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# Everything You Don't Know (But Should) About Schedule D and Capital Gains Reporting

American Institute of Certified Public Accountants  
<http://www.aicpa.org/INTERESTAREAS/TAX/RESOURCES/STANDARDSETHICS/Pages/default.aspx>





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# Today's Agenda

- How We Got Here
- Code & Regulation Basics
- Key Concepts
- Those Darn Forms: 1099-B and 8949
- Reporting Issues: GIGO?
- What's Still To Come





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# How We Got Here



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# It Was All About The Tax Gap

- Tax year 2001 – 38% of taxpayers misreported their capital gain/loss, lost revenue calculated to be at least \$11 billion (GAO-06-603, GAO-11-557)
- Taxpayer Advocate’s 2005 Annual Report proposes mandatory broker reporting of cost basis
- August 2006 – JCT Staff proposal issued





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# It Was All About The Tax Gap

- May 2007 – SFC Staff releases proposed legislative language
- October 2008 – Energy Improvement and Extension Act of 2008 becomes law
- October 2010 – IRS issues final regulations (TD9504)
- January 1, 2011 – 1st purchase of a covered security
- Ongoing – New Forms and New Regulations





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# Code & Regulation Basics





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# When In Doubt, Read the Source

- Code Sections
  - § 6045 – See subsections (g) and (h)
  - § 6045A – Transfer reporting
  - § 6045B – Corporate action reporting





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# When In Doubt, Read the Source

- Regulations
  - TD 9504 - Final Regulations on Stocks, DRPs and Mutual Funds
  - REG-102988-11 - Proposed Regulations on Debt Instruments and Options
  - Notice 2012-34 - Delayed effective date of REG-102988-11
  - TD 9616 – Final Regulations on Debt Instruments & Options





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# Key Concepts



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# Terms You Need To Know & Understand

- Covered vs. Uncovered Security
- Lot Relief Method
  - FIFO, Average Cost, Specific ID
- Holding Period – Long or Short
- Default Method





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# Terms You Need To Know & Understand

- Account by Account
- Wash Sale Rule
- Settlement Date
- Transfer Reporting
- Issuer Action





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# The forms 1099-B and 8949



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# Form 1099-B – Circa TY 2008

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale or exchange	OMB No. 1545-0715  <b>2008</b>  Form <b>1099-B</b>
		1b CUSIP no.	
		2 Stocks, bonds, etc.	Reported to IRS } <input type="checkbox"/> Gross proceeds <input type="checkbox"/> Gross proceeds less commissions and option premiums
		\$	
PAYER'S federal identification number	RECIPIENT'S identification number	3 Bartering	4 Federal income tax withheld
		\$	\$
RECIPIENT'S name  Street address (including apt. no.)  City, state, and ZIP code		5 No. of shares exchanged	6 Classes of stock exchanged
		7 Description	
CORPORATION'S name		8 Profit or (loss) realized in 2008	9 Unrealized profit or (loss) on open contracts—12/31/2007
		\$	\$
Account number (see instructions)		10 Unrealized profit or (loss) on open contracts—12/31/2008	11 Aggregate profit or (loss)
		\$	\$
		12 If the box is checked, the recipient cannot take a loss on their tax return based on the amount in box 2 . . . <input type="checkbox"/>	

**Proceeds From  
Broker and  
Barter Exchange  
Transactions**

**Copy B  
For Recipient**  
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form **1099-B**

(keep for your records)

Department of the Treasury - Internal Revenue Service





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# Form 1099-B – Circa TY 2011

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale or exchange	OMB No. 1545-0715  <b>2011</b> Form <b>1099-B</b>	<b>Proceeds From Broker and Barter Exchange Transactions</b>
		1b Date of acquisition		
		2 Sales price of stocks, bonds, etc. \$	Reported to IRS } <input type="checkbox"/> Sales price <input type="checkbox"/> Sales price less commissions and option premiums	
PAYER'S federal identification number	RECIPIENT'S identification number	3 Cost or other basis \$	4 Federal income tax withheld \$	
RECIPIENT'S name		5 Wash sale loss disallowed \$	6 If this box is checked, boxes 1b, 3, 5, and 8 may be blank <input type="checkbox"/>	<b>Copy B For Recipient</b>  This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.)		7	8 Type of gain or loss Short-term <input type="checkbox"/> Long-term <input type="checkbox"/>	
City, state, and ZIP code		9 Description		
Account number (see instructions)		10 Profit or (loss) realized in 2011 on closed contracts \$	11 Unrealized profit or (loss) on open contracts—12/31/2010 \$	14 Bartering \$
CUSIP number		12 Unrealized profit or (loss) on open contracts—12/31/2011 \$	13 Aggregate profit or (loss) on contracts \$	15 If box checked, loss based on amount in box 2 is not allowed <input type="checkbox"/>

Form **1099-B**

(keep for your records)

Department of the Treasury - Internal Revenue Service





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# Form 1099-B – Circa TY 2012

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale or exchange	OMB No. 1545-0715  <b>2012</b>  Form 1099-B	<b>Proceeds From Broker and Barter Exchange Transactions</b>
		1b Date of acquisition		
		1c Type of gain or loss Short-term <input type="checkbox"/> Long-term <input type="checkbox"/>		
		1d Stock or other symbol	1e Quantity sold	
2a Stocks, bonds, etc.	Reported to IRS <input type="checkbox"/>	Sales price <input type="checkbox"/> Sales price less commissions and option premiums <input type="checkbox"/>		2b If box checked, loss based on amount in 2a is not allowed <input type="checkbox"/>
PAYER'S federal identification number	RECIPIENT'S identification number			
		3 Cost or other basis	4 Federal income tax withheld	
RECIPIENT'S name		\$	\$	
Street address (including apt. no.)		5 Wash sale loss disallowed	6 Checked if:	
		\$	a <input type="checkbox"/> Noncovered security b <input type="checkbox"/> Basis reported to IRS	
City, state, and ZIP code		7 Bartering		
		\$		
Account number (see instructions)		2nd TIN not. <input type="checkbox"/>	8 Description	<b>Copy B For Recipient</b>  This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
		9 Profit or (loss) realized in 2012 on closed contracts	10 Unrealized profit or (loss) on open contracts—12/31/2011	
		\$	\$	
CUSIP number		11 Unrealized profit or (loss) on open contracts—12/31/2012	12 Aggregate profit or (loss) on contracts	13 State
		\$	\$	14 State identification no.
				15 State tax withheld
				\$

Form 1099-B

(keep for your records)

Department of the Treasury - Internal Revenue Service





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# Form 8949 – Circa TY 2011

Form <b>8949</b>	<b>Sales and Other Dispositions of Capital Assets</b>	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)	<p>▶ See Instructions for Schedule D (Form 1040).</p> <p>▶ For more information about Form 8949, see <a href="http://www.irs.gov/form8949">www.irs.gov/form8949</a></p> <p>▶ Attach to Schedule D to list your transactions for lines 1, 2, 3, 8, 9, and 10.</p>	<b>2011</b> Attachment Sequence No. <b>12A</b>
Name(s) shown on return	Your social security number	

## Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

**Note:** You must check one of the boxes below. Complete a *separate* Form 8949, page 1, for each box that is checked.

**\*Caution.** Do not complete column (b) or (g) until you have read the instructions for those columns (see the Instructions for Schedule D (Form 1040)). Columns (b) and (g) do not apply for most transactions and should generally be left blank.

- (A) Short-term transactions reported on Form 1099-B with basis reported to the IRS
- (B) Short-term transactions reported on Form 1099-B but basis not reported to the IRS
- (C) Short-term transactions for which you cannot check box A or B

	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Code, if any, for column (g)*	(c) Date acquired (Mo., day, yr.)	(d) Date sold (Mo., day, yr.)	(e) Sales price (see instructions)	(f) Cost or other basis (see instructions)	(g) Adjustments to gain or loss, if any*
<b>1</b>							





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# Form 8949 – Circa TY 2012

Form **8949**

## Sales and Other Dispositions of Capital Assets

OMB No. 1545-0074

Department of the Treasury  
Internal Revenue Service

- ▶ Information about Form 8949 and its separate instructions is at [www.irs.gov/form8949](http://www.irs.gov/form8949).
- ▶ File with your Schedule D to list your transactions for lines 1, 2, 3, 8, 9, and 10 of Schedule D.

**2012**  
Attachment  
Sequence No. **12A**

Name(s) shown on return

Social security number or taxpayer identification number

Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.

**Part I Short-Term.** Transactions involving capital assets you held one year or less are short term. For long-term transactions, see page 2.

**You must check Box A, B, or C below. Check only one box.** If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- (A) Short-term transactions reported on Form(s) 1099-B showing basis **was** reported to the IRS
- (B) Short-term transactions reported on Form(s) 1099-B showing basis **was not** reported to the IRS
- (C) Short-term transactions not reported to you on Form 1099-B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the <b>Note</b> below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.		(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment	





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# Adjustment Codes 2012 Form 8949

IF ...	THEN enter this code in column (f) ...	AND ...
You received a Form 1099-B (or substitute statement) and the basis shown in box 3 is incorrect .....	B	<ul style="list-style-type: none"> <li>• If box B is checked at the top of Part I or II, enter the correct basis in column (e), and enter -0- in column (g).</li> <li>• If box A is checked at the top of Part I or II, enter the basis shown on Form 1099-B (or substitute statement) in column (e), even though that basis is incorrect. Correct the error by entering an adjustment in column (g). To figure the adjustment needed, see the <i>Worksheet for Basis Adjustments in Column (g)</i>. Also see <i>Example 4—adjustment for incorrect basis</i> in the instructions for column (h).</li> </ul>
You received a Form 1099-B (or substitute statement) and the type of gain or loss (short term or long term) shown in box 1c is incorrect .....	T	Enter -0- in column (g). Report the gain or loss on the correct Part of Form 8949.
You received a Form 1099-B or 1099-S (or substitute statement) as a nominee for the actual owner of the property .....	N	Report the transaction on Form 8949 as you would if you were the actual owner, but enter any resulting gain as a negative adjustment (in parentheses) in column (g) or any resulting loss as a positive adjustment in column (g). However, if you received capital gain distributions as a nominee, report them instead as described under <i>Capital Gain Distributions</i> in the Instructions for Schedule D (Form 1040).





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# Adjustment Codes 2012 Form 8949

<p>You sold or exchanged your main home at a gain, must report the sale or exchange on Part II of Form 8949 (as explained in <i>Sale of Your Home</i> in the Instructions for Schedule D (Form 1040)), and can exclude some or all of the gain .....</p>	<p>H</p>	<p>Report the sale or exchange on Form 8949 as you would if you were not taking the exclusion. Then enter the amount of excluded (nontaxable) gain as a negative number (in parentheses) in column (g). See the example in the instructions for column (g).</p>
<p>You sold or exchanged qualified small business stock and can exclude part of the gain .....</p>	<p>Q</p>	<p>Report the sale or exchange on Form 8949 as you would if you were not taking the exclusion and enter the amount of the exclusion as a negative number (in parentheses) in column (g). However, if the transaction is reported as an installment sale, see <i>Gain from an installment sale of QSB stock</i> in the Instructions for Schedule D (Form 1040).</p>
<p>You can exclude all or part of your gain under the rules explained in the Schedule D instructions for DC Zone assets or qualified community assets .....</p>	<p>X</p>	<p>Report the sale or exchange on Form 8949 as you would if you were not taking the exclusion. Then enter the amount of the exclusion as a negative number (in parentheses) in column (g).</p>
<p>You are electing to postpone all or part of your gain under the rules explained in the Schedule D instructions for any rollover of gain (for example, rollover of gain from QSB stock or publicly traded securities) .....</p>	<p>R</p>	<p>Report the sale or exchange on Form 8949 as you would if you were not making the election. Then enter the amount of postponed gain as a negative number (in parentheses) in column (g).</p>





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You have a nondeductible loss from a wash sale .....	W	Report the sale or exchange on Form 8949 and enter the amount of the nondeductible loss as a positive number in column (g). See the Schedule D instructions for more information about wash sales.
You have a nondeductible loss other than a loss indicated by code W .....	L	Report the sale or exchange on Form 8949 and enter the amount of the nondeductible loss as a positive number in column (g). See <i>Nondeductible Losses</i> in the Instructions for Schedule D (Form 1040).
You received a Form 1099-B or 1099-S (or substitute statement) for a transaction and there are selling expenses or option premiums that are not reflected on the form or statement by an adjustment to either the proceeds or basis shown .....	E	Enter in column (d) the proceeds shown on the form or statement you received. Enter in column (e) any cost or other basis shown on Form 1099-B (or substitute statement). In column (g), enter as a negative number (in parentheses) any selling expenses and option premium that you paid (and that are not reflected on the form or statement you received) and enter as a positive number any option premium that you received (and that is not reflected on the form or statement you received). For more information about option premiums, see <i>Gain or Loss From Options</i> in the Instructions for Schedule D (Form 1040).
You had a loss from the sale, exchange, or worthlessness of small business (section 1244) stock and the total loss is more than the maximum amount that can be treated as an ordinary loss .....	S	See <i>Small Business (Section 1244) Stock</i> in the Schedule D (Form 1040) instructions.
You disposed of collectibles (see the Schedule D instructions) .....	C	Enter -0- in column (g). Report the disposition on Form 8949 as you would report any sale or exchange.
You report multiple transactions on a single row as described in <i>Exception to reporting each transaction on a separate row</i> .....	M	See <i>Exception to reporting each transaction on a separate row</i> . Enter -0- in column (g) unless an adjustment is required because of another code.
You have an adjustment not explained earlier in this column .....	O	Enter the appropriate adjustment amount in column (g). See the instructions for column (g).





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# Reporting Issues – GIGO?





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# Why are there issues?

- IRS rules for brokers/taxpayers don't match
- Late issuance of forms & instructions (Pub. 1179)
- Broker, clearing house and tax prep company software issues
- Account Transfer issues
- Gift and Inheritance Issues
- Return of Capital Adjustments
- And yes, some are just sloppy or lazy





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# What went wrong and needs fixing - 2011

- 2011 was a minor disaster
  - Will IRS issue a flood of CP2000 notices?
  - AICPA has requested relief
  - <http://www.aicpa.org/interestareas/tax/resources/irspracticeprocedure/downloadabledocuments/basis%20reporting.pdf>





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# What went wrong and needs fixing - 2012

- 2012 – much improvement, but continued issues
  - Wash Sales – especially in multiple accounts
  - Short Sales – particularly gains on sales closed near year end
  - Publicly Traded Partnerships – always a nightmare
  - Some misreporting of covered vs. uncovered
  - Some substitute 1099s are still a mess
  - Some original 1099s were super-late





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# Late season “Oops” for IRS E-file Returns

- When using code “M” and attaching a detail statement (PDF or with Form 8453), the original instructions for Form 8949 said to put the words “SEE STMNT” in columns (b) and (c) – the date fields.





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# Late season “Oops” for IRS E-file Returns

- On April 12, IRS notified EROs and Electronic partners that this was creating a “processing issue”. Instructions were immediately revised to put the Broker name and “SEE ATTACHED STATEMENT” in column (a) – the description field- and leave (b) and (c) BLANK.





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# Late season “Oops” for IRS E-file Returns

- In addition, filers of Forms 1065, 1065B, 1120 and 1120S were given permission to enter “AVAILABLE UPON REQUEST” and NOT provide the detail
- Any effect on already filed returns????
- WILL THESE BE THE RULES FOR 2013 RETURNS????





# Which 1099-B is correct?

## FORM 1099-B\*

### 2012 Proceeds from Broker and Barter Exchange Transactions

Copy B for Recipient OMB NO. 1545-0715

**Short-term transactions for which basis is reported to the IRS** --report on Form 8949 with Box A checked and/or Schedule D, Part I  
(This Label is a Substitute for Boxes 1c & 6)

(IRS Form 1099-B box numbers are shown below in bold type)

8 Description, 1d Stock or Other Symbol, CUSIP										
Action	1a Date of Sale or Exchange	1b Date of Acquisition	1e Quantity Sold	2a Sales Price of Stocks, Bonds, etc. (a)	3 Cost or Other Basis (b)	Gain/Loss (-)	5 Wash Sale Loss Disallowed	4 Federal Income Tax Withheld	13 State	15 State Tax Withheld
COPANO ENERGY L L C COM UNITS, CPNO, 217202100										
Sale	04/12/12	11/04/11	1,000.000	35,091.26	31,300.00	3,791.26				
Sale	04/12/12	11/04/11	1,000.000	35,091.26	31,303.98	3,787.28				
Sale	04/12/12	11/04/11	1,000.000	35,101.26	31,303.97	3,797.29				

## FORM 1099-B\*

### 2012 Proceeds from Broker and Barter Exchange Transactions

Copy B for Recipient OMB NO. 1545-0715

**Short-term transactions for which basis is not reported to the IRS** --report on Form 8949 with Box B checked and/or Schedule D, Part I (i)  
(This Label is a Substitute for Boxes 1c & 6)

(IRS Form 1099-B box numbers are shown below in bold type)

8 Description, 1d Stock or Other Symbol, CUSIP										
Action	1a Date of Sale or Exchange	1b Date of Acquisition	1e Quantity Sold	2a Sales Price of Stocks, Bonds, etc. (a)	3 Cost or Other Basis (b)	Gain/Loss (-)	5 Wash Sale Loss Disallowed	4 Federal Income Tax Withheld	13 State	15 State Tax Withheld
COPANO ENERGY L L C COM UNITS, CPNO, 217202100										
Sale	04/12/12	02/13/12	2,000.000	70,135.75	69,207.95	927.80				
Sale	04/12/12	03/02/12	1,000.000	35,067.88	36,017.95	-950.07				
Sale	04/12/12	03/15/12	1,000.000	35,067.87	34,577.95	489.92				
<b>Subtotals</b>				<b>140,271.50</b>	<b>139,803.85(c)</b>					

← Same CUSIP as those reported as covered in previous section. Why are these three trades not reported as covered?



# Which 1099-B is correct?

## Type of Gain/Loss: Short Term (Line 1c)

Short-term transactions reported on Form 1099-B - basis **Not** reported to the IRS; Report on Form 8949, Part I, with **Box B** checked.

*In this sub-section Date acquired, Cost or Other Basis, and Wash Sale Loss disallowed are not reported to the IRS (Line 6a)*

Security description (Line 8) Symbol (Line 1d) CUSIP Activity type	Quantity / face value (Line 1e)	Original cost basis (\$)	Date acquired (Line 1b)	Date of sale / exchange (Line 1a)	Sale amount (Line 2a) (\$)	Cost or other basis (Line 3) (\$)	Wash sale loss disallowed (Line 5) (\$)
MERCK & CO INC NEW COM Symbol: MRK CUSIP: 58933Y105 Sell	347.0000		05/01/12	07/23/12	14,793.77	13,616.28	

## Type of Gain/Loss: Long Term (Line 1c)

Long-term transactions reported on Form 1099-B - basis reported to the IRS; Report on Form 8949, Part II, with **Box A** checked.

*In this sub-section Date acquired, Cost or Other Basis, and Wash Sale Loss disallowed are reported to the IRS (Line 6b)*

Security description (Line 8) Symbol (Line 1d) CUSIP Activity type	Quantity / face value (Line 1e)	Original cost basis (\$)	Date acquired (Line 1b)	Date of sale / exchange (Line 1a)	Sale amount (Line 2a) (\$)	Cost or other basis (Line 3) (\$)	Wash loss disallo (Line 5)
MERCK & CO INC NEW COM Symbol: MRK CUSIP: 58933Y105 Sell	500.0000		04/29/11	05/24/12	18,615.33	17,975.00	
Sell	500.0000		04/29/11	06/22/12	19,894.30	17,975.00	
<b>Sub Total</b>	<b>1,000.0000</b>				<b>38,509.63</b>	<b>35,950.00</b>	



# What's wrong with this?

PAYER'S name, street address, city, state, ZIP code, and telephone no. The AFL Stock Plan Aflac Incorporated Worldwide Headquarters 1932 Wynnton Road Columbus, GA 31999 800.227.4756			RECIPIENT'S name, street address, city, state, and ZIP code DANIEL L. SCHOFFS 15 DEMPSEY AVE APT 2A ROSELAND NJ 07068		
PAYER'S federal identification number 58-1735877		RECIPIENT'S identification number XX-XX-8799		Account Number 4000-00706	CUSIP No. 001055102
1a Date of sale or exchange 11/21/2012		1d Stock or other symbol AFL	1e Quantity sold 20.000	2a Stocks, bonds, etc. Reported to IRS } <input type="checkbox"/> Sales price <input checked="" type="checkbox"/> Sales price less commissions and option premiums \$1,016.26	
4 Federal income tax withheld		6 Description Net Proceeds From Sale of Stock		13 State	14 State identification no.
15 State tax withheld	1b Date of acquisition	1c Type of gain or loss Short-term [ ] Long-term [X]	1e Quantity sold	3 Cost or other basis	5 Wash sale loss disallowed
	01/31/2011		.216	\$12.00	\$1.02
	1b Date of acquisition	1c Type of gain or loss Short-term [ ] Long-term [X]	1e Quantity sold	3 Cost or other basis	5 Wash sale loss disallowed
	02/13/2011		.303	\$15.31	
	1b Date of acquisition	1c Type of gain or loss Short-term [ ] Long-term [X]	1e Quantity sold	3 Cost or other basis	5 Wash sale loss disallowed
	03/26/2011		.259	\$12.65	
	1b Date of acquisition	1c Type of gain or loss Short-term [X] Long-term [ ]	1e Quantity sold	3 Cost or other basis	5 Wash sale loss disallowed
	09/11/2012		1.716	\$83.02	
	1b Date of acquisition	1c Type of gain or loss Short-term [X] Long-term [ ]	1e Quantity sold	3 Cost or other basis	5 Wash sale loss disallowed
	11/13/2012		17.506	\$875.03	
					6 Checked if: a [ ] Noncovered security b [X] Basis reported to IRS
					6 Checked if: a [ ] Noncovered security b [X] Basis reported to IRS
					6 Checked if: a [ ] Noncovered security b [X] Basis reported to IRS
					6 Checked if: a [ ] Noncovered security b [X] Basis reported to IRS



# A Useful Substitute 1099-B Summary

## Covered Securities: Short-Term

2012 Proceeds From Broker and Barter Exchange Transactions		1099-B
		Amount
1a	Date of sale or exchange	Various
1b	Date of acquisition	Various
1c	Type of gain or loss	Short-term
1d	Stock or other symbol	Various
1e	Quantity sold	Various
2a	Stocks, bonds, etc. (gross proceeds less commissions & options premium)	5,713,119.25
3	Cost or other basis	5,714,757.40
4	Federal income tax withheld	0.00
5	Wash sale loss disallowed	45,495.72
6a	Noncovered security	No
6b	Basis reported to IRS	Yes
8	Description	Various

Transactions individually reported to the IRS.

## Covered Securities: Long-Term

2012 Proceeds From Broker and Barter Exchange Transactions		1099-B
		Amount
1a	Date of sale or exchange	
1b	Date of acquisition	
1c	Type of gain or loss	Long-term
1d	Stock or other symbol	
1e	Quantity sold	
2a	Stocks, bonds, etc. (gross proceeds less commissions & options premium)	0.00
3	Cost or other basis	0.00
4	Federal income tax withheld	0.00
5	Wash sale loss disallowed	0.00
6a	Noncovered security	No
6b	Basis reported to IRS	Yes
8	Description	

Transactions individually reported to the IRS.

## Noncovered Securities

2012 Proceeds From Broker and Barter Exchange Transactions		1099-B
		Amount
1a	Date of sale or exchange	Various
1d	Stock or other symbol	Various
1e	Quantity sold	Various
2a	Stocks, bonds, etc. (gross proceeds less commissions & options premium)	533,200.24
4	Federal income tax withheld	0.00
6a	Noncovered security	Yes
6b	Basis reported to IRS	No
8	Description	Various
9	Profit or (loss) realized in 2012 on closed contracts	0.00
12	Aggregate profit or (loss) on contracts	0.00

Transactions individually reported to the IRS.



# A Useful Substitute 1099-B Summary

Total Cost, Realized Gain (Loss), and holding period information may not reflect all adjustments necessary for tax reporting purposes. Taxpayers are ultimately responsible for the accuracy of their tax returns and should verify such information against their own records when calculating reportable gain or loss resulting from a sale, redemption, or exchange. Where indicated JPMCC does not report such information to the IRS or other taxing authorities and is not responsible for the accuracy of such information; taxpayers may be required to report to federal, state, or other taxing authorities. JPMCC makes no warranties with respect to, and specifically disclaims any liability arising out of a customer's use of, or any tax position taken in reliance upon, such information.

## FORM 1099-B Totals Summary

<b>Form 8949, Part I or II (Short Term or Long Term)</b>	<b>Proceeds</b>	<b>Cost</b>	<b>REALIZED GAIN/ (LOSS)</b>	<b>Wash Sale Loss Disallowed</b>
<hr/>				
Total Noncovered Transaction Proceeds (Box B Checked)				
<hr/>				
<b>Form 8949, Part I (Short Term)</b>				
<hr/>				
Total Covered Short Term Gain/ Loss (Cost Basis Reported to IRS; Box A Checked)	1,347.35	1,350.69	(3.34)	
Total Noncovered Short Term Gain/ Loss (Cost Basis NOT Reported to IRS; Box B Checked)	843.46	824.84	18.62	
<hr/>				
<b>Form 8949, Part II (Long Term)</b>				
<hr/>				
Total Covered Long Term Gain/ Loss (Cost Basis Reported to IRS; Box A Checked)				
Total Noncovered Long Term Gain/ Loss (Cost Basis NOT Reported to IRS; Box B Checked)	27,590.25	24,997.08	2,593.17	
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# What's Still To Come



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# Looking Ahead to the 2014 Filing Season

- Forms 1099-B, 8949 and Schedule D will be revised for third time in three years (Unofficially)
- 1099-B – new and renumbered boxes, adding Foreign Tax information, revised (hopefully clearer) wording





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# Looking Ahead to the 2014 Filing Season

- 8949 – minor changes to form, now used for all filers (1120, 1120S, 1040, 1041, 1065 and 1065B)
- Schedule D – summary totals directly on Schedule D for covered securities with No adjustments (seems to preclude even broker reported “wash sale losses disallowed”)





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# Looking Ahead to the 2014 Filing Season

- April 17, 2013 – IRS issued TD 9616, the final regulations on basis reporting of debt instruments and options.
- Very detailed, phased in process starting 1/1/2014.





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# Looking Ahead to the 2014 Filing Season

- First phase in 2014 covers (partial list):
  - Debt instruments with single fixed payment schedule for which a yield and maturity can be determined
  - Debt instruments with alternate payment schedules for which a yield and maturity can be determined (such as instruments with a put or call option)
  - Most options





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# The Future – Bright or Bleak?

- AICPA discussions with IRS, SIFMA, IRPAC and other relevant parties will continue
- Tax professionals will need to be more proactive in discussing these issues with their clients and their other financial advisors (RIAs, brokers, custodians)





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# The Future – Bright or Bleak?

- Sign of Hope? - in TD 9616, IRS explicitly stated:
  - The Treasury Department and the IRS are continuing to review all aspects of the information reporting process and are exploring ways to reduce the compliance burden for both brokers and for information recipients.
- New software solutions to be developed?
- And, of course, Congress may change the rules!!!





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# Questions?



American Institute of Certified Public Accountants  
<http://www.aicpa.org/INTERESTAREAS/TAX/RESOURCES/STANDARDSETHICS/Pages/default.aspx>

