

**MEMO# 23178**

January 12, 2009

## **IRS Guidance On February 15 Tax Reporting Deadline**

[23178]

January 12, 2009

TO: TAX MEMBERS No. 2-09  
OPERATIONS MEMBERS No. 1-09  
ACCOUNTING/TREASURERS MEMBERS No. 4-09  
CLOSED-END INVESTMENT COMPANY MEMBERS No. 2-09  
TRANSFER AGENT ADVISORY COMMITTEE No. 5-09  
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 1-09  
BROKER/DEALER ADVISORY COMMITTEE No. 2-09 RE: IRS GUIDANCE ON FEBRUARY 15  
TAX REPORTING DEADLINE

We are pleased to inform you that the Internal Revenue Service ("IRS") has issued guidance (Notice 2009-11) requested by the ICI and the Securities Industry and Financial Markets Association ("SIFMA") clarifying that funds and brokers are not required to provide IRS Form 1099 tax information to investors on consolidated reporting statements before February 17, 2009. [\[1\]](#)

This information due date was extended from January 31 to February 15 [\[2\]](#) as part of cost basis reporting legislation that was enacted in October. [\[3\]](#) The extended tax reporting due date is effective for tax information provided beginning in 2009 (for tax year 2008). [\[4\]](#)

The ICI/SIFMA letter was sent after IRS stated, in "corrected" instructions for the 2008 Forms 1099, [\[5\]](#) that the extended due date is available only for a few forms and did not mention forms such as 1099-DIVs, 1099-INTs, 1099-OIDS, or other forms that are furnished with a consolidated reporting statement.

Notice 2009-11 expressly reverses the guidance provided in the instructions for 2008 Forms 1099. Specifically, the Notice provides that the February 17, 2009 deadline applies to any reporting entity that (1) furnishes Form 1099-B information and (2) customarily reports this information on an annual composite form recipient statement. A composite statement effectively is permitted, by the 2008 instructions, when a payer makes more than one reportable payment of dividends or interest (among other items) during a calendar year to the same recipient; gross proceeds information from, for example, the redemption of fund shares also may be included on a composite statement.

The Notice provides that the February 17 deadline applies irrespective of whether a customer engaged in a transaction (such as a redemption) for which a Form 1099-B will be provided for 2008. An example states that the IRS will treat statements sent on February 12 (after the prior January 31 deadline and before the new February 17 deadline) as provided in a timely fashion even if Form 1099-B gross proceeds information is not provided “because the composite form recipient statements customarily included dividends and interest with items reportable on Form 1099-B.”

Notwithstanding the clarification provided today by IRS, we encourage funds that have not yet provided year-end tax information to brokers to provide it as soon as it is ready. [6] As of today, brokers have five weeks (rather than two and one half) to send tax information to customers in compliance with the new statutory deadline.

Keith Lawson  
Senior Counsel - Tax Law

## [Attachment](#)

### **endnotes**

[1] See Institute Memorandum (23069) to Tax Members No. 47-08, Operations Members No. 24-08, Transfer Agent Advisory Committee No. 67-08, Bank, Trust And Recordkeeper Advisory Committee No. 36-08, and Broker/Dealer Advisory Committee No. 42-08, dated November 17, 2008.

[2] For 2009, the due date is February 17 because February 15 is a Sunday and February 16 is a Federal holiday.

[3] See Institute Memorandum (22916) to Bank, Trust and Recordkeeper Advisory

Committee No. 31-08, Broker/Dealer Advisory Committee No. 37-08, Federal Legislation Members No. 13-08, Operations Members No. 17-08, Pension Members No. 60-08, Small Funds Members No. 61-08, Tax Members No. 40-08, and Transfer Agent Advisory Committee No. 59-08, dated October 3, 2008.

[4] Later effective dates are provided for the cost basis reporting provisions.

[5] <http://www.irs.ustreas.gov/formspubs/article/0,,id=109875,00.html>

[6] As you may know, before the October legislation was enacted, the ICI informed members that “the brokerage community has requested that funds provide data as soon as it is available following year-end and no later than January 12, 2009, in order to process the data and send the information to shareholders by the Form 1099 due date.” See Institute Memorandum (22789) to Accounting/Treasurers Committee No. 11-08, Bank And Trust Advisory Committee No. 25-08, Broker/Dealer Advisory Committee No. 26-08, Closed-End Investment Company Committee No. 28-08, Operations Committee No. 14-08, Tax Committee No. 27-08, and Transfer Agent Advisory Committee No. 43-08, dated August 15, 2008.