

109TH CONGRESS  
2D SESSION

# S. 2414

To amend the Internal Revenue Code of 1986 to require broker reporting of customer's basis in securities transactions, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 14, 2006

Mr. BAYH (for himself, Mr. OBAMA, Mr. CARPER, and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to require broker reporting of customer's basis in securities transactions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Simplification Through  
5 Additional Reporting Tax Act of 2006”.

6 **SEC. 2. BROKER REPORTING OF CUSTOMER'S BASIS IN SE-**  
7 **CURITIES TRANSACTIONS.**

8 (a) IN GENERAL.—Section 6045 of the Internal Rev-  
9 enue Code of 1986 (relating to returns of brokers) is

1 amended by adding at the end the following new sub-  
2 section:

3 “(g) ADDITIONAL INFORMATION REQUIRED IN THE  
4 CASE OF SECURITIES TRANSACTIONS.—

5 “(1) IN GENERAL.—If a broker is otherwise re-  
6 quired to make a return under subsection (a) with  
7 respect to any applicable security, the broker shall  
8 include in such return the information described in  
9 paragraph (2).

10 “(2) ADDITIONAL INFORMATION REQUIRED.—

11 “(A) IN GENERAL.—The information re-  
12 quired under paragraph (1) to be shown on a  
13 return with respect to an applicable security of  
14 a customer shall include for each reported ap-  
15 plicable security the customer’s adjusted basis  
16 in such security.

17 “(B) EXEMPTION FROM REQUIREMENT.—

18 The Secretary shall issue such regulations or  
19 guidance as necessary concerning the applica-  
20 tion of the requirement under subparagraph (A)  
21 in cases in which a broker in making a return  
22 does not have sufficient information to meet  
23 such requirement with respect to the reported  
24 applicable security. Such regulations or guid-  
25 ance may—

1 “(i) require such other information re-  
2 lated to such adjusted basis as the Sec-  
3 retary may prescribe, and

4 “(ii) exempt classes of cases in which  
5 the broker does not have sufficient infor-  
6 mation to meet either the requirement  
7 under subparagraph (A) or the require-  
8 ment under clause (i).

9 “(3) INFORMATION TRANSFERS.—To the extent  
10 provided in regulations, there shall be such ex-  
11 changes of information between brokers as such reg-  
12 ulations may require for purposes of enabling such  
13 brokers to meet the requirements of this subsection.

14 “(4) DEFINITIONS.—For purposes of this sub-  
15 section, the term ‘applicable security’ means any—

16 “(A) security described in subparagraph  
17 (A) or (C) of section 475(c)(2),

18 “(B) interest in a regulated investment  
19 company (as defined in section 851), or

20 “(C) other financial instrument designated  
21 in regulations prescribed by the Secretary.”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to returns the due date for which  
24 (determined without regard to extensions) is after Decem-

ber 31, 2008, with respect to securities acquired after De-  
cember 31, 2007.

