for failure to comply with the requirements of section 6045(f) and this section:

(1) Section 6721 for failure to file a correct information return.

(2) Section 6722 for failure to furnish a correct payee statement.

(3) Section 6723 for failure to comply with other information reporting requirements (including the requirement to furnish a TIN).

(4) Section 7203 for willful failure to supply information (including a TIN).

(h) Effective date. The rules in this section apply to payments made on or after January 1, 2007.


§ 1.6045A–1 Statements of information required in connection with transfers of securities.

(a) Duty to furnish transfer statement—

(1) In general—(i) Transfers between accounts. Except as provided in paragraphs (a)(1)(ii) through (v) of this section, every applicable person (transferor) (as described in paragraph (a)(4) of this section) that transfers custody of a specified security to a broker (as described in paragraph (a)(5) of this section) must furnish to the receiving broker a transfer statement that includes the information described in paragraph (b) of this section with respect to the transferred security. Except as provided in paragraphs (b)(1)(vii) and (b)(3) of this section (relating to noncovered securities and certain securities for which basis is determined under an average basis method), a transferor must furnish a separate statement for each security and, if transferring custody of the same security acquired on different dates or at different prices, for each acquisition.

(ii) Cash on delivery accounts and multiple broker arrangements—(A) Sales. A custodian or other transferor that transfers custody of a security to a broker solely to effect a sale must furnish a transfer statement only to the broker that effects the sale. However, no transfer statement is required if the transferor itself either effects the sale or is required to report the sale of the security under §1.6045–1.

(B) Purchases. A broker that effects a purchase but does not receive custody of the security must furnish a transfer statement to the broker receiving custody. However, no transfer statement is required if the broker effects the purchase solely at the instruction of the broker receiving custody.

(iii) Exempt recipients and exempt foreign payees. A transferor is not required to furnish a transfer statement for a security that, after the transfer, is held for a customer that is an exempt recipient under §1.6045–1(c)(3)(i) or an exempt foreign person under §1.6045–1(g)(1)(i).

(iv) Securities lending transactions—transferor as principal. A transferor that lends or borrows securities as a principal is not required to furnish a transfer statement for a security that is transferred pursuant to such lending or borrowing arrangement (for example, when a customer opens or closes a short sale). This exception does not apply when a transferor transfers a security under a lending or borrowing arrangement of the customer. This exception also does not apply when a transferor transfers a previously borrowed security to another account of the same customer (for example, to satisfy an existing short sale obligation). See paragraph (b)(4) of this section.

(v) Certain money market funds. A transferor of stock in a regulated investment company described in §1.6045–1(c)(3)(vi) is not required to furnish a transfer statement.

(2) Format of transfer statement. The transfer statement must be furnished in writing unless both the transferor and the receiving broker agree to a different format or method before the transfer. If a transfer occurs between accounts at the same or affiliated entities, a transfer statement is deemed to have been furnished and received if the required information, including any required adjustments, is incorporated into the records for the recipient account.

(3) Time for furnishing statement. A transferor must furnish a transfer statement within fifteen days after the date of settlement for the transfer.

(4) Applicable person effecting transfer. Applicable person means any transferor who is a person described in §1.6045–
1(a)(1), a person that acts as a custodian of securities in the ordinary course of a trade or business, an issuer of securities, a trustee or custodian of an individual retirement plan, or any agent of these persons. Applicable person does not include the beneficial owner of a security or any agent substituted for an undisclosed beneficial owner, any governmental unit or agency or instrumentality of a governmental unit holding escheated securities, or any organization that holds and transfers obligations among members of the organization as a service to its members.

(5) Broker receiving custody. Solely for purposes of this section, broker means any person described in §1.6045-1(a)(1), any person that acts as a custodian of securities in the ordinary course of a trade or business, any issuer of securities, and any agent of these persons. Broker does not include the beneficial owner of a security or any agent substituted for an undisclosed beneficial owner, any governmental unit or agency or instrumentality of a governmental unit holding escheated securities, or any organization that holds and transfers obligations among members of the organization as a service to its members.

(6) Other terms. For purposes of this section, the terms safe, specified security, covered security, noncovered security, and customer have the same meaning as in §1.6045–1(a)(9), (a)(14), (a)(15), (a)(36), and (b)(1).

(7) Examples. The following examples illustrate the rules of this paragraph (a). Unless otherwise stated, in each example the customer is not treated as an exempt recipient under §1.6045–1(c)(3)(i) or an exempt foreign person under §1.6045–1(c)(3)(ii). The examples are as follows:

Example 1. V, an entity treated as an exempt recipient under §1.6045–1(c)(3)(i), owns a security in an account with E, a broker. On February 1, 2012, V instructs E to transfer custody of the security to an account W maintains with F, another broker. Because E may act as an exempt recipient under §1.6045–1(c)(3)(i), under paragraph (a)(1)(iii) of this section, E is not required to furnish a transfer statement.

Example 2. W maintains an account with G, a custodial broker. On August 1, 2012, W instructs G to purchase a security. G places an order to purchase the security with H, a broker with which G has a clearing agreement. W does not maintain a direct account with H. H executes the purchase and has the security delivered to G. Under paragraph (a)(1)(ii)(B) of this section, H is not required to furnish a transfer statement because G received custody of the security and H purchased the security solely at the instruction of G.

Example 3. Assume the same facts as in Example 2 except that W later instructs G to sell the security. G places an order with H to sell the security. H executes the sale. G delivers the security to settle the sale. G is required to report the sale of the security under §1.6045–1. Therefore, under paragraph (a)(1)(ii)(A) of this section, G is not required to furnish a transfer statement.

Example 4. (i) X maintains an account with J, an introducing broker. J contracts with K, a clearing broker, to allow K to execute trades on J’s behalf under a clearing agreement. K uses L, a custodian of securities in the ordinary course of a trade or business, to hold custody of the securities of K’s customers. K maintains a separate disclosed account for X as a clearing broker with custody at L. On May 1, 2012, X instructs J to purchase a security for X as the beneficial owner. J instructs K to purchase the security. K effects the purchase and has the security delivered to L. (ii) K is a broker and therefore is an applicable person that is a transferor within the meaning of paragraph (a)(4) of this section. L acts as a custodian of securities in the ordinary course of a trade or business and therefore is a broker within the meaning of paragraph (a)(5) of this section. Because K effects the purchase of the security but does not receive custody of the security, under paragraphs (a)(1)(i) and (a)(1)(ii)(B) of this section, K must furnish a transfer statement to L.

Example 5. (i) Assume the same facts as in Example 4 except that X later instructs J to sell the security. J instructs K to sell the security. K sells the security. L transfers custody of the security to settle X’s sale in accordance with its custody arrangement with K by delivering the security to the purchasing broker. K deposits the sale proceeds in X’s account with K. K is required to report the sale of the security under §1.6045–1. (ii) L acts as a custodian of securities in the ordinary course of a trade or business and therefore is an applicable person that is a transferor within the meaning of paragraph (a)(4) of this section. Because L transfers custody of the security to the purchaser’s broker solely to effect the sale, under paragraphs (a)(1)(i) and (a)(1)(ii)(A) of this section, L must furnish a transfer statement to K. (iii) If the terms of their custody arrangement so provide, K may furnish the transfer
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Statement as L's agent and satisfy L's duty to furnish the transfer statement under paragraphs (a)(1)(i) and (a)(1)(ii)(A) of this section. Under paragraph (a)(2) of this section, O must satisfy this duty by maintaining the information required on the transfer statement, including all required adjustments, in its records for X's account.

Example 2. (i) Y, an investment advisor, wants to purchase shares of stock in C, a corporation, for several of Y's customers. Y establishes a delivery-on-payment account with M, a broker, and provides M a standing instruction to deliver stock purchased in the account to Y's account at N, a custodian of securities in the ordinary course of a trade or business. On November 1, 2012, Y enters into a cash-on-delivery transaction by instructing M to purchase shares of C stock. M executes the purchase and effects delivery of the C stock to N.

(ii) M is a broker and therefore is an applicable person that is a transferor within the meaning of paragraph (a)(4) of this section. N acts as a custodian of securities in the ordinary course of a trade or business and therefore is a broker within the meaning of paragraph (a)(5) of this section. Because M effects the purchase of the stock and N receives custody of the stock, under paragraphs (a)(1)(i) and (a)(1)(ii)(B) of this section, M must furnish a transfer statement to N.

Example 7. (i) Z owns shares of stock in C, a corporation, in an account with O, a broker. On February 1, 2013, Z instructs O to transfer the C stock to D so that ownership is held on the books of the issuer. C has an arrangement with D, a transfer agent, to keep records of ownership of the company's stock, how that stock is held, and how many shares each investor owns. O transfers the stock to D.

(ii) O is a broker and therefore is an applicable person that is a transferor within the meaning of paragraph (a)(4) of this section. D is an agent of C, the issuer of the stock, and therefore is a broker within the meaning of paragraph (a)(5) of this section. Because O transfers custody of the stock to D, under paragraph (a)(1)(i) of this section, O must furnish a transfer statement to D.

Example 8. Assume the same facts as in Example 7 except that Z later instructs D to transfer the stock to an account Z maintains with P, another broker. D transfers the stock to P. D is an agent of C, the issuer of the stock, and therefore is an applicable person that is a transferor within the meaning of paragraph (a)(4) of this section. Because P is a broker and D transfers custody of the stock to P, under paragraph (a)(1)(i) of this section, D must furnish a transfer statement to P.

(b) Information required—(1) In general. Each transfer statement must include the information described in this paragraph (b)(1).

(i) Statement date. The date the statement is furnished.

(ii) Applicable person effecting transfer. The name, address, and telephone number of the applicable person furnishing the statement.

(iii) Broker receiving custody. The name, address, and telephone number of the broker receiving custody of the security.

(iv) Customers. The name and account number of the customer or customers for the account from which the security is transferred and, if different, the name and account number of the customer or customers for the account to which the security is transferred.

(v) Security identifiers. The Committee on Uniform Security Identification Procedures (CUSIP) number of the security transferred (if applicable) or other security identifier number that the Secretary may designate by publication in the FEDERAL REGISTER or in the Internal Revenue Bulletin (see §601.601(d)(2) of this chapter), quantity of shares or units, and classification of the security (such as stock).

(vi) Transfer dates. The date the transfer was initiated and the settlement date of the transfer (if known when furnishing the statement).

(vii) Adjusted basis and acquisition date. The total adjusted basis of the security, the original acquisition date of the security, and, if applicable, the holding period adjustment required by section 1091. The transferor must determine this information as provided under §1.6045–1(d) including reporting the adjusted basis of the security in U.S. dollars. If the basis of the transferred security is determined using an average basis method (as described in §1.1012–1(e)), the transferor may report any securities acquired more than five years before the transfer on a single statement on which the original acquisition date is reported as “VARIOUS” if the other information reported on the statement applies to all of the securities.

(viii) Examples. The following examples illustrate the rules of this paragraph (b)(1):

Example 1. (i) In a single account with P, a broker. Q purchases three lots of 100 shares of stock each in C, a corporation, at different
(i) D is the agent of C, the issuer of the securities, and therefore is an applicable person within the meaning of paragraph (a)(4) of this section. Because S is a broker and D transfers custody of the stock to S, under paragraph (a)(1)(i) of this section, D must furnish a transfer statement to S.

(ii) Under paragraph (b)(1)(vii) of this section and §1.6045–1(d)(6)(ii)(A), D must report adjusted basis on the transfer statement based on the amount paid by R. Under paragraph (b)(1)(vii) of this section and §1.6045–1(d)(6)(ii)(A), D is permitted, but is not required, to increase the adjusted basis for the amount (if any) includible as wage income by R for R’s purchases of the stock.

(2) Format of identification. An applicable person furnishing a transfer statement and a broker receiving the transfer statement may agree to combine the information required in paragraph (b)(1) of this section in any format or to use a code in place of one or more required items. For example, a transferor and a receiving broker may agree to use a single code to represent the broker instead of the broker’s name, address, and telephone number, or may use a security symbol or other identification number or scheme instead of the security identifier required by paragraph (b)(1) of this section.

(3) Transfers of noncovered securities. The information described in paragraphs (b)(1)(vii), (b)(5), and (b)(6) of this section is not required for a transfer of a noncovered security if the transfer statement identifies the security as a noncovered security. A transferor that chooses to report nonrequired information is not subject to penalties under section 6722 for failure to report this information correctly if the transfer statement identifies the security as a noncovered security. A single transfer statement may report the transfer of multiple noncovered securities if the transfer statement clearly conveys, either specifically or generally, the information described in paragraph (b)(1)(v) of this section to identify each security. For purposes of this paragraph (b)(3), a transferor must treat a security for which a broker makes a single-account election described in §1.1012–1(e)(11)(i) as a covered security.

(4) Transfers of borrowed securities. The transfer statement must indicate that a transferred security is borrowed.
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If the transferor knows that the security is transferred pursuant to a lending or borrowing arrangement. The transfer statement must not report an adjusted basis if the transferor knows that the transferred security is lent or borrowed pursuant to a short sale. The receiving broker may be subject to special transfer reporting rules upon receipt of a borrowed security if the security is used to satisfy an existing short sale obligation. See § 1.6045–1(c)(3)(xi)(C).  

(5) Transfers pursuant to an inheritance—(i) In general. A transfer statement for a transfer of a security from a decedent or decedent’s estate must indicate that the security is inherited. The transfer statement must report the date of death as the original acquisition date and must report adjusted basis according to the instructions or valuations furnished by an authorized representative of the estate, including any required adjustments to basis for property acquired from a decedent. If a transferor has not received instructions or valuations from an authorized representative, the transferor must report basis as the fair market value of the security on the date of death. However, if the transferor neither knows nor can readily ascertain the fair market value of the security on the date of death at the time the transfer statement is prepared, the transferor must report the adjusted basis and original acquisition date of the security in the hands of the donor. However, if the transfer is between persons for whom gift-related basis adjustments are inapplicable or between accounts that share at least one common customer, the transferor must apply paragraph (b)(1) of this section as if the security were not a gift or deemed gift. 

(ii) Transfers of shares to satisfy a cash legacy. If a security is transferred from a decedent or a decedent’s estate to satisfy a cash legacy, paragraph (b)(1) of this section applies and paragraph (b)(5)(i) of this section does not apply. 

(iii) Subsequent transfers of inherited securities. A transfer statement must indicate that the transfer consists of an inherited security if a prior transfer statement reported the security as inherited. 

(6) Gift or deemed gift transfers—(i) In general. A transfer statement for a security transferred to a different owner (other than a transfer that the transferor knows is pursuant to a lending or borrowing arrangement or is from a decedent or decedent’s estate) must indicate that the security is a gift and must report the date of the gift (if known when furnishing the statement) and the fair market value of the gift on that date (if known or readily ascertainable at the time the transfer statement is prepared). The transfer statement must report the adjusted basis and original acquisition date of the security in the hands of the donor. However, if the transfer is between persons for whom gift-related basis adjustments are inapplicable or between accounts that share at least one common customer, the transferor must apply paragraph (b)(1) of this section as if the security were not a gift or deemed gift. 

(ii) Subsequent transfers of gifts by the same customer. If a transferor transfers a security to a different account of the same customer a security that a prior transfer statement reported as a gifted security, the transferor must include on the transfer statement the information described in paragraph (b)(6)(i) of this section for the date of the gift to the customer. If the prior transfer statement did not report a date for the gift, the transferor must treat the settlement date for the prior transfer as the date of the gift. 

(iii) Examples. The following examples illustrate the rules of this paragraph (b)(6): 

Example 1. X instructs S, a broker, to give to Y stock in a publicly traded company that X holds in an account with S. The stock is a covered security. On X’s instruction, S transfers custody of the stock to T, Y’s broker. The transfer settles on August 15, 2013. Under paragraph (b)(6)(i) of this section, S must provide a transfer statement to T that identifies the securities as gifted securities and indicates X’s adjusted basis and original acquisition date. If S knows the settlement date, the transfer statement must also indicate that the date of the gift was August 15, 2013, and, because S can readily ascertain the fair market value of the stock on August 15, 2013, the fair market value of the stock on that date. 

Example 2. Assume the same facts as in Example 1 except that, one year later, Y transfers the stock to an account in his name
with U, another broker. Under paragraph (b)(6)(i) of this section, T must provide a transfer statement to U that identifies the securities as gifted securities and indicates X’s adjusted basis and original acquisition date of the stock. The transfer statement must also indicate the date of the gift, August 15, 2013, and the fair market value of the stock on that date either by reporting the value that S reported to T or, because T can readily ascertain the fair market value of the stock on August 15, 2013, by determining the fair market value of the stock on that date.

(7) Specific identification of securities. Except as provided in §1.1012–1(e)(7)(ii), a transfer statement must report a transfer of less than the entire position in an account of a security that was acquired on different dates or at different prices consistently with a customer’s adequate and timely identification of the security to be transferred. See §1.1012–1(c). If the customer does not provide an adequate and timely identification for the transfer, a transferor must first report the transfer of any shares or units in the account for which the transferor does not know the acquisition or purchase date followed by the earliest shares or units purchased or acquired, whether covered securities or noncovered securities.

(8) Information from other parties and other accounts—(i) Transfer and issuer statements and transfers pursuant to an inheritance. When reporting a transfer of a covered security, a transferor must take into account all information, other than the classification of the security (such as stock), furnished on a transfer statement, all information furnished or deemed furnished on an issuer statement (as described in §1.6045B–1), and all instructions and valuations furnished by an authorized representative of the estate of a decedent, including any information the transferor has about securities held by the same customer in other accounts with the transferor. For purposes of penalties under section 6722, a transferor that takes into account information received from a customer or third party other than information furnished on a transfer statement or issuer statement or by an authorized representative of the estate of a decedent, including any information the transferor has about securities held by the same customer in other accounts with the transferor, is deemed to have relied upon this information in good faith if the transferor neither knows nor has reason to know that the information is incorrect. See §301.6724–1(c)(6) of this chapter.

(ii) Failure to receive a complete transfer statement. A receiving broker that has not received a complete transfer statement as required under paragraph (a)(3) of this section for the transfer must request a complete statement from the transferor unless, under paragraph (a) of this section, the transferor has no duty to furnish a transfer statement for the transfer. The receiving broker is only required to make this request once. If the receiving broker does not receive a complete transfer statement after requesting it, the receiving broker may treat the security as a noncovered security upon its subsequent sale or transfer. A transfer statement for a covered security is complete if, in the view of the receiving broker, it provides sufficient information to comply with §1.6045–1 when reporting the sale of the security. A transfer statement for a noncovered security is complete if it indicates that the security is a noncovered security.

(c) Reporting by other parties after a transfer—(1) In general. A transferor that has furnished a transfer statement must furnish a corrected statement for
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Returns relating to actions affecting basis of securities.

(a) In general—(1) Information required. An issuer of a specified security (within the meaning of §1.6045–1(a)(14)) that takes an organizational action that affects the basis of the security must file an issuer return setting forth the following information and any other information specified in the return form and instructions:

(i) Reporting issuer. The name and taxpayer identification number of the reporting issuer.

(ii) Security identifiers. The identifiers of each security involved in the organizational action including, as applicable, the Committee on Uniform Security Identification Procedures (CUSIP) number or other security identifier number that the Secretary may designate by publication in the Federal Register or in the Internal Revenue Bulletin (see §601.601(d)(2) of this chapter), classification of the security (such as stock), account number, serial number, and ticker symbol, as well as any descriptions about the class of security affected.

(iii) Contact at reporting issuer. The name, address, e-mail address, and telephone number of a contact person at the issuer.

(iv) Information about action. The type or nature of the organizational action including, as applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

(v) Effect of the action. The quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis, including a description of the calculation, the applicable Internal Revenue Code section and subsection upon which the tax treatment is based, the data supporting the calculation such as the market values of securities and valuation dates, any other information necessary to implement the adjustment including the reportable taxable year, and whether any resulting loss may be recognized.

(2) Time for filing the return—(i) In general. An issuer must file an issuer return with the IRS pursuant to the prescribed form and instructions on or before the 45th day following the organizational action, or, if earlier, January 15 of the year following the calendar year of the organizational action. For purposes of this paragraph (a)(2), a redemption occurs on the last day a holder may redeem a security. The issuer may file the return before the organizational action if the quantitative effect on basis is determinable beforehand.

(ii) Reasonable assumptions. To report the quantitative effect on basis by the due date in paragraph (a)(2)(i) of this section, an issuer may make reasonable assumptions about facts that cannot be determined before the due date. An issuer must file a corrected return within forty-five days of determining facts that result in a different quantitative effect on basis from what the issuer previously reported. However, for purposes of this paragraph (a)(2)(ii), an issuer must treat a payment that may be a dividend consistently with its treatment of the payment under section 6042(b)(3) and §1.6042–3(c).

(3) Exception for public reporting. An issuer is not required to file a return within fifteen days of receiving a transfer statement, an issuer statement (as described in §1.6045B–1), or instructions or valuations from an authorized representative of an estate, that provides information under paragraph (b) of this section that was not reported on the initial transfer statement.

(2) Exception. A transferor is not required to furnish a corrected transfer statement for a covered security under this paragraph (c) if the transferor receives the transfer statement or issuer statement or receives the instructions or valuations from an authorized representative of an estate more than eighteen months after the transferor furnished the transfer statement.

(d) Effective/applicability dates. This section applies to transfers on or after January 1, 2011, of specified securities other than stock in a regulated investment company within the meaning of §1.1012–1(e)(5) and to transfers on or after January 1, 2012, of stock in a regulated investment company.

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