§ 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 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

B, whom P hired to provide P with legal services relating to the closing.

(ii) P, not L, is the payor of the payment to A under paragraph (d)(3) of this section. P, however, is not required to file an information return with respect to A under paragraph (a)(1) of this section because the payment was not made in the course of P’s trade or business. Events after P made the payment in the course of P’s trade or business, P would not be required to file an information return under section 6045(f) with respect to A because P is excepted under paragraph (c)(6) of this section.

(iii) A is not required to file an information return under paragraph (a)(1) of this section with respect to the payment to B because P is not the payor as that term is defined under paragraph (d)(3) of this section. A is not required to file an information return under paragraph (b)(2) with respect to the payment to B because A was listed as sole payee on the check it received from P. See section 6041 and §1.6041–1(e) for whether A or L must file information returns under that section. See section 6045(e) and §1.6045–4 for whether A is required to file an information return under that section.

Example 8. Business mortgage lending transaction. The facts are the same as in Example 7 except that P buys real property that P will use in a trade or business. P, not L, is the payor of the payment to A under paragraph (d)(3) of this section. P, however, is not required to file an information return under section 6045(f) with respect to A because P is excepted under paragraph (c)(6) of this section. A is not required to file an information return under paragraphs (a)(1) through (v) of this section) that transfers custody of a 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 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 sale, specified security, covered security, noncovered security, and customer have the same meaning as in §1.6045–1(a)(9), (a)(14), (a)(15), (a)(16), and (h)(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(g)(1)(i). 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 V maintains with F, another broker. Because E may treat V as an exempt recipient under §1.6045–1(c)(3)(i), under paragraph (a)(1)(iii) of
Example 2. W maintains an account with G, a custodial broker. On August 1, 2012, W instructs G to sell a stock in C, an order to purchase the stock 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. X 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 provide, K may furnish the transfer 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, K may satisfy this duty by maintaining the information required on the transfer statement, including all required adjustments, in its records for X’s account.

Example 6. (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 C 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)(4) 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 and account 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 prices on April 2, 2012, July 2, 2012, and October 2, 2012. Q instructs P to enroll the 300 shares of the C stock in P’s dividend reinvestment plan and to average the basis of the shares of the C stock. All of the C stock purchased by P has the same CUSIP number. On September 13, 2013, less than five years after the acquisition dates for all three lots, Q transfers all 300 shares of the C stock to an account with another broker.

(ii) Under paragraph (a)(1)(i) of this section, P must furnish three transfer statements. Under paragraph (b)(1) of this section, one statement must report the transfer of 100 shares with an original acquisition date of April 2, 2012, one statement must report the transfer of 100 shares with an original acquisition date of July 2, 2012, and one statement must report the transfer of 100 shares with an original acquisition date of October 2, 2012.

Example 2. Assume the same facts as in Example 1 except that Q transfers the shares to a customer or customers for the account to which the security is transferred.

Example 3. (i) Assume the same facts as in Example 1 except that, on June 15, 2012, Q sells the 100 shares purchased on April 2, 2012, at a loss.

(ii) Under paragraph (a)(1)(i) of this section, P must furnish two transfer statements. Under paragraph (b)(1)(vii) of this section and §1.6045–1(d)(8)(iii) and (d)(7)(ii), P must determine the average basis for the 200 transferred shares and the date for computing whether any gain or loss with respect to the stock purchased on July 2, 2012, is long-term or short-term by applying the rules for broker reporting of wash sales to the stock purchased on July 2, 2012. Therefore, on both transfer statements, P must increase the average basis of the stock by the amount of loss disallowed under section 1091 on the sale of the 100 shares purchased on April 2, 2012. On the transfer statement reporting the transfer of the 100 shares purchased on July 2, 2012, P must adjust the holding period of the July 2, 2012, shares in accordance with section 1091.

Example 4. (i) R, an employee of C, a corporation, participates in C’s employee stock purchase program that satisfies the requirements of section 422. D administers the plan. R purchases stock in the plan at a 15 percent discount to the fair market value of the stock determined on the date of purchase. R purchases stock through the plan during 2012.
Internal Revenue Service, Treasury

§ 1.6045A–1

(4) Transfers of borrowed securities. The transfer statement must indicate that a transferred security is borrowed 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 indicate that the transfer consists of an inherited security but may otherwise report the security as if it were a noncovered security. If the transferor cannot identify which securities in a joint account have been transferred from the decedent, the transferor must treat each security in the account as if it were a noncovered security but must not indicate that any security is an inherited security.

(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
§ 1.6045A–1

26 CFR Ch. I (4–1–13 Edition)

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 of the stock. If S knows the settlement date, 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.

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)(ii) of this section, U must provide a transfer statement to T 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, unless the statement or instructions are incomplete or the broker has actual knowledge that they are incorrect. A transferor may treat a customer as a minority shareholder when taking the information on an issuer statement into account unless the transferor knows that the customer is a majority shareholder and the issuer statement reports the action’s effect on the basis of majority shareholders.
Any failure to report correct information that arises solely from reliance on information furnished on a transfer statement or issuer statement or by an authorized representative of the estate is deemed to be due to reasonable cause for purposes of penalties under section 6722. See § 301.6724–1(a)(1) of this chapter.

(ii) Other information. A transferor is permitted, but not required, to take into account information about a covered security other than what is 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. 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 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.

(9) 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. 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 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.

(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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