qualified plan [including a governmental section 457(b) plan] or section 403(b) plan, or a rollover from a designated Roth account into a Roth IRA,
- A traditional, SEP, or SIMPLE IRA directly transferred to an accepting employer plan,
- An IRA recharacterization, or
- A nontaxable section 1035 exchange of life insurance, annuity, endowment, or long-term care insurance contracts.
- A nontaxable charge or payment, for the purchase of a qualified long-term care insurance contract, against the cash value of an annuity contract or the cash surrender value of a life insurance contract.

**Cost of Current Life Insurance Protection.** Include current life insurance protection costs (net premium costs) that were reported in box 1. However, do not report these costs and a distribution on the same Form 1099-R. Use a separate Form 1099-R for each. For the cost of current life insurance protection, enter Code 9 in box 7.

**DVECs.** Include DVEC distributions in this box. Also see *Deductible Voluntary Employee Contributions (DVECs)* on page 81.

**Annuity Starting Date in 1998 or Later.** If you made annuity payments from a qualified plan [under section 401(a), 403(a), or 403(b)] and the annuity starting date is in 1998 or later, you must use the simplified method [under section 72(d)(1)] to figure the taxable amount. Under this method, the expected number of payments you use to figure the taxable amount depends on whether the payments are based on the life of one or more than one person. See *Notice 98-2, 1998-1 C.B. 266*, and *Pub. 575, Pension and Annuity Income*, to help you figure the taxable amount to enter in box 2a.

**Annuity Starting Date After November 18, 1996, and Before 1998.** Under the simplified method for figuring the taxable amount, the expected number of payments is based only on the primary annuitant's age on the annuity starting date. See *Notice 98-2*.

**Annuity Starting Date Before November 19, 1996.** If you properly used the rules in effect before November 19, 1996, for annuities that started before that date, continue to report using those rules. No changes are necessary.

**Designated Roth Account.** Generally, a distribution from a designated Roth account that is not a qualified distribution is taxable to the recipient under section 402 in the case of a plan qualified under section 401(a), under section 403(b)(1) in the case of a section 403(b) plan, and under section 457(a)(1)(A) in the case of a governmental section 457(b) plan. For purposes of section 72, designated Roth contributions are treated as employer contributions as described in section 72(f)(1) (that is, as includable in the participant's gross income).

**Examples:** Participant A received a nonqualified distribution of \$5,000 from the participant's designated Roth account. Prior to the distribution, the participant's account balance was \$10,000, consisting of \$9,400 of designated Roth contributions and \$600 of earnings. The taxable amount of the \$5,000 distribution is \$300 ( $\$600/\$10,000 \times \$5,000$ ).

The nontaxable portion of the distribution is \$4,700 ( $\$9,400/\$10,000 \times \$5,000$ ). The issuer would report on Form 1099-R:

- Box 1, \$5,000 as the gross distribution;
- Box 2a, \$300 as the taxable amount;
- Box 4, \$60 ( $\$300 \times 20\%$ ) as the withholding on the earnings portion of the distribution;
- Box 5, \$4,700 as the designated Roth contribution basis (nontaxable amount);
- Box 7, Distribution Code B; and
- The first year of the 5-taxable-year period in the box to the left of box 11.

Using the same facts as above except that the distribution was a direct roll-over to a Roth IRA, the issuer would report on Form 1099-R:

- Box 1, \$5,000 as the gross distribution;
- Box 2a, 0 (zero) as the taxable amount;
- Box 4, no entry;
- Box 5, \$4,700 as the designated Roth contribution basis (nontaxable amount);
- Box 7, Distribution Code H; and
- The first year of the 5-taxable-year period in the box to the left of box 11.

**Traditional, SEP, or SIMPLE IRA.** Generally, you are not required to compute the taxable amount of a traditional, SEP, or SIMPLE IRA, nor designate whether any part of a distribution is a return of basis attributable to nondeductible contributions. Therefore, except as provided below or elsewhere in these instructions, report the total amount distributed from a traditional IRA, SEP IRA, or SIMPLE IRA in box 2a. This will be the same amount reported in box 1. Check the "Taxable amount not determined" box in box 2b.

However, for a distribution by a trust representing CDs redeemed early, report the net amount distributed. Do not include any amount paid for IRA insurance protection in this box.

For a distribution of contributions plus earnings from an IRA before the due date of the return under section 408(d)(4), report the gross distribution in box 1, only the earnings in box 2a, and enter Code 8 or P, whichever is applicable, in box 7. Enter Code 1 or 4 also, if applicable.

For a distribution of excess contributions without earnings after the due date of the individual's return under section 408(d)(5), leave box 2a blank, and check the "Taxable amount not determined" checkbox in box 2b. Use Code 1 or 7 in box 7 depending on the age of the participant.

For an amount in a traditional IRA or a SEP IRA directly to an accepting employer plan, or a SIMPLE IRA paid directly to an accepting employer plan after the 2-year period [see *Section 72(t)(6)*], enter the gross amount in box 1, 0 (zero) in box 2a, and Code G in box 7.

**SIMPLE IRAs.** Do not report a trustee-to-trustee transfer from one SIMPLE IRA to another SIMPLE IRA. However, you must report as a taxable distribution in boxes 1 and 2a a trustee-to-trustee transfer from a SIMPLE IRA to an IRA that is not a SIMPLE IRA during the 2-year period beginning on the day contributions are first deposited in the individual's SIMPLE IRA by the employer. Use Code S in box 7 if appropriate.

**Roth IRA.** For a distribution from a Roth IRA, report the total distribution in box 1 and leave box 2a blank except in the case of an IRA revocation or account closure (see page 80) and a recharacterization (see page 83). Use Code J, Q, or T as appropriate in box 7. Use Code 8 or P, if applicable, in box 7 with Code J. Do not combine Code Q or T with any other codes.

However, for the distribution of excess Roth IRA contributions, report the gross distribution in box 1 and only the earnings in box 2a. Enter Code **J**, and Code **8** or **P** in box 7.

**Roth IRA Conversions.** Report the total amount converted from a traditional IRA, SEP IRA, or SIMPLE IRA to a Roth IRA in box 2a. Check the "Taxable amount not determined" box in box 2b. A conversion is considered a distribution and must be reported even if it is with the same trustee and even if the conversion is done by a trustee-to-trustee transfer. When an individual retirement annuity described in section 408(b) is converted to a Roth IRA, the amount that is treated as distributed is the FMV of the annuity contract on the date the annuity contract is converted. This rule also applies when a traditional IRA holds an annuity contract as an account asset and the traditional IRA is converted to a Roth IRA. Determining the FMV of an individual retirement annuity issued by a company regularly engaged in the selling of contracts depends on the timing of the conversion as outlined in Q/A-14 of Regulations section 1.408A-4.

For a Roth IRA conversion, use Code 2 in box 7 if the participant is under age 59½ or Code 7 if the participant is at least age 59½. Also, check the IRA/SEP/SIMPLE box in box 7.

**Losses.** If a distribution is a loss, do not enter a negative amount in this box. For example, if stock is distributed from a profit-sharing plan, but the value is less than the employee's after-tax contributions or designated Roth account contributions, enter the value of the stock in box 1, leave box 2a blank, and enter the employee's contributions or designated Roth account contributions in box 5.

For a plan with no after-tax contributions or designated Roth account contributions, even though the value of the account may have decreased, there is no loss for reporting purposes. Therefore, if there are no employer securities distributed, show the actual cash and/or FMV of property distributed in boxes 1 and 2a, and make no entry in box 5. If only employer securities are distributed, show the FMV of the securities in boxes 1 and 2a and make no entry in box 5 or 6. If both employer securities and cash or other property are distributed, show the actual cash and/or FMV of the property (including employer securities) distributed in box 1, the gross less any NUA on employer securities in box 2a, no entry in box 5, and any NUA in box 6.

**Corrective Distributions.** Enter in box 2a the amount of excess deferrals, excess contributions, or excess aggregate contributions (other than employee contributions or designated Roth account contributions). See *Corrective Distributions* on page 83.

**Box 2b — Taxable Amount Not Determined.** Enter an "X" in this box if you are unable to reasonably obtain the data needed to compute the taxable amount. In addition, enter an "X" in this box if you are an FFI reporting in box 1 to satisfy your chapter 4 reporting requirement under the election described in Regulations section 1.1471-4(d)(5)(i)(B). If you check this box, leave box 2a blank; but see *Traditional, SEP, or SIMPLE IRA*, on this page. Except for IRAs, make every effort to compute the taxable amount.

**Box 2b — Total Distribution.** Enter an "X" in this box only if the payment shown in box 1 is a total distribution. A total distribution is one or more distributions within 1 tax year in which the entire balance of the account is distributed. If periodic or installment payments are made, mark this box in the year the final payment is made.

**Box 3 — Capital Gain (Included in Box 2a).** If any amount is taxable as a capital gain, report it in box 3.

**Charitable Gift Annuities.** Report in box 3 any amount from a charitable gift annuity that is taxable as a capital gain. Report in box 1 the total amount distributed during the year. Report in box 2a the taxable amount. Advise the annuity recipient of any amount in box 3 subject to the 28% rate gain for collectibles and any unrecaptured section 1250 gain. Report in box 5 any nontaxable amount. Enter Code F in box 7. See *Regulations section 1.1011-2(c)*, Example 8.

**Special rule for participants born before January 2, 1936 (or their beneficiaries).** For lump-sum distributions from qualified plans only, enter the amount in box 2a eligible for the capital gain election under section 1122(h)(3) of the Tax Reform Act of 1986, and section 641(f)(3) of the Economic Growth and Tax Relief Reconciliation Act of 2001. Enter the full amount eligible for the capital gain election. You should not complete this box for a direct rollover.

To compute the months of an employee's active participation before 1974, count as 12 months any part of a calendar year in which an employee actively participated under the plan; for active participation after 1973, count as 1 month any part of a month in which the employee actively participated under the plan. See the *Example*, below.

Active participation begins with the first month in which an employee became a participant under the plan and ends with the earliest of:

- The month in which the employee received a lump-sum distribution under the plan;
- For an employee, other than a self-employed person or owner-employee, the month in which the employee separates from service;
- The month in which the employee dies; or
- For a self-employed person or owner-employee, the first month in which the employee becomes disabled within the meaning of section 72(m)(7).

### Example for Computing Amount Eligible for Capital Gain Election (See Box 3.)

#### Step 1. Total Taxable Amount

A. Total distribution	.....	XXXXX
B. Less:		
1. Current actuarial value of any annuity	.....	XXXX
2. Employee contributions or designated Roth contributions (minus any amounts previously distributed that were not includible in the employee's gross income)	.....	XXXX
3. Net unrealized appreciation in the value of any employer securities that was a part of the lump-sum distribution	.....	XXXX
C. Total of lines 1 through 3	.....	XXXXX
D. Total taxable amount. Subtract line C from line A	.....	XXXXX

#### Step 2. Capital Gain

$$\begin{array}{ccc} \text{Total taxable} & \times & \text{Months of active} \\ \text{amount Line D} & & \text{participation} \\ & & \text{before 1974} \\ & & = \\ & & \text{Total months of} \\ & & \text{active participation} \\ & & \text{Capital} \\ & & \text{Gain} \end{array}$$

**Box 4 — Federal Income Tax Withheld.** Enter any federal income tax withheld. This withholding under section 3405 is subject to deposit rules, and the withholding tax return is Form 945. Backup withholding does not apply. See *Pub.15-A, Employer's Supplemental Tax Guide*, and the *Instructions for Form 945* for more withholding information.

Even though you may be using Code 1 in box 7 to designate an early distribution subject to the 10% additional tax specified in section 72(q), (t), or (v), you are not required to withhold that tax.

The amount withheld cannot be more than the sum of the cash and the FMV of property (excluding employer securities) received in the distribution. If a distribution consists solely of employer securities and cash (\$200 or less) in lieu of fractional shares, no withholding is required.

To determine your withholding requirements for any designated distribution under section 3405, you must first determine whether the distribution is an eligible rollover distribution. See *Direct Rollovers* on page 81 for a discussion of eligible rollover distributions. If the distribution is not an eligible rollover distribution, the rules for periodic payments or nonperiodic distributions apply. For purposes of withholding, distributions from any IRA are not eligible rollover distributions.

**Eligible Rollover Distribution; 20% Withholding.** If an eligible rollover distribution is paid directly to an eligible retirement plan in a direct rollover, do not withhold federal income tax. If any part of an eligible rollover distribution is not a direct rollover, you must withhold 20% of the part that is paid to the recipient and includible in gross income. This includes the earnings portion of any nonqualified designated Roth account distribution that is not directly rolled over. The recipient cannot claim exemption from the 20% withholding but may ask to have additional amounts withheld on *Form W-4P, Withholding Certificate for Pension or Annuity Payments*. If the recipient is not asking that additional amounts be withheld, Form W-4P is not required for an eligible rollover distribution because 20% withholding is mandatory.

Employer securities and plan loan offset amounts that are part of an eligible rollover distribution must be included in the amount multiplied by 20%. However, the actual amount to be withheld cannot be more than the sum of the cash and the FMV of property (excluding employer securities and plan loan offset amounts). For example, if the only part of an eligible rollover distribution that is not a direct rollover is employer securities or a plan loan offset amount, no withholding is required.

However, unless otherwise exempt, any cash that is paid in the distribution must be used to satisfy the withholding on the employer securities or plan loan offset amount.

Depending on the type of plan or arrangement, the payer or, in some cases, the plan administrator is required to withhold 20% of eligible rollover distributions from a qualified plan's distributed annuity and on eligible rollover distributions from a governmental section 457(b) plan. For additional information, see *section 3405(d)* and *Regulations sections 35.3405-1T, A-13*; and *31.3405(c)-1, Q/A 4* and *5*. For governmental section 457(b) plans only, see *Notice 2003-20*.

Any NUA excludable from gross income under section 402(e)(4) is not included in the amount of any eligible rollover distribution that is subject to 20% withholding.

You are not required to withhold 20% of an eligible rollover distribution that, when aggregated with other eligible rollover distributions made to one person during the year, is less than \$200.

**IRAs.** The 20% withholding does not apply to distributions from any IRA, but withholding does apply to IRAs under the rules for periodic payments and nonperiodic distributions. For withholding, assume that the entire amount of an IRA distribution other than a Roth IRA is taxable (except for the distribution of contributions under section 408(d)(4), in which only the earnings are taxable, and 408(d)(5), as applicable). Generally, Roth IRA distributions are not subject to withholding except on the earnings portion of excess contributions distributed under section 408(d)(4).

An IRA recharacterization is not subject to income tax withholding.

**Periodic Payments.** For periodic payments that are not eligible rollover distributions, withhold on the taxable part as though the periodic payments were wages, based on the recipient's Form W-4P. The recipient may request additional withholding on Form W-4P or claim exemption from withholding. If a recipient does not submit a Form W-4P, withhold by treating the recipient as married with three withholding allowances. See *Circular E, Employer's Tax Guide (Pub. 15)* for wage withholding tables.



**TIP:** Rather than Form W-4P, military retirees should give you Form W-4, Employee's Withholding Allowance Certificate.

**Nonperiodic Distributions.** Withhold 10% of the taxable part of a nonperiodic distribution that is not an eligible rollover distribution. In most cases, designated distributions from any IRA are treated as nonperiodic distributions subject to withholding at the 10% rate even if the distributions are paid over a periodic basis. See *Regulations section 35.3405-1T, Q&A F-15*. The recipient may request additional withholding on Form W-4P or claim exemption from withholding.

**Failure to Provide TIN.** For periodic payments and nonperiodic distributions, if a payee fails to furnish his or her correct TIN to you in the manner required, or if the IRS notifies you before any distribution that the TIN furnished is incorrect, a payee cannot claim exemption from withholding. For periodic payments, withhold as if the payee was single claiming no withholding allowances. For nonperiodic payments, withhold 10%. Backup withholding does not apply.

**Box 5 — Employee Contributions/Designated Roth Contributions or Insurance Premiums.** Enter the employee's contributions to a profit-sharing or retirement plan, designated Roth account contributions, or insurance premiums that the employee may recover tax free this year (even if they exceed the box 1 amount). The entry in box 5 may include any of the following: (a) designated Roth account contributions or contributions actually made by the employee over the years under the retirement or profit-sharing plan that were required to be included in the income of the employee when contributed (after-tax contributions), (b) contributions made by the employer but considered to have been contributed by the employee under section 72(f), (c) the accumulated cost of premiums paid for life insurance protection taxable to the employee in previous years and in the current year under *Regulations section 1.72-16* (cost of current life insurance protection) (only if the

life insurance contract itself is distributed), and (d) premiums paid on commercial annuities. Do not include contributions to any DVEC, 401(k) plan, or any other contribution to a retirement plan that was not an after-tax contribution.

Generally, for qualified plans, section 403(b) plans, and nonqualified commercial annuities, enter in box 5 the employee contributions or insurance premiums recovered tax-free during the year based on the method you used to determine the taxable amount to be entered in box 2a. On a separate Form 1099-R, include the portion of the employee's basis that has been distributed from a designated Roth account. See the *Examples* in the instructions for *Box 2a* on page 87.

If periodic payments began before 1993, you are not required to, but you are encouraged to, report in box 5.



**CAUTION:** If you made periodic payments from a qualified plan and the annuity starting date is after November 18, 1996, you must use the simplified method to figure the tax-free amount each year. See *Annuity starting date in 1998 or later*, earlier (page 88).

If a total distribution is made, the total employee contributions or insurance premiums available to be recovered tax free must be shown only in box 5. If any previous distributions were made, any amount recovered tax free in prior years must not appear in box 5.

If you are unable to reasonably obtain the data necessary to compute the taxable amount, leave boxes 2a and 5 blank, and check the first box in box 2b.

For more information, see *Rev. Proc. 92-86, 1992-2 C.B. 495* and *section 72(d)*.

For reporting charitable gift annuities, see *Charitable Gift Annuities* on page 89.

**Box 6 — Net Unrealized Appreciation (NUA) in Employer's Securities.** Use this box if a distribution from a qualified plan (except a qualified distribution from a designated Roth account) includes securities of the employer corporation (or a subsidiary or parent corporation) and you can compute the NUA in the employer's securities. Enter all the NUA in employer securities if this is a lump-sum distribution. If this is not a lump-sum distribution, enter only the NUA in employer securities attributable to employee contributions. See *Regulations section 1.402(a)-1(b)* for the determination of the NUA. Also see *Notice 89-25, Q/A-1, 1989-1 C.B. 662*. Include the NUA in box 1 but not in box 2a except in the case of a direct rollover to a Roth IRA (see *Notice 2009-75, Q/A-1*). You do not have to complete this box for a direct rollover.

**Box 7 — Distribution Code(s).** Enter an "X" in the IRA/SEP/SIMPLE checkbox if the distribution is from a traditional IRA, SEP IRA, or SIMPLE IRA. It is not necessary to check the box for a distribution from a Roth IRA or for an IRA recharacterization.

**Enter the appropriate code(s) in box 7.** Use the *Guide to Distribution Codes* on pages 84-85 to determine the appropriate code(s) to enter in box 7 for any amounts reported on Form 1099-R. Read the codes carefully and enter them accurately because the IRS uses the codes to help determine whether the recipient has properly reported the distribution. If the codes you enter are incorrect, the IRS may improperly propose changes to the recipient's taxes.

When applicable, enter a numeric and an alpha code. For example, when using Code P for a traditional IRA distribution under section 408(d)(4), you must also enter Code 1, if it applies. For a normal distribution from a qualified plan that qualifies for the 10-year tax option, enter Codes 7 and A. For a direct rollover to an IRA or a qualified plan for the surviving spouse of a deceased participant, or on behalf of a nonspouse designated beneficiary, enter Codes 4 and G (Codes 4 and H if from a designated Roth account to a Roth IRA). If two or more distribution codes are not valid combinations, you must file more than one Form 1099-R.



**CAUTION:** Enter a maximum of two alpha/numeric codes in box 7. See the *Guide to Distribution Codes* on pages 84-85 for allowable combinations. Only three numeric combinations are permitted on one Form 1099-R: Codes 8 and 1, 8 and 2, or 8 and 4. If two or more other numeric codes are applicable, you must file more than one Form 1099-R. For example, if part of a distribution is premature (Code 1) and part is not (Code 7), file one Form 1099-R for the part to which Code 1 applies and another Form 1099-R for the part to which Code 7 applies. In addition, for the distribution of excess deferrals, parts of the distribution may be taxable in 2 different years. File separate Forms 1099-R using Code 8 or P to indicate the year the amount is taxable.

Even if the employee/taxpayer is age 59½ or over, use Code 1 if a series of substantially equal periodic payments was modified within 5 years of the date of the first payment [within the meaning of section 72(q)(3) or (t)(4)] if you have been reporting distributions in previous years using Code 2. For example, Mr. B began receiving payments that qualified for the exception for part of a series of substantially equal periodic payments under section 72(t)(2)(A)(iv) when he was 57. When he was 61, Mr. B substantially modified the payments. Because the payments were modified within 5 years, use Code 1 in the year the payments were modified, even though Mr. B is over 59½. If you do not know that the taxpayer meets the requirements for substantially equal periodic payments under section 72(t)(2)(A)(iv), use Code 1 to report the payments.



**CAUTION:** For further guidance on what makes a series of substantially equal period payments, see *Notice 89-25, Q/A-12*, as modified by *Rev. Rul. 2002-62, 2002-42 I.R.B. 710. Notice 2004-15, 2004-9 I.R.B. 526*, available at [www.irs.gov/irb/2004-09\\_IRB/ar09.html](http://www.irs.gov/irb/2004-09_IRB/ar09.html), allows taxpayers to use one of three methods in Notice 89-25, as modified by Rev. Rul. 2002-62, to determine whether a distribution from a nonqualified annuity is part of a series of substantially equal periodic payments under section 72(q)(2)(D).

If part of an eligible rollover distribution is paid in a direct rollover and part is not, you must file a separate Form 1099-R for each part showing the appropriate code on each form.

**Governmental Section 457(b) plan distributions.** Generally, a distribution from a governmental section 457(b) plan is not subject to the 10% additional tax under section 72(t). However, an early distribution from a governmental section 457(b) plan of an amount that is attributable to a rollover from another type of plan or IRA is subject to the additional tax as if the distribution were from a plan described in section 401(a). See *Section 72(t)(9)*. If the distribution consists solely of amounts that are not attributable to such a rollover, enter Code 2 in box 7. If the distribution consists solely of amounts attributable to such a rollover, then enter the appropriate code in box 7 as if the distribution were from a plan described in section 401(a). If the distribution is made up of amounts from both sources, you must file separate Forms 1099-R for each part of the distribution unless Code 2 would be entered on each form.

**Box 8 — Other.** Enter the current actuarial value of an annuity contract that is part of a lump-sum distribution. Do not include this item in boxes 1 and 2a.

To determine the value of an annuity contract, show the value as an amount equal to the current actuarial value of the annuity contract, reduced by an amount equal to the excess of the employee's contributions over the cash and other property (not including the annuity contract) distributed.

If an annuity contract is part of a multiple recipient lump-sum distribution, enter in box 8, along with the current actuarial value, the percentage of the total annuity contract each Form 1099-R represents.

Also, enter in box 8 the amount of the reduction in the investment (but not below 0 (zero)) against the cash value of an annuity contract or the cash surrender value of a life insurance contract due to charges or payments for qualified long-term care insurance contracts.

**Box 9a — Your Percentage of Total Distribution.** If this is a total distribution and it is made to more than one person, enter the percentage received by the person whose name appears on Form 1099-R. You need not complete this box for any IRA distributions or for a direct rollover.

**Box 9b — Total Employee Contributions.** You are not required to enter the total employee contributions or designated Roth account contributions in box 9b. However, because this information may be helpful to the recipient, you may choose to report them.

If you choose to report the total employee contributions or designated Roth account contributions, do not include any amounts recovered tax-free in prior years. For a total distribution, report the total employee contributions or designated Roth account contributions in box 5 rather than in box 9b.

**Box 10 — Amount allocable to IRR within 5 years.** Enter the amount of the distribution allocable to an IRR made within the 5-year period beginning with the first day of the year in which the rollover was made. Do not complete this box if an exception under section 72(t) applies.

For further guidance on determining amounts allocable to an IRR, see *Notice 2010-84, Q/A-13*.

**Box 11 — 1st year of desig. Roth contrib.** Enter the first year of the 5-taxable-year period. This is the year in which the designated Roth account was first established by the recipient.

**Boxes 12 to 17 — State and local information.** These boxes and Copies 1 and 2 are provided for your convenience only and need not be completed for the IRS. Use the state and local information boxes to report distributions and taxes for up to two states or localities. Keep the information for each state or locality separated by the broken line. If state or local income tax has been withheld on this distribution, you may enter it in boxes 12 and 15, as appropriate. In box 13, enter the abbreviated name of the state and the payer's state identification number. The state number is the payer's identification number assigned by the individual state. In box 16, enter the name of the locality. In boxes 14 and 17, you may enter the amount of the state or local distribution. Copy 1 may be used to provide information to the state or local tax department. Copy 2 may be used as the recipient's copy in filing a state or local income tax return.

## FORM 1099-G

Section references are to the Internal Revenue Code unless otherwise noted.

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics:

- Backup withholding
- Electronic reporting requirements
- Penalties
- Who must file (nominee/middleman)
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- Other general topics

You can get the general instructions from [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

## Specific Instructions for Form 1099-G

File Form 1099-G, Certain Government Payments, if as a unit of a Federal, state, or local government, you made payments of unemployment compensation; state or local income tax refunds, credits, or offsets; reemployment trade adjustment assistance (RTAA) payments; taxable grants; or agricultural payments. You also must file this form if you received payments on a Commodity Credit Corporation (CCC) loan. The officer or employee of the government unit having control of the payments (or the designated officer or employee) must file Form 1099-G.

8686	<input type="checkbox"/> VOID	<input type="checkbox"/> CORRECTED
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		
<b>SUNSHINE CO.</b> <b>54 VERMONT AVE.</b> <b>LOS ANGELES, CA 90030</b>		
PAYER'S federal identification number <b>44-8767897</b>	RECIPIENT'S identification number <b>565-56-5565</b>	<b>1</b> Unemployment compensation <b>\$ 5000.00</b> <b>2</b> State or local income tax refunds, credits, or offsets <b>\$</b> <b>3</b> Box 2 amount is for tax year <b>4</b> Federal income tax withheld <b>\$</b>
RECIPIENT'S name <b>GLORIA SMITH</b> Street address (including apt. no.) <b>30 OAK STREET</b>		
City or town, state or province, country, and ZIP or foreign postal code <b>BURBANK, CA 91501</b>		
Account number (see instructions)		
<b>2017</b>		
Form <b>1099-G</b>		
<b>Certain Government Payments</b> <b>Copy A</b> <b>For Internal Revenue Service Center</b> <b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the <b>2017 General Instructions for Certain Information Returns.</b>		
<b>5</b> RTAA payments <b>\$</b> <b>6</b> Taxable grants <b>\$</b> <b>7</b> Agriculture payments <b>\$</b> <b>8</b> Check if box 2 is trade or business income ► <input type="checkbox"/> <b>9</b> Market gain <b>\$</b> <b>10a</b> State <b>10b</b> State identification no. <b>11</b> State income tax withheld <b>\$</b> <b>\$</b>		
<b>Form 1099-G</b> 41-0852411 <a href="http://www.irs.gov/form1099g">www.irs.gov/form1099g</a> Department of the Treasury - Internal Revenue Service <b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>		

Certain amounts that are not reportable on Form 1099-G, such as compensation for services, prizes, and certain incentives, may be reportable on Form 1099-MISC, Miscellaneous Income. See the *Instructions for Form 1099-MISC* for more information.

**Statements to Recipients.** If you are required to file Form 1099-G, you must provide a statement to the recipient. Furnish a copy of Form 1099-G or an acceptable substitute statement to each recipient, except as explained below under *Box 2-State or Local Income Tax Refunds, Credits, or Offsets*. Also, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on payee statements.**

Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-G. Additionally, the IRS encourages you to designate an account number for all Forms 1099-G that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Unemployment Compensation.** Enter payments of \$10 or more in unemployment compensation including Railroad Retirement Board payments for unemployment. If you make payments from a contributory program that has been deemed to be in the nature of unemployment compensation, such as California's Family Temporary Disability Insurance payments or governmental paid family leave program payments, file a separate Form 1099-G for payments from each contributory program. Enter the total amount before any income tax was withheld. If you withhold federal income tax at the request of the recipient, enter it in box 4.

**Box 2 — State or Local Income Tax Refunds, Credits, or Offsets.**  
Enter refunds, credits, or offsets of state or local income tax of \$10 or more you made to recipients. These include most state tax credits and incentive payments that are paid under an existing state tax law and administered by the state taxing agency. Film maker incentive credits, home improvement credits paid in low income areas, and solar panel installation credits are some types of state programs which are generally reportable in box 2 if paid by the state taxing agency.

Do not enter in box 2 payments that are not state income tax refunds, credits or offsets. This may include payments made under state grant, incentive, subsidy, or other individual assistance programs. Taxable grants are reported in box 6; see the instructions below. If recipients deducted the tax paid to a state or local government on their federal income tax returns, any refunds, credits, or offsets may be taxable to them. You are not required to furnish a copy of Form 1099-G or a substitute statement to the recipient if you can determine that the recipient did not claim itemized deductions on the recipient's federal income tax return for the tax year giving rise to the refund, credit, or offset. However, you must file Form 1099-G with the IRS in all cases

A tax on dividends, a tax on net gains from the sale or exchange of a capital asset, and a tax on the net taxable income of an unincorporated business are taxes on gain or profit rather than on gross receipts. Therefore, they are income taxes, and any refund, credit, or offset of \$10 or more of these taxes is reportable on Form 1099-G. In the case of the dividends tax and the capital gains tax, if you determine that the recipient did not itemize deductions, as explained above, you are not required to furnish a Form 1099-G or substitute statement to the recipient. However, in the case of the tax on unincorporated businesses, you must furnish a Form 1099-G or substitute statement to the recipient in all cases, as this is a tax that applies exclusively to income from a trade or business. See the instructions for Box 8 and *Rev. Rul. 86-140, 1986-2 C.B. 195*.

If you pay interest of \$600 or more on the refund, you must file Form 1099-INT and furnish a statement to the recipient. For interest payments of less than \$600, you may choose to enter the amount with an appropriate designation such as "Interest Income" in the blank box on Copy B of the Form 1099-G.

**Box 3 — Box 2 Amount Is For Tax Year.** No entry is required in box 3 if the refund, credit, or offset is for the 2016 tax year. If it is for any other tax year, enter the year for which the refund, credit, or offset was made. Also, if the refunds, credits, or offsets are for more than 1 tax year, report the amount for each year on a separate Form 1099-G. Use the format “YYYY” to make the entry in this box. For example, enter 2015, not ‘15.

**Box 4 — Federal Income Tax Withheld.** Enter backup withholding at a 28% rate on payments required to be reported in box 6 or 7. For example, if a recipient does not furnish its taxpayer identification number (TIN) to you, you must backup withhold.

Enter any voluntary Federal withholding on unemployment compensation, Commodity Credit Corporation loans, and certain crop disaster payments. If you withheld state income tax, see *Box 10a* through *11*, below. However, you are not required to report state withholding to the IRS.

**Box 5 — RTAA Payments.** Enter RTAA payments of \$600 or more that you paid to eligible individuals under the Reemployment Trade Adjustment Assistance program.

**Box 6 — Taxable Grants.** Enter any amount of a taxable grant administered by a Federal, state, or local program to provide subsidized energy financing or grants for projects designed to conserve or produce energy, but only with respect to energy property or a dwelling unit located in the United States. Also enter any amount of a taxable grant administered by an Indian tribal government. Report amounts of other taxable grants of \$600 or more. State and local grants are ordinarily taxable for federal income purposes unless it can be determined that they are excludable. A federal grant is ordinarily taxable unless stated otherwise in the legislation authorizing the grant. Do not report scholarship or fellowship grants. See *Scholarships* in the *Instructions for Form 1099-MISC*.

**Box 7 — Agriculture Payments.** Enter USDA agricultural subsidy payments made during the year. If you are a nominee that received subsidy payments for another person, file Form 1099-G to report the actual owner of the payments, and report the amount of the payments in box 7.

**Box 8 — Trade or Business Income (Checkbox).** If the amount in box 2 is a refund, credit, or offset attributable to an income tax that applies exclusively to income from a trade or business and is not a tax of general application, enter an “X” in this box.

**Box 9 — Market Gain.** Report market gain associated with the repayment of a CCC loan whether repaid using cash or CCC certificates.

**Box 10a through 11 — State Information.** These boxes may be used by filers who participate in the Combined Federal/State Filing Program and/or who are required to file paper copies of this form with a state tax department. See *Publication 1220* for more information regarding the Combined Federal/State Filing Program. They are provided for your convenience only and need not be completed for the IRS. Use the state information boxes to report payments for up to two states. Keep the information for each state separated by the dash line. If you withheld state income tax on this payment, you may enter it in box 11. In box 10a, enter the abbreviated name of the state. In box 10b, enter the filer's state identification number. The state number is the payer's identification number assigned by the individual state. In box 11, you may enter the amount of the state payment.

If a state tax department requires that you send them a paper copy of this form, use Copy 1 to provide information to the state tax department. Give Copy 2 to the recipient for use in filing the recipient's state income tax return.

## FORM 1099-Q

File Form 1099-Q, Payments From Qualified Education Programs (Under Sections 529 and 530), if you are an officer or an employee, or the designee of an officer or employee, having control of a program established by a state or eligible educational institution and made a distribution from a qualified tuition program (QTP). A trustee of a Coverdell education savings account (ESA) must file Form 1099-Q to report distributions made from Coverdell ESAs.

**NOTE:** Do not file Form 1099-Q for a change in the name of the designated beneficiary on a qualified tuition program account if the new beneficiary is a member of the former beneficiary's family. Also, for a Coverdell ESA, the new beneficiary must be a member of the designated beneficiary's family and be under age 30 (except beneficiaries with special needs).

**Family Member.** A family member of the designated beneficiary includes their spouse, children and their descendants, stepchildren and their descendants, foster children, siblings and their children, parents and grandparents, stepparents, in-laws; the spouse of any of the foregoing. It also includes the first cousins of the designated beneficiary.

**Statements to Recipients.** If you are required to file Form 1099-Q, you must provide a statement to the recipient. Furnish a copy of Form 1099-Q or an acceptable substitute statement to each recipient. Also, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations sections 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer/trustee's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-Q. Additionally, the IRS encourages you to designate an account number for all Forms 1099-Q that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Payer's Name and Federal Identification Number.** For the payer's trustee's name and federal identification number, enter the name and employer identification number (EIN) of the qualified tuition program. For a program established and maintained by a state that uses the EIN of the state, enter the name of the state on the first name line and the name of the program on the second name line.

For a Coverdell ESA, enter the name and EIN of the trustee.

**Recipient's Name and Social Security Number (SSN).** For a qualified tuition program list the designated beneficiary as recipient only if the distribution is made **(a)** directly to the designated beneficiary or **(b)** to an eligible educational institution for the benefit of the designated beneficiary. Otherwise, list the account owner as the recipient of the distribution. Enter the SSN for the applicable recipient.

For a Coverdell ESA, enter the name and SSN of the designated beneficiary as the recipient.

**Box 1 — Gross Distribution.** Gross distributions from a qualified tuition program, whether in cash or in kind, include amounts for tuition credits or certificates, payment vouchers, tuition waivers, or other similar items. Gross distributions also include a refund to the account owner or the designated beneficiary, or to the beneficiary upon death or disability. For more information on reporting distributions, see *Proposed Regulations section 1.529-4*.

Gross distributions from a Coverdell ESA include amounts for a refund, a payment upon death or disability, or a withdrawal of excess contributions plus earnings.



**CAUTION:** If earnings and basis are not reported for Coverdell ESA distributions, leave boxes 2 and 3 blank. Do not enter zero.

Instead, you must report the fair market value (FMV) as of the end of the year in the blank box below boxes 5 and 6. Label the amount “FMV.” See *Notice 2003-53*, which is available on page 362 of *Internal Revenue Bulletin 2003-33* at [www.irs.gov/irb/2003-33\\_IRB/ar15.html](http://www.irs.gov/irb/2003-33_IRB/ar15.html), for more reporting requirements.

**Box 2 — Earnings.** To determine the earnings or (loss) on the gross distribution reported in box 1, use the earnings ratio described in Proposed Regulations section 1.529-3, Notice 2001-81, and Notice 2016-13. You can find Notice 2001-81 on page 617 of Internal Revenue Bulletin 2001-52 at [www.irs.gov/pub/irs-irbs/irb01-52.pdf](http://www.irs.gov/pub/irs-irbs/irb01-52.pdf) and Notice 2016-13 at [www.irs.gov/irb/2016-07\\_IRB/ar06.html](http://www.irs.gov/irb/2016-07_IRB/ar06.html).

Enter the earnings in box 2. If there is a loss and this is not the final year for distributions from the account or there are no earnings, enter zero in box 2. Enter a loss in box 2 only if this is the final year for distributions from the account. Any earnings are not subject to backup withholding.

If you are reporting a distribution from a Coverdell ESA that includes a returned contribution plus earnings, you should file two Forms 1099-Q—one to report the returned contribution plus earnings, the other to report the distribution of the other part of the account.

You should file a separate Form 1099-Q for any trustee-to-trustee transfer.

3131

 VOID CORRECTED

PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

**ABC COMPANY**  
45 MAPLE STREET  
LOS ANGELES, CA 90034

1 Gross distribution

OMB No. 1545-1760

\$ 5000.00

2017

2 Earnings

\$

Form 1099-Q

PAYER'S/TRUSTEE'S federal identification no.

34-8765897

RECIPIENT'S taxpayer identification no.

555-55-5555

4 Trustee-to-trustee transfer



RECIPIENT'S name

HARRY SMITH

Street address (including apt. no.)

4567 PINE STREET

City or town, state or province, country, and ZIP or foreign postal code

LOS ANGELES, CA 90036

Account number (see instructions)

3 Basis

\$

5 Check one:  
 • Qualified tuition program —  
 Private  or State   
 • Coverdell ESA

6 Check if the recipient is  
 not the designated  
 beneficiary

**Payments From  
 Qualified  
 Education  
 Programs  
 (Under Sections  
 529 and 530)**

**Copy A  
 For**

**Internal Revenue  
 Service Center**

**File with Form 1096.**

For Privacy Act  
 and Paperwork  
 Reduction Act  
 Notice, see the  
 2017 General  
 Instructions for  
 Certain Information  
 Returns.

Form 1099-Q

41-0852411

www.irs.gov/form1099q

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page**

For Coverdell ESAs, if you are not reporting earnings, see the *Caution* above.

**NOTE:** For Coverdell ESAs, if you are reporting earnings on a distribution of excess contributions, use the method for calculating the net income attributable to IRA contributions that are distributed as a returned contribution under Regulations section 1.408-11.

If the amount in box 2 includes earnings on excess contributions, enter distribution code **2** or **3** (as applicable) in the blank box below boxes 5 and 6. See *Notice 2003-53* for more information.

**Box 3 — Basis.** For QTPs and Coverdell ESAs, if you can determine basis, enter in box 3 the basis included in the gross distribution reported in box 1. The amount in box 3 must equal box 1 minus box 2.

**NOTE:** For determining basis of a Coverdell ESA, you may rely on Notice 2001-81.

**Box 4 — Trustee-to-Trustee Transfer Checkbox.** Check this box if the distribution was made directly (trustee-to-trustee transfer) from one qualified tuition program to another. For a Coverdell ESA, check this box if the distribution was made directly to another Coverdell ESA or a qualified tuition program.

In a trustee-to-trustee transfer between qualified education programs, the distributing program must provide you a statement reporting the earnings portion of the distribution within 30 days of the distribution or by January 10, whichever is earlier. You must properly account for this in computing the earnings or (loss) reported in box 2 and the basis reported in box 3.

**NOTE:** If you do not have records showing that a gross distribution from a Coverdell ESA made in 2017 was a trustee-to-trustee transfer, leave Box 4 blank.

**Box 5 — Checkbox.** Check the “Private” box if the distribution is from a qualified tuition program established by one or more private eligible educational institutions or check the “State” box if the distribution is from a qualified tuition program established by a state. Otherwise, check the “Coverdell ESA” box.

**Box 6 — Designated Beneficiary Checkbox.** Check the box if the recipient is not the designated beneficiary under a qualified tuition program or a Coverdell ESA [see section 529(e)(1)].

**1099-Q Distribution codes.** For 2017, you may, but are not required to, include one of the following distribution codes in the blank box below boxes 5 and 6. You may abbreviate as needed. For example, for distribution code 1, you may enter “distr. code 1.”

*1-Distributions*

Use this code for distributions (including transfers) to the recipient and any direct payments to a qualified educational facility. However, use code 2 or 3 for withdrawals of excess contributions.

*2-Excess contributions plus earnings taxable in 2017*

Use this code for withdrawals of excess Coverdell ESA contributions and earnings unless Code 3 applies.

*3-Excess contributions plus earnings taxable in 2016*

Use this code for withdrawals of excess contributions from a Coverdell ESA. Advise payees, at the time the distribution is made, that the earnings are taxable in the year in which the excess contributions were made.

*4-Disability*

Use this code if you made distributions after the recipient was disabled [see Section 72(m)(7)].

*5-Death*

Use this code for payments to a decedent's beneficiary, including an estate.

*6-Prohibited transaction*

See Sections 408(e)(2) and 408(e)(4) for similar rules that apply to a Coverdell ESA.

## FORM 1099-LTC

### Future Developments

For the latest information about developments related to Form 1099-LTC and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1099ltc](http://www.irs.gov/form1099ltc).

**Online fillable form.** Due to the very low volume of paper Forms 1099-SA and 5498-SA received and processed by the IRS each year, these forms have been converted to an online fillable format. You may fill out the forms, found online at [www.irs.gov/form1099sa](http://www.irs.gov/form1099sa) and [www.irs.gov/form5498sa](http://www.irs.gov/form5498sa), and send Copy B to the recipient. For filing with the IRS, follow your usual procedures for filing electronically if you are filing 250 or more forms. If you are filing these forms on paper due to a low volume of recipients, for these forms only, you may send in the black and white Copy A with Forms 1096 that you print from the IRS website.

### Long-Term Care Benefits

File Form 1099-LTC, Long-Term Care and Accelerated Death Benefits, if you pay any long-term care benefits. Long-term care benefits means:

1. Any payments made under a product that is advertised, marketed, or offered as long-term care insurance (whether qualified or not) and
2. Accelerated death benefits [excludable in whole or in part from gross income under section 101(g)] paid under a life insurance contract or paid by a viatical settlement provider.

**Accelerated Death Benefits.** An accelerated death benefit is any amount paid under a life insurance contract for an insured individual who is terminally or chronically ill. It also includes any amount paid by a viatical settlement provider for the sale or assignment of a death benefit under a life insurance contract for a chronically or terminally ill individual.

**Who Must File.** File Form 1099-LTC if you paid any long-term care benefits including accelerated death benefits. Payers include insurance companies, governmental units, and viatical settlement providers.

**Viatical Settlement Providers.** A viatical settlement provider is any person who:

1. Is regularly engaged in the trade or business of purchasing or taking assignments of life insurance contracts on the lives of terminally or chronically ill individuals and
2. Is licensed in the state where the insured lives. If licensing is not required in the state, the provider must meet other requirements (including those below) depending on whether the insured is terminally or chronically ill.
  - a. If the insured is terminally ill, the provider must meet the requirements of sections 8 and 9 of the Viatical Settlements Model Act of the National Association of Insurance Commissioners (NAIC), relating to disclosure and general rules. The provider must also meet the requirements of the Model Regulations of the NAIC for evaluating the reasonableness of amounts paid in viatical settlement transactions with terminally ill individuals.
  - b. If the insured is chronically ill, the provider must meet requirements similar to those of sections 8 and 9 of the Viatical Settlements Model Act of the NAIC and must also meet any standards of the NAIC for evaluating the reasonableness of amounts paid in viatical settlement transactions with chronically ill individuals.



**CAUTION:** However, if a state enacts a licensing requirement but does not permit viatical settlement providers to engage in business until the licenses are granted, the provider will not be considered as licensed under section 101(g)(2)(B)(i)(I). See *Rev. Rul. 2002-82*, which is on page 978 of *Internal Revenue Bulletin 2002-51* at [www.irs.gov/pub/irs-irbs/irb02-51.pdf](http://www.irs.gov/pub/irs-irbs/irb02-51.pdf).

**Qualified Long-Term Care Insurance Contract.** A contract issued after 1996 is a qualified long-term care insurance contract if it meets the requirements of section 7702B, including the requirement that the insured must be a chronically ill individual (see *Chronically Ill Individual*, below).

A contract issued before 1997 generally is treated as a qualified long-term care insurance contract if it met state law requirements for long-term care insurance contracts and it has not been materially changed.

**Chronically Ill Individual.** A chronically ill individual is someone who has been certified (at least annually) by a licensed health care practitioner as:

1. Being unable to perform without substantial assistance from another individual at least two daily living activities (eating, toileting, transferring, bathing, dressing, and continence) for at least 90 days due to a loss of functional capacity; or
2. Requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.

**Terminally Ill Individual.** A terminally ill individual is someone who has been certified by a physician as having an illness or physical condition that can reasonably be expected to result in death in 24 months or less after the date of certification.

**Reporting.** Report payments only if the policyholder is an individual. Reportable payments are those made to the policyholder, to the insured, or to a third party.

You may report benefits paid from each contract on a separate Form 1099-LTC. At your option, you may aggregate benefits paid under multiple contracts on one Form 1099-LTC if the same information is reportable on the form for each contract (other than the amount of benefits paid).

**Policyholder.** The policyholder is the individual who owns the contract, including the owner of a contract sold or assigned to a viatical settlement provider. In the case of a group contract, the term policyholder includes the certificate holder (or similar participant). You must report long-term care benefits to the policyholder even if the payments were made to the insured or to a third party (for example, a nursing home, caretaker, or physician). The policyholder also may be the insured. Enter the name, address and TIN of the policyholder on Form 1099-LTC. If the policyholder is not an individual, no reporting is required.

**Insured.** The insured is the chronically or terminally ill individual on whose behalf long-term care benefits are paid. Enter the name, address, and TIN of the insured on Form 1099-LTC.

**Statement to Policyholder and Insured.** If you are required to file Form 1099-LTC, you must furnish a statement (or acceptable substitute) to both the policyholder and to the insured as shown.

If the statement is for the...	THEN use...
Policyholder	Copy B
Insured	Copy C
Policyholder and the policyholder is the insured	Copy B (Copy C is optional)

For more information about the requirement to furnish a statement to the policyholder and to the insured, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating recipient's identification number on payee statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or Employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A payer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-LTC. Additionally, the IRS encourages you to designate an account number for all Forms 1099-LTC that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

9393

 VOID     CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

**SHADE TREE INSURANCE CO.  
ONE INSURANCE AVE.  
NEW YORK, NY 10001  
212-452-1355**

PAYER'S federal identification number    POLICYHOLDER'S identification number  
**13-1331331                          494-50-5151**

POLICYHOLDER'S name

**MAXWELL GRAMS**

Street address (including apt. no.)

**1482 LIME ST.**

City or town, state or province, country, and ZIP or foreign postal code

**COLUMBUS, OH 43216**

Account number (see instructions)

Qualified contract  
(optional)

1 Gross long-term care benefits paid

\$  
2 Accelerated death benefits paid

**\$ 10000.00**

3 Check one:  
 Per diem     Reimbursed amount

INSURED'S name

**MAXWELL GRAMS**

Street address (including apt. no.)

**1482 LIME ST.**

City or town, state or province, country, and ZIP or foreign postal code

**COLUMBUS, OH 43216**

5 Check, if applicable:  Chronically ill  
(optional)     Terminally ill

OMB No. 1545-1519

**2017**

Form **1099-LTC**

INSURED'S taxpayer identification no.

**494-50-5151**

**Long-Term Care and Accelerated Death Benefits**

**Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2017 General Instructions for Certain Information Returns.**

Form **1099-LTC**

41-0852411

[www.irs.gov/form1099ltc](http://www.irs.gov/form1099ltc)

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page**

**Box 1 — Gross Long-Term Care Benefits Paid.** Enter the gross long-term care benefits paid this year (other than accelerated death benefits). These benefits are all amounts paid out on a per diem (or other periodic) basis or on a reimbursed basis. It includes amounts paid to the insured, to the policyholder, and to third parties. You are not required to determine whether any benefits are taxable or nontaxable.

**Box 2 — Accelerated Death Benefits Paid.** Enter the gross accelerated death benefits paid under a life insurance contract this year to or on behalf of an insured who has been certified as terminally or chronically ill. Include the amount paid by a viatical settlement provider for the sale or assignment of the insured's death benefit under a life insurance contract.

**Box 3 — Check if Per Diem or Reimbursed Amount.** Check a box to indicate whether the payments were made on a per diem (or other periodic) basis or on a reimbursed basis. For accelerated death benefits, do not check a box if you made payments on behalf of a terminally ill person. Per diem basis means payments made on any periodic basis without regard to actual expenses. Reimbursed basis means payments made for actual expenses incurred.

**Box 4 — Qualified Contract (Optional).** Check the box to indicate whether long-term care insurance benefits are paid from a qualified long-term care insurance contract. See *Qualified Long-Term Care Insurance Contract* earlier.

**Box 5 — Check if Chronically Ill or Terminally Ill (Optional).** Check the box to indicate whether the insured was chronically or terminally ill. Also enter the latest date certified. If the insured was neither chronically nor terminally ill, leave this box blank. See *Chronically Ill Individual* and *Terminally Ill Individual* earlier.

## FORM 1099-SA

### Specific Instructions for Form 1099-SA

File Form 1099-SA, Distributions From an HSA, Archer MSA, or Medicare Advantage MSA, to report distributions made from an HSA, Archer MSA, or Medicare Advantage MSA (MA MSA). The distribution may have been paid directly to a medical service provider or to the account holder. A separate return must be filed for each plan type.

**Online fillable form.** Due to the very low volume of paper Forms 1099-SA and 5498-SA received and processed by the IRS each year, these forms have been converted to an online fillable format. You may fill out

the forms, found online at [www.irs.gov/form1099sa](http://www.irs.gov/form1099sa) and [www.irs.gov/form5498sa](http://www.irs.gov/form5498sa), and send Copy B to the recipient. For filing with the IRS, follow your usual procedures for filing electronically if you are filing 250 or more forms. If you are filing these forms on paper due to a low volume of recipients, for these forms only, you may send in the black and white Copy A with Forms 1096 that you print from the IRS website.

**Transfers.** Do not report a trustee-to-trustee transfer from one Archer MSA or MA MSA to another Archer MSA or MA MSA, one Archer MSA to an HSA, or from one HSA to another HSA. For reporting purposes, contributions and rollovers do not include transfers.

**HSA Mistaken distributions.** If amounts were distributed during the year from an HSA because of a mistake of fact due to reasonable cause, the account beneficiary may repay the mistaken distribution no later than April 15 following the first year the account beneficiary knew or should have known the distribution was a mistake. For example, the account beneficiary reasonably, but mistakenly, believed that an expense was a qualified medical expense and was reimbursed for that expense from the HSA. The account beneficiary then repays the mistaken distribution to the HSA.

Under these circumstances, the mistaken distribution is not included in gross income, is not subject to the additional 20% tax, and the repayment is not subject to the excise tax on excess contributions. Do not treat the repayment as a contribution on Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information.

**NOTE:** As the trustee or custodian, you do not have to allow beneficiaries to return a mistaken distribution to the HSA. However, if you do allow the return of the mistaken distribution, you may rely on the account beneficiary's statement that the distribution was in fact a mistake. See *Notice 2004-50, 2004-33* available at [www.irs.gov/irb/2004-33\\_IRB/ar08.html](http://www.irs.gov/irb/2004-33_IRB/ar08.html). Do not report the mistaken distribution on Form 1099-SA. Correct any filed Form 1099-SA with the IRS and the account beneficiary as soon as you become aware of the error. See *Corrected Returns on Paper Forms* in the *2017 General Instructions for Certain Information Returns* for more information.

### HSA Closure under the USA PATRIOT Act

If an HSA is closed at any time by the HSA trustee or custodian due to a failure of the participant to satisfy the Customer Identification Program requirements described in section 326 of the USA PATRIOT Act, the distribution from the HSA must be reported.

9494

 VOID     CORRECTED

TRUSTEE'S/PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number

**THOMAS BEAN**  
**3440 VENTURA BLVD.**  
**DURAN, NM 88319**

OMB No. 1545-1517

**2017**

Form 1099-SA

**Distributions  
From an HSA,  
Archer MSA, or  
Medicare Advantage  
MSA**

PAYER'S federal identification number <b>44-8910111</b>	RECIPIENT'S identification number <b>490-55-1995</b>
--	---

**1 Gross distribution  
\$ 50500.00**

**2 Earnings on excess cont.  
\$**

RECIPIENT'S name

**ALICE LOVEJOY**

3 Distribution code

**1**

4 FMV on date of death

\$

Street address (including apt. no.)

**85 MAIN STREET**

5 HSA

Archer

MSA

MA

MSA

Account number (see instructions)

**5430**

Form 1099-SA

41-0852411

www.irs.gov/form1099sa

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page****Copy A****For Internal Revenue Service Center File with Form 1096.**

For Privacy Act and Paperwork Reduction Act Notice, see the **2017 General Instructions for Certain Information Returns.**

If a regular contribution is made to the HSA that is closed, and a distribution is made to the participant, enter the gross distribution in box 1. If no earnings are distributed, enter zero in box 2. If earnings are distributed, enter the amount of earnings in box 2. Enter Code 2 in box 3. See the instructions for boxes 1 through 3, later.

In addition, Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information, must be filed to report any rollover (qualified HSA funding distributions (trustee-to-trustee transfers from an IRA to an HSA under section 408(d)(9)) contributions to the HSA subsequently closed by the trustee or custodian. See the *Instructions for Form 5498-SA*, later.

### Death of Account Holder

**Archer MSAs and MA MSAs.** If the account holder dies and the beneficiary is the spouse:

- The spouse becomes the account holder of the Archer MSA,
- An MA MSA is treated as an Archer MSA of the spouse for distribution purposes, and
- Distributions from an Archer MSA or MA MSA are taxed under the rules that apply to Archer MSAs.

If the designated beneficiary is not the spouse or there is no named beneficiary, the account ceases to be an MSA as of the date of death and the fair market value (FMV) is reported.

If there is more than one recipient, the FMV should be allocated among them, as appropriate.

If the beneficiary is the estate, enter the estate's name and taxpayer identification number (TIN) in place of the recipient's on the form.

**Distribution in year of death.** If you learn of the account holder's death and make a final distribution to the beneficiary in the year of death, issue a final Form 1099-SA and enter in:

- Box 1, the gross distribution;
- Box 3, code 4, and
- Box 4, the FMV of the account on the date of death.

**Distribution after year of death.** If you learn of the death of the account holder and make a final distribution after the year of death, issue a final Form 1099-SA in the year you learned of the death of the account holder.

Enter in:

- Box 1, the gross distribution;
- Box 3, one of the following codes (see below):  
 1 – if the beneficiary is the spouse,

4 – if the beneficiary is the estate,

6 – if the beneficiary is not the spouse or estate;

- Box 4, the FMV of the account on the date of death, reduced by any payments from the HSA made for the decedent's qualified medical expenses, if paid within one year after death.

**HSAs.** If the account holder dies and:

- The designated beneficiary is the surviving spouse, the surviving spouse becomes the account holder of the HSA.
- The spouse is not the designated beneficiary, the account ceases to be an HSA on the date of the account holder's death. The FMV of the account as of the date of death is required to be reported in box 4. Follow the rules and coding above under *Distribution in year of death* and *Distribution after year of death*.

**Statements to recipients.** If you are required to file Form 1099-SA, you must provide a statement to the recipient. For more information about the requirement to furnish a Form 1099-SA or acceptable substitute statement to recipients, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

### Truncating recipient's identification number on payee statements

Pursuant to Treasury Regulation section 301.6109-4, all filers of this form may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A trustee/payer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1099-SA. Additionally, the IRS encourages you to designate an account number for all Forms 1099-SA that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Gross distribution.** Enter the total amount of the distribution. Include any earnings separately reported in box 2. You are not required to determine the taxable amount of a distribution. Do not report a negative amount in box 1. Do not report the withdrawal of excess employer contributions (and the earnings on them) returned to an employer as a distribution from an employee's HSA. Do not report excess MA MSA contributions returned to the Secretary of Health and Human Services or his or her representative.

**Box 2 — Earnings on excess contributions.** Enter the total earnings distributed with any excess HSA or Archer MSA contributions returned by the due date of the account holder's tax return. Include this amount in box 1. Report earnings on other distributions only in box 1.



**TIP:** For HSAs and Archer MSAs, if you are reporting earnings on a distribution of excess contributions, use the method under Regulations section 1.408-11 for calculating the net income attributable to IRA contributions that are distributed as a returned contribution. If the amount in Box 2 includes earnings on excess contributions, enter distribution code 2 in Box 3.

**Box 3 — Distribution code.** Enter the appropriate distribution code from the list below that shows the type of distribution.

**1 — Normal distributions**

Use this code for normal distributions to the account holder and any direct payments to a medical service provider. Use this code if no other code applies. Also, see *Distribution after year of death* above.

**2 — Excess contributions**

Use this code for distributions of excess HSA or Archer MSA contributions to the account holder.

**3 — Disability**

Use this code if you made distributions after the account holder was disabled [see *Section 72(m)(7)*].

**4 — Death distribution  
other than code 6**

Use this code for payments to a *other than code 6* decedent's estate in the year of death. Also use this code for payments to an estate after the year of death. Do not use with code 6. See *Death of Account Holder* on page 97.

**5 — Prohibited transaction**

See *Sections 220(e)(2) and 223(e)(2)*.

**6 — Death distribution after  
year of death to a  
nonspouse beneficiary**

Use this code for payments to a *year of death to a* decedent's nonspouse beneficiary, other than an estate, after the year of death. Do not use with code 4.

**Box 4 — FMV on date of death.** If the account holder died, enter the FMV of the account on the date of death. See *Death of Account Holder* on page 97.

**Box 5 — Checkbox.** Check the box to indicate if this distribution was from an HSA, Archer MSA, or MA MSA.

## FORM 1098

Section references are to the Internal Revenue Code unless otherwise noted.

**Future Developments.** For the latest information about developments related to Form 1098 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1098](http://www.irs.gov/form1098).

### What's New

**Mortgage insurance premiums (MIP).** Mortgage insurance premiums (MIP). At the time these instructions went to print, Congress had not extended the applicability of section 163(h)(3)(E) to provide for the deductibility of MIP for 2017. To see if the applicability of this provision had been extended, and therefore reporting is required, go to [www.irs.gov/form1098](http://www.irs.gov/form1098).

**New box 10, number of mortgaged properties.** Filers must report the number of properties in excess of one (1) that secure a single mortgage. See the instructions for box 10.

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics:

- Backup withholding
- Electronic reporting requirements

- Penalties
- Who must file (nominee/middleman)
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- Other general topics

You can get the general instructions from [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

## Specific Instructions for Form 1098

Use Form 1098, Mortgage Interest Statement, to report mortgage interest (including points, defined later) of \$600 or more received by you during the year in the course of your trade or business from an individual, including a sole proprietor. Report only interest on a mortgage defined below.

The \$600 threshold applies separately to each mortgage; thus, file a separate Form 1098 for each mortgage. You may, at your option, file Form 1098 to report mortgage interest of less than \$600, but you are subject to the rules in these instructions.

If an overpayment of interest on an adjustable rate mortgage (ARM) or other mortgage was made in a prior year and you refund (or credit) such overpayment, you may have to file Form 1098 to report the refund (or credit) of the overpayment. See *Reimbursement of Overpaid Interest*.

Also use Form 1098 to report MIP of \$600 or more received by you during the calendar year in the course of your trade or business from an individual, including a sole proprietor, but only if section 163(h)(3)(E) applies. See the instructions for box 5 on page 6 of *2017 Instructions for Form 1098* at [www.irs.gov/pub/irs-pdf/f1098.pdf](http://www.irs.gov/pub/irs-pdf/f1098.pdf)

**Exceptions:** You need not file form 1098 for interest received from a corporation, partnership, trust, estate, association or company (other than a sole proprietor), even if an individual is a co-borrower and all the trustees, beneficiaries, partners, members or shareholders of the payer of record are individuals.

**Mortgage Defined.** A mortgage is any obligation secured by real property. Use the table below to determine which obligations are mortgages.

Real property is land and generally anything built on it, growing on it, or attached to the land. Among other things, real property includes a manufactured home or mobile home with a minimum living space of 400 square feet and a minimum width of more than 102 inches and which is of a kind customarily used at a fixed location. See *section 25(e)(10)*.

If property that secures the loan is not real property, you are not required to file Form 1098. However, the borrower may be entitled to a deduction for qualified residence interest, such as may be the case for a boat, which has sleeping space and cooking and toilet facilities that the borrower uses as a home.

**Lines of Credit and Credit Card Obligations.** Interest (other than points) received on any mortgage that is in the form of a line of credit or credit card obligation is reportable, regardless of how you classified the obligation. A borrower incurs a line of credit or credit card obligation when the borrower first has the right to borrow against the line of credit or credit card, whether or not the borrower actually borrows an amount at that time.

**Who Must File.** File this form if you are engaged in a trade or business, and in the course of such trade or business you receive from an individual \$600 or more of mortgage interest during the calendar year. You are not required to file this form if the interest is not received in the course of your trade or business. For example, you hold the mortgage on your former personal residence. The buyer makes mortgage payments to you. You are not required to file Form 1098.

For information about who must file to report points, see *Points*, later.

**Not In the Lending Business.** If you receive \$600 or more of mortgage interest in the course of your trade or business, you are subject to the requirement to file Form 1098, even if you are not in the business of lending money. For example, if you are a real estate developer and you provide financing to an individual to buy a home in your subdivision, and that home is security for the financing, you are subject to this reporting requirement.

8181

 VOID CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

OMB No. 1545-0901

2017

Form 1098

FIRST NATIONAL BANK  
34 BOLYSTON STREET  
BOSTON, MA 02143  
617-899-9999

RECIPIENT'S/LENDER'S federal identification number PAYER'S/BORROWER'S taxpayer identification no.

95-4657345

PAYER'S/BORROWER'S name

JOSEPH BOLAND

Street address (including apt. no.)

56 UPLAND ROAD

City or town, state or province, country, and ZIP or foreign postal code

LOWELL, MA 01056

10 Number of mortgaged properties 11 Other

Account number (see instructions)

342

Form 1098

41-0852411

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2017

Form 1098

1 Mortgage interest received from payer(s)/borrower(s)

\$

2 Outstanding mortgage principal as of 1/1/2017

\$ 6789.56

4 Refund of overpaid interest

\$

6 Points paid on purchase of principal residence

\$

7 Is address of property securing mortgage same as PAYER'S/BORROWER'S address?

If "Yes," check box . . . . .

If "No," enter address of property securing mortgage below

8 Address of property securing mortgage (see instructions)

9 If property securing mortgage has no address, provide description of the property (see instructions)

## Mortgage Interest Statement

### Copy A

For Internal Revenue Service Center

File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **2017 General Instructions for Certain Information Returns.**

www.irs.gov/form1098 Department of the Treasury - Internal Revenue Service

— Do Not Cut or Separate Forms on This Page

However, if you are a physician not engaged in any other business and you lend money to an individual to buy your home, you are not subject to this reporting requirement because you did not receive the interest in the course of your trade or business as a physician.

**Governmental unit.** A governmental unit (or any subsidiary agency) receiving mortgage interest from an individual of \$600 or more must file this form.

**Cooperative Housing Corporation.** A cooperative housing corporation is an interest recipient and must file Form 1098 to report an amount received from its tenant-stockholders that represents the tenant-stockholders' proportionate share of interest described in section 216(a)(2). This rule applies only to tenant-stockholders who are individuals and from whom the cooperative has received at least \$600 of interest during the year. See the **NOTE** under *Box 1*, later.

**Collection Agents.** Generally, if you receive reportable interest payments (other than points) on behalf of someone else and you are the first person to receive the interest, such as a servicing bank collecting payments for a lender, you must file this form. Enter your name, address, taxpayer

identification number (TIN), and telephone number in the recipient entity area. You must file this form even though you do not include the interest received in your income, but you merely transfer it to another person. If you wish, you may enter the name of the person for whom you collected the interest in box 8. The person for whom you collected the interest need not file Form 1098.

However, there is an exception to this rule for any period that (1) the first person to receive or collect the interest does not have the information needed to report on Form 1098; and (2) the person for whom the interest is received or collected would receive the interest in its trade or business if the interest were paid directly to such person. If (1) and (2) apply, the person on whose behalf the interest is received or collected is required to report on Form 1098. If interest is received or collected on behalf of another person other than an individual, such person is presumed to receive the interest in a trade or business.

**Foreign Interest Recipient.** If you are not a U.S. person, you must file Form 1098 if the interest is received in the United States. A U. S. person is a citizen or resident of the United States, a domestic partnership or corporation, or a non-foreign estate or trust. If the interest is received

### IF an obligation is...

### THEN...

Incurred after 1987	It is a mortgage if real property that is located inside or outside the United States secures all or part of the obligation. <sup>1</sup>
Incurred after 1984 but before 1988	It is a mortgage only if secured primarily by real property.
In existence on December 31, 1984	It is not a mortgage if, at the time the obligation was incurred, the interest recipient reasonably classified the obligation as other than a mortgage, real property loan, real estate loan, or other similar type of obligation. <sup>2</sup>

<sup>1</sup> This applies even though the interest recipient classifies the obligation as other than a mortgage, for example, as a commercial loan.

<sup>2</sup> For example, if an obligation incurred in 1983 was secured by real property, but the interest recipient reasonably classified the obligation as a commercial loan because the proceeds were used to finance the borrower's business, the obligation is not considered a mortgage and reporting is not required. However, it is not reasonable to classify those obligations as other than mortgages for reporting purposes if over half the obligations in a class established by the interest recipient are primarily secured by real property.

outside the United States, you must file Form 1098 if: (1) you are a controlled foreign corporation; or (2) at least 50 percent of your gross income from all sources for the three-year period ending with the close of the tax year preceding the receipt of interest (or for such part of the period as you were in existence) was effectively connected with the conduct of a trade or business in the United States.

**Designation Agreement.** An interest recipient, including a recipient of points, can designate a qualified person to file Form 1098, to provide a statement to the payer of record.

A **qualified person** is either (1) a trade or business in which the interest recipient is under common control as specified in Regulations section 1.414(c)-2 or (2) a designee, named by the lender of record or by a qualified person, who either was involved in the original loan transaction or is a subsequent purchaser of the loan.

A **lender of record** is the person who, at the time the loan is made, is named as the lender on the loan documents and whose right to receive payment from the payer of record is secured by the payer of record's principal residence. Even if the lender of record intends to sell or otherwise transfer the loan to a third party after the close of the transaction, such intention does not change who is the lender of record.

The agreement must be in writing, identify the mortgage(s) and calendar years for which the qualified person must report, and be signed by the designator and the designee. A designee may report points on Form 1098 (as having been paid directly by the payer of record) only if the designation agreement contains the designator's representation that it did not lend such amount to the payer of record as part of the overall transaction. The agreement need not be filed with the IRS, but the designator must keep a copy of it for 4 years after the close of the year in which the loan was made.

A designated qualified person is subject to any applicable penalties as if it were the interest recipient. Thus, a designator is relieved from liability for any applicable penalties.

**Reimbursement of Overpaid Interest.** You are required to report reimbursements of overpaid interest aggregating \$600 or more to a payer of record on Form 1098. You are not required to report reimbursements of overpaid interest aggregating less than \$600 unless you are otherwise required to file Form 1098. That is, if you did not receive at least \$600 of mortgage interest during the year of reimbursement from the person to whom you made the reimbursement, you are not required to file Form 1098 merely to report a reimbursement of less than \$600. However, you may report any reimbursement of overpaid interest that you are not otherwise required to report, but you are subject to the rules in these instructions.

The reimbursement must be reported on Form 1098 for the year in which the reimbursement is made. No change should be made to the prior year Form 1098 because of this reimbursement. Report the total reimbursement even if it is for overpayments made in more than 1 year.

To be reportable, the reimbursement must be a refund or credit of mortgage interest received in a prior year that was required to be reported for that prior year by any interest recipient on Form 1098. Only the person who makes the reimbursement is required to report it on Form 1098. For example, if you bought a mortgage on which interest was overpaid in a prior year, you made a reimbursement of the overpaid interest, and the previous mortgage holder was required to report mortgage interest on Form 1098 in the prior year, you must file Form 1098 to report the reimbursement because you are the one making the reimbursement.

**Example:** In 2015, you received \$5,000 of mortgage interest from the payer/borrower and reported that amount on Form 1098 for 2015. In 2016, you determined that interest due on the mortgage for 2015 was \$4,500, and the payer/borrower had overpaid \$500. You refunded the \$500 overpayment to the payer/borrower in 2017. If you received \$600 or more of interest on the mortgage from the payer/borrower in 2016, you must report the \$500 refund in box 4 of the 2017 Form 1098. No change to the 2015 Form 1098 is required. If, instead of refunding the \$500 overpayment, you credited the payer/borrower's 2017 mortgage interest payments due, \$500 is still shown in box 4, and the interest received from the payer/borrower in 2017 shown in box 1 must include the \$500 credit.

**Overpayment and Reimbursement In Same Year.** If you reimburse interest in the same year it is overpaid, do not report the overpayment on Form 1098 as interest received during the year or as a reimbursement of overpaid interest. For example, if the borrower paid \$5,000 and you reimbursed \$500 of that amount in 2017, enter **\$4,500** in box 1 as interest paid by the borrower. Do not enter the \$500 reimbursement in box 4.

**Interest on Reimbursement.** A financial institution (or its middleman) that pays interest of \$10 or more on the reimbursement must report that interest (under section 6049) on Form 1099-INT, Interest Income. Others that pay interest of \$600 or more on the reimbursement must report that interest (under section 6041) on Form 1099-INT. Do not include such interest on Form 1098.

**Non-resident Alien Interest Payer.** You must file Form 1098 to report interest paid by a nonresident alien only if all or part of the security for the mortgage is real property located in the U.S.

Report the interest based on the following:

- If the interest is paid within the United States, you must request from the payer the applicable Form W-8 (withholding certificate) as described in Regulations section 1.1441-1(e)(1).
- If the interest is paid outside the United States, you must satisfy the documentary evidence standard described in Regulations section 1.6049-5(c).

**Payer of Record.** The payer of record is the individual carried on your books and records as the principal borrower. If your books and records do not indicate which borrower is the principal borrower, you must designate one.

If you permit a subsequent purchaser of the property to assume the loan without releasing the first purchaser from personal liability, the subsequent purchaser is the payer of record. Such subsequent purchaser's name, address and TIN must appear on Form 1098.

**Multiple Borrowers.** Even though there may be more than one borrower on the mortgage, you are required to prepare Form 1098 only for the payer of record, and only if such payer of record is an individual, showing the total interest received on the mortgage. Even if an individual is a co-borrower, no Form 1098 is required unless the payer of record is also an individual.

**Payments by Third Party.** Report all interest received on the mortgage as received from the borrower, except as explained under Seller Payments, below. For example, if the borrower's mother makes payments on the mortgage, the interest received from the mother is reportable on Form 1098 as received from the borrower.

However, do not report mortgage interest received from any governmental unit (or any subsidiary agency). For example, do not report any interest received as housing assistance payments from the Department of Housing and Urban Development (HUD) on mortgages insured under section 235 of the National Housing Act.

The IRS will not assert information reporting penalties against mortgage servicers that report as interest mortgage assistance payments received under a State Program funded by the Housing Finance Agency Innovative Fund for the Hardest Hit Housing Markets (HFA Hardest Hit Fund) if the mortgage servicer notifies the homeowner that the amounts reported on the Form 1098 are overstated because they include governmental subsidy payments. State housing finance agencies receiving funds allocated from the HFA Hardest Hit Fund may comply with the mortgage interest reporting requirement by reporting payments on either Form 1098-MA, Mortgage Assistance Payments, available at [www.irs.gov/form1098MA](http://www.irs.gov/form1098MA), or on the statement described in section 4.03 of Rev. Proc. 2011-55, available at [www.irs.gov/irb/2011-47\\_IRB/ar13.html](http://www.irs.gov/irb/2011-47_IRB/ar13.html). For more information, see Notice 2015-77, available at [www.irs.gov/irb/2015-77.html](http://www.irs.gov/irb/2015-77.html).

**Seller Payments.** Do not report in box 1 of Form 1098 any interest paid by a seller on a purchaser's/borrower's mortgage, such as on a "buy-down" mortgage. For example, if a real estate developer deposits an amount in escrow and tells you to draw on that escrow account to pay interest on the borrower's mortgage, do not report in box 1 the interest received from that escrow account. Also, do not report in box 1 any lump sum paid by a real estate developer to pay interest on a purchaser's/borrower's mortgage.

However, if you wish, you may use box 11 to report to the payer of record any interest paid by the seller. See *Points*, next, for information about reporting seller-paid points in box 6.

**Points.** You must report certain points paid for the purchase of the payer of record's principal residence on Form 1098. You must report points if the points, plus other interest on the mortgage, are \$600 or more. For example, if a borrower pays points of \$300 and other mortgage interest of \$300, the lender has received \$600 of mortgage interest and must file Form 1098.

Report the total points on Form 1098 for the year of closing regardless of the accounting method you use to report the points as income for Federal income tax purposes.

**Who Must Report Points.** The lender of record or a qualified person must file Form 1098 to report all points paid by the payer of record in connection with the purchase of the principal residence. If a designation agreement is in effect for a mortgage, only the person designated in the agreement must file Form 1098 to report all points on that mortgage. See *Designation agreement* earlier.

Amounts received directly or indirectly by a mortgage broker are treated as points to the same extent they would be treated as points if paid to and retained by the lender of record. The lender of record must report those points paid to a mortgage broker.

**Reportable Points.** Report on Form 1098 points that meet all the following conditions:

1. They are clearly designated on the Uniform Settlement Statement (Form HUD-1) as points; for example, "loan origination fee" (including amounts for VA and FHA loans), "loan discount," "discount points," or "points."
  2. They are computed as a percentage of the stated principal loan amount.
  3. They are charged under an established business practice of charging points in the area where the loan was issued and do not exceed the amount generally charged in that area.
  4. They are paid for the acquisition of the payer of record's principal residence, and the loan is secured by that residence. You may rely on a signed written statement from the payer of record that states that the proceeds of the loan are for the purchase of the payer of record's principal residence.
5. They are paid directly by the payer of record. Points are paid directly if either a or b below applies:
- a. The **payer** of record provides funds that were not borrowed from the lender of record for this purpose as part of the overall transaction. The funds may include down payments, escrow deposits, earnest money applied at closing, and other funds actually paid over by the payer of record at or before closing; OR
  - b. The **seller** pays points on behalf of the payer of record. Points paid by the seller to the interest recipient on behalf of the payer of record are treated as paid to the payer of record and then paid directly by the payer of record to the interest recipient.

Report points paid under 5a and 5b on the payer of record's Form 1098 in box 6.

**Exceptions: Do not report** as points on Form 1098 amounts paid: (1) for loans to improve a principal residence; (2) for loans to purchase or improve a residence that is not the payer of record's principal residence, such as a second home, vacation, investment, or trade or business property even though the borrower may be entitled to amortize points paid for the purchase of a second home, vacation home, etc., and deduct them over the life of the loan; (3) for a home equity or line of credit loan, even if secured by the principal residence; (4) for a refinancing (but see *Construction loans*, below), including a loan to refinance a debt owed by the borrower under a land contract, a contract for deed, or similar forms of seller financing; (5) in lieu of items ordinarily stated separately on the Form HUD-1, such as appraisal fees, inspection fees, title fees, attorney fees, and property taxes; and (6) to acquire a principal residence to the extent the points are allocable to an amount of principal in excess of \$1 million.

**Construction Loans.** Amounts paid on a loan to construct a residence (construction loan) or to refinance a loan incurred to construct a residence are reportable on Form 1098 as points if they:

1. Are clearly designated on the loan documents as points incurred in connection with the loan, such as loan origination fees, loan discount, discount points, or points,
2. Are computed as a percentage of the stated principal loan amount,
3. Conform to an established business practice of charging points in the area where the loan is issued and do not exceed the amount generally charged in the area,
4. Are paid in connection with a loan incurred by the payer of record to construct (or refinance construction of) a residence that is to be used, when completed, as the principal residence of the payer of record,
5. Are paid directly by the payer of record, and
6. Are not allocable to an amount of principal in excess of \$1 million.

Amounts paid to refinance a loan to construct a residence are not points to the extent they are allocable to debt that exceeds the debt incurred to construct the residence.

**Prepaid Interest.** Report prepaid interest (other than points) only in the year in which it properly accrues.

**Example:** Interest received on December 20, 2017, that accrues by December 31 but is not due until January 31, 2018, is reportable on the 2017 Form 1098.

**Exception:** Interest received during the current year that will properly accrue in full by January 15 of the following year may be considered received in the current year, at your option, and is reportable on Form 1098 for the current year. However, if any part of an interest payment accrues after January 15, then only the amount that properly accrues by December 31 of the current year is reportable on Form 1098 for the current year. For example, if you receive a payment of interest that accrues for the period December 20 through January 20, you cannot report any of the interest that accrues after December 31 for the current year. You must report the interest that accrues after December 31 on Form 1098 for the following year.

**Prepaid Mortgage Insurance.** Except for amounts paid to the Department of Veterans Affairs or the Rural Housing Service, payments allocable to periods after 2007 are treated as paid in the periods to which they are allocable.

The Treasury Department has issued regulations for allocating prepaid qualified mortgage insurance premiums. Regulations section 1.163-11 applies to prepaid qualified mortgage insurance premiums paid or accrued on or after January 1, 2011, provided by the Federal Housing Administration or private mortgage insurers. For regulations applicable before January 1, 2011, see *Regulations section 1.163-11T*.

**Statements to Payers of Record.** If you are required to file Form 1098, you must provide a statement to the payer of record. For more information about the requirement to furnish a statement to the payer of record, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Truncating payer's/borrower's identification number on paper payee statements.** Pursuant to proposed regulations § 301.6109-4

(REG-148873-09), all filers of this form may truncate a payer's/borrower's identification number (social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS.) on payee statements. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Recipient's/Lender's Name and Address Box** — Enter the name, address and telephone number of the filer of Form 1098. Use this same name and address on Form 1096.

**Payer's/Borrower's Name and Address Box** — Enter the name and address of the person who paid the interest (payer of record).

**NOTE:** Be careful to enter the recipient's and payer's information in the proper boxes.

**Account Number.** The account number is required if you have multiple accounts for a payer/borrower for whom you are filing more than one Form 1098. Additionally, the IRS encourages you to designate an account number for all Forms 1098 that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Mortgage Interest Received From Payer(s) Borrower(s).**

Enter the **interest** (not including points) received on the mortgage from borrowers during the calendar year. Include interest on a mortgage, a home equity loan, or a line of credit or credit card loan secured by real property. Do not include government subsidy payments, seller payments, or prepaid interest that does not meet the exception explained earlier under *Prepaid Interest*. Interest includes prepayment penalties and late charges unless the late charges are for a specific mortgage service.

**NOTE:** A cooperative housing corporation that receives any cash part of a patronage dividend from the National Consumer Cooperative Bank must reduce the interest to be reported on each tenant-stockholder's Form 1098 by a proportionate amount of the cash payment in the year the cooperative receives the cash payment. See *Rev. Proc. 94-40, 1994-1 C.B. 711*.

**Box 2 — Outstanding Mortgage Principal as of 1/1/2017.** Enter the amount of outstanding principal on the mortgage as of January 1, 2017. If the mortgage originated during 2017 or you acquired the mortgage during 2017, leave this box blank.

**Box 3 — Mortgage Origination Date.** Enter the date of the origination of the mortgage.

**Box 4 — Refund of Overpaid Interest.** Enter the total refund or credit of a prior year(s) overpayment of interest. See *Reimbursement of Overpaid Interest*, earlier.



**CAUTION:** At the time these instructions went to print, Congress had not extended the applicability of section 163(h)(3) (E) to provide for deductibility of MIP for 2017. To see if the applicability of this provision has been extended, and therefore reporting is required, go to [www.irs.gov/form1098](http://www.irs.gov/form1098).

**Box 5 — Mortgage Insurance Premiums.** Enter total premiums of \$600 or more paid (received) in 2017, including prepaid premiums, for qualified mortgage insurance. Qualified mortgage insurance is mortgage insurance under a contract issued after December 31, 2006, and provided by the Department of Veterans Affairs, the Federal Housing Administration, or the Rural Housing Service (or their successor organizations), and private mortgage insurance, as defined by section 2 of the Homeowners Protection Act of 1998 (as in effect on December 20, 2006).

Receipt of \$600 or more of mortgage insurance premiums is determined on a mortgage-by-mortgage basis. Do not aggregate mortgage insurance premiums received on all of the mortgages of an individual to determine whether the \$600 threshold is met. You do not need to report mortgage insurance premiums of less than \$600 received on a mortgage, even though you receive a total of \$600 or more of mortgage insurance premiums on all of the mortgages for an individual in a calendar year.

See *Prepaid Mortgage Insurance*, earlier, for the tax treatment of prepaid mortgage insurance premiums.

**Box 6 — Points Paid on Purchase of Principal Residence.** Enter points paid on the purchase of the payer of record's principal residence. For an explanation of reportable points, see *Reportable points*, earlier.



**CAUTION:** The following statement applies to boxes 7-9. If there is more than one property securing the mortgage, you may report the address of any one of the properties using boxes 7-9 and enter in box 10 the total number of properties securing the loan.

**Box 7 — Address of Property Securing Mortgage.** If the address of the property securing the mortgage is the same as the payer's/borrower's mailing address, complete the checkbox in box 7. If the address of the property securing the mortgage is not the same as the payer's/borrower's mailing address, complete box 8. If the property securing the mortgage does not have an address, complete box 9.

**Box 8 — Property Address (If Different from Payer's/Borrower's Address).** If the address of the property securing the mortgage is not the same as the payer's/borrower's mailing address, enter the street address (including the apartment number) of the property securing the mortgage. Immediately below the street address, enter the city or town; state or province; country; and ZIP or foreign postal code of the property securing the mortgage.

**Box 9 — Property Description (If No Address Available).** If the property securing the mortgage has no address, enter the property's jurisdiction and the property's Assessor Parcel Number(s) (APN), as indicated in the examples below. Synonyms for the APN include the Assessor's Identification Number (AIN), the Property Identification Number (PIN), the Property Account Number, and the Tax Account Number.

**Box 11 — Number of Mortgaged Properties.** If there is more than one property securing the mortgage, enter in box 10 the total number of properties secured by this mortgage.

**Examples:**

Washtenaw County, MI  
VV-WW-XX-YYY-ZZZ

Jackson County, MO  
AA-BBB-CC-DD-EE-F-GG-HHH

Nashua, NH  
XX-YY

**Box 10 — Other.** Enter any other item you wish to report to the payer, such as real estate taxes, insurance paid from escrow, or if you are a collection agent, the name of the person for whom you collected the interest. You do not have to report to the IRS any information provided in this box.

## FORM 1098-E STUDENT LOAN INTEREST STATEMENT

Section references are to the Internal Revenue Code unless otherwise noted.

### What's New?

**Limited penalty relief.** For the 2017 calendar year, Announcement 2016-42, available at [https://www.irs.gov/irb/2016-49\\_IRB/ar10.html](https://www.irs.gov/irb/2016-49_IRB/ar10.html), provides that no penalties will be imposed under section 6721 or 6722 for reporting the aggregate amount billed, instead of the aggregate amount of payments received, for qualified tuition and related expenses on Form 1098-T. Beginning in 2018, only the qualified tuition and related expenses actually paid can be reported on Form 1098-T.

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics:

- Backup withholding
- Electronic reporting requirements
- Penalties
- Who must file (nominee/middleman)
- When and where to file
- Taxpayer identification numbers
- Statements to recipients
- Corrected and void returns
- Other general topics

8484

 VOID     CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number

**JOSEPH ACADEMY**  
**56 PARK PLACE**  
**CHICAGO, IL 60652**  
**312-567-9876**

OMB No. 1545-1576

2017

Form 1098-E

**Student  
Loan Interest  
Statement**

RECIPIENT'S federal identification no.	BORROWER'S social security number	1 Student loan interest received by lender  \$ 850.00	<b>Copy A</b> For Internal Revenue Service Center <b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the <b>2017 General Instructions for Certain Information Returns.</b>
95-8765498	678-88-9999		
BORROWER'S name  GLADYS BROWN			
Street address (including apt. no.)  67 STURDY STREET			
City or town, state or province, country, and ZIP or foreign postal code  CHICAGO, IL 60652			
Account number (see instructions)  5401		2 Check if box 1 does not include loan origination fees and/or capitalized interest, and the loan was made before September 1, 2004 <input type="checkbox"/>	

Form 1098-E

41-0852411

www.irs.gov/form1098e

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page**

You can get the general instructions from **IRS.gov** or by calling 1-800-TAX-FORM (1-800-829-3676).

**Form W-9S.** You may use Form W-9S, Request for Student's or Borrower's Taxpayer Identification Number and Certification, to obtain the student's or borrower's name, address, taxpayer identification number, and student loan certification to be used when filing Form 1098-E or 1098-T. Use of Form W-9S is optional; you may collect the information using your own forms, such as financial aid applications, and procedures. You may collect the student's or borrower's information on paper or electronically.

**Electronic submission of Form W-9S.** An educational institution, insurer, or lender may establish a system for students and borrowers to submit Form W-9S electronically, including by fax. Generally, the electronic system must:

1. Ensure the information received is the information sent and document all occasions of user access that result in the submission,
2. Make reasonably certain the person accessing the system and submitting the form is the person identified on Form W-9S,
3. Provide you with the same information as the paper Form W-9S, and
4. Be able to supply a hard copy of the electronic Form W-9S if the Internal Revenue Service requests it.

Also, if an electronic Form W-9S is used to obtain the borrower's certification that all the loan proceeds are used solely to pay qualified higher education expenses, your electronic system must require, as the final entry in the submission, an electronic signature by the borrower whose name is on Form W-9S. The signature authenticates and verifies the submission. See *Announcement 98-27*, which is on page 30 of *Internal Revenue Bulletin 1998-15* at [www.irs.gov/pub/irs-irbs/irb98-15.pdf](http://www.irs.gov/pub/irs-irbs/irb98-15.pdf).

**Electronic reporting.** For Forms 1098-E and 1098-T, you must file electronically if you are required to file 250 or more returns. See *Part F* in the *2017 General Instructions for Certain Information Returns* for more information.

**Penalties.** Form Forms 1098-E and 1098-T, penalties may be imposed for failure to file or failure to furnish correct forms. However, under certain circumstances, the penalties may be waived. See *Part O* in the *2017 General Instructions for Certain Information Returns* for more information.

### Specific Instructions for Form 1098-E

File Form 1098-E, Student Loan Interest Statement if you receive student loan interest of \$600 or more from an individual during the year in the course of your trade or business. The \$600 threshold applies to each borrower regardless of the number of student loans obtained by that

borrower. However, you may file a separate Form 1098-E for each student loan of the borrower, or you may file one Form 1098-E for the interest from all student loans of the borrower.

**Who Must File.** File Form 1098-E if you are a financial institution, governmental unit (or any of its subsidiary agencies), educational institution, or any other person who receives student loan interest of \$600 or more from an individual during the year in the course of your trade or business.

If more than one person has a connection with the loan, only the first person to receive the interest payment must file Form 1098-E. For example, a loan service or collection agent receiving payments on behalf of the lender must file.

**Qualified Student Loan.** To be reportable for 2017, a student loan must be either:

- Subsidized, guaranteed, financed, or otherwise treated as a student loan under a program of the Federal, state, or local government, or of a post-secondary educational institution; or
- Certified by the borrower as a student loan incurred solely to pay qualified higher education expenses. You may use Form W-9S to obtain the certificate.

**Revolving Accounts.** Report interest paid on revolving accounts, such as credit card accounts, only if the borrower certifies that all the loan proceeds are solely used to pay qualified higher education expenses. You do not have to verify the borrower's actual use of the funds. Do not report interest on mixed use loans.

**Loans Under Qualified Plans.** Do not report interest on loans made under a qualified employer plan, as defined in section 72(p)(4), or under a contract purchased under a qualified employer plan within the meaning of section 72(p)(5).

**Additional Information.** For more information about reporting student loan interest, see *Regulations section 1.6050S-3*.

**Statements to Borrowers.** If you are required to file Form 1098-E, you must provide a statement or acceptable substitute, on paper or electronically, to the borrower. For more information about the requirements to furnish a statement to the borrower, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Electronic delivery of Form 1098-E.** Educational institutions, insurers, and lenders may present the option to consent to receive Form 1098-E electronically as part of a global "Consent To Do Business Electronically,"

combining consent for electronic delivery of Form 1098-E along with other institutional student business functions such as admissions, registration, billings, and direct deposits.

The global consent process must meet all the consent, disclosure, format, notice, and access period requirements for electronic furnishing of Forms 1098-E in accordance with the applicable regulations. For more information about the requirements to furnish a statement to each student, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Recipient's/Lender's Name, Address, and Telephone Number Box**

— Enter the name, address, and telephone number of the filer of Form 1098-E. Use this same name and address on Form 1096.

**Borrower's Name and Address Box** — Enter the name and address of the borrower.

**Truncating borrower's identification number on payee statements.**

Pursuant to Treasury Regulations section 301.6109-4, all filers of Form 1098-E may truncate a borrower's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A recipient/lender's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Account Number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1098-E. Additionally, the IRS encourages you to designate an account number for all Forms 1098-E that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Student Loan Interest Received by Lender.** Enter the interest you received on a student loan(s) during the calendar year. For loans made on or after September 1, 2004, you are required to include loan origination fees and/or capitalized interest in box 1 [see *Regulations section 1.221-1(f)*]. Under that regulation interest includes capitalized interest and loan origination fees that represent charges for the use or forbearance of money.

**Box 2 — Check Box.** Check this box if loan origination fees and/or capitalized interest are **not** reported in box 1 for loans made before September 1, 2004.

## FORM 1098-T TUITION STATEMENT

**Exceptions:** You do not have to file Form 1098-T or furnish a statement for:

- Courses for which no academic credit is offered, even if the student is otherwise enrolled in a degree program;
- Nonresident alien students, unless requested by the student;
- Students whose qualified tuition and related expenses are entirely waived or paid entirely with scholarships; and
- Students for whom you do not maintain a separate financial account and whose qualified tuition and related expenses are covered by a formal billing arrangement between an institution and the student's employer or a governmental entity, such as the Department of Veterans' Affairs or the Department of Defense.

**Who Must File.** You must file Form 1098-T if you are an eligible educational institution. An eligible educational institution that is a governmental unit, or an agency or instrumentality of a governmental unit, is subject to the reporting requirements of Form 1098-T. A designated officer or employee of the governmental entity must satisfy the reporting requirements of Form 1098-T.

If another person receives or collects payments of qualified tuition and related expenses on your behalf, the other person must file Form 1098-T. However, if the other person does not possess the information necessary to comply with the reporting requirements of Form 1098-T, then you must satisfy the reporting requirements of Form 1098-T.

Also, if you are an insurer engaged in a trade or business of making refunds or reimbursements of qualified tuition and related expenses, you are required to file Form 1098-T. See the instructions for *box 10*, later.

**Eligible educational institution.** An eligible educational institution is a college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 as in effect on August 5, 1997, and that is eligible to participate in the Department of Education's student aid programs. This includes most accredited public, nonprofit, and private postsecondary institutions.

**Eligible educational institution.** An eligible educational institution is a college, university, vocational school, or other postsecondary educational institution that is described in section 481 of the Higher Education Act of 1965 as in effect on August 5, 1997, and that is eligible to participate in the Department of Education's student aid programs. This includes most accredited public, nonprofit, and private postsecondary institutions.

**Qualified Tuition and Related Expenses.** Qualified tuition and related expenses are tuition and fees a student must pay to be enrolled at or attend an eligible educational institution. The following are not qualified tuition and related expenses:

- Amounts paid for any course or other education involving sports, games, or hobbies unless the course or other education is part of the student's degree program or is taken to acquire or improve job skills.
- Charges and fees for room, board, insurance, medical expenses (including student health fees), transportation, and similar personal, living, or family expenses.

**Academic Credit.** Academic credit is credit awarded by an eligible educational institution for the completion of course work leading to a post-secondary degree, certificate, or other recognized post-secondary educational credential.

**Example:** Student A, a medical doctor, takes a course at University X's medical school. Student A takes the course to fulfill State Y's licensing requirement that medical doctors attend continuing medical education courses each year. Student A is not enrolled in a degree program at University X and takes the medical course through University X's continuing professional education program. University X does not award Student A credit toward a post-secondary degree on an academic transcript for the completion of the course but gives Student A a certificate of attendance upon completion. University X is not required to file Form 1098-T for the course taken by Student A.

**Additional Information.** For more information about reporting on Form 1098-T, see *Regulations section 1.6050S-1*. Also see *Notice 2006-72, 2006-36 I.R.B. 363*, available at [http://www.irs.gov/irb/2006-36\\_IRB/ar10.html](http://www.irs.gov/irb/2006-36_IRB/ar10.html) for guidance in a question and answer format on the information reporting requirements for Form 1098-T.

**Statements to Students.** If you are required to file Form 1098-T, you must provide a statement or acceptable substitute, on paper or electronically, to the student. For more information about the requirements to furnish a statement to each student, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

**Electronic delivery of Form 1098-T.** Educational institutions may present the option to consent to receive Form 1098-T electronically as part of a global "Consent to Do Business Electronically," combining consent for electronic delivery of Form 1098-T along with other institutional student business functions such as admissions, registration, billings, and direct deposits.

The global consent process must meet all the consent, disclosure, format, notice, and access period requirements for electronic furnishing of Forms 1098-T as required by paragraphs (a)(2) through (6) of Treasury Regulations 1.6050S-2. For more information about the requirements to furnish a statement to each student, see *Part M* in the *2017 General Instructions for Certain Information Returns*.

8383

 VOID     CORRECTED

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number

**GLOUCESTER UNIVERSITY**  
456 MAPLE STREET  
MIAMI, FL 33101  
305-345-8765

FILER'S federal identification no.

95-8456730

STUDENT'S taxpayer identification no.

234-76-4444

STUDENT'S name

JOHN SMITH

Street address (including apt. no.)

5768 SURF AVENUE

City or town, state or province, country, and ZIP or foreign postal code

MIAMI, FL 33101

Service Provider/Acct. No. (see instr.)

2310

8 Check if at least  
half-time student

1 Payments received for  
qualified tuition and related  
expenses

\$

2 Amounts billed for  
qualified tuition and  
related expenses

\$

OMB No. 1545-1574

2017

Form 1098-T

**Tuition  
Statement**

**Copy A****For  
Internal Revenue  
Service Center****File with Form 1096.**

For Privacy Act and  
Paperwork Reduction  
Act Notice, see the  
**2017 General  
Instructions for  
Certain Information  
Returns.**

Form 1098-T

41-0852411

www.irs.gov/form1098t

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page****Do Not Cut or Separate Forms on This Page**

**Prepaid Mortgage Insurance.** Except for amounts paid to the Department of Veterans Affairs or the Rural Housing Service, payments allocable to periods after 2007 are treated as paid in the periods to which they are allocable.

The Treasury Department has issued regulations for allocating prepaid qualified mortgage insurance premiums. Regulations section 1.163-11 applies to prepaid qualified mortgage insurance premiums paid or accrued on or after January 1, 2011, provided by the Federal Housing Administration or private mortgage insurers. For regulations applicable before January 1, 2011, see *Regulations section 1.163-11T*.

**Truncating student's identification number on paper payee statements.** Pursuant to proposed regulations §301.6109-4 (REG-148873-09), all filers of Forms 1098-T may truncate a student's identification number (social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A filer's identification number may not be truncated on any form. See *Part J* in the *2017 General Instructions for Certain Information Returns*.

**Student's taxpayer identification number and checkbox.** Enter the student's taxpayer identification number, as provided to you on Form W-9S, Request for Student's or Borrower's Taxpayer Identification Number and Certification, or other form. If you solicited the student's TIN in writing (Form W-9S or other form), check the box. By checking the box and filing Form 1098-T with the IRS (for electronic filers), you certify under penalty of perjury that you have in good faith complied with the standards in regulation section 1.6050S-1 governing the time and manner of soliciting the taxpayer identification number of the student. Filers who transmit paper forms to the IRS will make such certification by signing Form 1096 in conjunction with filing the returns with the boxes checked in the field designated for the student's identification number.

**Student's Address.** In the student's address box of Form 1098-T, enter the student's permanent address. That is, enter the student's home or other long-term address where he or she can receive forwarded mail. You may use a temporary address only if you do not know the permanent address.

**Information Contact and Service Provider.** You must provide your name, address, and telephone number. In addition, you may include information on a third party service provider who filed the form or who may answer questions about the statement. Enter the service provider's information in the box below the student's name and address.

**NOTE:** You must provide the telephone number for the information contact at the institution. Generally this is an administrative office or department. **Do not** provide the institution's general telephone number.

**Account number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 1098-T. Additionally, the IRS encourages you to designate an account number for all Forms 1098-T that you file. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Payments Received for Qualified Tuition and Related Expenses.** If you use this method of reporting, enter the amount of payments received for qualified tuition and related expenses from any source during the calendar year. The amount reported is the total amount of payments received less any reimbursements or refunds made during the calendar year that relate to the payments received for qualified tuition and related expenses during the same calendar year. The amount reported is not reduced by scholarships and grants reported in box 5.

**Box 2 — Amounts Billed for Qualified Tuition and Related Expenses.** If you use this method of reporting, enter the amounts billed during the calendar year for qualified tuition and related expenses. The amount reported is the total amount billed less any reductions in charges made during the calendar year that relate to the amounts billed for qualified tuition and related expenses during the same calendar year. The amount reported is not reduced by scholarships and grants reported in box 5.

**Box 3 — Checkbox for Change of Reporting Method.** Check this box if you have changed your method of reporting (payments received or amounts billed). You have changed your method if the method you are using for 2017 is different than the method you used for 2016.

**Box 4 — Adjustments Made for a Prior Year.**

**Payments received.** Enter reimbursements or refunds of qualified tuition and related expenses made during the calendar year that relate to payments received that were reported for a prior year after 2002.

**Amounts billed.** Enter any reductions in charges made for qualified tuition and related expenses made during the calendar year that relate to amounts billed that were reported for a prior year after 2002.

**Box 5 — Scholarships or Grants.** Enter the total amount of any scholarships or grants that you administered and processed during the calendar year for the payment of the student's costs of attendance. Scholarships and grants generally include all payments received from third parties (excluding family members and loan proceeds). This includes payments received from governmental and private entities

such as the Department of Veterans Affairs, the Department of Defense, civic and religious organizations, and nonprofit entities. However, see *Exceptions*, earlier.

A scholarship or grant is administered and processed by you if you receive payment of an amount, whether by check, cash, electronic transfer, or other means, which you know or reasonably should know is a scholarship or grant, regardless of whether the educational institution is named as payee or co-payee of the amount and (if a non-cash payment) regardless of whether the student endorses the check or other means of payment for the benefit of the institution. A Pell Grant is an example of a grant administered and processed by a college or university in all cases.

**Box 6 — Adjustments to Scholarships or Grants for a Prior Year.** Enter the amount of any reduction to the amount of scholarships or grants that were reported for a prior year after 2002.

**Box 7 — Checkbox for Amounts for an Academic Period Beginning in January through March of 2018.** Check the box if any payments received, or amounts billed, for qualified tuition and related expenses reported for 20107 relate to an academic period that begins in January through March of 2018.

**Box 8 — Check if at Least Half-Time Student.** Check this box if the student was at least a half-time student during any academic period that began in 2017. A half-time student is a student enrolled for at least half the full-time academic workload for the course of study the student is pursuing. Your institution's standard for a half-time student workload must equal or exceed the standards established by the Department of Education under the Higher Education Act and set forth in 34 C.F.R. section 674.2(b).

**Box 9 — Check if a Graduate Student.** Check this box if the student was a graduate student. The student is a graduate student if the student was enrolled in a program or programs leading to a graduate-level degree, graduate-level certificate, or other recognized graduate-level educational credential.

**Box 10 — Insurance Contract Reimbursements or Refunds.** If you are an insurer, enter the total amount of reimbursements or refunds of qualified tuition and related expenses that you made for the student during 2017.

**Academic Period.** You must file Form 1098-T for each student who is enrolled in your institution for any academic period (e.g., semester, trimester, or quarter) in 2017. Determine your enrollment for each period under your own rules or use one of the following dates:

- 30 days after the first day of the academic period,
- a date during the period when enrollment data must be collected for purposes of the Integrated Postsecondary Education Data System administered by the Department of Education, or
- a date during the period when you must report enrollment data to the state, to your governing board, or to some other external governing body.

## FORM 1098-C CONTRIBUTION OF MOTOR VEHICLES, BOATS, AND AIRPLANES

**Future Developments.** For the latest information about developments related to Form 1098-C and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1098c](http://www.irs.gov/form1098c).

### REMINDER

In addition to these specific instructions, you should also use the *2017 General Instructions for Certain Information Returns*. Those general instructions include information about the following topics.

- Who must file (nominee/middleman).
- When and where to file.
- Electronic reporting requirements.
- Corrected and void returns.
- Statements to recipients.

- Taxpayer identification numbers.
- Backup withholding.
- Penalties.
- Other general topics.

You can get the general instructions at [www.irs.gov/form1098c](http://www.irs.gov/form1098c) or by calling 1-800-TAX-FORM (1-800-829-3676).

### Specific Instructions for Form 1098-C

**Who Must File.** File a separate Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, with the IRS for each contribution of a qualified vehicle that has a claimed value of more than \$500. A qualified vehicle is any motor vehicle manufactured primarily for use on public streets, roads, and highways; a boat; or an airplane. However, property held by the donor primarily for sale to customers, such as inventory of a car dealer, is not a qualified vehicle.

**Contemporaneous Written Acknowledgment.** If a donor contributes a qualified vehicle to you with a claimed value of more than \$500, you must furnish a contemporaneous written acknowledgment of the contribution to the donor under section 170(f)(12) containing the same information shown on Form 1098-C. Otherwise, the donor cannot claim a deduction of more than \$500 for that vehicle. Copy B of Form 1098-C may be used for this purpose. An acknowledgment is considered contemporaneous if it is furnished to the donor no later than 30 days after the:

- Date of the sale, if you are required to check box 4a, or
- Date of the contribution, if you are required to check box 5a or 5b.



**CAUTION:** For a contribution of a qualified vehicle with a claimed value of not more than \$500, do not file Form 1098-C. However, you may use it as the contemporaneous written acknowledgment under section 170(f)(8) by providing the donor with Copy C only. If you use Copy C as such acknowledgment, you must check box 7. In addition, do not complete boxes 4a through 5c or enter the donor's identification number on the form. You may, but are not required to, enter the donee's federal identification number on the form.

**Section 6720 Penalties.** Section 6720 imposes penalties on any donee organization that is required under section 170(f)(12) to furnish an acknowledgment to a donor if the donee organization knowingly:

- Furnishes a false or fraudulent acknowledgment, or
- Fails to furnish an acknowledgment in the manner, at the time, and showing the information required by section 170(f)(12).



**CAUTION:** Other penalties may apply. See Part O in the *2017 General Instructions for Certain Information Returns*.

An acknowledgment containing a certification described in box 5a or 5b will be presumed to be false or fraudulent if the qualified vehicle is sold to a buyer other than a needy individual (as explained in the instructions for box 5b) without a significant intervening use or material improvement (as explained in the instructions for box 5a) within 6 months of the date of the contribution. If a charity sells a donated vehicle at auction, the IRS will not accept as substantiation an acknowledgment from the charity stating the vehicle is to be transferred to a needy individual for significantly below fair market value. Vehicles sold at auction are not sold at prices significantly below fair market value, and the IRS will not treat vehicles sold at auction as qualifying for this exception.

The penalty for an acknowledgment relating to a qualified vehicle for which box 4a must be checked is the larger of the gross proceeds from the sale or the sales price stated in the acknowledgment multiplied by 39.6%. The penalty for an acknowledgment relating to a qualified vehicle for which box 5a or 5b must be checked is the larger of \$5,000 or the claimed value of the vehicle multiplied by 39.6%.

**Donor's Identification Number.** See Part J of the *2017 General Instructions for Certain Information Returns* for details on requesting the donor's identification number. If the donor does not provide an identification number, you must check box 7 because the acknowledgment will not meet the requirements of section 170(f)(12) and the donor will not be allowed to claim a deduction of more than \$500 for the qualified vehicle.

7878

 VOID CORRECTED

DONEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.  
**AMERICAN HEART ASSOCIATION  
333 N. LANTANA  
CAMARILLO, CA 93010**

1 Date of contribution

OMB No. 1545-1959

5-31-2016

2017

2a Odometer mileage

20,000

Form 1098-C

2b Year

2003

2c Make

SATURN

2d Model

L100

### Contributions of Motor Vehicles, Boats, and Airplanes

DONEE'S federal identification number

45-3578547

DONOR'S identification number

123-45-6789

3 Vehicle or other identification number

2378SGD74KI347623

DONOR'S name

**BONNIE BRAD**

Street address (including apt. no.)

**3456 ELM STREET**

City or town, state or province, country, and ZIP or foreign postal code

**CAMARILLO, CA 93010**4a  Donee certifies that vehicle was sold in arm's length transaction to unrelated party

4b Date of sale

4c Gross proceeds from sale (see instructions)

\$

5a  Donee certifies that vehicle will not be transferred for money, other property, or services before completion of material improvements or significant intervening use5b  Donee certifies that vehicle is to be transferred to a needy individual for significantly below fair market value in furtherance of donee's charitable purpose

5c Donee certifies the following detailed description of material improvements or significant intervening use and duration of use

6a Did you provide goods or services in exchange for the vehicle? . . . . . ► Yes  No 

6b Value of goods and services provided in exchange for the vehicle

\$

6c Describe the goods and services, if any, that were provided. If this box is checked, donee certifies that the goods and services consisted solely of intangible religious benefits . . . . . ► 7 Under the law, the donor may not claim a deduction of more than \$500 for this vehicle if this box is checked . . . . . ► 

Form 1098-C

L18CA

41-0852411

5901

www.irs.gov/form1098c

Department of the Treasury - Internal Revenue Service

**Copy A**

**For  
Internal Revenue  
Service Center**

**File with Form 1096.**

**For Privacy Act  
and Paperwork  
Reduction Act  
Notice, see the  
2017 General  
Instructions for  
Certain  
Information  
Returns.**

#### Truncating donor's identification number on donee statements.

Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a donor's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on donee statements. Truncation is not allowed on any documents the filer files with the IRS. A filer's identification number may not be truncated on any form. See Part J in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Date of Contribution.** Enter the date you received the motor vehicle, boat, or airplane from the donor.

**Boxes 2a, 2b, 2c, and 2d — Odometer Mileage, Year, Make, and Model of Vehicle.** Enter the appropriate information in each box. The following table shows three examples:

	Box 2a - Odometer mileage (motor vehicles only)	Box 2b - Year	Box 2c - Make	Box 2d - Model
Example 1 - car	90,000	2004	Ford	Explorer
Example 2 - airplane		1967	Piper	Cub
Example 3 - boat		2007	Larson	LXI 210



**CAUTION:** Donees must ensure that the odometer reading is in miles, not kilometers. If the odometer is calibrated in kilometers, you must convert the kilometers to miles using the following calculation: Kilometers x 0.62137 = miles.

**Box 3 — Vehicle or Other Identification Number.** For any vehicle contributed, this number is generally affixed to the vehicle. For a motor vehicle, the vehicle identification number is 17 alpha/numeric characters in length. Refer to the vehicle owner's manual for the location of the vehicle identification number. For a boat, the hull identification number is 12 characters in length and is usually located on the starboard transom. For an airplane, the aircraft identification number is 6 alpha/numeric characters in length and is located on the tail of a U.S. aircraft.

**Box 4a — Vehicle Sold in Arm's Length Transaction to Unrelated Party.** If the vehicle is sold to a buyer other than a needy individual (as explained in the instructions for box 5b) without a significant intervening use or material improvement (as explained in the instructions for box 5a), you must certify that the sale was made in an arm's length transaction between unrelated parties. Check the box to make the certification. Also complete boxes 4b and 4c. Skip this box if the qualified vehicle has a claimed value of \$500 or less.

**Box 4b — Date of Sale.** If you checked box 4a, enter the date that the vehicle was sold in the arm's length transaction. Skip this box if the qualified vehicle has a claimed value of \$500 or less.

**Box 4c — Gross Proceeds.** If you checked box 4a, enter the gross proceeds from the sale of the vehicle. This is generally the sales price. Do not reduce this amount by any expenses or fees. Skip this box if the qualified vehicle has a claimed value of \$500 or less.

**Box 5a — Vehicle Will Not Be Transferred Before Completion of Material Improvements or Significant Intervening Use.** If you intend to make a significant intervening use of or a material improvement to this vehicle, you must check box 5a to certify that the vehicle will not be transferred for cash, other property, or services before completion of the use or improvement. Also complete box 5c. Skip this box if the qualified vehicle has a claimed value of \$500 or less.

To constitute significant intervening use, the organization must actually use the vehicle to substantially further the organization's regularly conducted activities, and the use must be significant, not incidental. Factors in determining whether a use is a significant intervening use include its nature, extent, frequency, and duration. For this purpose, use includes providing transportation on a regular basis for a significant period of time or significant use directly relating to training in vehicle repair. Use does not include the use of a vehicle to provide training in business skills, such as marketing or sales. Examples of significant use include:

- Driving a vehicle every day for 1 year to deliver meals to needy individuals, if delivering meals is an activity regularly conducted by the organization.
- Driving a vehicle for 10,000 miles over a 1-year period to deliver meals to needy individuals, if delivering meals is an activity regularly conducted by the organization.

Material improvements include major repairs and additions that improve the condition of the vehicle in a manner that significantly increases the value. To be a material improvement, the improvement cannot be funded by an additional payment to the donee from the donor of the vehicle. Material improvements do not include cleaning, minor repairs, routine maintenance, painting, removal of dents or scratches, cleaning or repair of upholstery, and installation of theft deterrent devices.

**Box 5b — Vehicle To Be Transferred to a Needy Individual for Significantly Below Fair Market Value.** Check box 5b if you intend to sell the vehicle to a needy individual at a price significantly below fair market value or make a gratuitous transfer of the vehicle to a needy individual in direct furtherance of your organization's charitable purpose of relieving the poor and distressed or underprivileged who are in need of a means of transportation. Do not enter any amount in box 4c. The donor's contribution deduction for a sale for this purpose is not limited to the gross proceeds from the sale. Skip this box if the qualified vehicle has a claimed value of \$500 or less.

**Box 5c — Description of Material Improvements or Significant Intervening Use and Duration of Use.** Describe in detail the intended

material improvements to be made by the organization or the intended significant intervening use and duration of the use by the organization. Skip this box if the qualified vehicle has a claimed value of \$500 or less.

**Box 6a — Checkbox for Whether Donee Provided Goods and Services in Exchange for the Vehicle Described.** You must check the box to indicate whether you provided goods or services to the donor in exchange for the vehicle described in boxes 2a, 2b, 2c, 2d and 3.

**Box 6b — Value of Goods and Services Provided in Exchange for the Vehicle Described.** If you checked "Yes" in box 6a, complete box 6b. You must give a good faith estimate of the value of those goods and services including intangible religious benefits. Include the value of any goods and services you may provide in a year other than the year that the qualified vehicle was donated. Pub. 561, Determining the Value of Donated Property, provides guidance for providing an estimate for the value of goods and services.

**Box 6c — Description of the Goods and Services.** If you checked "Yes" in box 6a, describe in detail the goods and services, including intangible religious benefits, that were provided to the donor. If the donor received only intangible religious benefits, check the box.

An intangible religious benefit is one that is provided by an organization organized exclusively for religious purposes and which generally is not sold in a commercial transaction outside the donative context.

**Box 7 — Checkbox for a Vehicle With a Claimed Value of \$500 or Less.** If the vehicle has claimed value of \$500 or less or the donor did not provide a taxpayer identification number, you must check box 7. If you check box 7, **do not** file Copy A with the IRS and **do not** furnish Copy B to the donor.

## FORM W-2G GAMBLING Winnings

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

Information about any future developments affecting Form W-2G or Form 5754 (such as legislation enacted after we release them) will be posted at [IRS.gov/w2g](https://IRS.gov/w2g) and [IRS.gov/form5754](https://IRS.gov/form5754), respectively. Information about developments affecting these instructions will be posted on both pages.

### What's New?

**Reportable winnings.** The text in box 1 of Form W-2G has been changed from "Gross winnings" to "Reportable winnings." This change clarifies that for certain types of gambling activity, the amount shown in box 1 is gross winnings less the amounts of the wager or buy-in.

**New payee identification requirements.** A payee of bingo, keno, or slot machine winnings must present two forms of identification, one of which must include the payee's photo. A completed Form W-9 is acceptable as the other form of identification for bingo, keno, or slot machine winnings. Gaming establishments owned or licensed by a tribal government may waive the photo ID requirement for payees who are members of that federally-recognized Indian tribe and present a tribal member identification card issued by the same tribal government. These new rules affect the instructions for boxes 11 and 12 under Bingo, Keno, and Slot Machines. See *Regulations section 1.6041-10(d) and (e)*.

**Optional reporting method for certain winnings.** A payer may use the optional aggregate reporting method to report more than one payment of reportable gambling winnings from bingo, keno, or slot machines received by a payee in a 24-hour calendar day or "gaming day" on a single information return. A "gaming day" is a 24-hour period that ends at a particular time chosen by the gaming establishment (generally when the establishment is closed or when business is slowest, such as between 3:00 a.m. and 6:00 a.m.). On December 31st, all open information reporting periods must close at 11:59 p.m. to end by the end of the calendar year.

3232

 VOID     CORRECTED

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code

**CHURCHILL DOWNS**  
**700 CENTRAL AVENUE**  
**LOUISVILLE, KY 40208**

PAYER'S federal identification number    PAYER'S telephone number  
**95-8765484**    **1-800-28DERBY**

WINNER'S name

**CLARA RING**

Street address (including apt. no.)

**4567 GALLERY WAY**

City or town, province or state, country, and ZIP or foreign postal code

**YODER, KS 67585**

1 Reportable winnings	2 Date won
\$ <b>49500.00</b>	<b>07 28 2016</b>
3 Type of wager	4 Federal income tax withheld
<b>DAILY DOUBLE</b>	\$ <b>13365.00</b>
5 Transaction	6 Race <b>5th</b>
7 Winnings from identical wagers	8 Cashier
\$	
9 Winner's taxpayer identification no.	10 Window
	<b>2</b>
11 First I.D.	12 Second I.D.
<b>Driver's License</b>	
13 State/Payer's state identification no.	14 State winnings
	\$
15 State income tax withheld	16 Local winnings
\$	\$
17 Local income tax withheld	18 Name of locality
\$	

Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.

Signature ►

Date ►

Form W-2G

41-0852411

www.irs.gov/w2g

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page – Do Not Cut or Separate Forms on This Page**

OMB No. 1545-0238

**2017**

## Form W-2G

### Certain Gambling Winnings

For Privacy Act and  
Paperwork Reduction  
Act  
Notice, see the **2017 General Instructions for Certain Information Returns.**

**File with Form 1096**

**Copy A**  
**For Internal Revenue Service Center**

On January 1st, all information reporting periods must begin at 12:00 a.m. The optional aggregate reporting method affects the bingo, keno, and slot machines instructions for box 1 under Bingo, Keno, and Slot Machines. See *Regulations section 1.6041-10(g)* for more details and recordkeeping requirements.

### Specific Instructions for Form W-2G

File Form W-2G, Certain Gambling Winnings, to report gambling winnings and any Federal income tax withheld on those winnings. The requirements for reporting and withholding depend on the type of gambling, the amount of the gambling winnings, and generally the ratio of the winnings to the wager. File W-2G with the IRS. You must provide a statement to the winner (Copies B and C of W-2G).

The types of gambling are grouped as follows:

1. Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later
2. Sweepstakes, Wagering Pools, and Lotteries
3. Bingo, Keno, and Slot Machines
4. Poker Tournaments

**Tax-Exempt Organization.** A tax-exempt organization conducting gaming activities may be required to withhold income tax and report on Form W-2G. See *Pub. 3079, Gaming Publication for Tax-Exempt Organizations*.

**Reportable Gambling Winnings.** Report gambling winnings on Form W-2G if:

1. The winnings (not reduced by the wager) are \$1,200 or more from a bingo game or slot machine,
2. The winnings (reduced by the wager) are \$1,500 or more from a keno game.

3. The winnings (reduced by the wager or buy-in) are more than \$5,000 from a poker tournament,
4. The winnings (except winnings from bingo, slot machines, keno, and poker tournaments) reduced, at the option of the payer, by the wager are:
  - a. \$600 or more, and
  - b. At least 300 times the amount of the wager, or
5. The winnings are subject to federal income tax withholding (either regular gambling withholding or backup withholding).

**Withholding.** There are two types of withholding on gambling winnings: regular gambling withholding at 25% (33.33% for certain noncash payments) and backup withholding at 28%. If a payment is already subject to regular gambling withholding, it is not subject to backup withholding.

**Regular Gambling Withholding.** You may be required to withhold 25% of gambling winnings for Federal income tax. This is referred to as regular gambling withholding. Withhold at the 25% rate if the winnings are more than \$5,000 and are from:

- Sweepstakes,
- Wagering Pools,
- Lotteries (but not state-conducted lotteries), or
- Other wagering transactions in a pari-mutuel pool with respect to horse races, dog races, or jai alai, if the winnings are at least 300 times the amount wagered.

Do not withhold at the 25% rate on winnings from bingo, keno, or slot machines or any other wagering transaction if the winnings are \$5,000 or less. However, see *Backup Withholding*, below.

Regular gambling withholding applies to the total amount of gross proceeds (the amount of winnings less the amount wagered) not merely to the amount in excess of \$5,000.

Report the amount you withheld in box 4 of Form W-2G. Also file Form 945, Annual Return of Withheld Federal Income Tax, to report all your gambling withholding.

**Noncash Payments.** A noncash payment, such as a car, must be taken into account at its fair market value for purposes of reporting and withholding. If the fair market value exceeds \$5,000, after deducting the price of the wager, the winnings are subject to 25% regular gambling withholding. The tax you must withhold is computed and paid under either of the following two methods:

1. **The winner pays** the withholding tax to the payer. In this case, the withholding is 25% of the FMV of the noncash payment minus the amount of the wager.
2. **The payer pays** the withholding tax. In this case, the withholding is 33.33% of the FMV of the noncash payment minus the amount of the wager.

If you use method 2, enter the sum of the noncash payment and the withholding tax in box 1 of Form W-2G and the withholding tax paid by the payer in box 4.

**Backup Withholding.** You may be required to withhold 28% of gambling winnings (including winnings from bingo, keno, slot machines, and poker tournaments) for Federal income tax. This is referred to as backup withholding. You should backup withhold if:

- The winner does not furnish a correct taxpayer identification number (TIN),
- 25% has not been withheld, and
- The winnings are at least \$600 and at least 300 times the wager (or the winnings are at least \$1,200 from bingo or slot machines or \$1,500 from keno or more than \$5,000 from a poker tournament).

Figure any backup withholding on the total amount of the winnings reduced, at the option of the payer, by the amount wagered. This means the total amount, not just the payments in excess of \$600, \$1,200, \$1,500, or \$5,000, is subject to backup withholding.

Report the amount you withheld in box 4 of Form W-2G. Also file Form 945 to report all backup withholding. You may use Form W-9, Request for Taxpayer Identification Number and Certification, to request the TIN of the recipient.

See the instructions that follow for each type of gambling for detailed rules on backup withholding.

**Foreign Persons.** Payments of gambling winnings to a non-resident alien individual or a foreign entity are not subject to reporting or withholding on Form W-2G. Generally, gambling winnings paid to a foreign person are subject to 30% withholding under sections 1441(a) and 1442(a) and are reportable on Forms 1042 and 1042-S. Winnings of a nonresident alien from blackjack, baccarat, craps, roulette, big-6 wheel, or a live dog or horse race in the United States from legal wagers initiated outside the United States in a parimutuel pool are not subject to withholding or reporting. See *Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities*.

**State Tax Information.** Boxes 13, 14, and 15 and Copies 1 and 2 are provided for your convenience only and do not have to be completed for the IRS. If you withheld state income tax on a payment of gambling winnings, you may enter it in box 15 of Form W-2G. If you do, also complete boxes 13 and 14. A state identification number (box 13) is assigned by each individual state.

If a state tax department requires you to send them a paper copy of Form W-2G, use Copy 1 for that purpose. Give Copy 2 to the winner for use in filing a state income tax return.

**Local Tax Information.** Boxes 16, 17, and 18 and Copies 1 and 2 are provided for your convenience only and do not have to be completed for the IRS. If you withheld local income tax on a payment of gambling winnings, you may enter it in box 17 of Form W-2G. If you do, also complete boxes 16 and 18.

**Form 5754.** If the person receiving the winnings is not the actual winner, or is a member of a group of winners, see *Specific Instructions for Form 5754*, later.

**Statements to Winners.** If you are required to file Form W-2G, you must also provide a statement to the winner. For information about the requirement to furnish a statement to the winner, see *Part M* in the *2017 General Instructions for Certain Information Returns*. You may furnish Copies B and C of Form W-2G to the winner.

**(1) Horse Racing, Dog Racing, Jai Alai, and Other Wagering Transactions Not Discussed Later.**

File Form W-2G for every person to whom you pay \$600 or more in gambling winnings if such winnings are at least 300 times the amount of the wager. If the person presenting the ticket for payment is the sole owner of the ticket, complete Form W-2G showing the name, address, and TIN of the winner. If regular gambling withholding is required, the winner must sign the Form W-2G, under penalties of perjury, stating that he or she is the sole owner and that the information listed on the form is correct. If more than one person shares in the winnings from a single wager, see *Withholding and Forms W-2G for Multiple Winners*, later.

**Withholding.** You must withhold federal income tax from the winnings if the winnings minus the wager exceed \$5,000 **and** the winnings are at least 300 times the wager. Withhold 25% of the proceeds (the winnings minus the wager). This is regular gambling withholding.

If the winner of reportable gambling winnings does not provide a TIN, you must backup withhold at the rate of 28% on any such winnings that are not subject to 25% regular gambling withholding. That is, backup withholding applies if the winnings are at least \$600 but not more than \$5,000 and are at least 300 times the wager. Figure backup withholding on the amount of the winnings reduced, at the option of the payer, by the amount wagered.

**Multiple Wagers.** For multiple wagers sold on one ticket, such as the \$12 box bet on a Big Triple or Trifecta, the wager is considered as six \$2 bets and not one \$12 bet for purposes of computing the amount to be reported or withheld. Winnings on a \$12 box bet must be reported if they are \$600 or more, and Federal income tax must be withheld if the proceeds total more than \$5,000 or, if the proceeds do not exceed \$5,000, if the recipient fails to provide a TIN.

**Identical Wagers.** Winnings from identical wagers (for example, two \$2 bets on a particular horse to win the same race) are added together for purposes of the reporting and withholding requirements. Also, winnings from identical wagers that are not part of the payment for which the Form W-2G is being prepared are added together for purposes of withholding to determine if the total amount of proceeds from identical wagers is more than \$5,000.

**Box 1** — Enter payments of \$600 or more if the payment is at least 300 times the amount of the wager.

**Box 2** — Enter the date of the winning event. This is not the date the money was paid if it was paid after the date of the race (or game).

**Box 3** — Enter the type of wager if other than a regular race bet, for example, Daily Double or Big Triple.

**Box 4** — Enter any federal income tax withheld, whether regular gambling withholding or backup withholding.

**Box 5** — Not applicable.

**Box 6** — Enter the race (or game) applicable to the winning ticket.

**Box 7** — Enter the amount of additional winnings from identical wagers.

**Box 8 or 10** — Enter the cashier and/or window number making the winning payment.

**Box 9** — This is required information. Enter the TIN of the person receiving the winnings. For an individual this will be his or her social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See *Withholding*, earlier.

**Boxes 11 and 12** — As verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from two forms of identification. The identification may be from a driver's license, social security card, or voter registration. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

**Boxes 13 through 18** — Complete these boxes if they apply.

**Box 13** — Enter the abbreviated name of the state and your state identification number.

**Box 14** — Enter the amount of state winnings.

**Box 15** — Enter the amount of state income tax withheld.

**Box 16** — Enter the amount of local winnings.

**Box 17** — Enter the amount of local income tax withheld.

**Box 18** — Enter the name of your locality.

## (2) Sweepstakes, Wagering Pools, and Lotteries.

File Form W-2G for each person to whom you pay \$600 or more in gambling winnings from a sweepstakes, wagering pool, or lottery (including a state-conducted lottery) if such winnings are at least 300 times the amount of the wager. The wager must be subtracted from the total winnings to determine whether withholding is required and, at the option of the payer, to determine whether reporting is required. The wager must be subtracted at the time of the first payment.

The requirements in this section apply to church raffles, charity drawings, etc. In the case of one wager for multiple raffle tickets, such as five for \$1, the wager will be considered as \$.20 for each ticket.

**Withholding.** You must withhold federal income tax from the winnings if the winnings minus the wager exceed \$5,000. Withhold 25% of the proceeds (the winnings minus the wager). This is regular gambling withholding. If the winner of reportable gambling winnings does not provide a TIN, you must backup withhold at the rate of 28% on any such winnings that are not subject to 25% regular gambling withholding. That is, backup withholding applies if the winnings are at least \$600 but not more than \$5,000 and are at least 300 times the wager. Figure backup withholding on the amount of the winnings reduced, at the option of the payer, by the amount wagered. Installment payments of \$5,000 or less are subject to regular gambling withholding if the total proceeds from the wager will exceed \$5,000.

If payments are to be made for the life of a person (or for the lives of more than one person), and it is actuarially determined that the total proceeds from the wager are expected to exceed \$5,000, such payments are subject to 25% regular gambling withholding. When a third party makes the payments, for example, an insurance company handling the winners as an annuity, that third party must withhold.

**When Paid.** A payment of winnings is considered made when it is paid, either actually or constructively to the winner. Winnings are constructively paid when they are credited to, or set apart for, that person without any substantial limitation or restriction on the time, manner, or condition of payment. However, if not later than 60 days after the winner becomes entitled to the prize, the winner chooses the option of a lump sum or an annuity payable over at least 10 years, the payment of winnings is considered made when actually paid. If the winner chooses an annuity, file Form W-2G each year to report the annuity paid during that year.

**Box 1** — Enter payments of \$600 or more if the payment is at least 300 times the amount of the wager.

**Box 2** — Enter the date of the winning transaction, such as the date of the drawing of the winning number. This might not be the date the winnings are paid.

**Box 3** — Enter the type of wager (such as raffle or 50-50 drawing) or the name of the lottery (such as Instant, Big 50, Baker's Dozen or PowerBall) and the price of the wager (\$.50, \$1, etc.).

**Box 4** — Enter any Federal income tax withheld, whether regular gambling withholding or backup withholding.

**Box 5** — For a state lottery, enter the ticket number or other identifying number.

**Boxes 6 through 8 and 10** — Not applicable.

**Box 9** — This is required information. Enter the TIN of the person receiving the winnings. For an individual this will be the social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See *Withholding under Sweepstakes, Wagering Pools, and Lotteries*, earlier.

**Boxes 11 and 12** — For other than state lotteries, as verification of the name, address, and TIN of the person receiving the winnings, enter the

identification numbers from two forms of identification. The identification may be from a driver's license, social security card, or voter registration. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

**Boxes 13 through 18** — Complete these boxes if they apply.

**Box 13** — Enter the abbreviated name of the state and your state identification number.

**Box 14** — Enter the amount of state winnings.

**Box 15** — Enter the amount of state income tax withheld.

**Box 16** — Enter the amount of local winnings.

**Box 17** — Enter the amount of local income tax withheld.

**Box 18** — Enter the name of your locality.

## (3) Bingo, Keno, and Slot Machines

File Form W-2G for every person to whom you pay \$1,200 or more in gambling winnings from bingo or slot machines, or \$1,500 or more from keno after the price of the wager for the winning keno game is deducted. If the winnings are not paid in cash, the fair market value of the item won is considered the amount of the winnings. Total all winnings from each bingo or keno game. Winnings and losses from other wagering transactions are not to be taken into account in arriving at the \$1,200 or \$1,500 figure.

**Withholding.** Regular gambling withholding does not apply to winnings from bingo, keno, or slot machines. However, if the recipient of reportable gambling winnings from bingo, keno, or slot machines does not provide a TIN, you must backup withhold. That is, if the winnings are at least \$1,200 from bingo or slot machines or \$1,500 from keno, backup withholding applies to the amount of the winnings reduced, at the option of the payer, by the amount wagered.

**Box 1** — Enter payments of \$1,200 or more from bingo or slot machines or payments of \$1,500 or more from keno.

**Box 2** — Enter the date of the winning transaction.

**Box 3** — Enter the type of wager, such as bingo, keno, or slot machines, and the amount of the wager.

**Box 4** — Enter any backup withholding.

**Box 5** — Enter the ticket number, card number (and color, if applicable), machine serial number, or any other information that will help identify the winning transaction.

**Boxes 6 and 7** — Not applicable.

**Box 8** — Enter the initials of the person paying the winnings.

**Box 9** — This is required information. Enter the TIN of the person receiving the winnings. For an individual this will be the social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See *Withholding under Bingo, Keno, and Slot Machines* earlier.

**Box 10** — Enter the location of the person paying the winnings, if applicable.

**Boxes 11 and 12** — As verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from two forms of identification. Acceptable forms of identification include a driver's license, social security card, or voter registration. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

**Boxes 13 through 18** — Complete these boxes if they apply.

**Box 13** — Enter the abbreviated name of the state and your state identification number.

**Box 14** — Enter the amount of state winnings.

**Box 15** — Enter the amount of state income tax withheld.

**Box 16** — Enter the amount of local winnings.

**Box 17** — Enter the amount of local income tax withheld.

**Box 18** — Enter the name of your locality.

## (4) Poker Tournaments

File Form W-2G for each person to whom you pay more than \$5,000 in winnings, reduced by the amount of the wager or buy-in, from each poker tournament you have sponsored. Winnings and losses of the participant from other poker tournaments you have sponsored during the year are not taken into account in arriving at the \$5,000 amount.

**Withholding and backup withholding.** If you file Form W-2G for the person to whom you pay more than \$5,000 in net winnings from a poker tournament, and provide a copy of Form W-2G to such person, regular gambling withholding does not apply to such winnings. However, if the person who wins more than \$5,000 does not provide a TIN, you must apply backup withholding to the full amount of the winnings from the tournament. Net winnings of \$5,000 or less are not subject to reporting, withholding, or backup withholding.

**Box 1** — Enter payments of more than \$5,000 in net gambling winnings from a poker tournament.

**Box 2** — Enter the date of the poker tournament.

**Box 3** — Write “poker tournament” in the entry space.

**Box 4** — Enter zero as the amount, unless the winning person has not provided a TIN. If the winning person has not provided a TIN, enter the backup withholding amount.

**Box 5** — Enter the name of the tournament and its sponsor.

**Boxes 6 through 8 and Box 10** — Not applicable.

**Box 9** — This is required information. Enter the TIN of the person receiving the winnings. For an individual this will be his or her social security number (SSN) or individual taxpayer identification number (ITIN). If the winner fails to give you a TIN, backup withholding applies. See *Withholding and backup withholding* above.

**Boxes 11 and 12** — As verification of the name, address, and TIN of the person receiving the winnings, enter the identification numbers from two forms of identification. Acceptable forms of identification include a driver's license, social security card, or voter registration. Enter the number and the state or jurisdiction. In some instances, the number may be the same number as in box 9.

**Boxes 13 through 18** — Complete these boxes if they apply.

**Box 13** — Enter the abbreviated name of the state and your state identification number.

**Box 14** — Enter the amount of state winnings.

**Box 15** — Enter the amount of state income tax withheld.

**Box 16** — Enter the amount of local winnings.

**Box 17** — Enter the amount of local income tax withheld.

**Box 18** — Enter the name of your locality.

## Specific Instructions for Form 5754

Use Form 5754, Statement by Person(s) Receiving Gambling Winnings, to prepare Form W-2G when the person receiving gambling winnings subject to reporting or withholding is not the actual winner or is a member of a group of two or more winners on the same winning ticket. The payer is required to file Forms W-2G based on Form 5754.

The person receiving the winnings must furnish all the information required by Form 5754. However, a recipient of winnings from a state-conducted lottery need not provide identification other than his or her taxpayer identification number (TIN).

Part I lists the identification of the person to whom the winnings are paid, and Part II lists the actual winners, their respective shares of the winnings, and any additional winnings from identical wagers. Identical wagers are defined earlier in the *Specific Instructions for Form W-2G* (page 109).

In Part II, the person receiving the winnings must provide the name, address, TIN, respective share of the winnings, and additional winnings from identical wagers for each of the winners. In addition, if regular gambling withholding is required, the form must be signed, under penalties of perjury, and dated by the person receiving the winnings. The form must be returned to the payer for preparation of Form W-2G for each of the persons listed as winners. Forms W-2G may be issued immediately or by January 31 following the year of the payment.

Do not send Form 5754 to the IRS. Keep it for your records.

## Withholding and Forms W-2G for Multiple Winners

If more than one person shares in the winnings from a single wager, the total amount of the winnings (minus the amount wagered) will determine the amount of the proceeds for purposes of reporting and withholding. Do not allocate winnings to each winner before determining whether the withholding or reporting thresholds were reached.

For example, E purchases a sweepstakes ticket for \$1 on behalf of himself and S, who contributes an equal amount of the ticket price and who will share equally in any winnings. The ticket wins \$5,002. Because the winnings (\$5,002 - \$1 = \$5,001) are more than \$5,000, you must withhold 25% of \$5,001. You must prepare a separate Form W-2G for E and a separate Form W-2G for S using the information furnished to you on Form 5754.

## FORM 5498

### Specific Instructions for Form 5498

File Form 5498, IRA Contribution Information, with the IRS by May 31, 2018, for each person for whom in 2017 you maintained any individual retirement arrangement (IRA), including a deemed IRA under section 408(q).

An IRA includes all investments under one IRA plan. It is not necessary to file a Form 5498 for each investment under one plan. For example, if a participant has three certificates of deposit (CDs) under one IRA plan, only one Form 5498 is required for all contributions and the fair market values (FMVs) of the CDs under the plan. However, if a participant has established more than one IRA plan with the same trustee, a separate Form 5498 must be filed for each plan.

**Contributions.** You must report contributions to any IRA on Form 5498. See the instructions under boxes 1, 2, 3, 4, 8, 9, 10, 13a, and 14a on pages 115-116. If no reportable contributions were made for 2017, complete only boxes 5 and 7, and boxes 11, 12a, 12b, 15a and 15b, if applicable. See *Reporting FMV of certain specified assets*, later.



**CAUTION.** You are required to file Form 5498 even if Required Minimum Distributions (RMDs) or other annuity or periodic payments have started.

Report contributions to a Kay Bailey Hutchinson spousal IRA under section 219(c) on a separate Form 5498 using the name and taxpayer identification number (TIN) of the spouse.

For contributions made between January 1 and April 17, 2018, trustees and issuers should obtain the participant's designation of the year for which the contributions are made.

**Direct rollovers, transfers, and recharacterizations.** You must report the receipt of a direct rollover from a qualified plan (including a governmental section 457(b) plan) or section 403(b) plan to an IRA. Report a direct rollover in box 2. If you receive a direct rollover to a qualified plan, a section 403(b) plan, or a governmental section 457(b) plan, no report is required. For information on direct rollovers of eligible rollover distributions, see *Direct Rollovers* on page 81.

If you receive a direct rollover to a qualified plan, a section 403(b) plan, or a governmental section 457(b) plan, no report is required. For information on direct rollovers of eligible rollover distributions, see *Direct Rollovers*, earlier.

If a rollover or trustee-to-trustee transfer is made from a SIMPLE IRA to an IRA that is not a SIMPLE IRA and the trustee has adequately substantiated information that the participant has not satisfied the 2-year period specified in section 72(t)(6), report the amount as a regular contribution in box 1 even if the amount exceeds \$5,500 (\$6,500 for participants 50 and older).

**Transfers.** Do not report on Form 5498 a direct trustee-to-trustee transfer from (a) a traditional IRA to another traditional IRA or to a SEP IRA, (b) a SIMPLE IRA to another SIMPLE IRA, (c) a SEP IRA to another SEP IRA or to a traditional IRA, or (d) a Roth IRA to a Roth IRA. For reporting purposes, contributions and rollovers do not include these transfers.

**Recharacterizations.** You must report each recharacterization of an IRA contribution. If a participant makes a contribution to an IRA (first IRA) for a year, the participant may choose to recharacterize the contribution by transferring, in a trustee-to-trustee transfer, any part of the contribution (plus earnings) to another IRA (second IRA). The contribution is treated as made to the second IRA (recharacterization). A recharacterization may be made with

2028

 VOID     CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code

1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)

OMB No. 1545-0747

2017

Form 5498

TRUSTEE'S or ISSUER'S federal identification no.

PARTICIPANT'S social security number

\$

2 Rollover contributions

\$

3 Roth IRA conversion amount

\$

4 Recharacterized contributions

\$

PARTICIPANT'S name

7 IRA  SEP  SIMPLE  Roth IRA 

Street address (including apt. no.)

\$

8 SEP contributions

\$

9 SIMPLE contributions

City or town, state or province, country, and ZIP or foreign postal code

\$

10 Roth IRA contributions

\$

11 Check if RMD for 2018

\$

12a RMD date

\$

12b RMD amount

Account number (see instructions)

\$

13a Postponed contribution

\$

13b Year

13c Code

\$

14a Repayments

\$

14b Code

\$

15a FMV of certain specified assets

\$

15b Code(s)

Form 5498

41-0852411

www.irs.gov/form5498

Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

**IRA Contribution Information**

**Copy A****For Internal Revenue Service Center****File with Form 1096.**

For Privacy Act and Paperwork Reduction Act Notice, see the **2017 General Instructions for Certain Information Returns.**

the same trustee or with another trustee. The trustee of the first IRA must report the amount contributed before the recharacterization as a contribution on Form 5498 and the recharacterization as a distribution on Form 1099-R. The trustee of the second IRA must report the amount received (FMV) in box 4 on Form 5498 and check the type of IRA box in box 7.

All recharacterized contributions received by an IRA in the same year must be totaled and reported on one Form 5498 in box 4. You may report the FMV of the account on the same Form 5498 you use to report a recharacterization of an IRA contribution and any other contributions made to the IRA for the year.

**Catch-up contributions.** Participants who are age 50 or older by the end of the year may be eligible to make catch-up IRA contributions or catch-up elective deferral contributions. The annual IRA regular contribution limit of \$5,500 is increased to \$6,500 for participants age 50 or older. Catch-up elective deferral contributions reported on Form 5498 may be made under a salary reduction SEP (SARSEP) or under a SIMPLE IRA plan. For 20107, up to \$5,500 in catch-up elective deferral contributions may be made under a SARSEP, and up to \$3,000 to a SIMPLE IRA plan. For more information on catch-up elective deferral contributions, see *Regulations section 1.414(v)-1*.

Include any catch-up amounts when reporting contributions for the year in boxes 1, 8, 9, or 10, or for a prior year in box 13a.

**Roth IRA conversions.** You must report the receipt of a conversion from an IRA to a Roth IRA even if the conversion is with the same trustee. Report the total amount converted from a traditional IRA, SEP IRA, or SIMPLE IRA to a Roth IRA in box 3.

**IRA revocation or account closure.** If a traditional IRA, Roth IRA, or SIMPLE IRA is revoked during its first 7 days [under Regulations section 1.408-6(d)(4)(ii)] or closed at any time by the IRA trustee pursuant to its resignation or such other event mandating the closure of the account, Form 5498 must be filed to report any regular, rollover, IRA conversion,

SEP IRA, or SIMPLE IRA contributions to the IRA. For information about reporting a distribution from a revoked or closed IRA, see *IRA Revocation or Account Closure* on page 81.

**Total distribution, no contributions.** Generally, if a total distribution was made from an account during the year and no contributions, including rollovers, recharacterizations, or Roth IRA conversion amounts, were made for that year, you need not file Form 5498 nor furnish the annual statement to reflect that the FMV on December 31 was zero.

**Required minimum distributions (RMDs).** An IRA (other than a Roth IRA) owner/participant must begin taking distributions for each calendar year beginning with the calendar year in which the participant attains age 70½. The distribution for the 70½ year must be made no later than April 1 of the following calendar year; RMDs for any other year must be made no later than December 31 of the year. See *Regulations section 1.401(a)(9)-6* for RMDs from annuity contracts.

For each IRA you held as of December 31 of the prior year, if an RMD is required for the year, you must provide a statement to the IRA participant by January 31 regarding the RMD using one of two alternative methods described below. You are not required to use the same method for all IRA participants; you can use Alternative one for some IRA participants and Alternative two for the rest. Under both methods, the statement must inform the participant that you are reporting to the IRS that an RMD is required for the year. The statement can be provided in conjunction with the statement of the FMV.

If the IRA participant is deceased, and the surviving spouse is the sole beneficiary, special rules apply for RMD reporting. If the surviving spouse elects to treat the IRA as the spouse's own, then report with the surviving spouse as the owner. However, if the surviving spouse does not elect to treat the IRA as the spouse's own, then you must continue to treat the surviving spouse as the beneficiary. Until further guidance is issued, no reporting is required for IRAs of deceased participants (except where the surviving spouse elects to treat the IRA as the spouse's own, as described above).

**Alternative one.** Under this method, include in the statement the amount of the RMD with respect to the IRA for the calendar year and the date by which the distribution must be made. The amount may be calculated assuming the sole beneficiary of the IRA is not a spouse more than 10 years younger than the participant. Use the value of the account as of December 31 of the prior year to compute the amount. See Boxes 11, 12a, and 12b, later, for how to report.

**Alternative two.** Under this method, the statement informs the participant that a minimum distribution with respect to the IRA is required for the calendar year and the date by which such amount must be distributed. You must include an offer to furnish the participant with a calculation of the amount of the RMD if requested by the participant.

**Electronic filing.** These statements may be furnished electronically using the procedures described in Part F of the *2017 General Instructions for Certain Information Returns*.

**Reporting to the IRS.** If an RMD is required, check box 11. For example, box 11 is checked on the Form 5498 for a 2017 RMD. You are not required to report to the IRS the amount or the date by which the distribution must be made. However, see the **Caution** following the *Box 11* instructions, later, for reporting RMDs to participants.

For more details, see *Notice 2002-27*, available on page 814 of *Internal Revenue Bulletin 2002-18* at [www.irs.gov/pub/irs-irbs/irb02-18.pdf](http://www.irs.gov/pub/irs-irbs/irb02-18.pdf), and *Notice 2003-3*, available on page 258 of *Internal Revenue Bulletin 2003-2* at [www.irs.gov/pub/irs-irbs/irb03-02.pdf](http://www.irs.gov/pub/irs-irbs/irb03-02.pdf).

**Inherited IRAs.** In the year an IRA participant dies, you, as an IRA trustee or issuer, generally must file a Form 5498 and furnish an annual statement for the decedent and a Form 5498 and an annual statement for each nonspouse beneficiary. An IRA holder must be able to identify the source of each IRA he or she holds for purposes of figuring the taxation of a distribution from an IRA. Thus, the decedent's name must be shown on the beneficiary's Form 5498 and annual statement. For example, you may enter "Brian Willow as beneficiary of Joan Maple" or something similar that signifies that the IRA was once owned by Joan Maple. You may abbreviate the word "beneficiary" as, for example, "bene."

For a spouse beneficiary, unless the spouse makes the IRA his or her own, treat the spouse as a nonspouse beneficiary for reporting purposes. If the spouse makes the IRA his or her own, do not report the beneficiary designation on Form 5498 and the annual statement.

An IRA set up to receive a direct rollover for a nonspouse designated beneficiary is treated as an inherited IRA.

**Fair market value.** On the decedent's Form 5498 and annual statement, you must enter the FMV of the IRA on the date of death in box 5. Or you may choose the alternate reporting method and report the FMV as of the end of the year in which the decedent died. This alternate value will usually be zero because you will be reporting the end-of-year valuation on the beneficiary's Form 5498 and annual statement. The same figure should not be shown on both the beneficiary's and decedent's forms. If you choose to report using the alternate method, you must inform the executor or administrator of the decedent's estate of his or her right to request a date-of-death valuation.

On the beneficiary's Form 5498 and annual statement, the FMV of that beneficiary's share of the IRA as of the end of the year must be shown in box 5. Every year thereafter that the IRA exists, you must file Form 5498 and furnish an annual statement for each beneficiary who has not received a total distribution of his or her share of the IRA showing the FMV at the end of the year and identifying the IRA as described above.

However, if a beneficiary takes a total distribution of his or her share of the IRA in the year of death, you need not file a Form 5498 nor furnish an annual statement for that beneficiary, but you must still file Form 5498 for the decedent.

If you have no knowledge of the death of an IRA participant until after you are required to file Form 5498 (May 31, 2018), you are not required to file a corrected Form 5498 nor furnish a corrected annual statement. However,

you must still provide the date-of-death valuation in a timely manner to the executor or administrator upon request.

In the case of successor beneficiaries, apply the preceding rules by treating the prior beneficiary as the decedent and the successor beneficiary as the beneficiary. Using the example above (Brian Willow as beneficiary of Joan Maple), when that account passes to Brian's successor beneficiary, Maurice Poplar, Form 5498 and the annual statement for Maurice should state "Maurice Poplar as beneficiary of Brian Willow." The final Form 5498 and annual statement for Brian Willow will state "Brian Willow as beneficiary of Joan Maple" and will show the FMV as of the date of Brian's death or year-end valuation, depending on the method chosen.

For more information about the reporting requirements for inherited IRAs, see *Rev. Proc. 89-52, 1989-2 C.B. 632*.

**Disaster relief reporting.** Special tax law provisions and reporting instructions may apply when the President declares a location to be a major disaster area. To determine the location of and special rules applicable to individual federally declared disaster areas, go to [www.irs.gov](http://www.irs.gov) and enter the keyword "disaster" in the upper right-hand corner. Then click on "Tax Relief in Disaster Situations." The information provided includes:

- A list of the areas for which relief has recently been granted,
- News Releases detailing the scope of the relief and any special reporting instructions, and
- A link to the Federal Emergency Management Agency's list of federal disaster declarations.

See the instructions for *Boxes 13a* through *13c* for Reporting Postponed Contributions on page 116.

**Qualified settlement income.** Qualified settlement income received in connection with the Exxon Valdez litigation may be contributed to a traditional or Roth IRA. See *P.L. 110-343, Division C, sec. 504* for contribution limitations and *Box 2 — Rollover Contributions* on page 115.

**Special reporting for U.S. Armed Forces in designated combat zones.** A participant who is serving in or in support of the Armed Forces in a designated combat zone or qualified hazardous duty area has an additional period after the normal contribution due date of April 15 to make IRA contributions for a prior year. The period is the time the participant was in the designated zone or area plus at least 180 days. The participant must designate the IRA contribution for a prior year to claim it as a deduction on the income tax return.

Under section 219(f), combat zone compensation that is excluded from gross income under section 112 is treated as includible compensation for purposes of determining IRA contributions.

A qualifying participant is:

- Serving, or has served, in a combat zone,
- Serving, or has served, in a qualifying hazardous duty area, or
- Serving, or has served, in an active direct support area.

If a qualifying participant makes a contribution to an IRA after April 15 and designates the contribution for a prior year, you must report the type of contribution (box 7) and the amount on Form 5498. Report the amount either for (1) the year for which the contribution was made or (2) a subsequent year. See *Boxes 13a, 13b* and *13c* on page 116.

1. If you report the contribution for the year it is made, no special reporting is required. Include the contribution in box 1 or box 10 of an original Form 5498 or of a corrected Form 5498 if an original was previously filed.
2. If you report the contribution on Form 5498 in a subsequent year, you must include the year for which the contribution was made, the amount of the contribution, and one of the following indicators:
  - a. Use "EO13239" for Afghanistan and those countries in direct support, including Djibouti, Jordan, Kyrgyzstan, Pakistan, Somalia, Syria, Tajikistan, Uzbekistan, Yemen, and the Philippines. For the Philippines only, personnel must be deployed in conjunction with Operation Enduring Freedom supporting military operations in the Afghanistan combat zone.

b. Use "EO12744" for the Arabian Peninsula, including air space and adjacent waters (the Persian Gulf, the Red Sea, the Gulf of Oman, the Gulf of Aden, the portion of the Arabian Sea that lies north of 10 degrees north latitude and west of 68 degrees east longitude, and the total land areas of Iraq, Kuwait, Saudi Arabia, Oman, Bahrain, Qatar, the United Arab Emirates), and Jordan which is in direct support of the Arabian Peninsula.

c. Use "EO13119" or Public Law 106-21 "PL106-21" for the Federal Republic of Yugoslavia (Serbia and Montenegro), Albania, Kosovo, the Adriatic Sea, and the Ionian Sea north of the 39th parallel.

**NOTE:** The combat zone designation for Montenegro and Kosovo (previously a province within Serbia) under Executive Order 13119 remains in force even though Montenegro and Kosovo became independent nations since EO 13119 was signed.



**CAUTION:** For additions to, or subtractions from, the list of combat zones or qualified hazardous duty areas implemented by executive orders and public laws, and direct support areas designated by the Secretary of Defense, after the publication date of these instructions, go to [www.irs.gov/form5498](http://www.irs.gov/form5498).

**Example:** For a \$4,000 IRA contribution designated by a participant who served under EO 13239 for the tax year 2014, enter "4000" in box 13a, "2014" in box 13b, and "EO13239" in box 13c only. Make no entry in box 1 or box 10.

**Repayment of qualified reservist distributions.** Report any repayment of a qualified reservist distribution as described in section 72(t)(2)(G) in boxes 14a (amount) and 14b (with indicator code "QR").

**Military death gratuities and servicemembers' group life insurance (SGLI) payments.** Recipients of military death gratuities and SGLI payments may contribute amounts received to a Roth IRA, up to the amount of the gratuity or SGLI payment less any amounts contributed to Coverdell ESAs. Report the amount of the rollover contribution in box 2 only. See *Section 408A(e)(2)*, and *Notice 2010-15, 2010-06 I.R.B. 390*, available at [www.irs.gov/irb/2010-06\\_IRB/ar09.html](http://www.irs.gov/irb/2010-06_IRB/ar09.html), for more information on limitations.

**Electronic filers.** You may request an automatic waiver from filing Forms 5498 for combat zone participants by submitting Form 8508, Request for Waiver From Filing Information Returns Electronically. Once you have received the waiver, you may report all Forms 5498 for combat zone participants on paper. Alternatively, you may report contributions made by the normal contribution due date electronically and report the contributions made after the normal contribution due date on paper. You may also report prior year contributions by combat zone participants on a corrected Form 5498 electronically, or on paper.

See Part F in the 2017 General Instructions for Certain Information Returns for information on how to request a waiver on Form 8508.

**Reporting FMV of certain specified assets.** Assets held in an IRA that are not readily tradable on an established US or foreign securities market or option exchange, or that do not have a readily available FMV, must be reported at the FMV determined as of December 31, 2017. See the instructions for Boxes 15a and 15b, later.

**Corrected Form 5498.** If you filed a Form 5498 with the IRS and later discover that there is an error on it, you must correct it as soon as possible. See Part H in the 2017 General Instructions for Certain Information Returns or Pub. 1220, if filing electronically. For example, if you reported contributions as rollover contributions in box 2, and you later discover that part of the contribution was not eligible to be rolled over and was, therefore, a regular contribution that should have been reported in box 1 (even if the amount exceeds the regular contribution limit), you must file a corrected Form 5498.

**Statements to participants.** If you are required to file Form 5498, you must provide a statement to the participant. By January 31, 2018, you must provide participants with a statement of the December 31, 2017, value of the participant's account and RMD, if applicable. Trustees of SIMPLE IRAs also must provide a statement of the account activity by January 31, 2018. Contribution information for all other types of IRAs must be provided by

May 31, 2018. You are not required to provide information to the IRS or to participants as to whether a contribution is deductible or nondeductible. In addition, the participant is not required to tell you whether a contribution is deductible or nondeductible.

If you furnished a statement of the FMV of the account, and RMD if applicable, to the participant by January 31, 2018, and no reportable contributions, including rollovers, recharacterizations, or Roth IRA conversions, were made for 2017, you need not furnish another statement (or Form 5498) to the participant to report zero contributions. However, you must file Form 5498 with the IRS by May 31, 2018, to report the December 31, 2017, FMV of the account and, for years after 2017, the FMV of hard-to-value assets. This rule also applies to beneficiary accounts under the inherited IRA rules, earlier. For more information about the requirement to furnish statements to participants, see *Part M* in the 2017 General Instructions for Certain Information Returns.



**CAUTION:** If you do not furnish another statement to the participant because no reportable contributions were made for the year, the statement of the FMV of the account must contain a legend designating which information is being filed with the IRS.

**Truncating recipient's identification number on paper payee statements.** Pursuant to proposed regulations §301.6109-4 (REG-148873-09), all filers of Form 5498 may truncate a recipient's identification number (social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS.) on payee statements. See *Part J* in the 2017 General Instructions for Certain Information Returns.

**Account number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 5498. Additionally, the IRS encourages you to designate an account number for all Forms 5498 that you file. See *Part L* in the 2017 General Instructions for Certain Information Returns.

**Box 1 — IRA Contributions (Other Than Amounts in Boxes 2-4, 8-10, 13a, and 14a).** Enter contributions to a traditional IRA made in 2017 and through April 17, 2018, designated for 2017.

Report gross contributions, including the amount allocable to the cost of life insurance (see *Box 6*) and including any excess contributions, even if the excess contributions were withdrawn. If an excess contribution is treated as a contribution in a subsequent year under Section 219(f)(6), do not report it on Form 5498 for the subsequent year. It has already been reported as a contribution on Form 5498 for the year it was actually contributed.

Also include employee contributions to an IRA under a SEP plan. These are contributions made by the employee, not by the employer, that are treated as regular IRA contributions subject to the 100% of compensation and \$5,500 (\$6,500 for participants 50 or older) limits of section 219. Do not include employer SEP IRA contributions or SARSEP contributions under section 408(k)(6). Instead, include them in box 8.

Also, do not include in box 1 contributions to a SIMPLE IRA (report them in box 9) and a Roth IRA (report them in box 10). In addition, do not include in box 1 rollovers and recharacterizations (report rollovers in box 2 and recharacterizations in box 4), or a Roth IRA conversion amount (report in box 3).

**Box 2 — Rollover Contributions.** Enter any rollover contributions (or contributions treated as rollovers) to any IRA received by you during 2017. These contributions may be any of the following:

- A 60-day rollover between IRAs of the same type.
- A direct or indirect rollover from a qualified plan (including a governmental section 457(b) plan) or section 403(b) plan.
- Any qualified rollover contribution as defined in section 408A(e) from an eligible retirement plan (other than an IRA) to a Roth IRA.
- A military death gratuity.
- An SGLI payment.
- Qualified settlement income received in connection with the Exxon Valdez litigation.
- Airline payment amounts.

For the rollover of property, enter the FMV of the property on the date you receive it. This value may be different from the value of the property on the date it was distributed to the participant.

For more details, see *Pub. 590A*.

**Box 3 — Roth IRA Conversion Amount.** Enter the amount converted from a traditional IRA, SEP IRA, or SIMPLE IRA to a Roth IRA during 2017. Do not include a rollover from one Roth IRA to another Roth IRA, or a qualified rollover contribution under section 408A(e) from an eligible retirement plan (other than an IRA) to a Roth IRA. These rollovers are reported in box 2.

**Box 4 — Recharacterized Contributions.** Enter any amounts recharacterized plus earnings from one type of IRA to another.

**Box 5 — Fair Market Value of Account.** Enter the FMV of the account on December 31, 2017. For inherited IRAs, see *Inherited IRAs* on page 114.



**CAUTION:** Trustees and custodians are responsible for ensuring that all IRA assets (including those not traded on established markets or with otherwise readily determinable market value) are valued annually at their fair market value.

**Box 6 — Life Insurance Cost Included in Box 1.** For endowment contracts only, enter the amount included in box 1 allocable to the cost of life insurance.

**Box 7 — Checkboxes.** Check the appropriate box.

- **IRA.** Check “IRA” if you are filing Form 5498 to report information about a traditional IRA account.
- **SEP.** Check “SEP” if you are filing Form 5498 to report information about a SEP IRA. If you do not know whether the account is a SEP IRA, check the “IRA” box.
- **SIMPLE.** Check “SIMPLE” if you are filing Form 5498 to report information about a SIMPLE IRA account. Do not check this box for a SIMPLE 401(k) plan. See *section 408(p)*.
- **Roth IRA.** Check “Roth IRA” if you are filing Form 5498 to report information about a Roth IRA account.

**Box 8 — SEP Contributions.** Enter employer contributions made to a SEP IRA (including salary deferrals under a SARSEP) during 2016, including contributions made in 2017 for 2016, but not including contributions made in 2018 for 2017. Trustees and issuers are not responsible for reporting the year for which SEP contributions are made. Do not enter employee contributions to an IRA under a SEP plan. Report any employee contributions to an IRA under a SEP plan in box 1. Also include in box 8 SEP contributions made by a self-employed person to his or her own account.

**Box 9 — SIMPLE Contributions.** Enter contributions, including deferrals, made to a SIMPLE IRA during 2017. Trustees and issuers are not responsible for reporting the year for which SIMPLE contributions are made. Do not include contributions to a SIMPLE 401(k) plan.

**Box 10 — Roth IRA Contributions.** Enter any contributions made to a Roth IRA in 2017 and through April 1, 2018, designated for 2016. However, report Roth IRA conversion amounts in box 3. Report a qualified rollover contribution made under section 408A(e) from an eligible retirement plan (other than an IRA) to a Roth IRA in box 2.

**Box 11 — Check if RMD for 2018.** Check the box if the participant must take a required minimum distribution (RMD) for 2018. You are required to check the box for the year in which the IRA participant reaches age 70½ even though the RMD for that year need not be made until April 1 of the following year. Then check the box for each subsequent year an RMD is required to be made.

**Boxes 12a and 12b —** These are provided for your use to report RMD dates and amounts to participants. You may choose to complete these boxes, or continue to provide a separate Form 5498, or a separate statement, to report the information required by *Alternative one* or *Alternative two*. See page 114. To determine the RMD, see the *Regulations* under sections 401(a)(9), and 408(a)(6) and (b)(3).

**Box 12a — RMD Date.** Enter the RMD date if you are using Form 5498 to report the additional information.

**Box 12b — RMD Amount.** Enter the RMD amount if you are using Form 5498 to report the additional information under *Alternative one*.

**Box 13a — Postponed Contribution.** Report the amount of any postponed contribution made in 2017 for a prior year. If contributions were made for more than 1 prior year, each prior year’s postponed contribution must be reported on a separate form.

**Box 13b — Year.** Enter the year for which the postponed contribution in box 13a was made.

**Box 13c — Code.** From the following list of codes, enter the reason the participant made the postponed contribution:

- For participant’s service in the combat zone, hazardous duty area, or direct support area, enter the appropriate executive order or public law as defined under *Special reporting for U.S. Armed Forces in designated combat zones*, earlier.
- For participants who are “affected taxpayers,” as described in an IRS News Release relating to a federally designated disaster area, enter FD.

**Box 14a — Repayments.** Enter the amount of any repayment of a qualified reservist distribution or a designated disaster distribution repayment (for example, a qualified disaster recovery distribution).

**Box 14b — Code.** Enter QR for the repayment of a qualified reservist distribution, or DD for repayment of a federally designated disaster distribution.

**Box 15a — FMV of Certain Specified Assets.** Enter the FMV of the investments in the IRA that are specified in the categories identified below.

**Box 15b — Code(s).** Enter the code for the type(s) of investments held in the IRA for which the FMV is reported in Box 15a. A maximum of two codes can be entered in box 15b. If more than two codes apply, enter code H.

- A—Stock or other ownership interest in a corporation that is not readily tradable on an established securities market.
- B—Short- or long-term debt obligation that is not traded on an established securities market.
- C—Ownership interest in a limited liability company or similar entity (unless the interest is traded on an established securities market).
- D—Real estate.
- E—Ownership interest in a partnership, trust, or similar entity (unless the interest is traded on an established securities market).
- F—Option contract or similar product that is not offered for trade on an established option exchange.
- G—Other asset that does not have a readily available FMV.
- H—More than two types of assets (listed in A through G) are held in this IRA.

## FORM 5498-SA

### Specific Instructions for Form 5498-SA

Online fillable form. Due to the very low volume of paper Forms 1099-SA and 5498-SA received and processed by the IRS each year, these forms have been converted to an online fillable format. You may fill out the forms, found online at [www.irs.gov/form1099sa](http://www.irs.gov/form1099sa) and [www.irs.gov/form5498sa](http://www.irs.gov/form5498sa), and send Copy B to the recipient. For filing with the IRS, follow your usual procedures for filing electronically if you are filing 250 or more forms. If you are filing these forms on paper due to a low volume of recipients, for these forms only, you may send in the black and white Copy A with Forms 1096 that you print from the IRS website.

File Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information, with the IRS on or before June 1, 2018, for each person for whom you maintained a health savings account (HSA), Archer medical savings account (Archer MSA), or Medicare Advantage MSA (MA MSA) during 2017. You are required to file if you are the trustee or custodian of an HSA, Archer MSA, or MA MSA. A separate form is required for each type of plan.

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TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number

1 Employee or self-employed person's Archer MSA contributions made in 2017 and 2018 for 2017  
\$

OMB No. 1545-1518

2017

Form 5498-SA

**HSA, Archer MSA, or Medicare Advantage MSA Information**

TRUSTEE'S federal identification number    PARTICIPANT'S social security number

3 Total HSA or Archer MSA contributions made in 2018 for 2017  
\$

PARTICIPANT'S name

4 Rollover contributions  
\$5 Fair market value of HSA, Archer MSA, or MA MSA  
\$

Street address (including apt. no.)

6 HSA

□

Archer MSA

□

MA

□

MSA

City or town, state or province, country, and ZIP or foreign postal code

Account number (see instructions)

Form 5498-SA

41-0852411

www.irs.gov/form5498sa

Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page**

**Copy A For Internal Revenue Service Center**  
**File with Form 1096.**  
For Privacy Act and Paperwork Reduction Act Notice, see the 2017 General Instructions for Certain Information Returns.

For HSA or Archer MSA contributions made between January 1, 2018, and April 17, 2018, you should obtain the participant's designation of the year for which the contributions are made.

**Rollovers.** You must report the receipt of a rollover from one Archer MSA to another Archer MSA, and receipt of a rollover from an Archer MSA or an HSA to an HSA in box 4.

**Transfers.** Do not report a trustee-to-trustee transfer from one Archer MSA or MA MSA to another Archer MSA or MA MSA, from an Archer MSA to an HSA, or from one HSA to another HSA. For reporting purposes, contributions and rollovers do not include these transfers. However, see *Box 2* on page 115 for the reporting of a trustee-to-trustee transfer from an IRA to an HSA.

**Total distribution, no contributions.** Generally, if a total distribution was made from an HSA or Archer MSA during the year and no contributions were made for that year, you need not file Form 5498-SA nor furnish a statement to the participant to reflect that the FMV on December 31 was zero.

**Death of account holder.** In the year an HSA, Archer MSA, or MA MSA owner dies, generally you must file a Form 5498-SA and furnish a statement for the decedent. If the beneficiary is the spouse:

- The spouse becomes the account holder of the HSA or Archer MSA, and
- An MA MSA is treated as an Archer MSA of the spouse for distribution purposes, but no new contributions may be made to the account.

If the designated beneficiary is not the spouse or there is no designated beneficiary, the account ceases to be an HSA, Archer MSA, or MA MSA.

**Statements to participants.** If you are required to file Form 5498-SA, you must provide a statement to the participant (generally Copy B) by May 31, 2018. You may, but you are not required to, provide participants with a statement of the December 31, 2017 FMV of the participant's account by February 1, 2018. For more information about statements to participants, see *Part M* in the 2017 General Instructions for Certain Information Returns.

If you furnished a statement of the FMV of the account to the participant by February 1, 2018, and no reportable contributions, including rollovers, were made for 2017, you need not furnish another statement (or Form 5498-SA) to the participant to report zero contributions. However, you must file Form 5498-SA with the IRS by May 31, 2018, to report the December 31, 2017 FMV of the account.

**NOTE:** If you do not furnish another statement to the participant because no reportable contributions were made for the year, the statement of the FMV of the account must contain a legend designating which information is being furnished to the Internal Revenue Service.

**Truncating participant's identification number on payee statements.** Pursuant to Treasury Regulation section 301.6109-4, all filers of this form may truncate a participant's identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A trustee's identification number may not be truncated on any form. See *Part J* in the 2017 General Instructions for Certain Information Returns.

**Account number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 5498-SA. Additionally, the IRS encourages you to designate an account number for all Forms 5498-SA that you file. See *Part L* in the 2017 General Instructions for Certain Information Returns.

**Box 1 — Employee or Self-Employed Person's Archer MSA Contributions Made in 2017 and 2018 for 2017.** Enter the employee's or self-employed person's regular contributions to the Archer MSA made in 2016 and through April 17, 2018, for 2017. Report gross contributions, including any excess contributions, even if the excess contributions were withdrawn. No HSA information is to be reported in box 1.

**Box 2 — Total contributions made in 2016.** Enter the total HSA or Archer MSA contributions made in 2017. Include any contribution made in 2017 for 2016. Also include qualified HSA funding distributions (trustee-to-trustee transfers from an IRA to an HSA under section 408(d)(9)) received by you during 2017. Any excess employer contributions (and the earnings on them) withdrawn by the employer pursuant to Notice 2008-59, Q/A 24, available at [www.irs.gov/irb/2008-29\\_IRB/ar11.html](http://www.irs.gov/irb/2008-29_IRB/ar11.html), should not be reported as a contribution. You may, but you are not required to, report the total MA MSA contributions made in 2017 by the Secretary of Health and Human Services or his or her representative. Do not include amounts reported in box 4.

**Box 3 — Total HSA or Archer MSA contributions made in 2017 for 2017.** Enter the total HSA or Archer MSA contributions made in 2018 for 2017.

**Box 4 — Rollover contributions.** Enter rollover contributions to the HSA or Archer MSA received by you during 2017. These amounts are not to be included in box 2.

7272	<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		
TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code  XYZ COMPANY 50 STATE ST. CHICAGO, IL 60602		1 Coverdell ESA contributions  \$ 1000.00  2 Rollover contributions  \$	OMB No. 1545-1815  2017  Form 5498-ESA
TRUSTEE'S/ISSUER'S federal identification no.	BENEFICIARY'S social security number  96-7891234      344-01-3445		
BENEFICIARY'S name  HARRIET SMITH			
Street address (including apt. no.)  39 CLOVERDALE ST.			
City or town, state or province, country, and ZIP or foreign postal code  CHICAGO, IL 60616			
Account number (see instructions)  7298			
Form 5498-ESA		41-0852411	www.irs.gov/form5498esa      Department of the Treasury - Internal Revenue Service
<b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>			

### Coverdell ESA Contribution Information

**Copy A**  
For Internal Revenue Service Center  
File with Form 1096.  
For Privacy Act and Paperwork Reduction Act Notice, see the **2017 General Instructions for Certain Information Returns**.

**Box 5 — Fair market value of HSA, Archer MSA, or MA MSA.** Enter the FMV of the account on December 31, 2017.

**Box 6 — Checkbox.** Check the box to indicate if this account is an HSA, Archer MSA, or MA MSA.

## FORM 5498-ESA

### Specific Instructions for Form 5498-ESA

File Form 5498-ESA, Coverdell ESA Contribution Information with the IRS for each person for whom you maintained any Coverdell education savings account (ESA) during 2017.

A Coverdell education savings account is a trust or custodial account created or organized in the United States exclusively for the purpose of paying the qualified education expenses of an individual who is the designated beneficiary of the trust or custodial account. The account must be designated as a Coverdell ESA at the time it is created or organized in order to be treated as a Coverdell ESA for tax purposes. The governing instrument creating the trust must meet the requirements of section 530(b)(1).

Due to the very low volume of paper Forms 5498-ESA received and processed by the IRS each year, this form has been converted to an online fillable format. You may fill out the form, found online at [www.irs.gov/form5498esa](http://www.irs.gov/form5498esa), and send Copy B to the recipient. For filing with the IRS, follow your usual procedures for filing electronically if you are filing 250 or more forms. If you are filing this form on paper due to a low volume of recipients, for this form only, you may send in the black and white Copy A with a Form 1096 that you print from the IRS website.

**Contributions.** You must report contributions, including rollover contributions, to any Coverdell ESA on Form 5498-ESA. See the instructions under Boxes 1 and 2. If no reportable contributions were made for 2017, no return is required.

For contributions made between January 1, 2018, and April 17, 2018, trustees and issuers should obtain the participant's designation for the year that the contributions are made.

**Rollovers and Transfers.** Report on Form 5498-ESA all rollovers, including a direct trustee-to-trustee transfer from one Coverdell ESA to another Coverdell ESA. A rollover can be made from certain U.S. Savings Bonds or another Coverdell ESA. The contribution of a military death gratuity to a Coverdell ESA is a rollover contribution. Any amount distributed from a Coverdell ESA may be rolled over to another Coverdell ESA and is not taxable if it is for the benefit of the same beneficiary or certain family members.

**Total Distribution, No Contributions.** Generally, if a total distribution was made from an account during the year and no contributions, including rollovers were made for that year, you need not file Form 5498-ESA.

**Distributions.** Report distributions from any Coverdell ESA on Form 1099-Q, Payments From Qualified Education Programs (under Sections 529 and 530). Any change in the beneficiary of the Coverdell ESA is not treated as a distribution if the new beneficiary is a family member (see below) of the prior beneficiary and has not reached the age of 30 (except for a beneficiary with special needs).

**Family Member.** A family member of the designated beneficiary includes his or her spouse, children and their descendants, stepchildren and their descendants, foster children, siblings and their children, parents and grandparents, stepparents, in-laws; the spouse of any of the foregoing. It also includes the first cousins of the designated beneficiary.

**Statements to Participants.** If you are required to file Form 5498-ESA, you must provide a statement to the beneficiary (participant) by April, 2018.

For more information about the requirement to furnish statements to participants, see Part M in the *2017 General Instructions for Certain Information Returns*.

**Truncating beneficiary's identification number on paper payee statements.** Pursuant to proposed regulations §301.6109-4 (REG-148873-09), all filers of this form may truncate a beneficiary's identification number (social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN) or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A trustee or issuer's identification number may not be truncated on any form. See Part J in the *2017 General Instructions for Certain Information Returns*.

**Account number.** The account number is required if you have multiple accounts for a recipient for whom you are filing more than one Form 5498-ESA. Additionally, the IRS encourages you to designate an account number for all Forms 5498-ESA that you file. See Part L in the *2017 General Instructions for Certain Information Returns*.

**Box 1 — Contributions (Other Than Amounts in Box 2).** Enter contributions to a Coverdell ESA made from January 1, 2017, through April 18, 2018, and designated for 2017.

**Do not** include in box 1 rollovers. Report rollovers in box 2.

**Box 2 — Rollover Contributions.** Enter any rollover contributions (including t7ustee-to-trustee transfers and a military death gratuity) to this Coverdell ESA received by you during 2017 (see *Rollovers and Transfers* earlier).

## FORM 1096

**Purpose of Form.** Use this form to transmit paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the Internal Revenue Service. **Do not** use Form 1096 to transmit electronically. For electronic submissions, see *Pub. 1220, Specifications for Filing Forms 1098, 1099, 5498, 3921, 3922, and W-2G Electronically*.

**When to file.** File Form 1096 as follows:

- With Forms 1097, 1098, 1099, 3921, 3922, or W-2G, file by February 28, 2018.



**CAUTION:** File Form 1099-MISC by January 31, 2018, if you are reporting nonemployee compensation in box 7. Also, check box 7, below, on the 1096 Tax form.

- With Forms 5498, file by May 31, 2018.

**Who Must File.** The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G. A filer includes a payer; a recipient of mortgage interest payments (including points) or student loan interest; an educational institution; a broker; a barter exchange; a creditor; a person reporting real estate transactions; a trustee or issuer of any individual retirement arrangement, a Coverdell ESA, an HSA, an Archer MSA (including a Medicare Advantage MSA); certain corporations; certain donees of motor vehicles, boats, and airplanes; and a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned.

**Transmitting to the IRS.** Send the forms in a flat mailing (not folded). Group the forms by form number and transmit each group with a separate Form 1096. For example, if you must file both Forms 1098 and 1099-A, complete one Form 1096 to transmit your Forms 1098 and another Form 1096 to transmit your Forms 1099-A. You need not submit original and corrected returns separately. Do not send a form (1099, 5498, etc.) containing summary (subtotal) information with Form 1096. Summary information for the group of forms being sent is entered only in boxes 3, 4, and 5 of Form 1096.

**Box 1 or 2 —** Complete only if you are not using a preaddressed Form 1096. Make an entry in either box 1 or 2; not both. Individuals not in a trade or business must enter their social security number in box 2; sole proprietors and all others must enter their employer identification number in box 1. However, sole proprietors who do not have an employer identification number must enter their social security number in box 2. Use the same EIN or SSN on Form 1096 that you use on Form 1097, 1098, 1099, 5498, 3921, 3922, or W-2G.

**Box 3 —** Enter the number of forms you are transmitting with this Form 1096. Do not include blank or voided forms or the Form 1096 in your total. Enter the number of correctly completed forms, not the number of pages, being transmitted. For example, if you send one page of three-to-a-page Forms 1098 with a Form 1096 and you have correctly completed two Forms 1098 on that page, enter 2 in box 3 of Form 1096.

**Box 4 —** Enter the total Federal income tax withheld shown on the forms being transmitted with this Form 1096.

**Box 5 —** No entry is required if you are filing Forms 1098-T, 1099-A or 1099-G. For all other forms, enter the total of the amounts from the specific boxes of the forms listed below:

Form W-2G	Box 1
Form 1097-BTC	Box 1
Form 1098	Boxes 1 and 6
Form 1098-C	Box 4c
Form 1098-E	Box 1

Form 1098-Q	Box 4
Form 1099-B	Boxes 1d and 13
Form 1099-C	Box 2
Form 1099-CAP	Box 2
Form 1099-DIV	Boxes 1a, 2a, 3, 8, 9, and 10
Form 1099-INT	Boxes 1, 3, 8, 10, 11, and 13
Form 1099-K	Box 1a
Form 1099-LTC	Boxes 1 and 2
Form 1099-MISC	Boxes 1, 2, 3, 5, 6, 7, 8, 10, 13, and 14
Form 1099-OID	Boxes 1, 2, 5, 6, and 8
Form 1099-PATR	Boxes 1, 2, 3, and 5
Form 1099-Q and Form 1099-QA	Box 1
Form 1099-R	Box 1
Form 1099-S	Box 2
Form 1099-SA	Box 1
Form 3921	Boxes 3 and 4
Form 3922	Boxes 3, 4, and 5
Form 5498	Boxes 1, 2, 3, 4, 5, 8, 9, 10, 12b, 13a and 14a
Form 5498-ESA and Form 5498-QA	Boxes 1 and 2
Form 5498-SA	Box 1

**Final Return.** If you will not be required to file Forms 1097, 1098, 1099, 5498, 3921, 3922, or W-2G in the future, either on paper, or electronically, enter an "X" in the "FINAL return" box.

**Type of Form.** Enter an "X" in the appropriate box to indicate the type of form you are transmitting.

**Corrected Returns.** For information about filing corrections, see the *2017 General Instructions for Certain Information Returns*. Originals and corrections of the same type of return can be submitted using one Form 1096.

### KEEPING COPIES

Generally, keep copies of information returns you filed with the IRS or have the ability to reconstruct the data for at least 3 years, 4 years for Form 1099-C, from the due date of the returns. Keep copies of information returns for 4 years if backup withholding was imposed.

### Statements to Recipients (Beneficiaries, Borrowers, Debtors, Donors, Employees, Insureds, Participants, Payers, Policyholders, Shareholders, Students, Transferors, or Winners on Certain Forms)

If you are required to file Form 1097, 1098, 1099, 5498, 3921, 3922, or W-2G, you also must furnish statements to recipients containing the information furnished to the IRS and, in some cases, additional information. Be sure that the statements you provide to recipients are clear and legible.

**Substitute Statements.** If you are not using the official IRS form to furnish statements to recipients, see *Pub. 1179*, for specific rules about providing "substitute" statements to recipients. Generally, a substitute is any statement other than Copy B of the official form. You may develop them yourself or buy them from a private printer. However, the substitutes must comply with the format and content requirements specified in Pub. 1179, available on the IRS website at [www.irs.gov](http://www.irs.gov).

**NOTE:** All substitute statements to recipients must contain the tax year, form number, and form name prominently displayed together in one area of the statement. For example, they could be shown in the upper right part of the statement.

**Rules for Furnishing Statements.** Different rules apply to furnishing statements to recipients depending on the type of payment (or other information) you are reporting and the form you are filing.

**Telephone Number.** You are required to include the telephone number of a person to contact on the following statements to recipients: W-2G, 1097-BTC, 1098, 1098-C, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-CAP, 1099-DIV, 1099-G, (excluding state and local income tax refunds), 1099-INT, 1099-K, 1099-LTC, 1099-MISC, (excluding fishing boat proceeds), 1099-OID, 1099-PATR, 1099-Q, and 1099-S. You may include the telephone number in any conspicuous place on the statements. This number

Do Not Staple      6969		<b>Annual Summary and Transmittal of U.S. Information Returns</b>												OMB No. 1545-0108																																																									
Form <b>1096</b> Department of the Treasury Internal Revenue Service		2017																																																																					
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<b>For Official Use Only</b> <div style="display: flex; justify-content: space-around; align-items: center;"> <span style="border: 1px solid black; width: 15px; height: 15px; display: inline-block;"></span> <span style="border: 1px solid black; width: 15px; height: 15px; display: inline-block;"></span> <span style="border: 1px solid black; width: 15px; height: 15px; display: inline-block;"></span> <span style="border: 1px solid black; width: 15px; height: 15px; display: inline-block;"></span> <span style="border: 1px solid black; width: 15px; height: 15px; display: inline-block;"></span> <span style="border: 1px solid black; width: 15px; height: 15px; display: inline-block;"></span> <span style="border: 1px solid black; width: 15px; height: 15px; display: inline-block;"></span> </div>																																																																							
<b>6 Enter an "X" in only one box below to indicate the type of form being filed.</b> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; width: 100%;"> <tr> <td style="padding: 2px;">W-2G 32</td> <td style="padding: 2px;">1097-BTC 50</td> <td style="padding: 2px;">1098 81</td> <td style="padding: 2px;">1098-C 78</td> <td style="padding: 2px;">1098-E 84</td> <td style="padding: 2px;">1098-Q 74</td> <td style="padding: 2px;">1098-T 83</td> <td style="padding: 2px;">1099-A 80</td> <td style="padding: 2px;">1099-B 79</td> <td style="padding: 2px;">1099-C 85</td> <td style="padding: 2px;">1099-CAP 73</td> <td style="padding: 2px;">1099-DIV 91</td> <td style="padding: 2px;">1099-G 86</td> <td style="padding: 2px;">1099-INT 92</td> <td style="padding: 2px;">1099-K 10</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 2px;">1099-LTC 93</td> <td style="padding: 2px;">1099-MISC 95</td> <td style="padding: 2px;">1099-OID 96</td> <td style="padding: 2px;">1099-PATR 97</td> <td style="padding: 2px;">1099-Q 31</td> <td style="padding: 2px;">1099-QA 1A</td> <td style="padding: 2px;">1099-R 98</td> <td style="padding: 2px;">1099-S 75</td> <td style="padding: 2px;">1099-SA 94</td> <td style="padding: 2px;">3921 25</td> <td style="padding: 2px;">3922 26</td> <td style="padding: 2px;">5498 28</td> <td style="padding: 2px;">5498-ESA 72</td> <td style="padding: 2px;">5498-QA 2A</td> <td style="padding: 2px;">5498-SA 27</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/></td> </tr> </table>														W-2G 32	1097-BTC 50	1098 81	1098-C 78	1098-E 84	1098-Q 74	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73	1099-DIV 91	1099-G 86	1099-INT 92	1099-K 10	<input type="checkbox"/>	1099-LTC 93	1099-MISC 95	1099-OID 96	1099-PATR 97	1099-Q 31	1099-QA 1A	1099-R 98	1099-S 75	1099-SA 94	3921 25	3922 26	5498 28	5498-ESA 72	5498-QA 2A	5498-SA 27	<input type="checkbox"/>																										
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<b>7 Form 1099-MISC with NEC in box 7, check . . . ► <input type="checkbox"/></b>																																																																							
<b>Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.</b>																																																																							
Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.																																																																							
<b>Signature ►</b>							<b>Title ►</b>							<b>Date ►</b>																																																									
<b>Instructions</b>																																																																							
<b>Future developments.</b> For the latest information about developments related to Form 1096, such as legislation enacted after it was published, go to <a href="http://www.irs.gov/form1096">www.irs.gov/form1096</a> .																																																																							
<b>Reminder.</b> The only acceptable method of electronically filing information returns listed on this form in box 6 with the IRS is through the FIRE system. See Pub. 1220.																																																																							
<b>Purpose of form.</b> Use this form to transmit paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the Internal Revenue Service.																																																																							
<b>Caution:</b> If you are required to file 250 or more information returns of any one type, you must file electronically. If you are required to file electronically but fail to do so, and you do not have an approved waiver, you may be subject to a penalty. For more information, see part F in the 2017 General Instructions for Certain Information Returns.																																																																							
Forms 1099-QA and 5498-QA can be filed on paper only, regardless of the number of returns.																																																																							
<b>Who must file.</b> The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G. A filer is any person or entity who files any of the forms shown in line 6 above.																																																																							
Enter the filer's name, address (including room, suite, or other unit number), and TIN in the spaces provided on the form.																																																																							
<b>When to file.</b> File Form 1096 as follows. <ul style="list-style-type: none"> <li>• With Forms 1097, 1098, 1099, 3921, 3922, or W-2G, file by February 28, 2018.</li> </ul> <b>Caution:</b> File Form 1099-MISC by January 31, 2018, if you are reporting <b>nonemployee compensation</b> in box 7. Also, check box 7 above. <ul style="list-style-type: none"> <li>• With Forms 5498, file by May 31, 2018.</li> </ul>																																																																							
<b>Where To File</b>																																																																							
Send all information returns filed on paper with Form 1096 to the following.																																																																							
<b>If your principal business, office or agency, or legal residence in the case of an individual, is located in</b>																																																																							
<b>Use the following three-line address</b>																																																																							
Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia																																																																							
Department of the Treasury Internal Revenue Service Center Austin, TX 73301																																																																							
<b>For more information and the Privacy Act and Paperwork Reduction Act Notice, see the 2017 General Instructions for Certain Information Returns.</b>																																																																							
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must provide direct access to an individual who can answer questions about the statement. Although not required, if you report on other Forms 1099, 5498, 3921 and 3922, you are encouraged to furnish telephone numbers.

**Dividend, Interest, and Royalty Payments.** For payments of dividends under section 6042 (reported on Form 1099-DIV) or patronage dividends under section 6044 (reported on Form 1099-PATR), interest (including original issue discount and tax-exempt interest) under section 6049 (reported on Form 1099-INT or 1099-OID), or royalties under section

6050N (reported on Form 1099-MISC or 1099-S), you are required to furnish an official IRS Form 1099 or an acceptable substitute Form 1099 to a recipient either in person, or electronically or by First-Class Mail to the recipient's last known address. Statements may be sent by intraoffice mail if you use intraoffice mail to send account information and other correspondence to the recipient.

**Statement Mailing Requirements for Forms 1099-DIV, 1099-INT, 1099-OID, and 1099-PATR, and Forms Reporting Royalties Only.** The following statement mailing requirements apply only to Forms 1099-DIV (except for section 404(k) dividends), 1099-INT (except for interest reportable in the course of your trade or business under section 6041), 1099-OID, 1099-PATR, and timber royalties reported under section 6050N (on Form 1099-MISC or 1099-S). The mailing must contain the official IRS Form 1099 or an acceptable

substitute and may also contain the following enclosures: (1) Forms W-2, applicable Form W-8, Form W-9, or other Forms W-2G, 1097, 1098, 1099, 3921, 3922 and 5498 statements; (2) a check from the account being reported; (3) a letter explaining why no check is enclosed; (4) a statement of the person's account shown on Forms 1097, 3921, 3922, 1099, 1098, or 5498 and (5) a letter explaining the tax consequences of the information shown on the recipient statement.

A statement of the person's account (**year-end account summary**) that you are permitted to enclose in a statement mailing may include information similar to the following: (a) the part of a mutual fund distribution that is interest on U.S. Treasury obligations; (b) accrued interest expense on the purchase of a debt obligation; and (c) the cost or other basis of securities and the gain/loss on the sale of securities.

No additional enclosures, such as advertising, promotional material, or a quarterly or annual report are permitted. Even a sentence or two on the year-end statement describing new services offered by the payer is not permitted. Logos are permitted on the envelope and on any nontax enclosures. See *Publication 1179, section 1.3.2*.

A recipient statement may be perforated to a check or to a statement of the recipient's specific account. The check or account statement to which the recipient statement is perforated must contain, in bold and conspicuous type, the legend "Important Tax Return Document Attached."

The legend "Important Tax Return Document Enclosed" must appear in a bold and conspicuous manner on the outside of the envelope and on each letter explaining why no check is enclosed, or on each check or account statement that is not perforated to the recipient statement. The legend is not required on any tax form, tax statement, or permitted letter of tax consequences included in a statement mailing. Further, you need not pluralize the word "document" in the legend simply because more than one recipient statement is enclosed.

**NOTE:** If you provide Forms 1097, 1098, 1099, 3921, TIP 3922, 5498, or W-2G recipient statements in a "separate mailing" that contains only these statements, Forms W-8 and W-9, and a letter explaining the tax consequences of the information shown on a recipient statement included in the envelope, you are not required to include the legend "Important Tax Return Document Enclosed" on the envelope.

**When to Furnish Forms or Statements.** Generally, you must furnish Forms 1098, 1099, 3921, 3922, and W-2G information by January 31, 2018. Forms 1099-B, 1099-S, and 1099-MISC (only if you are reporting payments in boxes 8 or 14) must be furnished by February 15, 2018. This also applies to statements furnished as part of a consolidated reporting statement. See *T.D. 9504, 2010-47 I.R.B. 670*, available at [www.irs.gov/irb/2010-47\\_IRB/ar08.html](http://www.irs.gov/irb/2010-47_IRB/ar08.html). However, you may issue them earlier in some situations, as provided by the regulations. For example, you may furnish Form 1099-INT to the recipient on redemption of U.S. Savings Bonds at the time of redemption. Brokers and barter exchanges may furnish Form 1099-B anytime but not later than February 15, 2018.

Furnish Form 1097-BTC to the recipient for each month in which a tax credit amount is allowable to the recipient on or before the 15th day of the second calendar month after the close of the calendar month in which the credit is allowed. For more information, see the *Instructions for Form 1097-BTC*.

Donee organizations required to issue Form 1098-C must furnish the acknowledgment to a donor within 30 days of the sale of the vehicle (if it is sold without material improvements or significant intervening use) or within 30 days of the contribution.

Trustees or issuers of traditional IRAs must furnish Form 5498 to participants with a statement of the value of the participant's account, and RMD, if applicable, by January 31, 2018. The fair market value of SEP IRAs must also be furnished to the participant by January 31, 2018. Traditional IRA, Roth IRA, SEP IRA, or SIMPLE IRA contribution information must be furnished to the participant by April 30, 2018.

Trustees of a SIMPLE IRA must furnish a statement of the account balance and the account activity by January 31, 2018.

Trustees and middlemen of a WHFIT must furnish the required statement by March 15, 2018.

For real estate transactions, you may furnish Form 1099-S to the transferor at closing or by mail on or before February 15, 2018.

Filers of Forms 5498 or 5498-SA who furnish a statement of FMV of the account to the participant by January 31, 2018, with no reportable contributions, including rollovers, made in 2017, need not furnish another statement by April 30, 2018, to the participant to report zero contributions. If another statement is not furnished to the participant, the statement of the FMV of the account must contain a legend designating which information is being filed with the IRS.

Form 5498-ESA must be furnished to the beneficiary by April 30, 2018.

Form 5498-QA must be furnished to the beneficiary by March 15, 2018.

See the *Guide to Information Returns* for the date other information returns are due to the recipient.

You will meet the requirements to furnish the statement if it is properly addressed and mailed, or posted to a web site, on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. A business day is any day that is not a Saturday, Sunday, or a legal holiday.

## EXTENSION OF TIME

**Extension.** You may request an extension of time to furnish the statements to recipients by sending a letter to Internal Revenue Service, Information Returns Branch, Attn: Extension of Time Coordinator, 240 Murall Drive, Mail Stop 4360, Kearneysville WV 25430. The letter must include (a) payer name, (b) payer TIN, (c) payer address, (d) type of return, (e) a statement that extension request is for providing statements to recipients, (f) reason for delay, and (g) the signature of the payer or authorized agent. Your request must be postmarked by the date on which the statements are due to the recipients. If your request for an extension is approved, generally you will be granted a maximum of 30 extra days to furnish the recipient statements.



**CAUTION:** Requests for an extension of time to furnish recipient statements for more than 10 payers must be submitted electronically. See *Pub. 1220, Part D, Sec. 4*.

## CORRECTED RETURNS ON PAPER FORMS

To file corrections see *Electronic Reporting, Part F* and *Pub. 1220*. If you filed a return with the IRS and later discover you made an error on it, you must:

- Correct it as soon as possible and file Copy A and Form 1096 with your Internal Revenue Service Center.
- Furnish statements to recipients showing the correction. When making a correction, complete all required information (see *Filing Corrected Returns on Paper Forms*, below).
- **Do not** cut or separate forms that are two or three to a page. Submit the entire page even if only one of the forms on the page is completed.
- Do not staple the forms to Form 1096.
- Do not send corrected returns to the IRS if you are correcting state or local information only. Contact the state or local tax department for help with this type of correction.

**Form 1096.** Use a separate Form 1096 for each type of return you are correcting. For the same type of return, you may use one Form 1096 for both originals and corrections. You do not need to correct a previously filed Form 1096.

**Corrected checkbox.** Enter an “X” in the corrected checkbox only when correcting a form previously filed with the IRS or furnished to the recipient. When the type of error requires two returns to make the correction, see *Filing Corrected Returns on Paper Forms* (below) to determine when to mark the “CORRECTED” checkbox.

In addition, you must provide statements to recipients showing the corrections as soon as possible.

**NOTE:** If you fail to file correct information returns or furnish a correct payee statement, you may be subject to a penalty. See *Part O - Penalties*. Regulations section 301.6724-1 (relating to information return penalties) does not require you to file corrected returns for missing or incorrect TINs if you meet the reasonable cause criteria. You are merely required to include the correct TIN on the next original return you are required to file.

In addition, even if you meet the reasonable cause criteria, the IRS encourages you to file corrections for incorrect or missing TINs so that the IRS can update the payees’ records.

**Account Number.** If the account number was provided on the original return, the same account number must appear on **both** the original and corrected return to properly identify and process the correction. If you did not provide the account number on the original return, do not include it on the corrected return. See *Part L* in the *2017 General Instructions for Certain Information Returns*.

**Recipient’s statement.** You may enter a date next to the “CORRECTED” checkbox. This will help the recipient in the case of multiple corrections.

**Filing corrected returns on paper forms.** The error charts on page 124 give step-by-step instructions for filing corrected returns for the most frequently made errors. They are grouped under **Error Type 1** or **2**. Correction of errors may require the submission of more than one return. Be sure to read and follow the steps given.

**Void Returns.** An “X” in the “VOID” box at the top of the form will not correct a previously filed return. See *Corrected Returns* above for instructions for making corrections.

**VOID Box.** If a completed or partially completed Form 1097, 1098, 1099, 3921, 3922, or 5498 is incorrect and you want to void it before submission to the IRS, enter an “X” in the “VOID” box at the top of the form. For example, if you make an error while typing or printing a form, you should void it. The return will then be disregarded during processing by the IRS. Go to the next form on the page, or to another page, and enter the correct information; but **do not** mark the “CORRECTED” box. Do not cut or separate the forms that are two or three to a page. Submit the entire page even if only one of the forms on the page is a good return.

## SHIPPING AND MAILING

Send the forms to the IRS in a flat mailing (not folded). If you are sending many forms, you may send them in conveniently sized packages. On each package, write your name, number the packages consecutively, and place Form 1096 in package number one. Postal regulations require forms and packages to be sent by First-Class Mail.

## INFORMATION REPORTING CUSTOMER SERVICE SITE

If you have questions about reporting on Forms 1096, 1097, 1098, 1099, 5498, 3921, 3922, W-2, W-2G, and W-3, you may call a toll-free number, 1-866-455-7438. You may still use the original telephone number, 304-263-8700 (not toll free). For TTY/TDD equipment, call 304-579-4827 (not toll free). The hours of operation for the call site are Monday through Friday from 8:30 a.m. to 4:30 p.m., Eastern time.

**Other tax-related matters.** For other tax information related to business returns or accounts, call 1-800-829-4933.

If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax account questions or to order forms and publications.

## UNRESOLVED TAX ISSUES

If you have attempted to deal with an IRS problem unsuccessfully, you should contact the Taxpayer Advocate. The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

**Contacting Your Taxpayer Advocate.** The Taxpayer Advocate Service (TAS) is your voice at the IRS. Its job is to ensure that every taxpayer is treated fairly, and that you know and understand your rights. TAS offers free help to guide you through the often-confusing process of resolving tax problems that you haven’t been able to solve on your own. Remember, the worst thing you can do is nothing at all.

TAS can help if you can’t resolve your problem with the IRS and:

- Your problem is causing financial difficulties for you, your family, or your business.
- You face (or your business is facing) an immediate threat of adverse action.
- You have tried repeatedly to contact the IRS but no one has responded, or the IRS has not responded to you by the date promised.

If you qualify for help, TAS will do everything possible to get your problem resolved. You will be assigned to one advocate who will be with you at every turn. TAS has offices in every state, the District of Columbia, and Puerto Rico. Although TAS is independent within the IRS, the advocates know how to work with the IRS to get your problems resolved. TAS services are always free.

Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide:

- A “fresh look” at a new or ongoing problem.
- Timely acknowledgement.
- The name and phone number of the individual assigned to your case.
- Updates on progress.
- Timeframes for action.
- Speedy resolution.
- Courteous service.

When contacting the Taxpayer Advocate, you should provide the following information:

- Your name, address, and employer identification number (EIN).
- The name and telephone number of an authorized contact person and the hours he or she can be reached.
- The type of tax return and year(s).
- A detailed description of the problem.
- Previous attempts to solve the problem and the office that had been contacted.
- A description of the hardship you are facing and supporting documentation (if applicable).

You may contact a Taxpayer Advocate by calling a toll-free number, **1-877-777-4778**. Persons who have access to TTY/TDD equipment may call 1-800-829-4059 and ask for Taxpayer Advocate assistance. If you prefer, you may call, write, or fax the Taxpayer Advocate office in your area. See *Pub. 1546, The Taxpayer Advocate Service of the IRS*, for a list of addresses and fax numbers. You may visit the Web site at [www.irs.gov/advocate](http://www.irs.gov/advocate).

**How else does TAS help taxpayers?** TAS also works to resolve large-scale, systemic problems that affect many taxpayers. If you know of one of these broad issues, please report it to us through our Systemic Advocacy Management System.

**Taxpayer Advocacy Panel (TAP).** The TAP listens to taxpayers, identifies taxpayer issues, and makes suggestions for improving IRS services and customer satisfaction. If you have suggestions for improvements, contact the TAP toll-free at 1-888-912-1227 or go to [www.improveirs.org](http://www.improveirs.org).

## HOW TO GET FORMS, PUBLICATIONS, AND OTHER ASSISTANCE



**CAUTION:** Because the IRS processes paper forms by machine (optical character recognition equipment), you cannot file with the IRS Form 1096 or Copy A of Forms 1097, 1098, 1099, 3921, 3922, or 5498 that you print from the IRS website or the DVD. However, you can use Copy B from those sources to provide recipient statements.

### FREE TAX SERVICES

Publication 910, IRS Guide to Free Tax Services, is your guide to IRS services and resources. Learn about free tax information from the IRS, including publications, services, and education and assistance programs. The publication also has an index of over 100 TeleTax topics (recorded tax information) you can listen to on the telephone. The majority of the information and services listed in this publication are available to you free of charge. If there is a fee associated with a resource or service, it is listed in the publication.

Accessible versions of IRS published products are available on request in a variety of alternative formats for people with disabilities.

**Mail.** You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 days after your request is received.

**Internal Revenue Service  
1201 N. Mitsubishi Motorway  
Bloomington, IL 61705-6613**

**Internet.** You can access the IRS website at [IRS.gov](http://IRS.gov) 24 hours a day, 7 days a week to:

- Access commercial tax preparation and *e-file* services.
- Download forms, including talking tax forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- Use the online Internal Revenue Code, regulations, or other official guidance.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Sign up to receive local and national tax news by email.



**Phone.** Many services are available by phone.

- **Ordering forms, instructions, and publications.** Call 1-800-TAX-FORM (1-800-829-3676) to order current-year forms, instructions, and publications, and prior-year forms and instructions (limited to 5 years). You should receive your order within 10 days.
- **TTY/TDD equipment.** If you have a hearing or speech disability, and have access to TTY/TDD equipment, call 1-800-829-4059 to order forms and publications. You can also access the IRS through relay services such as the Federal Relay Service at [www.gsa.gov/fedrelay](http://www.gsa.gov/fedrelay).
- **TeleTax topics.** Call 1-800-829-4477 to listen to prerecorded messages covering various tax topics.

**Evaluating the quality of our telephone services.** To ensure IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to listen in on or record random telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

## COMMENTS AND SUGGESTIONS

We welcome your comments about this publication and your suggestions for future editions.

You can write to us at the following address:

**Internal Revenue Service  
Tax Forms and Publications Division  
1111 Constitution Ave. NW, IR-6526  
Washington, DC 20224**

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

You can send your comments from [www.irs.gov/formspubs/](http://www.irs.gov/formspubs/). Click on “More Information” and then on “Comment on Tax Forms and Publications.”

Although we cannot respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax products.

## Filing Corrected Returns on Paper Forms

Identify the correction needed based on **Error Type 1 or 2**; then follow the steps to make the corrections and file the form(s).

Error Type 1	Correction
<p><b>Incorrect money amount(s), code, or checkbox</b> or <b>A return was filed when one should not have been filed</b></p> <p>These errors require only one return to make the correction.</p> <p><b>Caution:</b> If you must correct a TIN and/or a name and address, follow the instructions under Error Type 2.</p>	<p><b>A. Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G</b></p> <ol style="list-style-type: none"> <li>1. Prepare a new information return.</li> <li>2. Enter an "X" in the "CORRECTED" box (and date [optional]) at the top of the form.</li> <li>3. Correct any recipient information such as money amounts. Report other information as per original return.</li> </ol> <p><b>B. Form 1096</b></p> <ol style="list-style-type: none"> <li>1. Prepare a new transmittal Form 1096.</li> <li>2. Provide all requested information on the form as it applies to Part A, 1 and 2.</li> <li>3. File Form 1096 and Copy A of the return with the appropriate service center.</li> <li>4. Do not include a copy of the original return that was filed incorrectly.</li> </ol>

Error Type 2	Correction
<p><b>No payee TIN (SSN, EIN, QI-EIN, or ITIN)</b> or <b>Incorrect payee TIN</b> or <b>Incorrect name and address</b> or</p> <p><b>Original return filed using wrong type of return (for example, a Form 1099-DIV was filed when a Form 1099-INT should have been filed).</b></p> <p>Two separate returns are required to make the correction properly. Follow all instructions for both Steps 1 and 2.</p>	<p><b>Step 1.</b> Identify incorrect return submitted.</p> <p><b>Step 2.</b> Report correct information.</p> <p><b>A. Form 1097, 1098, 1099, 3921, 3922, 5498, or W-2G</b></p> <ol style="list-style-type: none"> <li>1. Prepare a new information return.</li> <li>2. Enter and "X" in the "CORRECTED" box (and date [optional]) at the top of the form.</li> <li>3. Enter the payer, recipient, and account number information exactly as it appeared on the original incorrect return; however, enter 0 (zero) for all money amounts.</li> </ol> <p><b>B. Form 1096</b></p> <ol style="list-style-type: none"> <li>1. Prepare a new transmittal Form 1096.</li> <li>2. Do not enter an "X" in the "CORRECTED" box at the top of the form. Prepare the new return as though it is an original.</li> <li>3. Include all the correct information on the form including the correct TIN, name, and address.</li> <li>4. Provide all requested information on the form as it applies to the returns prepared in Steps 1 and 2.</li> <li>5. File Form 1096 and Copy A of the return with the appropriate service center.</li> <li>6. Do not include a copy of the original return that was filed incorrectly.</li> </ol>

## Types of Payments

Below is an alphabetic list of some payments and the forms to file and report them. However, it is not a complete list of all payments, and the absence of a payment from the list does not indicate that the payment is not reportable. For instructions on a specific type of payment, see the separate instructions in the form(s) listed.

Type of Payment	Report on Form	Type of Payment	Report on Form																																																																																																																																																																																																																																																						
ABLE accounts:																																																																																																																																																																																																																																																									
Contributions .....	5498-QA	Indian gaming profits paid to tribal members .....	1099-MISC																																																																																																																																																																																																																																																						
Distributions .....	1099-QA	Interest income .....	1099-INT																																																																																																																																																																																																																																																						
Abandonment .....	1099-A	Tax-exempt .....	1099-INT																																																																																																																																																																																																																																																						
Accelerated death benefits .....	1099-LTC	Interest, mortgage .....	1098																																																																																																																																																																																																																																																						
Acquisition of control .....	1099-CAP	IRA contributions .....	5498																																																																																																																																																																																																																																																						
Agriculture payments .....	1099-G	IRA distributions .....	1099-R																																																																																																																																																																																																																																																						
Allocated tips .....	W-2	Life insurance contract distributions .....	1099-R, 1099-LTC																																																																																																																																																																																																																																																						
Alternate TAA payments .....	1099-G	Liquidation, distributions in .....	1099-DIV																																																																																																																																																																																																																																																						
Annuities .....	1099-R	Loans, distribution from pension plan .....	1099-R																																																																																																																																																																																																																																																						
Archer MSAs:		Long-term care benefits .....	1099-LTC																																																																																																																																																																																																																																																						
Contributions .....	5498-SA	Medicare Advantage MSAs:																																																																																																																																																																																																																																																							
Distributions .....	1099-SA	Attorney, fees and gross proceeds .....	1099-MISC	Contributions .....	5498-SA	Auto reimbursements, employee .....	W-2	Distributions .....	1099-SA	Auto reimbursements, nonemployee .....	1099-MISC	Medical services .....	1099-MISC	Awards, employee .....	W-2	Mileage, employee .....	W-2	Awards, nonemployee .....	1099-MISC	Mileage, nonemployee .....	1099-MISC	Barter exchange income .....	1099-B	Military retirement .....	1099-R	Bond tax credit .....	1097-BTC	Mortgage assistance payments .....	1098-MA	Bonuses, employee .....	W-2	Mortgage interest .....	1098	Bonuses, nonemployee .....	1099-MISC	Moving expense .....	W-2	Broker transactions .....	1099-B	Nonemployee compensation .....	1099-MISC	Cancellation of debt .....	1099-C	Nonqualified deferred compensation:		Capital gain distributions .....	1099-DIV	Car expense, employee .....	W-2	Beneficiary .....	1099-R	Car expense, nonemployee .....	1099-MISC	Employee .....	W-2	Changes in capital structure .....	1099-CAP	Nonemployee .....	1099-MISC	Charitable gift annuities .....	1099-R	Original issue discount (OID) .....	1099-OID	Commissions, employee .....	W-2	Patronage dividends .....	1099-PATR	Commissions, nonemployee .....	1099-MISC	Payment card transactions .....	1099-K	Commodities transactions .....	1099-B	Pensions .....	1099-R	Compensation, employee .....	W-2	Points .....	1098	Compensation, nonemployee .....	1099-MISC	Prizes, employee .....	W-2	Contributions of motor vehicles, boats, and airplanes .....	1098-C	Prizes, nonemployee .....	1099-MISC	Cost of current life insurance protection .....	1099-R	Profit-sharing plan .....	1099-R	Coverdell ESA contributions .....	5498-ESA	Punitive damages .....	1099-MISC	Coverdell ESA distributions .....	1099-Q	Qualified longevity annuity contract .....	1098-Q	Crop insurance proceeds .....	1099-MISC	Qualified plan distributions .....	1099-R	Damages .....	1099-MISC	Qualified tuition program payments .....	1099-Q	Death benefits .....	1099-R	Real estate transactions .....	1099-S	Accelerated .....	1099-LTC	Recharacterized IRA contributions .....	1099-R, 5498	Debt cancellation .....	1099-C	Refund, state and local tax .....	1099-G	Dependent care payments .....	W-2	Rents .....	1099-MISC	Direct rollovers .....	1099-Q, 1099-R, 5498	Retirement .....	1099-R	Direct sales of consumer products for resale .....	1099-MISC	Roth conversion IRA contributions .....	5498	Directors' fees .....	1099-MISC	Roth conversion IRA distributions .....	1099-R	Discharge of indebtedness .....	1099-C	Roth IRA contributions .....	5498	Dividends .....	1099-DIV	Roth IRA distributions .....	1099-R	Donation of motor vehicle .....	1098-C	Royalties .....	1099-MISC, 1099-S	Education loan interest .....	1098-E	Timber, pay-as-cut contract .....	1099-S	Employee business expense reimbursement .....	W-2	Sales:		Employee compensation .....	W-2	Excess deferrals, excess contributions, distributions of exercise of incentive stock option under section 422(b) .....	3921	Real estate .....	1099-S	Fees, employee .....	W-2	Securities .....	1099-B	Fees, nonemployee .....	1099-MISC	Section 1035 exchange .....	1099-R	Fishing boat crew members proceeds .....	1099-MISC	SEP contributions .....	W-2, 5498	Fish purchases for cash .....	1099-MISC	SEP distributions .....	1099-R	Foreclosures .....	1099-A	Severance pay .....	W-2	Foreign persons' income .....	1042-S	Sick pay .....	W-2	401(k) contributions .....	W-2	SIMPLE contributions .....	W-2, 5498	404(k) dividend .....	1099-DIV	SIMPLE distributions .....	1099-R	Gambling winnings .....	W-2G	Student loan interest .....	1098-E	Golden parachute, employee .....	W-2	Substitute payments in lieu of dividends or tax-exempt interest .....	1099-MISC	Golden parachute, nonemployee .....	1099-MISC	Supplemental unemployment .....	W-2	Grants, taxable .....	1099-G	Tax refunds, state and local .....	1099-G	Health care services .....	1099-MISC	Third party network transactions .....	1099-K	Health savings accounts:		Tips .....	W-2	Contributions .....	5498-SA	Traditional IRA contributions .....	5498	Distributions .....	1099-SA	Traditional IRA distributions .....	1099-R	Income attributable to domestic production activities, deduction for .....	1099-PATR	Transfer of stock acquired through an employee stock purchase plan under section 423(c) .....	3922	Income tax refunds, state and local .....	1099-G	Tuition .....	1098-T			Unemployment benefits .....	1099-G			Vacation allowance, employee .....	W-2			Vacation allowance, nonemployee .....	1099-MISC			Wages .....	W-2
Attorney, fees and gross proceeds .....	1099-MISC	Contributions .....	5498-SA																																																																																																																																																																																																																																																						
Auto reimbursements, employee .....	W-2	Distributions .....	1099-SA																																																																																																																																																																																																																																																						
Auto reimbursements, nonemployee .....	1099-MISC	Medical services .....	1099-MISC																																																																																																																																																																																																																																																						
Awards, employee .....	W-2	Mileage, employee .....	W-2																																																																																																																																																																																																																																																						
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Bond tax credit .....	1097-BTC	Mortgage assistance payments .....	1098-MA																																																																																																																																																																																																																																																						
Bonuses, employee .....	W-2	Mortgage interest .....	1098																																																																																																																																																																																																																																																						
Bonuses, nonemployee .....	1099-MISC	Moving expense .....	W-2																																																																																																																																																																																																																																																						
Broker transactions .....	1099-B	Nonemployee compensation .....	1099-MISC																																																																																																																																																																																																																																																						
Cancellation of debt .....	1099-C	Nonqualified deferred compensation:																																																																																																																																																																																																																																																							
Capital gain distributions .....	1099-DIV	Car expense, employee .....	W-2	Beneficiary .....	1099-R	Car expense, nonemployee .....	1099-MISC	Employee .....	W-2	Changes in capital structure .....	1099-CAP	Nonemployee .....	1099-MISC	Charitable gift annuities .....	1099-R	Original issue discount (OID) .....	1099-OID	Commissions, employee .....	W-2	Patronage dividends .....	1099-PATR	Commissions, nonemployee .....	1099-MISC	Payment card transactions .....	1099-K	Commodities transactions .....	1099-B	Pensions .....	1099-R	Compensation, employee .....	W-2	Points .....	1098	Compensation, nonemployee .....	1099-MISC	Prizes, employee .....	W-2	Contributions of motor vehicles, boats, and airplanes .....	1098-C	Prizes, nonemployee .....	1099-MISC	Cost of current life insurance protection .....	1099-R	Profit-sharing plan .....	1099-R	Coverdell ESA contributions .....	5498-ESA	Punitive damages .....	1099-MISC	Coverdell ESA distributions .....	1099-Q	Qualified longevity annuity contract .....	1098-Q	Crop insurance proceeds .....	1099-MISC	Qualified plan distributions .....	1099-R	Damages .....	1099-MISC	Qualified tuition program payments .....	1099-Q	Death benefits .....	1099-R	Real estate transactions .....	1099-S	Accelerated .....	1099-LTC	Recharacterized IRA contributions .....	1099-R, 5498	Debt cancellation .....	1099-C	Refund, state and local tax .....	1099-G	Dependent care payments .....	W-2	Rents .....	1099-MISC	Direct rollovers .....	1099-Q, 1099-R, 5498	Retirement .....	1099-R	Direct sales of consumer products for resale .....	1099-MISC	Roth conversion IRA contributions .....	5498	Directors' fees .....	1099-MISC	Roth conversion IRA distributions .....	1099-R	Discharge of indebtedness .....	1099-C	Roth IRA contributions .....	5498	Dividends .....	1099-DIV	Roth IRA distributions .....	1099-R	Donation of motor vehicle .....	1098-C	Royalties .....	1099-MISC, 1099-S	Education loan interest .....	1098-E	Timber, pay-as-cut contract .....	1099-S	Employee business expense reimbursement .....	W-2	Sales:		Employee compensation .....	W-2	Excess deferrals, excess contributions, distributions of exercise of incentive stock option under section 422(b) .....	3921	Real estate .....	1099-S	Fees, employee .....	W-2	Securities .....	1099-B	Fees, nonemployee .....	1099-MISC	Section 1035 exchange .....	1099-R	Fishing boat crew members proceeds .....	1099-MISC	SEP contributions .....	W-2, 5498	Fish purchases for cash .....	1099-MISC	SEP distributions .....	1099-R	Foreclosures .....	1099-A	Severance pay .....	W-2	Foreign persons' income .....	1042-S	Sick pay .....	W-2	401(k) contributions .....	W-2	SIMPLE contributions .....	W-2, 5498	404(k) dividend .....	1099-DIV	SIMPLE distributions .....	1099-R	Gambling winnings .....	W-2G	Student loan interest .....	1098-E	Golden parachute, employee .....	W-2	Substitute payments in lieu of dividends or tax-exempt interest .....	1099-MISC	Golden parachute, nonemployee .....	1099-MISC	Supplemental unemployment .....	W-2	Grants, taxable .....	1099-G	Tax refunds, state and local .....	1099-G	Health care services .....	1099-MISC	Third party network transactions .....	1099-K	Health savings accounts:		Tips .....	W-2	Contributions .....	5498-SA	Traditional IRA contributions .....	5498	Distributions .....	1099-SA	Traditional IRA distributions .....	1099-R	Income attributable to domestic production activities, deduction for .....	1099-PATR	Transfer of stock acquired through an employee stock purchase plan under section 423(c) .....	3922	Income tax refunds, state and local .....	1099-G	Tuition .....	1098-T			Unemployment benefits .....	1099-G			Vacation allowance, employee .....	W-2			Vacation allowance, nonemployee .....	1099-MISC			Wages .....	W-2																																														
Car expense, employee .....	W-2	Beneficiary .....	1099-R																																																																																																																																																																																																																																																						
Car expense, nonemployee .....	1099-MISC	Employee .....	W-2																																																																																																																																																																																																																																																						
Changes in capital structure .....	1099-CAP	Nonemployee .....	1099-MISC																																																																																																																																																																																																																																																						
Charitable gift annuities .....	1099-R	Original issue discount (OID) .....	1099-OID																																																																																																																																																																																																																																																						
Commissions, employee .....	W-2	Patronage dividends .....	1099-PATR																																																																																																																																																																																																																																																						
Commissions, nonemployee .....	1099-MISC	Payment card transactions .....	1099-K																																																																																																																																																																																																																																																						
Commodities transactions .....	1099-B	Pensions .....	1099-R																																																																																																																																																																																																																																																						
Compensation, employee .....	W-2	Points .....	1098																																																																																																																																																																																																																																																						
Compensation, nonemployee .....	1099-MISC	Prizes, employee .....	W-2																																																																																																																																																																																																																																																						
Contributions of motor vehicles, boats, and airplanes .....	1098-C	Prizes, nonemployee .....	1099-MISC																																																																																																																																																																																																																																																						
Cost of current life insurance protection .....	1099-R	Profit-sharing plan .....	1099-R																																																																																																																																																																																																																																																						
Coverdell ESA contributions .....	5498-ESA	Punitive damages .....	1099-MISC																																																																																																																																																																																																																																																						
Coverdell ESA distributions .....	1099-Q	Qualified longevity annuity contract .....	1098-Q																																																																																																																																																																																																																																																						
Crop insurance proceeds .....	1099-MISC	Qualified plan distributions .....	1099-R																																																																																																																																																																																																																																																						
Damages .....	1099-MISC	Qualified tuition program payments .....	1099-Q																																																																																																																																																																																																																																																						
Death benefits .....	1099-R	Real estate transactions .....	1099-S																																																																																																																																																																																																																																																						
Accelerated .....	1099-LTC	Recharacterized IRA contributions .....	1099-R, 5498																																																																																																																																																																																																																																																						
Debt cancellation .....	1099-C	Refund, state and local tax .....	1099-G																																																																																																																																																																																																																																																						
Dependent care payments .....	W-2	Rents .....	1099-MISC																																																																																																																																																																																																																																																						
Direct rollovers .....	1099-Q, 1099-R, 5498	Retirement .....	1099-R																																																																																																																																																																																																																																																						
Direct sales of consumer products for resale .....	1099-MISC	Roth conversion IRA contributions .....	5498																																																																																																																																																																																																																																																						
Directors' fees .....	1099-MISC	Roth conversion IRA distributions .....	1099-R																																																																																																																																																																																																																																																						
Discharge of indebtedness .....	1099-C	Roth IRA contributions .....	5498																																																																																																																																																																																																																																																						
Dividends .....	1099-DIV	Roth IRA distributions .....	1099-R																																																																																																																																																																																																																																																						
Donation of motor vehicle .....	1098-C	Royalties .....	1099-MISC, 1099-S																																																																																																																																																																																																																																																						
Education loan interest .....	1098-E	Timber, pay-as-cut contract .....	1099-S																																																																																																																																																																																																																																																						
Employee business expense reimbursement .....	W-2	Sales:																																																																																																																																																																																																																																																							
Employee compensation .....	W-2	Excess deferrals, excess contributions, distributions of exercise of incentive stock option under section 422(b) .....	3921	Real estate .....	1099-S	Fees, employee .....	W-2	Securities .....	1099-B	Fees, nonemployee .....	1099-MISC	Section 1035 exchange .....	1099-R	Fishing boat crew members proceeds .....	1099-MISC	SEP contributions .....	W-2, 5498	Fish purchases for cash .....	1099-MISC	SEP distributions .....	1099-R	Foreclosures .....	1099-A	Severance pay .....	W-2	Foreign persons' income .....	1042-S	Sick pay .....	W-2	401(k) contributions .....	W-2	SIMPLE contributions .....	W-2, 5498	404(k) dividend .....	1099-DIV	SIMPLE distributions .....	1099-R	Gambling winnings .....	W-2G	Student loan interest .....	1098-E	Golden parachute, employee .....	W-2	Substitute payments in lieu of dividends or tax-exempt interest .....	1099-MISC	Golden parachute, nonemployee .....	1099-MISC	Supplemental unemployment .....	W-2	Grants, taxable .....	1099-G	Tax refunds, state and local .....	1099-G	Health care services .....	1099-MISC	Third party network transactions .....	1099-K	Health savings accounts:		Tips .....	W-2	Contributions .....	5498-SA	Traditional IRA contributions .....	5498	Distributions .....	1099-SA	Traditional IRA distributions .....	1099-R	Income attributable to domestic production activities, deduction for .....	1099-PATR	Transfer of stock acquired through an employee stock purchase plan under section 423(c) .....	3922	Income tax refunds, state and local .....	1099-G	Tuition .....	1098-T			Unemployment benefits .....	1099-G			Vacation allowance, employee .....	W-2			Vacation allowance, nonemployee .....	1099-MISC			Wages .....	W-2																																																																																																																																																												
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