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This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information as a courtesy. **Do not file draft forms.** Also, do not rely on draft instructions and publications for filing. We generally do not release drafts of forms until we believe we have incorporated all changes. However, unexpected issues sometimes arise, or legislation is passed, necessitating a change to a draft form. In addition, forms generally are subject to OMB approval before they can be officially released. Drafts of instructions and publications usually have at least some changes before being officially released.

Early releases of draft forms and instructions are at IRS.gov/draftforms. Please note that drafts may remain on IRS.gov even after the final release is posted at IRS.gov/downloadforms, and thus may not be removed until there is a new draft for the subsequent revision. All information about all revisions of all forms, instructions, and publications is at IRS.gov/formspubs.

Almost every form and publication also has its own easily accessible information page on IRS.gov. For example, the Form 1040 page is at IRS.gov/form1040; the Form W-2 page is at IRS.gov/w2; the Publication 17 page is at IRS.gov/pub17; the Form W-4 page is at IRS.gov/w4; the Form 8863 page is at IRS.gov/form8863; and the Schedule A (Form 1040) page is at IRS.gov/schedulea. If typing in the links above instead of clicking on them: type the link into the address bar of your browser, not in a Search box; the text after the slash must be lowercase; and your browser may require the link to begin with “www.”. Note that these are shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications on the Comment on Tax Forms and Publications page on IRS.gov. We cannot respond to all comments due to the high volume we receive, but we will carefully consider each one. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

2017

Instructions for Form 1099-DIV

Department of the Treasury
Internal Revenue Service

Dividends and Distributions

DRAFT AS OF June 8, 2016

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*.

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; 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 from *www.irs.gov/form1099div*.

Specific Instructions

File Form 1099-DIV, Dividends and Distributions, for each person:

- To whom you have paid dividends (including capital gain 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 the 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. These 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 the instructions for box 8 in the 2017 Instructions for Form 1099-MISC.

TIP *Substitute payments in lieu of dividends may be reported on a composite statement to the recipient with Form 1099-DIV. See Pub. 1179.*

3. Payments made to certain payees. These include 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.

CAUTION *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 deposit 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, later. 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, later. 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 (RIC) that are not treated as qualified dividend income under section 854.
- Dividends paid by a real estate investment trust (REIT) that are not treated as qualified dividend income under section 857(c).
- Deductible dividends paid on employer securities. See *Section 404(k) Dividends* on this page.

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.

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TIP *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.*

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, 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.

TIP *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.*

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.

TIP *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, 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, 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.*

Dividend payment delayed until January. If a RIC or a 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 sections 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 for 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. A 60% exclusion may be allowed if the stock is empowerment zone business stock acquired after December 21, 2000. 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%. 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.

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 RIC's 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. 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_IRB/ar08.html.

Restricted Stock

For information about reporting dividends on restricted stock, see Rev. Proc. 80-11, 1980-1 C.B. 616, distinguished by Rev. Proc. 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 Treasury 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 Treasury 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 statements 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 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.

FATCA Filing Requirement Check Box

Check the box if you are a U.S. payer 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 Treasury 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 Treasury 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-years rule, you are considered to have received one notice and 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.

TIP *For information on the TIN Matching System offered by the IRS, see* Items You Should Note *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-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.

CAUTION *An S corporation reports 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* and the *Caution,* earlier.

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, and Notice 2004-71, 2004-45 I.R.B. 793, available at 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.

Box 2a. Total Capital Gain Distr.

Enter total capital gain distributions (long-term). Include all amounts shown in boxes 2b, 2c, and 2d.

TIP *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.

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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*, earlier.

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.

TIP *File Form 5452 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 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 RIC in computing its taxable income. This amount is includible 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 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 Treasury 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 IRS 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 Treasury Regulations section 1.853-4 for more information. Do not send the statement 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 Distributions

Enter cash distributed as part of a liquidation.

Box 9. Noncash Liquidation Distributions

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 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 12–14. 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 the 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.

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