

MEMO# 5743

April 14, 1994

IRS PROPOSED CHANGES TO SUBSTITUTE FORM 1099 REQUIREMENTS

April 14, 1994 TO: OPERATIONS MEMBERS NO. 12-94 TAX MEMBERS NO. 14-94 TRANSFER AGENT ADVISORY COMMITTEE NO. 14-94 RE: IRS PROPOSED CHANGES TO SUBSTITUTE FORM 1099 REQUIREMENTS _____ In the attached announcement, the Internal Revenue Service proposes changes to the requirements for substitute statements for Forms 1099, 1098, 5498 and W-2G. The changes would be effective for statements reporting income received during 1995 that will be mailed to payees by January 31, 1996. The proposed changes would require all substitutes to prominently display the tax year, form number and form name in a single area of statement. The practice of providing instructions for more than one form would be prohibited unless the payor uses a composite report for more than one type of information statement (such as combined Forms 1099-B and 1099-DIV) and the payor is actually reporting information for each type of statement. In addition, the proposal sets new standards for the quality of carbon copies used to produce information statements. Comments on the proposal must be received by May 31, 1994. Please contact the undersigned at (202) 326-5837 with any suggestions for Institute comments on the proposed changes by May 16, 1994. We will keep you informed of developments. Peter J. Cinquegrani Assistant Counsel - Tax Attachment