

# Understanding your 2021 Forms 1099 and details

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This guide includes general information about the tax forms that may be included in the Consolidated Form 1099 that you may receive as a holder of an E\*TRADE account. The guide is designed to help clarify the information reported on Forms 1099-B, 1099-DIV, 1099-INT, 1099-MISC, and 1099-OID.

E\*TRADE does not offer tax advice, and this information should not be construed as tax, financial, or legal advice. This information should be reviewed together with the official IRS forms, instructions, and publications.

## New for 2021

As a result of the merger with Morgan Stanley, you may notice some changes on your tax forms. For instance, the issuer name will be Morgan Stanley Domestic Holdings, E\*TRADE Securities LLC instead of E\*TRADE Securities LLC. Moreover, the removal of securities identified by a customer as “worthless” is not reported on Form 1099-B. For more information about worthless security tax reporting, consult a tax advisor or visit [www.irs.gov](http://www.irs.gov).

Remember, if you have accounts at both E\*TRADE and Morgan Stanley, you’ll still receive separate tax forms for each account. Your E\*TRADE forms will be available in the Tax Center.

## Frequently asked questions

For more frequently asked questions, go to [etrade.com/tax](http://etrade.com/tax).

### What is the Forms 1099 and details and why did I receive one?

Your Forms 1099 and details reports the year’s investment activity from your brokerage account, including gains or losses and dividends or income received. It consists of several parts that report different types of transactions and activity.

**Form 1099-B** reports the proceeds from broker and barter exchange transactions, and is issued if there are sales or redemptions of \$0.01 or more, cash in lieu of \$20 or more, or federal withholding tax associated with brokerage or stock plan transactions.

**Form 1099-DIV** is used to report dividends, capital gains, and other distributions (and cancellation of debt) of \$10 or more (\$600 or more for liquidation distributions), or if federal withholding taxes applied to the dividends.

**Form 1099-INT** reports interest income and is issued if there is interest income (including tax-exempt interest) of \$10 or more or if federal withholding taxes applied to the interest.

**Form 1099-MISC** reports income from royalties, other income, and substitute payments in lieu of dividends or interest, and is issued if you’ve received one of these types of income.

**Form 1099-OID** reports original issue discount income, and is issued if there is original issue discount income of \$10 or more or if federal withholding taxes applied to the OID.

### What is the difference between a covered security and a non-covered security on my Form 1099-B?

Internal Revenue Service (IRS) cost basis regulations require us to report cost basis information for certain (covered) types of securities acquired on or after a specific date. We’re not required to report cost basis for non-covered securities or covered securities if they were acquired before the effective reporting date.

The following table shows securities by type, whether they are covered or non-covered, and the effective reporting date.

Security	Covered/non-covered	Date covered
Equities	Covered	January 1, 2011
Mutual funds and exchange-traded funds (ETFs)	Covered	January 1, 2012
Options and other fixed income securities	Covered	January 1, 2014
Complex debt instruments	Covered	January 1, 2016
Master limited partnerships (MLPs)	Non-covered	N/A
Commodities	Non-covered	N/A
Widely held fixed income trusts (WHFITs)	Non-covered	N/A

Your Form 1099-B is separated into two categories: covered securities and non-covered securities. The covered securities section reports gross proceeds from your covered securities transactions and also cost basis information. This information **will be reported** to the IRS.

The non-covered securities section reports gross proceeds for your non-covered securities transactions and may include cost basis information for informational purposes only. The gross proceeds information **will be reported** to the IRS, but the cost basis information **will not be reported** to the IRS. For non-covered securities, you are responsible for determining the cost basis when filing your tax return.

The non-covered securities section of Form 1099-B may also include securities with no cost or other basis and/or a missing acquisition date. These may be non-covered securities (see table above) or assets that were transferred to E\*TRADE without cost basis or acquisition information from the sending firm.

### How do I know if I will receive an amended Form 1099?

If you hold a mutual fund, ETF, real estate investment trust (REIT), WHFIT, or regulated investment company (RIC), you may receive one or more amended Forms 1099. This happens because those types of securities may reclassify payments made in 2020 or 2021. For example, a 2021 payment that was identified as an ordinary dividend may be reclassified in 2022 as a capital gain or nontaxable return of capital, prompting an amended Form 1099.

After initial Forms 1099 are generated, amended forms are typically delivered every two weeks starting in March. Later in the year, amended forms will be produced once a month, as required. If you signed up for electronic document delivery and will receive an amended tax form, we will notify you promptly by email.

For more information, visit the Tax Center at [etrade.com/tax](http://etrade.com/tax). There you’ll find:

- Electronic copies of your tax documents
- Frequently asked questions about tax forms, tax reporting, and cost basis
- Access to our Resources and support, which provides information to help you navigate your tax forms, gains and losses, and other cost basis rules

### Important notice for stock plan participants:

- As you prepare your tax return, you may be eligible to adjust the cost basis of the stock plan securities that you sold to include any ordinary income amounts you recognized for the securities.
- Visit [etrade.com/tax](http://etrade.com/tax) to download the Stock Plan Transactions Supplement document alongside your Form 1099. The supplement contains additional information about your stock plan transactions, including potential cost basis adjustments that are not reported on your Form 1099-B. You can also find educational guides that provide in depth information about tax reporting for different types of stock plan benefits.
- Visit [etrade.com/spgainloss](http://etrade.com/spgainloss) to view your current cost basis information and see the tax effects of potential cost basis adjustments.
- Visit [etrade.com/stockplantax](http://etrade.com/stockplantax) to access in-depth information about tax reporting for different types of stock plan benefits.



# Form 1099-DIV

Additional information about Form 1099-DIV may be included in your 2021 Forms 1099 and details. For further information, see the detailed reporting instructions for the form.

2021 FORM 1099-DIV		OMB NO. 1545-0110
IRS Box	DIVIDENDS AND DISTRIBUTIONS	Amount
A	1a. Total ordinary dividends (includes Box 1b)	\$999,999,999.99
A	1b. Qualified dividends	\$999,999,999.99
B	2a. Total capital gain distributions (includes Boxes 2b, 2c, 2d)	\$999,999,999.99
	2b. Unrecaptured section 1250 gain	\$999,999,999.99
	2c. Section 1202 gain	\$999,999,999.99
	2d. Collectibles (28%) gain	\$999,999,999.99
B	2e. Section 897 ordinary dividends	\$999,999,999.99
B	2f. Section 897 capital gains	\$999,999,999.99
C	3. Nondividend distributions	\$999,999,999.99
D	4. Federal income tax withheld	(\$999,999,999.99)
D	5. Section 199A dividends	\$999,999,999.99
D	6. Investment expenses	\$999,999,999.99
E	7. Foreign tax paid	(\$999,999,999.99)
E	8. Foreign country or U.S. possession	Various
F	9. Cash liquidation distributions	\$999,999,999.99
F	10. Noncash liquidation distributions	\$999,999,999.99
F	11. Exempt-interest dividends (includes Box 11)	\$999,999,999.99

Form 1099-DIV includes all taxable dividends and capital gain distributions from stocks, ETFs, and mutual funds. Form 1099-DIV does *not* report substitute payments received in lieu of a dividend. Substitute payments are reported on Form 1099-MISC. All payouts may be reported on your federal income tax return, even if they were reinvested.

## Sample image of IRS Form 1040, Schedule B

<b>Part II</b>	5	List name of payer ▶	
<b>Ordinary Dividends</b>			
(See instructions and the instructions for Forms 1040 and 1040-SR, line 3b.)			
			5

## Sample image of IRS Form 1040, Schedule D

13	Capital gain distributions. See the instructions	13
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### A. Ordinary and qualified dividends

**Box 1a: Total ordinary dividends.** This box includes the total amount of both ordinary and qualified dividends received from all investments. Short-term capital gain distributions from pooled investments, including mutual funds, ETFs, REITs, WHFITs, or other RICs, are reported as ordinary dividends in box 1a. You may be required to report ordinary dividends on Form 1040 and Schedule B. (See the General Instructions for Schedule B to determine if you are required to file that form.)

**Box 1b: Qualified dividends.** Before claiming the amount of dividends reported in box 1b as qualified, you must confirm that you have satisfied the applicable holding period for the underlying security. For details see "Dividends and Other Distributions" in IRS Publication 550: Investment Income and Expenses.

### B. Capital gain distributions

**Box 2a: Total capital gain distributions.** This includes the amount of long-term capital gain distributions (held for more than one year) from mutual funds, ETFs, REITs, WHFITs, or other RICs. Depending on your situation, you may have to report amounts on Form 1040 and/or Schedule D. Amounts for payouts listed in boxes 2b, 2c, and 2d are also totaled in box 2a. For more information about the amounts reported in these boxes, refer to IRS Publication 550: Investment Income and Expenses.

**Boxes 2e and 2f: For non-US individuals,** these boxes report amounts that are section 897 gain from the disposition of "United States real property interests" (USRPI). Amounts includible in Box 1a are reported in Box 2e and amounts reportable in Box 2a are reported in Box 2f.

### C. Non-dividend distributions (return of capital)

**Box 3: Non-dividend distributions.** This is a portion of a distribution that is nontaxable because it is a return of all or a portion of your investment. For more information, see "Dividends and Other Distributions" in IRS Publication 550: Investment Income and Expenses.

### D. Investment expenses

**Box 4: Federal income tax withheld.** This box includes federal income taxes withheld from dividend income.

**Box 5: Section 199A dividends.** This box shows dividends eligible for the 20% qualified business income deduction under Section 199A. See the instructions for Form 1040.

**Box 6: Investment expenses.** This box shows your share of expenses from certain regulated investment companies, such as non-publicly traded mutual funds, REITs, and other non-publicly traded investment companies. This line does *not* report trading commissions, fees, or margin interest. See "Investment Expenses" in IRS Publication 550: Investment Income and Expenses.

### E. Foreign tax paid

**Box 7: Foreign tax paid.** This box shows the foreign tax that was deducted from your payment(s). For more information, refer to IRS Publication 514: Foreign Tax Credit for Individuals.

**Box 8: Foreign country or US possession.** This box is generally left blank if an RIC reported the foreign tax shown in box 7.

### F. Liquidation distributions

**Boxes 9 and 10: Cash liquidation distributions and noncash liquidation distributions.** Liquidation distributions are payouts you receive during a partial or complete liquidation of a corporation. For more information, see "Liquidating Distributions" in IRS Publication 550: Investment Income and Expenses.

**Box 11: Exempt-interest dividends.** This box shows the total amount of tax exempt-interest dividends from a mutual fund or other RIC. It includes exempt-interest dividends that are subject to the alternative minimum tax. For more information, see "Other Distributions" in IRS Publication 550: Investment Income and Expenses.



# Form 1099-OID

Additional information about Form 1099-OID may be included in your 2021 Forms 1099 and details. For further information, see the detailed reporting instructions for the form.

**2021 FORM 1099-OID: ORIGINAL ISSUE DISCOUNT** OMB NO. 1545-0117

The 1099-OID data referenced by a Box Number is reported to the IRS. The additional information not referenced by a Box number is not reported to the IRS, but may be helpful to complete your return.

**FEDERAL / STATE TAXES WITHHELD**

Security Description	CUSIP (Box 7)	Federal Income Tax Withheld (Box 4)	State (Box 12)	State ID No (Box 13)	State Tax Withheld (Box 14)	Additional Information
SAMPLE 1	123456789	999,999,999.99	CA	1234567890	999,999,999.99	
<b>1 ITEM - TOTAL</b>		<b>\$999,999,999.99</b>			<b>\$999,999,999.99</b>	

**ORIGINAL ISSUE DISCOUNT AND INVESTMENT EXPENSES**

Security Description	CUSIP (Box 7)	Original Issue Discount for 2020* (Box 1)	Other Periodic Interest (Box 2)	Original Issue Discount on U.S. Treasury Obligations (Box 8)	Investment Expenses (Box 9)	Tax-Exempt OID (Box 11)	Tax-Exempt OID <sup>H</sup>	Additional Information
SAMPLE 1	987654321	0.00	0.00	0.00	0.00	9,999,999.00	9,999,999.00	
SAMPLE 2	012345678	0.00	9,999,999.00	9,999,999.00	9,999,999.00	0.00	0.00	
<b>1 ITEMS - Other than U.S. Treasury</b>		<b>\$999,999.99</b>	<b>\$999,999.99</b>	<b>\$999,999.99</b>	<b>\$999,999.99</b>	<b>\$999,999.99</b>	<b>\$999,999.99</b>	
<b>1 ITEMS - U.S. Treasury obligations</b>		<b>\$999,999.99</b>	<b>\$999,999.99</b>	<b>\$999,999.99</b>	<b>\$999,999.99</b>	<b>\$999,999.99</b>	<b>\$999,999.99</b>	

**2021 FORM 1099-OID: ORIGINAL ISSUE DISCOUNT, CONTINUED** OMB NO. 1545-0117

The 1099-OID data referenced by a Box Number is reported to the IRS. The additional information not referenced by a Box number is not reported to the IRS, but may be helpful to complete your return.

**AMORTIZATIONS AND ADJUSTMENTS**

Security Description	CUSIP (Box 7)	Market Discount (Box 5)	Acquisition Premium (Box 6)	Bond Premium (Box 10)	Market Discount <sup>H</sup>	Acquisition Premium <sup>H</sup>	Bond Premium <sup>H</sup>	Additional Information
SAMPLE 1	987654321	9,999,999.00	9,999,999.00	9,999,999.00	9,999,999.00	9,999,999.00	9,999,999.00	T
SAMPLE 2	123456789	0.00	0.00	0.00	9,999,999.00	9,999,999.00	9,999,999.00	E
SAMPLE 3	123456789	9,999,999.00	9,999,999.00	9,999,999.00	0.00	0.00	0.00	AMT
SAMPLE 4	987654321	9,999,999.00	9,999,999.00	9,999,999.00	0.00	0.00	0.00	
<b>4 ITEMS - TOTALS</b>		<b>\$99,9999.99.99</b>	<b>\$99,9999.99.99</b>	<b>\$99,9999.99.99</b>	<b>\$99,9999.99.99</b>	<b>\$99,9999.99.99</b>	<b>\$99,9999.99.99</b>	

2a Tax-exempt interest . . . . .	2a		b Taxable interest . . . . .	2b	
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**Sample image of IRS Form 1040, Schedule B**

Part I Interest	1	Amount
(See instructions and the instructions for Forms 1040 and 1040-SR, line 2b.)  <b>Note:</b> If you received a Form	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ►	
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**Box 1: Original issue discount for 2021.**

Original issue discount (OID) is the excess of an obligation's stated redemption price at maturity over its issue price. This box includes the OID on a taxable obligation for the part of the year that you owned the obligation. There may, however, be factors such as obligation type, acquisition date, issue date, or acquisition price that may affect the amount of OID that is reportable. For details about how to determine the reportable OID amount, see IRS Publication 1212: Guide to Original Issue Discount (OID) Instruments.

**Box 2: Other periodic interest.**

This box shows the stated interest on the obligation for the year, which is separate from the OID amount in box 1.

**Box 5: Market discount.**

This applies to covered obligations with OID that were purchased for less than their stated redemption price. Market discount is the difference between the obligation's redemption price and the purchase price that must be included in income for the tax year. Market discount is calculated on a constant yield basis unless written notification was provided to waive this method of reporting.

**Box 6: Acquisition premium.**

This applies to covered obligations purchased for more than their stated redemption price. Acquisition premium is the difference between the obligation's redemption price and the purchase price that is allocable to interest income for the tax year. Acquisition premium is calculated using a straight-line method unless written notification was provided to waive this method of reporting. For information about reporting acquisition premium, see the instructions for Form 1040 (Schedule B).

**Box 7: Security description and CUSIP.**

This box shows the security name and CUSIP number for the security.

**Box 8: Original issue discount on US Treasury obligations.**

This box shows the OID on a US Treasury obligation for the part of the year that you owned it. There may, however, be factors such as obligation type, acquisition date, issue date, or acquisition price that may affect the amount of OID that is reportable. For details about how to determine the reportable OID amount, see IRS Publication 1212: Guide to Original Issue Discount (OID) Instruments.

**Box 9: Investment expenses.**

This box shows your share of expenses from certain regulated investment companies, such as non-publicly traded mutual funds, REITS, and other non-publicly traded investment companies. This box does *not* report trading commissions or margin interest. See "Investment Expenses" in IRS Publication 550: Investment Income and Expenses.

**Box 10: Bond premium.**

This applies to covered bonds purchased for more than their stated redemption price. Bond premium is the difference between the obligation's redemption price and the purchase price that is allocable to interest income for the tax year. Bond premium is calculated using a straight-line method unless written notification was provided to waive this method of reporting. For information about reporting bond premium, see the instructions for Form 1040 (Schedule B).

**Box 11: Tax-exempt OID.**

This box shows the OID on covered tax-exempt obligations for the part of the year that you owned them. For details about tax-exempt OID, see IRS Publication 1212: Guide to Original Issue Discount (OID) Instruments.



**E\*TRADE Securities LLC and its affiliates do not provide tax advice, and you should always consult your own tax advisor regarding your personal circumstances before taking any action that may have tax consequences.**

The forms and statements shown are for illustrative purposes only.

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