

1 **SEC. \_\_\_\_ . BROKER REPORTING OF CUSTOMER'S BASIS IN**  
2 **SECURITIES TRANSACTIONS.**

3 (a) IN GENERAL.—

4 (1) BROKER REPORTING FOR SECURITIES  
5 TRANSACTIONS.—Section 6045 of the Internal Rev-  
6 enue Code of 1986 (relating to returns of brokers)  
7 is amended by adding at the end the following new  
8 subsection:

9 “(g) ADDITIONAL INFORMATION REQUIRED IN THE  
10 CASE OF SECURITIES TRANSACTIONS.—

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

16 “(2) ADDITIONAL INFORMATION REQUIRED.—  
17 The information required under paragraph (1) to be  
18 shown on a return with respect to an applicable se-  
19 curity of a customer shall include for each reported  
20 applicable security the customer's adjusted basis in  
21 such security and such information as necessary to  
22 determine the customer's holding period with respect  
23 to such security.

1           “(3) APPLICABLE SECURITY.—For purposes of  
2 this subsection, the term ‘applicable security’  
3 means—

4           “(A) any security described in section  
5 475(c)(2) (determined without regard to the  
6 last sentence thereof) for which market  
7 quotations are readily available on an estab-  
8 lished securities market (within the meaning of  
9 section 7704) on the date of the acquisition of  
10 such security,

11           “(B) any interest in a regulated invest-  
12 ment company (as defined in section 851),

13           “(C) any interest in a real estate invest-  
14 ment trust (as defined in section 856) which is  
15 subject to registration with the Securities and  
16 Exchange Commission, or

17           “(D) any other financial instrument des-  
18 igned in regulations prescribed by the Sec-  
19 retary.”.

20           (2) BROKER INFORMATION REQUIRED WITH RE-  
21 SPECT TO CORPORATIONS AND PUBLICLY TRADED  
22 OPTIONS.—Section 6045 of such Code, as amended  
23 by paragraph (1), is amended by adding at the end  
24 the following new subsection:

1       “(h) APPLICATION TO CORPORATIONS AND PUB-  
2 LICLY TRADED OPTIONS.—Notwithstanding any regula-  
3 tion prescribed by the Secretary before the date of the en-  
4 actment of this subsection, this section shall apply to—

5               “(1) customers which are corporations, but only  
6 with respect to gross proceeds from any applicable  
7 security (as defined in subsection (g)(3)), and

8               “(2) any option which is a security described in  
9 subsection (g)(3)(A).”.

10       (b) INFORMATION BY TRANSFERORS TO AID BRO-  
11 KERS.—

12               (1) IN GENERAL.—Subpart B of part III of  
13 subchapter A of chapter 61 of the Internal Revenue  
14 Code of 1986 is amended by inserting after section  
15 6045 the following new section:

16       **“SEC. 6045A. INFORMATION REQUIRED IN CONNECTION**  
17                       **WITH TRANSFERS OF APPLICABLE SECURI-**  
18                       **TIES TO BROKERS.**

19       “(a) FURNISHING OF INFORMATION.—Every applica-  
20 ble person which transfers to a broker (as defined in sec-  
21 tion 6045(c)(1)) an applicable security (as defined in sec-  
22 tion 6045(g)(3)) shall furnish to such broker a written  
23 statement in such manner and setting forth such informa-  
24 tion as the Secretary may by regulations prescribe for pur-

1 poses of enabling such broker to meet the requirements  
2 of section 6045(g).

3 “(b) **APPLICABLE PERSON.**—For purposes of sub-  
4 section (a), the term ‘applicable person’ means—

5 “(1) any broker (as defined in section  
6 6045(c)(1)), and

7 “(2) any other person as provided by the Sec-  
8 retary in regulations.

9 “(c) **TIME FOR FURNISHING STATEMENT.**—Any  
10 statement required by subsection (a) shall be furnished  
11 not later than the earlier of—

12 “(1) 45 days after the date of the transfer de-  
13 scribed in subsection (a), or

14 “(2) January 15 of the year following the cal-  
15 endar year during which such transfer occurred.”.

16 (2) **ASSESSABLE PENALTIES.**—Paragraph (2)  
17 of section 6724(d) of such Code (defining payee  
18 statement) is amended by redesignating subpara-  
19 graphs (I) through (CC) as subparagraphs (J)  
20 through (DD), respectively, and by inserting after  
21 subparagraph (H) the following new subparagraph:

22 “(I) section 6045A (relating to information  
23 required in connection with transfers of applica-  
24 ble securities to brokers).”.

1                   (3) CLERICAL AMENDMENT.—The table of sec-  
2 tions for subpart B of part III of subchapter A of  
3 chapter 61 of such Code is amended by inserting  
4 after the item relating to section 6045 the following  
5 new item:

“Sec. 6045A. Information required in connection with transfers of applicable  
securities to brokers.”.

6                   (c) ADDITIONAL ISSUER INFORMATION TO AID BRO-  
7 KERS.—

8                   (1) IN GENERAL.—Subpart B of part III of  
9 subchapter A of chapter 61 of the Internal Revenue  
10 Code of 1986, as amended by subsection (b), is  
11 amended by inserting after section 6045A the fol-  
12 lowing new section:

13 **“SEC. 6045B. RETURNS RELATING TO ACTIONS AFFECTING**  
14 **BASIS OF APPLICABLE SECURITIES.**

15                   “(a) IN GENERAL.—According to the forms or regu-  
16 lations prescribed by the Secretary, any issuer of an appli-  
17 cable security shall make a return setting forth—

18                           “(1) a description of any organizational action  
19 which affects the basis of such applicable security of  
20 such issuer,

21                           “(2) the quantitative effect on the basis of such  
22 applicable security resulting from such action, and

23                           “(3) such other information as the Secretary  
24 may prescribe.

1       “(b) **TIME FOR FILING RETURN.**—Any return re-  
2       quired by subsection (a) shall be filed not later than the  
3       earlier of—

4               “(1) 45 days after the date of the action de-  
5       scribed in subsection (a), or

6               “(2) January 15 of the year following the cal-  
7       endar year during which such action occurred.

8       “(c) **APPLICABLE SECURITY.**—For purposes of this  
9       section, the term ‘applicable security’ has the meaning  
10      given to such term by section 6045(g)(3).

11      “(d) **NOMINEES.**—According to the forms or regula-  
12      tions prescribed by the Secretary—

13              “(1) **REPORTING.**—Any person who holds an  
14      applicable security as a nominee for another person  
15      shall furnish in the manner prescribed by the Sec-  
16      retary to such other person the information provided  
17      by the issuer under subsection (e).

18              “(2) **REPORTING TO NOMINEES.**—In the case of  
19      an applicable security held by any person as a nomi-  
20      nee, references in this section to a holder of an ap-  
21      plicable security shall be treated as a reference to  
22      the nominee.

23      “(e) **STATEMENTS TO BE FURNISHED TO HOLDERS**  
24      **OF APPLICABLE SECURITIES.**—According to the forms or  
25      regulations prescribed by the Secretary, every person re-

1 required to make a return under subsection (a) shall furnish  
2 to each holder of an applicable security whose name is re-  
3 quired to be set forth in such return a written statement  
4 showing—

5           “(1) the name, address, and phone number of  
6           the information contact of the person required to  
7           make such return,

8           “(2) the information required to be shown on  
9           such return with respect to such holder, and

10           “(3) such other information as the Secretary  
11           may prescribe.

12 The written statement required under the preceding sen-  
13 tence shall be furnished to the holder on or before January  
14 31 of the year following the calendar year during which  
15 the action described in subsection (a) occurred.

16           “(f) PUBLIC REPORTING IN LIEU OF RETURN OR  
17 STATEMENT.—

18           “(1) IN GENERAL.—The Secretary may waive  
19           the requirement to file a return under subsection  
20           (a), to furnish a statement under subsection (e), or  
21           both, if the person required to make the return  
22           under subsection (a) makes the information de-  
23           scribed in paragraph (2) publicly available in such  
24           form and manner as the Secretary determines nec-  
25           essary to carry out the purposes of this section.

1           “(2) INFORMATION DESCRIBED.—The informa-  
2           tion described in this paragraph is—

3                   “(A) the name, address, phone number,  
4                   and email address of the information contact of  
5                   the person making the report under paragraph  
6                   (1),

7                   “(B) a description of any organizational  
8                   action which affects the basis of such applicable  
9                   security of such issuer,

10                   “(C) the quantitative effect on the basis of  
11                   such applicable security resulting from such ac-  
12                   tion, and

13                   “(D) such other information as the Sec-  
14                   retary may prescribe.”.

15           (2) ASSESSABLE PENALTIES.—

16                   (A) Subparagraph (B) of section  
17                   6724(d)(1) of such Code (defining information  
18                   return) is amended by redesignating clauses (iv)  
19                   through (xix) as clauses (v) through (xx), re-  
20                   spectively, and by inserting after clause (iii) the  
21                   following new clause:

22                           “(iv) section 6045B(a) (relating to re-  
23                           turns relating to actions affecting basis of  
24                           applicable securities),”.



1 (B) Paragraph (2) of section 6724(d) of  
2 such Code (defining payee statement), as  
3 amended by subsection (b)(2), is amended by  
4 redesignating subparagraphs (J) through (DD)  
5 as subparagraphs (K) through (EE), respec-  
6 tively, and by inserting after subparagraph (I)  
7 the following new subparagraph:

8 “(J) subsections (d) and (e) of section  
9 6045B (relating to returns relating to actions  
10 affecting basis of applicable securities).”.

11 (3) CLERICAL AMENDMENT.—The table of sec-  
12 tions for subpart B of part III of subchapter A of  
13 chapter 61 of such Code, as amended by subsection  
14 (b)(3), is amended by inserting after the item relat-  
15 ing to section 6045A the following new item:

“Sec. 6045B. Returns relating to actions affecting basis of applica-  
ble securities.”.

16 (d) DETERMINATION OF BASIS OF CERTAIN SECURI-  
17 TIES ON ACCOUNT BY ACCOUNT.—Section 1012 of the In-  
18 ternal Revenue Code of 1986 (relating to basis of property  
19 - cost) is amended by adding at the end the following new  
20 sentence: “The basis of any applicable security reportable  
21 under section 6045(g) shall be determined on an account  
22 by account method.”.

23 (e) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to securities acquired after the

- 1 date which is 18 months after the date of the enactment
- 2 of this Act.