

In box 1e, report the adjusted basis of the security delivered to close the short sale.

In box 2, report whether any gain or loss on the closing of the short sale is short-term or long-term based on the acquisition date of the security delivered to close the short sale. Apply section 1233(d), if applicable.

If the short sale is closed by delivery of a noncovered security, you may check box 5. In this case, you do not have to complete boxes 1b, 1e, and 2. However, if you choose to report the information in those boxes and check box 5, you will not be subject to the penalties under sections 6721 and 6722 for failure to report that information correctly.

If a short sale obligation is satisfied by delivery of a security transferred into a customer's account accompanied by a transfer statement indicating the security was borrowed, see Regulations section 1.6045-1(c)(3)(xi)(C).

In the case of a short sale, you can take backup withholding either:

- From the gross proceeds when the short sale is opened, or
- From any gain when the short sale is closed if you expect to be able to determine the gain on the short sale at that time.

Backup withholding. If backup withholding was taken from the gross proceeds when a short sale was opened in 2023 but the short sale was not closed by the end of 2023, file a 2023 Form 1099-B. Report the tax withheld in box 4. In box 1a, enter a brief description of the transaction (for example, "\$5,000 short sale of 100 shares of ABC stock not closed"). Leave the other numbered boxes blank. File a final Form 1099-B for the year the short sale is closed, as described above, but do not include the 2023 tax withheld on that Form 1099-B.

Widely held fixed investment trusts (WHFITs).

Trustees and middlemen must report the amount of non-pro rata partial principal payments (as defined in Regulations section 1.671-5(b)(13)), trust sales proceeds (as defined in Regulations section 1.671-5(b)(21)), redemption asset proceeds (as defined in Regulations section 1.671-5(b)(14)), redemption proceeds (as defined in Regulations section 1.671-5(b)(15)), the sales asset proceeds (as defined in Regulations section 1.671-5(b)(17)), and the sales proceeds (as defined in Regulations section 1.671-5(b)(18)) that are attributable to a trust interest holder (TIH) for the calendar year on Form 1099-B.

To determine the amount of each item of proceeds to be reported on Form 1099-B, see, generally, Regulations section 1.671-5. If the trustee provides WHFIT information using the safe harbor rules in Regulations section 1.671-5(f)(1) or (g)(1), the trustee or middleman must determine the amounts reported on Forms 1099 under Regulations section 1.671-5(f)(2) or (g)(2), as appropriate.

Check box 5 and leave boxes 1b, 1e, and 2 blank if:

- You are a broker reporting the sale of a security held by a WHFIT to the WHFIT trustee; or
- You are a trustee or middleman of a WHFIT reporting non-pro rata partial principal payments, trust sale proceeds, redemption asset proceeds, redemption

proceeds, sales asset proceeds, and sales proceeds to a TIH.

Requirement to furnish a tax information statement to TIH. A tax information statement that includes the information provided to the IRS on Form 1099-B, as well as additional information identified in Regulations section 1.671-5(e), must be provided to TIHs. The written tax information statement furnished to the TIH for 2023 is due on or before March 15, 2024. The amount of an item of a trust expense that is attributable to a TIH must be included on the tax information statement provided to the TIH and is not required to be included in box 5 on the Form 1099-DIV. See Regulations section 1.671-5(e) for a complete list of the items of information that must be included in the statement to the TIH.

Acquisition of control or substantial change in capital structure. File Form 1099-B for each customer who received cash, stock, or other property from a corporation that you know, or have reason to know based on readily available information, must recognize gain under section 367(a) from the transfer of property to a foreign corporation in an acquisition of control or substantial change in capital structure reportable on Form 8806. Readily available information includes information from a clearing organization, such as the Depository Trust Company (DTC), or from information published on the IRS website.



For more information, see Form 8806, available at [IRS.gov/Form8806](https://www.irs.gov/Form8806).

You are not required to file a second Form 1099-B for a customer who received only cash for stock acquired in an acquisition of control if you report the cash as proceeds from a sale on another Form 1099-B. You are also not required to file Form 1099-B for a customer who is an exempt recipient (under Regulations section 1.6045-1(c)(3)(i) or 1.6043-4(b)(5)). For a list of exempt recipients, see the current Instructions for Form 1099-CAP.

Enter in box 1d the aggregate amount of cash and the fair market value (FMV) of any stock and other property received in exchange for stock held in your custody. Also, check box 7.

In box 1a, show the corporation's name and the number of shares of the corporation's stock you held that were exchanged. Also enter the class or classes of stock (for example, preferred, common, etc.) that were exchanged, whether for cash or other property. Abbreviate the class to fit the entry. For example, enter "C" for common stock, "P" for preferred, or "O" for other. Also abbreviate any subclasses.

Leave the other numbered boxes and the CUSIP number box blank unless you are required to file a Form 1099-B to report proceeds you paid to the customer from the acquisition of control or substantial change in capital structure and you choose to file and furnish one Form 1099-B for amounts reported under both Regulations sections 1.6045-1 and 1.6045-3. If you choose to combine the reporting for both, do not combine other transactions the customer may have had during the year with the reporting of the acquisition of control or change in capital structure. Also, in box 1e, report the total basis of the