

110TH CONGRESS
1ST SESSION

S. 601

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2007

Mr. BAYH (for himself, Mr. COBURN, Mr. OBAMA, Mr. LEVIN, Mr. KERRY, Mr. CARPER, Mr. DURBIN, Mrs. FEINSTEIN, Mr. SCHUMER, Ms. KLOBUCHAR, Mr. LIEBERMAN, Mr. BIDEN, Mr. BROWN, Ms. STABENOW, Mrs. CLINTON, Mr. LEAHY, and Mr. KENNEDY) introduced the following bill; which was read twice and referred to the Committee on Finance

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 2007”.

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

3 (a) IN GENERAL.—Section 6045 of the Internal Rev-
 4 enue Code of 1986 (relating to returns of brokers) is
 5 amended by adding at the end the following new sub-
 6 section:

7 “(g) ADDITIONAL INFORMATION REQUIRED IN THE
 8 CASE OF SECURITIES TRANSACTIONS.—

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

14 “(2) ADDITIONAL INFORMATION REQUIRED.—

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

21 “(B) EXEMPTION FROM REQUIREMENT.—

22 The Secretary shall issue such regulations or
 23 guidance as necessary concerning the applica-
 24 tion of the requirement under subparagraph (A)
 25 in cases in which a broker in making a return
 26 does not have sufficient information to meet

1 such requirement with respect to the reported
 2 applicable security. Such regulations or guid-
 3 ance may—

4 “(i) require such other information re-
 5 lated to such adjusted basis as the Sec-
 6 retary may prescribe, and

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

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

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

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

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

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

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to returns the due date for which
3 (determined without regard to extensions) is after Decem-
4 ber 31, 2009, with respect to securities acquired after De-
5 cember 31, 2008.

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