



# Instructions for Form 1099-PATR

## Taxable Distributions Received From Cooperatives

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 [IRS.gov/Form1099PATR](https://www.irs.gov/Form1099PATR).

### What's New

Certain credits reported in box 10 have been extended through December 31, 2017, and are available to fiscal year filers.

### Reminders

In addition to these specific instructions, you should also use the 2018 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 (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

You can get the general instructions at [IRS.gov/1099GeneralInstructions](https://www.irs.gov/1099GeneralInstructions).

### Specific Instructions

File Form 1099-PATR, Taxable Distributions Received From Cooperatives, for each person to whom the cooperative has paid at least \$10 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.



*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).

### Statements to Recipients

If you are required to file Form 1099-PATR, you must furnish a statement to the recipient. For more information about the requirement to furnish statements to recipients, see part M in the 2018 General Instructions for Certain Information Returns.

**Truncating recipient's TIN on payee statements.** Pursuant to Treasury Regulations section 301.6109-4, all filers of this form may truncate a payee's TIN (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 TIN may not be truncated on any form. See part J in the 2018 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 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 2018 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 2018 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 2018 General Instructions for Certain Information Returns.

### Box 1. Patronage Dividends

Enter the total patronage dividends paid in cash (including qualified or "consent" checks), qualified written notices of allocation (face amount), and other property (except nonqualified written notices of allocation).

### Box 2. Nonpatronage Distributions

For farmers' cooperatives exempt from tax under section 521 only, enter the amount paid in cash (including qualified or "consent" checks), qualified written notices of allocation (face amount), and other property (except nonqualified written notices of allocation) on a patronage basis with respect to the cooperative's earnings that are derived from business done for

the United States or any agency thereof or from nonpatronage sources.

### **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 (except nonqualified per-unit retain certificates).

### **Box 4. Federal Income Tax Withheld**

Enter backup withholding. Persons who have not furnished their TIN to you in the manner required are subject to withholding 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.

For more information on backup withholding, including the applicable rate, see part N in the 2018 General Instructions for Certain Information Returns.

### **Box 5. Redemption of Nonqualified Notices and Retain Allocations**

Enter the amount of redemptions of nonqualified written notices of allocation that were paid as a patronage dividend and the amount of redemptions of nonqualified per-unit retain certificates that were paid as a per-unit retain allocation.

In addition, for farmers' cooperatives exempt from tax under section 521 only, enter the amount of redemptions of nonqualified written notices of allocation that were paid on a patronage basis with respect to the cooperative's earnings that are derived from business done for the United States or any agency thereof or from nonpatronage sources.

### **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**

For specified agricultural and horticultural cooperatives only, enter the amount of any domestic production activities deduction

passed through to the patron. Do not reduce the amounts reported in boxes 1 or 3.

### **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 credit for renewable energy and refined fuel (Form 8835).
- 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 expired after December 31, 2017. These are being retained for fiscal year cooperatives that may be able to pass through credits in calendar year 2018.

- The cellulosic biofuel fuels 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).