



## **Caution: *DRAFT—NOT FOR FILING***

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 forms, 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 release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms), and may remain there even after the final release is posted at [IRS.gov/DownloadForms](https://www.irs.gov/DownloadForms). All information about all forms, instructions, and pubs is at [IRS.gov/Forms](https://www.irs.gov/Forms).

Almost every form and publication also has its own page on IRS.gov. For example, the Form 1040 page is at [IRS.gov/Form1040](https://www.irs.gov/Form1040); the Publication 17 page is at [IRS.gov/Pub17](https://www.irs.gov/Pub17); the Form W-4 page is at [IRS.gov/W4](https://www.irs.gov/W4); and the Schedule A (Form 1040) page is at [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA). If typing in a link above instead of clicking on it, be sure to type the link into the address bar of your browser, not in a Search box. Note that these are friendly 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 at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). We cannot respond to all comments due to the high volume we receive. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.



# Instructions for Form 1099-SB

## Seller's Investment in Life Insurance Contract

### Future Developments

For the latest information about developments related to Form 1099-SB and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1099SB](https://www.irs.gov/Form1099SB).

### Reminders

In addition to these specific instructions, you should also use the 2019 General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

You can get the general instructions from [General Instructions for Certain Information Returns at IRS.gov/1099GeneralInstructions](https://www.irs.gov/1099GeneralInstructions) or go to [IRS.gov/Form1099SB](https://www.irs.gov/Form1099SB).

**Online fillable Copies B and C.** To ease statement furnishing requirements, Copies B and C have been made fillable online in a pdf format available at [IRS.gov/Form1099SB](https://www.irs.gov/Form1099SB). You can complete these copies online for furnishing statements to recipients and for retaining in your own files.

### Specific Instructions

This form is used by the issuer of a life insurance contract (also known as a life insurance policy) to report the seller's investment in the contract and surrender amount with respect to a life insurance contract transferred in a "reportable policy sale" or transferred to a foreign person.

A reportable policy sale is any direct or indirect acquisition of a life insurance contract, or any interest in a life insurance contract, if the acquirer has no substantial family, business, or financial relationship with the person insured under that contract, apart from the acquirer's interest in such life insurance contract. The acquisition of an interest in a partnership, trust, or other entity that holds an interest in a life insurance contract may be an indirect acquisition of a life insurance contract or an interest in a life insurance contract and may be a reportable policy sale.

An issuer is any life insurance company that bears the risk with respect to a life insurance contract. Generally, this will be the life insurance company that is responsible

for administering the contract, including paying death benefits under the life insurance contract.

A seller is any person who transfers an interest in a life insurance contract to an acquirer in a reportable policy sale or to a foreign person.

An acquirer is any person who acquires a life insurance contract, or any interest in a life insurance contract, in a reportable policy sale.

### Who Must File

File Form 1099-SB if you are the issuer of a life insurance contract and either of the following occurs.

- You receive a statement from an acquirer in a reportable policy sale provided under section 6050Y(a), such as a copy of a Form 1099-LS, Reportable Life Insurance Sale, reporting the transfer of the life insurance contract, or an interest therein, in a reportable policy sale.
- You receive notice of a transfer of the life insurance contract to a foreign person. Notice of a transfer to a foreign person means any notice received by an issuer indicating a transfer of a life insurance contract, including information provided for nontax purposes such as a change of address notice for purposes of sending statements or for other purposes, or information relating to loans, premiums, or death benefits with respect to the contract.

If you are the issuer, enter your name, address, telephone number, and TIN. Additionally, enter the name, address, and telephone number of your information contact, if different from your own. This contact information must provide direct access to a person who can answer questions about this information return.

### Reporting

If you are the issuer responsible for reporting under section 6050Y(b), you must file a separate Form 1099-SB for each seller with respect to each life insurance contract for which you received notice of a transfer in a reportable policy sale or a transfer to a foreign person. Enter the name, address, and TIN of the seller; the policy number of the life insurance contract; the seller's investment in the contract; and the surrender amount.

### Policy Number

The policy number is the unique identifying number you assigned to the life insurance contract.

### Seller's Investment in the Contract

Investment in the contract means the aggregate amount of premiums or other consideration paid for the contract, less the aggregate amount received under the contract, to the extent that such amount was excludable from gross

income. However, with respect to any seller other than the original policyholder, the issuer's obligation to report the investment in the contract on any date will be limited to the information that is known to the issuer (generally, the amount of premiums received from the seller for the contract before that date, less the aggregate amount paid to the seller under the contract before that date).

For more information about the requirement to furnish a statement to the payment recipient and the issuer, see part M in the 2019 General Instructions for Certain Information Returns.

### **Surrender Amount**

The surrender amount is the amount the seller would have received from the issuer if the seller had surrendered the life insurance contract to the issuer on the date of the reportable policy sale or the transfer of the contract, or an interest therein, to a foreign person.

### **Statement to Seller**

If you are required to file Form 1099-SB, you must furnish a statement or acceptable substitute to the seller, such as Copy B of Form 1099-SB. For more information about the requirement to furnish a statement to the seller, see part

M in the 2019 General Instructions for Certain Information Returns.



*The issuer's information contact name must be provided in the appropriate box. The individual named must be familiar with the reporting requirements of reportable policy sales.*

**Truncating recipient's TIN.** Pursuant to Regulations section 301.6109-4, all filers of this form may truncate the seller's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on statements furnished to a seller (Copy B). Truncation is not allowed on any documents the filer files with the IRS. An issuer's TIN may not be truncated on any form. See part J in the 2019 General Instructions for Certain Information Returns.

### **Box 1. Investment in Contract**

Enter the seller's investment in the contract.

### **Box 2. Surrender Amount**

Enter the surrender amount.