

# Table of Contents

|                                          |          |
|------------------------------------------|----------|
| <b>Investments</b>                       | <b>1</b> |
| Consolidated Form 1099                   | 1        |
| Form 1099-DIV and Form 1099-INT          | 2        |
| Form 1099-MISC                           | 6        |
| Form 1099-OID                            | 7        |
| Form 1099-B                              | 9        |
| Supplemental Information                 | 20       |
| Nominees                                 | 20       |
| Covered vs. Noncovered Securities        | 21       |
| Covered Securities                       | 22       |
| Noncovered Securities                    | 23       |
| Basis                                    | 23       |
| Purchase                                 | 24       |
| Gift                                     | 24       |
| Inheritance                              | 24       |
| Stocks                                   | 25       |
| Stock Splits and Stock Dividends         | 26       |
| Short Sales                              | 27       |
| Wash Sales                               | 27       |
| Mergers                                  | 28       |
| Puts and Calls                           | 30       |
| Straddles                                | 33       |
| Section 1256 Contracts                   | 33       |
| Debt Instruments                         | 34       |
| Corporate Bonds                          | 34       |
| U.S. Treasury Bills, Notes, and Bonds    | 34       |
| State or Local Government Obligations    | 34       |
| Savings Bonds                            | 35       |
| Bond Discounts                           | 39       |
| Bond Premiums                            | 42       |
| Mutual Funds                             | 43       |
| Cryptocurrency                           | 44       |
| Stock Trader vs. Investor                | 45       |
| Characteristics of Traders vs. Investors | 47       |
| Taxation of Investors                    | 48       |

|                                                                       |           |
|-----------------------------------------------------------------------|-----------|
| Taxation of Traders . . . . .                                         | 48        |
| Investor vs. Trader Summary . . . . .                                 | 51        |
| Seminars . . . . .                                                    | 51        |
| Employee Stock Benefit Plans . . . . .                                | 51        |
| Stock Options . . . . .                                               | 52        |
| Employee Stock Purchase Plans . . . . .                               | 63        |
| Restricted Stock Plans . . . . .                                      | 69        |
| Stocks, Bonds, Mutual Funds, and Investing Review Questions . . . . . | 75        |
| Stocks, Bonds, Mutual, and Investing Funds Review Answers . . . . .   | 79        |
| <b>Foreclosure and Cancellation of Debt . . . . .</b>                 | <b>85</b> |
| Foreclosure . . . . .                                                 | 85        |
| Foreclosure Process Overview . . . . .                                | 85        |
| Foreclosure Outcomes . . . . .                                        | 88        |
| Sale of Property . . . . .                                            | 91        |
| Types of Debt . . . . .                                               | 92        |
| Determining Sales Price . . . . .                                     | 94        |
| Reporting Sale . . . . .                                              | 97        |
| Calculating Gain or Loss . . . . .                                    | 102       |
| Multiple Lenders . . . . .                                            | 106       |
| Multiple Borrowers . . . . .                                          | 107       |
| Cancellation of Debt Income . . . . .                                 | 107       |
| When Is Debt Canceled . . . . .                                       | 109       |
| Filing Requirements . . . . .                                         | 110       |
| Form 1099-C . . . . .                                                 | 112       |
| Combination Forms 1099-A and 1099-C . . . . .                         | 117       |
| Exceptions for Issuing Form 1099-C . . . . .                          | 118       |
| Co-Signers and Guarantors . . . . .                                   | 119       |
| Reporting . . . . .                                                   | 120       |
| Multiple Borrowers . . . . .                                          | 123       |
| Pass-Through Entities . . . . .                                       | 124       |
| Partnerships . . . . .                                                | 125       |
| S Corporations . . . . .                                              | 125       |
| Estates . . . . .                                                     | 125       |
| Suspended Passive Losses . . . . .                                    | 126       |
| Exclusions for Cancellation of Debt Income . . . . .                  | 127       |

|                                                              |            |
|--------------------------------------------------------------|------------|
| Form 982 .....                                               | 128        |
| Part I, Lines 1–3: .....                                     | 128        |
| Part II, Lines 4–13: .....                                   | 129        |
| Specific Exclusions .....                                    | 132        |
| Other Income Exceptions .....                                | 149        |
| Foreclosures and Cancellation of Debt Review Questions ..... | 151        |
| Foreclosures and Cancellation of Debt Review Answers .....   | 155        |
| <b>Retirement Planning .....</b>                             | <b>159</b> |
| Individual Retirement Accounts .....                         | 159        |
| Traditional IRA .....                                        | 159        |
| Roth IRA .....                                               | 177        |
| Excess Contributions .....                                   | 181        |
| Conversions .....                                            | 185        |
| Recharacterizations .....                                    | 188        |
| Inheriting IRA Accounts .....                                | 188        |
| Date Designated Beneficiary is Determined .....              | 189        |
| Surviving Spouse as Beneficiary .....                        | 190        |
| Non-Spouse Individual Beneficiary .....                      | 191        |
| Multiple Beneficiaries .....                                 | 192        |
| Estate as Beneficiary .....                                  | 192        |
| Trust as Beneficiary .....                                   | 193        |
| Death Before RBD .....                                       | 194        |
| Death after RBD .....                                        | 196        |
| RMD for the Year of Death .....                              | 197        |
| Taxation of Distributions from Roth IRAs .....               | 198        |
| Decedents Born Before 1936 .....                             | 199        |
| Death Benefits Paid by Qualified Plans .....                 | 200        |
| Early Distribution Penalties .....                           | 200        |
| Employer Retirement Plans .....                              | 201        |
| Simplified Employee Pension .....                            | 201        |
| Savings Incentive Match Plan for Employees .....             | 214        |
| §401(k) Plans .....                                          | 223        |
| Employer Tax Treatment .....                                 | 239        |
| Retirement Planning Review Questions .....                   | 243        |
| Retirement Planning Review Answers .....                     | 247        |