

Instructions for Recipient – Interest Income

Box 1. Shows interest paid to you during the calendar year by the payer. This does not include interest shown in box 3. If you receive a Form 1099-INT for interest paid on a tax-exempt obligation, please see the instructions for your income tax return.

Box 2. Shows interest or principal forfeited because of early withdrawal of time savings. You may deduct this on the "Penalty on early withdrawal of savings" line of Form 1040.

Box 3. Shows interest on U.S. Savings Bonds, Treasury bills, Treasury bonds, and Treasury notes. This may or may not be all taxable. See **Pub. 550**, Investment Income and Expenses. This interest is exempt from state and local income taxes. **This interest is not included in box 1.**

Box 4. Shows backup withholding. For example, persons not furnishing their taxpayer identification number to the payer become subject to backup withholding at a 31% rate. See **Form W-9**, Request for Taxpayer Identification Number and Certification, for information on backup withholding. **Include this amount on your income tax return as tax withheld.**

Box 5. Any amount shown is your share of investment expenses of a single-class REMIC. If you file **Form 1040**, you may deduct these expenses on the "Other expenses" line of **Schedule A (Form 1040)** subject to the 2% limit. This amount is included in box 1.

Box 6. Shows foreign tax paid. You may be able to claim this tax as a deduction or a credit on your Form 1040. See your Form 1040 instructions.

Nominees: If your Federal identification number is shown on this form and the form includes amounts belonging to another person, you are considered a nominee recipient. You must file Form 1099-INT for each of the other owners showing the income allocable to each. You must also furnish a Form 1099-INT to each of the other owners. File Form(s) 1099-INT with **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns, with the Internal Revenue Service Center for your area. On each Form 1099-INT, list yourself as the "payer" and the other owner as the "recipient." On Form 1096, list yourself as the "filer." A husband or wife is not required to file a nominee return to show amounts owned by the other.

Instructions for Recipient – Dividends and Distributions

Caution: If an amount appears in box 2a, you must file Form 1040. You may not file Form 1040A.

Box 1. Ordinary dividends, which include any net short-term capital gains from a mutual fund, are fully taxable. Include this amount on the "Ordinary dividends" line of Form 1040 or 1040A. Also report it on Schedule B (Form 1040) or Schedule 1 (Form 1040A), as appropriate. This amount includes any amount shown in box 5. The amount shown may be a distribution from an employee stock ownership plan (ESOP). Report it as a dividend on your income tax return, but treat it as a plan distribution, not as investment income, for any other purpose.

Box 2a. Total capital gain distributions (long-term) from a regulated investment company or real estate investment trust. Amounts shown in boxes 2b, 2c, and 2d are included in box 2a. If no amount is shown in boxes 2b-2d **and** your **only** capital gains and losses are capital gain distributions, see the Form 1040 instructions for the "Capital gain or (loss)" line. If any amount is shown in boxes 2b-2d, report the amount in box 2a on Schedule D (Form 1040), Part I.

Box 2b. 28% rate gain. Report this amount on Schedule D (Form 1040), Part II.

Box 2c. Unrecaptured section 1250 gain from certain depreciable real property. Report this amount on line 11 of the **Unrecaptured Section 1250 Gain Worksheet** in the Instructions for Schedule D (Form 1040).

Box 2d. Section 1202 gain from certain small business stock may be subject to a 50% exclusion. See Schedule D (Form 1040) instructions.

Box 3. This part of the distribution is nontaxable because it is a return of your cost (or other basis). You must reduce your cost (or other basis) by this amount for figuring gain or loss when you sell your stock. But if you get back all your cost (or other basis), you must report future nontaxable distributions as capital gains, even though this form shows them as nontaxable. For more information, see **Pub. 550**, Investment Income and Expenses.

Box 4. Shows backup withholding. For example, persons not furnishing their taxpayer identification number to the payer become subject to backup withholding at a 31% rate on certain payments. See **Form W-9**, Request for Taxpayer Identification Number and Certification, for information on backup withholding. **Include this amount on your income tax return as tax withheld.**

Box 5. Any amount shown is your share of expenses of a nonpublicly offered regulated investment company, generally a nonpublicly offered mutual fund. If you file **Form 1040**, you may deduct these expenses on the "Other expenses" line on **Schedule A (Form 1040)** subject to the 2% limit. This amount is included in box 1.

Box 6. You may be able to claim this foreign tax as a deduction or a credit on Form 1040. See your Form 1040 instructions.

Boxes 8 and 9. Show cash and noncash liquidation distributions.

Nominees: If your Federal identification number is shown on this form and the form includes amounts belonging to another person, you are considered a nominee recipient. You must file Form 1099-DIV with the IRS for each of the other owners to show their share of the income, and you must furnish a Form 1099-DIV to each. A husband or wife is not required to file a nominee return to show amounts owned by the other. See the **1999 Instructions for Forms 1099, 1098, 5498, and W-2G**.

Instructions for Recipient – Proceeds From Broker and Barter Exchange Transactions

Brokers and barter exchanges must report proceeds from transactions to you and to the Internal Revenue Service. This form is used to report these proceeds.

Column 1a. Shows the trade date of the transaction. For aggregate reporting, no entry will be present.

Column 1b. For broker transactions, may show the CUSIP (Committee on Uniform Security Identification Procedures) number of the item reported.

Column 2. Shows the proceeds from transactions involving stocks, bonds, other debt obligations, or forward contracts. Losses on forward contracts are shown in parentheses. This column does not include proceeds from regulated futures contracts. The broker must indicate whether gross proceeds or gross proceeds less commissions and option premiums were reported to the IRS. (Important note: All amounts shown in column 2 represent gross proceeds less commissions and option premiums.) Report this amount on **Schedule D (Form 1040)**, Capital Gains and Losses.

Column 4. Shows backup withholding. For example, persons not furnishing their taxpayer identification number to the payer become subject to backup withholding at a 31% rate on certain payments. See **Form W-9**, Request for Taxpayer Identification Number and Certification, for information on backup withholding. **Include this amount on your income tax return as tax withheld.**

Column 5. Shows a brief description of the item or service for which the proceeds or bartering income is being reported. For regulated futures contracts and forward contracts, "RFC" or other appropriate description, and any amount subject to backup withholding, may be shown.

Instructions for Recipient – Original Issue Discount

Original issue discount (OID) is the excess of an obligation's stated redemption price at maturity over its issue price (acquisition price for a stripped bond or coupon). OID is taxable as interest over the life of the obligation. If you are the holder of an OID obligation, generally you must include an amount of OID in your gross income each year you hold the obligation.

Obligations that may have OID include a bond, debenture, note, certificate, or other evidence of indebtedness having a term of more than 1 year. For example, the OID rules may apply to certificates of deposit (CDs), time deposits, bonus savings plans, and other deposit arrangements, especially if the payment of interest is deferred until maturity. In addition, the OID rules apply to Treasury inflation-indexed securities. However, OID on Treasury obligations is exempt from state and local income taxes.

If, as the record holder, you receive Form 1099-OID showing amounts belonging to another person, you are considered a **nominee** recipient. You must file Form 1099-OID for each of the other owners showing the amounts allocable to each. Furnish a 1099-OID to each owner. File Form(s) 1099-OID with **Form 1096**, Annual Summary and Transmittal of U.S. Information Returns, with the Internal Revenue Service Center for your area. On each Form 1099-OID, list yourself as the "payer" and the other owner as the "recipient." On Form 1096, list yourself as the "filer." A husband or wife is not required to file a nominee return to show amounts owned by the other. If you bought or sold an obligation during the year and you are not a nominee, you are not required to issue or file Form 1099-OID showing the OID or stated interest allocable to the seller/buyer of the obligation.

Box 1. Shows the OID on the obligation for the part of the year you owned it. Report the entire amount in box 1 as interest income on your income tax return. However, if you paid acquisition or bond premium, or if the obligation is a stripped bond or stripped coupon, you must compute your proper amount of OID. If you must compute your proper OID, see **Pub. 1212**, List of Original Issue Discount Instruments, to figure the correct OID to report on your tax return.

Box 5. Shows the identification number (CUSIP number) or description of the obligation. The description may include the stock exchange, issuer, coupon rate, and year of maturity.

Box 6. Shows OID on a U.S. Treasury obligation for the part of the year you owned it. Report this amount on your Federal income tax return, and see **Pub. 1212** to figure any appropriate adjustments to this amount. This OID is exempt from state and local income taxes and is not included in box 1.

Instructions for Recipient – Miscellaneous Income

Amounts shown on this form may be subject to self-employment tax. If your net income from self-employment is \$400 or more, you must file a return and compute your self-employment tax on **Schedule SE (Form 1040)**. See **Pub. 533**, Self-Employment Tax, for information on self-employment income. If no income or social security and Medicare taxes were withheld by the payer, you may have to make estimated tax payments if you are still receiving these payments. See **Form 1040-ES**, Estimated Tax for Individuals.

If you are an individual, report the taxable amounts shown on this form on Form 1040, as explained below. (Others, such as corporations, fiduciaries, or partnerships, report the amounts on the proper line of your tax return.)

Box 2. For royalties on timber, coal, and iron ore, see **Pub. 544**, Sales and Other Dispositions of Assets.

Box 3. Generally, report on the "Other income" line of Form 1040 and identify the payment. If it is trade or business income, report this amount on Schedule C, C-EZ, or F (Form 1040). The amount shown may be payments you received as the beneficiary of a deceased employee, prizes, awards, taxable damages, Indian gaming profits, or other taxable income.

Box 4. Shows backup withholding or withholding on Indian gaming profits. Generally, a payer must backup withhold at a 31% rate if you did not furnish your taxpayer identification number to the payer. See **Form W-9**, Request for Taxpayer Identification Number and Certification, for information on backup withholding. **Include this on your income tax return as tax withheld.**

Box 7. Generally shows nonemployee compensation. If you are in the trade or business of catching fish, box 7 may show cash you received for the sale of fish. Generally, payments reported in this box are income from self-employment. Since you received this form, rather than Form W-2, the payer may have considered you self-employed and did not withhold social security or Medicare taxes. Report self-employment income on Schedule C, C-EZ or F (Form 1040), and **compute the self-employment tax on Schedule SE (Form 1040)**. However, if you are not self-employed, report this amount on the "Wages, salaries, tips, etc." line of Form 1040. Call the IRS for information about how to report any social security and Medicare taxes.

Box 8. Shows substitute payments in lieu of dividends or tax-exempt interest received by your broker on your behalf after transfer of your securities for use in a short sale. Report on the "Other income" line of Form 1040.