

MEMO# 24022

December 17, 2009

IRS Issues Proposed Regulations Regarding February 15 Tax Reporting Deadline

[24022]

December 17, 2009

TO: BROKER/DEALER ADVISORY COMMITTEE No. 66-09
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 55-09
OPERATIONS MEMBERS No. 29-09
SMALL FUNDS MEMBERS No. 74-09
TAX MEMBERS No. 35-09
TRANSFER AGENT ADVISORY COMMITTEE No. 93-09 RE: IRS ISSUES PROPOSED
REGULATIONS REGARDING FEBRUARY 15 TAX REPORTING DEADLINE

The Internal Revenue Service (“IRS”) has issued proposed regulations [\[1\]](#) clarifying the application of the February 15 tax reporting deadline that was enacted, effective beginning with tax information provided in 2009 for calendar year 2008 transactions, as part of the Energy Improvement and Extension Act of 2008. [\[2\]](#) As we previously informed you, the 2008 Act extended the information reporting deadline from January 31 to February 15 for statements required to be filed under section 6045 of the Internal Revenue Code; these statements could be filed either on IRS Form 1099-B or on a “consolidated reporting statement”(to be defined in regulations). In January 2009, the IRS clarified that the February 15 deadline applied, for 2008 tax returns filed in 2009, to IRS Forms 1099-B and to “annual composite form recipient statements” – a term previously defined in IRS guidance. [\[3\]](#) The new proposed regulations define the term “consolidated reporting statement” that was used in the legislation.

The proposed regulations define “consolidated reporting statement” as a grouping of statements furnished to the same customer or same group of customers on the same date

whether or not the statements are furnished with respect to the same or different accounts or transactions. The grouping of statements must be limited to those furnished to the customer based on the same relationship as the statement furnished under section 6045 (for example, as broker or payor) and not as a result of any other relationship between the parties (such as debtor to creditor or employer to employee).

Specifically, the preamble notes that the following forms may be furnished in a consolidated reporting statement with a statement required under section 6045: Form 1099-DIV (Dividends and Distributions); Form 1099-INT (Interest Income); Form 1099-MISC (Miscellaneous Income); Form 1099-OID (Original Issue Discount); Form 1099-PATR (Taxable Distributions Received from Cooperatives); Form 1099-Q (Payments from Qualified Education Programs (under Sections 529 and 530)); Form 1099-R (Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.); Form 3921 (Exercise of an Incentive Stock Option under Section 422(b)); Form 3922 (Transfer of Stock Acquired Through an Employee Stock Purchase Plan under Section 423(c)); and Form 5498 (IRA Contribution Information). The IRS requests comments regarding whether any other forms should be included in the definition of consolidated reporting statement.

The proposed regulations also clarify that a broker may treat any customer as receiving a required statement under section 6045 if the customer has an account for which a Form 1099-B would be required to be furnished under section 6045 had a sale occurred during the year. Thus, the February 15 reporting deadline applies to the IRS Forms listed above that are included in a consolidated reporting statement, even if the customer does not receive a Form 1099-B for that year.

Karen Lau Gibian
Associate Counsel

endnotes

[1] The proposed regulations on the February 15 reporting deadline are included in the proposed regulations on cost basis reporting. For a copy of the proposed regulations, see Institute [Memorandum](#) (24017) to Broker/Dealer Advisory Committee No. 65-09, Bank, Trust and Recordkeeper Advisory Committee No. 54-09, Tax Members No. 34-09, Operations Members No. 28-09, Transfer Agent Advisory Committee No. 92-09, and Small Funds Members No. 72-09, dated December 16, 2009. A description of these proposed regulations on the reporting deadline begins on page 44 of the attachment, and the proposed regulations (with examples) begin on page 104.

[2] 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, 2009.

[3] See Institute [Memorandum](#) (23178) 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, and Broker/Dealer Advisory Committee No. 2-09, dated January 12, 2009.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.