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# **2011 Instructions for Forms 1099- INT and 1099- OID**

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Department of the Treasury

**Internal Revenue Service**

**Instruction 1099- INT & OID**

**(REV.2011)**

Catalog Number **47756D**



Section references are to the Internal Revenue Code unless otherwise noted.

## **What's New**

**Pilot program for truncating an individual's identifying number on paper payee statements has ended.** Filers of Forms 1099-INT and 1099-OID must show the recipient's complete identifying number on all copies of the form.

## **Reminder**

**General instructions.** In addition to these specific instructions, you should also use the 2011 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 at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

## **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 2),
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, including exempt-interest dividends from a regulated investment company (RIC), only 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 6 of Form 1099-OID, Original Issue Discount, not on Form 1099-INT.

**Canadian nonresident aliens.** If you pay U.S. bank deposit interest of at least \$10 to a nonresident alien who resides in Canada, you may have to report the interest on Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding. This interest is not

subject to backup withholding. See the Instructions for Form 1042-S.

**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, health savings account (HSA), a U.S. agency, a state, the District of Columbia, a U.S. possession, a registered securities or commodities dealer, nominees or custodians, brokers, or notional principal contract (swap) dealers. For additional exempt recipients, see Regulations section 1.6049-4 for more information.

***Interest excluded from reporting.*** You are not required to file Form 1099-INT for interest on an obligation issued by an individual, interest on amounts from sources outside the United States paid outside the United States by a non-U.S. payer or non-U.S. middleman,

certain portfolio interest, interest on an obligation issued by an international organization and paid by that organization, and payments made to a foreign beneficial owner or foreign payee. See Regulations section 1.6049-5 for more information.

***Other exception.*** Do not report tax-deferred interest, such as interest that is earned but not distributed from an IRA.

**When is a payment made?** Generally, interest is paid when it is credited or set apart for a person without any substantial limitation or restriction as to the time, manner, or condition of payment. The interest must be made available so that it may be drawn on at any time and its receipt brought within the control and disposition of the person.

For payments made on obligations subject to transactional reporting (for example, savings bonds, interest coupons, and other demand obligations), interest is paid at the time the obligation is presented for payment. For example, interest on a coupon detached from a bond is paid when it is presented for payment.

For rules regarding when interest earned by a trust interest holder (TIH) in a widely held fixed investment trust (WHFIT) is reportable, see Regulations section 1.671-5.

**Reporting interest and OID.** If you are reporting interest and original issue discount (OID) on any obligation, you may report both the taxable 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 interest in box 2 and the OID in box 1 or 6. However, you may choose to report the interest on Form 1099-INT and the OID on Form 1099-OID.

**Statements to recipients.** If you are required to file Form 1099-INT, 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, see part M in the 2011 General Instructions for Certain Information Returns. If you have furnished Forms 1099-INT to a recipient for amounts received during the year at the time of the transactions, such as you might have done for



window transactions, do not include these same amounts in a Form 1099-INT furnished to the same recipient for other payments during the year.

**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. Additionally, the IRS encourages you to designate an account number for all Forms 1099-INT that you file. See part L in the 2011 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-years 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 2011 General Instructions for Certain Information Returns for more information.



*For information on the TIN Matching System offered by the IRS, see Items You Should Note in the 2011 General Instructions for Certain Information Returns.*

**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 by a real estate mortgage investment conduit (REMIC), a 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.
- Gulf tax credit bonds.
- Qualified forestry conservation bonds.
- New clean renewable energy bonds.
- Qualified energy conservation bonds.
- Qualified zone academy bonds.
- Midwestern tax credit bonds.
- Qualified school construction bonds.

. Build America bonds. 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 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 2011 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* on page 3.

## **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 to which the withheld tax applies.

## **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). Also include any exempt-interest dividends from a regulated investment company (RIC). Do not include any exempt-interest dividends on Form 1099-DIV, Dividends and Distributions.

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 instructions 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.

Include 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.

## **Box 10. Tax-Exempt 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. If the tax-exempt interest is reported in the aggregate for multiple bonds or accounts, enter "various". If a CUSIP number was not issued for the tax-exempt bond, leave box 10 blank.

## **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 holder 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

### **Rules for Widely Held Fixed Investment Trusts (WHFITs)**

Trustees and middlemen must report the gross amount of interest attributable to the trust interest holder (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 2011 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, 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 holder 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 holder 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.



## **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 [IRS.gov](http://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).

# Specific Instructions for Form 1099-OID

File Form 1099-OID, Original Issue Discount, if the original issue discount (OID) includible 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 (see *Caution* on page 4);
- 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).

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 includible in the holder's gross income is at least \$10. See the instructions for box 1 on this page.

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 of the same issue for the same period of time during the calendar year, and if Form 1099-OID amounts are proportional, you may treat all such certificates as one discount obligation and file a single Form 1099-OID.

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 includible 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 on [IRS.gov](https://www.irs.gov).

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. The information provided on that form will enable the IRS to update Pub. 1212. See Form 8281 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, 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.



*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.*

**Reporting interest and OID.** If you are reporting stated interest and OID on an obligation, you may report both the taxable 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 interest in box 2 and the OID in box 1 or 6. You may choose to report the interest on Form 1099-INT and the OID on Form 1099-OID. However, you cannot report tax-exempt interest on Form 1099-OID. See *Box 8. Tax-Exempt Interest* on page 2.

**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, see part M in the 2011 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-OID. Additionally, the IRS encourages you to designate an account number for all Forms 1099-OID that you file. See part L in the 2011 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-years 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 2011 General Instructions for Certain Information Returns for more information.



*For information on the TIN Matching System offered by the IRS, see Items You Should Note in the 2011 General Instructions for Certain Information Returns.*

## **Box 1. Original Issue Discount for 2011**

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 6. For a discussion of WHFITs, WHMTs, REMICs, FASITs, and CDOs, see the instructions later.

## **Box 2. Other Periodic Interest**

Enter any stated interest (that is not OID) paid or credited on this obligation during the year. However, you may report any stated interest that is not OID on Treasury Inflation-Indexed 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 later.

## **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 6 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 2011 General Instructions for Certain Information Returns.

## **Box 5. 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 12/25). If the issuer of the obligation is other than the payer, show the name of the issuer.

## **Box 6. 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 stated interest on the Treasury obligation in box 2.

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 7. Investment Expenses**

For single-class REMICs only, see *Box 7. Investment Expenses* under *Rules for REMICs, FASITs, and Issuers of CDOs* later.

## **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 7 on the Form 1099-OID.

For more filing requirements, see the 2011 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-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 includible in the regular interest holder's or CDO holder's income for the year.

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, 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 2011**

Report in box 1 the aggregate amount of OID includible 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 6.

## **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 7. 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.

## **Form 8811 and Reporting by Brokers or Middlemen**

REMICs and issuers of CDOs also must file Form 8811, Information Return for Real Estate Mortgage Investment Conduits (REMICs) and Issuers of Collateralized Debt Obligations, within 30 days after the startup 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 [IRS.gov](http://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).