

SEC. 403. BROKER REPORTING OF CUSTOMER'S BASIS IN SECURITIES TRANSACTIONS.

(a) In General-

(1) BROKER REPORTING FOR SECURITIES TRANSACTIONS- Section 6045 is amended by

adding at the end the following new subsection:

(g) Additional Information Required in the Case of Securities Transactions, etc-

(1) IN GENERAL- If a broker is otherwise required to make a return under subsection (a) with respect to the gross proceeds of the sale of a covered security, the broker shall include in such return the information described in paragraph (2).

(2) ADDITIONAL INFORMATION REQUIRED-

(A) IN GENERAL- The information required under paragraph (1) to be shown on a return with respect to a covered security of a customer shall include the customer's adjusted basis in such security and whether any gain or loss with respect to such security is long-term or short-term (within the meaning of section 1222).

(B) DETERMINATION OF ADJUSTED BASIS- For purposes of subparagraph (A)--

(i) IN GENERAL- The customer's adjusted basis shall be determined--

(I) in the case of any security (other than any stock for which an average basis method is permissible under section 1012), in accordance with the first-in first-out method unless the customer notifies the broker by means of making an adequate identification of the stock sold or transferred, and

(II) in the case of any stock for which an average basis method is permissible under section 1012, in accordance with the broker's default method unless the customer notifies the broker that he elects another acceptable method under section 1012 with respect to the account in which such stock is held.

(ii) EXCEPTION FOR WASH SALES- Except as otherwise provided by the Secretary, the customer's adjusted basis shall be determined without regard to section 1091 (relating to loss from wash sales of stock or securities) unless the transactions occur in the same account with respect to identical securities.

(3) COVERED SECURITY- For purposes of this subsection--

(A) IN GENERAL- The term 'covered security' means any specified security acquired on or after the applicable date if such security--

(i) was acquired through a transaction in the account in which such security is held, or

(ii) was transferred to such account from an account in which such security was a covered security, but only if the broker received a statement under section 6045A with respect to the transfer.

(B) SPECIFIED SECURITY- The term 'specified security' means--

(i) any share of stock in a corporation,

`(ii) any note, bond, debenture, or other evidence of indebtedness,
` (iii) any commodity, or contract or derivative with respect to such commodity, if the Secretary determines that adjusted basis reporting is appropriate for purposes of this subsection, and
` (iv) any other financial instrument with respect to which the Secretary determines that adjusted basis reporting is appropriate for purposes of this subsection.

`(C) APPLICABLE DATE- The term `applicable date' means--

`(i) January 1, 2011, in the case of any specified security which is stock in a corporation (other than any stock described in clause (ii)),
` (ii) January 1, 2012, in the case of any stock for which an average basis method is permissible under section 1012, and
` (iii) January 1, 2013, or such later date determined by the Secretary in the case of any other specified security.

`(4) TREATMENT OF S CORPORATIONS- In the case of the sale of a covered security acquired by an S corporation (other than a financial institution) after December 31, 2011, such S corporation shall be treated in the same manner as a partnership for purposes of this section.

`(5) SPECIAL RULES FOR SHORT SALES- In the case of a short sale, reporting under this section shall be made for the year in which such sale is closed.'

(2) BROKER INFORMATION REQUIRED WITH RESPECT TO OPTIONS- Section 6045, as

amended by subsection (a), is amended by adding at the end the following new subsection:

`(h) Application to Options on Securities-

`(1) EXERCISE OF OPTION- For purposes of this section, if a covered security is acquired or disposed of pursuant to the exercise of an option that was granted or acquired in the same account as the covered security, the amount received with respect to the grant or paid with respect to the acquisition of such option shall be treated as an adjustment to gross proceeds or as an adjustment to basis, as the case may be.

`(2) LAPSE OR CLOSING TRANSACTION- In the case of the lapse (or closing transaction (as defined in section 1234(b)(2)(A))) of an option on a specified security or the exercise of a cash-settled option on a specified security, reporting under subsections (a) and (g) with respect to such option shall be made for the calendar year which includes the date of such lapse, closing transaction, or exercise.

`(3) PROSPECTIVE APPLICATION- Paragraphs (1) and (2) shall not apply to any option which is granted or acquired before January 1, 2013.

`(4) DEFINITIONS- For purposes of this subsection, the terms `covered security' and `specified security' shall have the meanings given such terms in subsection (g)(3).'

(3) EXTENSION OF PERIOD FOR STATEMENTS SENT TO CUSTOMERS-

(A) IN GENERAL- Subsection (b) of section 6045 is amended by striking `January 31' and inserting `February 15'.

(B) STATEMENTS RELATED TO SUBSTITUTE PAYMENTS- Subsection (d) of section

6045 is amended--

(i) by striking 'at such time and', and

(ii) by inserting after 'other item.' the following new sentence: 'The written statement required under the preceding sentence shall be furnished on or before February 15 of the year following the calendar year in which the payment was made.'

(C) OTHER STATEMENTS- Subsection (b) of section 6045 is amended by adding at the end the following: 'In the case of a consolidated reporting statement (as defined in regulations) with respect to any customer, any statement which would otherwise be required to be furnished on or before January 31 of a calendar year with respect to any item reportable to the taxpayer shall instead be required to be furnished on or before February 15 of such calendar year if furnished with such consolidated reporting statement.'

(b) Determination of Basis of Certain Securities on Account by Account or Average Basis Method- Section 1012 is amended--

(1) by striking 'The basis of property' and inserting the following:

'(a) In General- The basis of property',

(2) by striking 'The cost of real property' and inserting the following:

'(b) Special Rule for Apportioned Real Estate Taxes- The cost of real property', and

(3) by adding at the end the following new subsections:

'(c) Determinations by Account-

'(1) IN GENERAL- In the case of the sale, exchange, or other disposition of a specified security on or after the applicable date, the conventions prescribed by regulations under this section shall be applied on an account by account basis.

'(2) APPLICATION TO CERTAIN FUNDS-

'(A) IN GENERAL- Except as provided in subparagraph (B), any stock for which an average basis method is permissible under section 1012 which is acquired before January 1, 2012, shall be treated as a separate account from any such stock acquired on or after such date.

'(B) ELECTION FUND FOR TREATMENT AS SINGLE ACCOUNT- If a fund described in

subparagraph (A) elects to have this subparagraph apply with respect to one or more of its stockholders--

'(i) subparagraph (A) shall not apply with respect to any stock in such fund held by such stockholders, and

'(ii) all stock in such fund which is held by such stockholders shall be treated as covered securities described in section 6045(g)(3) without regard to the date of the acquisition of such stock.

A rule similar to the rule of the preceding sentence shall apply with respect to a broker holding such stock as a nominee.

'(3) DEFINITIONS- For purposes of this section, the terms 'specified

security' and `applicable date' shall have the meaning given such terms in section 6045(g).

`(d) Average Basis for Stock Acquired Pursuant to a Dividend Reinvestment Plan-

`(1) IN GENERAL- In the case of any stock acquired after December 31, 2010, in connection with a dividend reinvestment plan, the basis of such stock while held as part of such plan shall be determined using one of the methods which may be used for determining the basis of stock in an open-end fund.

`(2) TREATMENT AFTER TRANSFER- In the case of the transfer to another account of stock to which paragraph (1) applies, such stock shall have a cost basis in such other account equal to its basis in the dividend reinvestment plan immediately before such transfer (properly adjusted for any fees or other charges taken into account in connection with such transfer).

`(3) SEPARATE ACCOUNTS; ELECTION FOR TREATMENT AS SINGLE ACCOUNT- Rules

similar to the rules of subsection (c)(2) shall apply for purposes of this subsection.

`(4) DIVIDEND REINVESTMENT PLAN- For purposes of this subsection--

`(A) IN GENERAL- The term `dividend reinvestment plan' means any arrangement under which dividends on any stock are reinvested in stock identical to the stock with respect to which the dividends are paid.

`(B) INITIAL STOCK ACQUISITION TREATED AS ACQUIRED IN CONNECTION WITH

PLAN- Stock shall be treated as acquired in connection with a dividend reinvestment plan if such stock is acquired pursuant to such plan or if the dividends paid on such stock are subject to such plan.'

(c) Information by Transferors To Aid Brokers-

(1) IN GENERAL- Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6045 the following new section:

`SEC. 6045A. INFORMATION REQUIRED IN CONNECTION WITH TRANSFERS OF COVERED

SECURITIES TO BROKERS.

`(a) Furnishing of Information- Every applicable person which transfers to a broker (as defined in section 6045(c)(1)) a security which is a covered security (as defined in section 6045(g)(3)) in the hands of such applicable person shall furnish to such broker a written statement in such manner and setting forth such information as the Secretary may by regulations prescribe for purposes of enabling such broker to meet the requirements of section 6045(g).

`(b) Applicable Person- For purposes of subsection (a), the term `applicable person' means--

`(1) any broker (as defined in section 6045(c)(1)), and

`(2) any other person as provided by the Secretary in regulations.

`(c) Time for Furnishing Statement- Except as otherwise provided by the Secretary, any statement required by subsection (a) shall be furnished not

later than 15 days after the date of the transfer described in such subsection.'

(2) ASSESSABLE PENALTIES- Paragraph (2) of section 6724(d), as amended by the Housing Assistance Tax Act of 2008, is amended by redesignating subparagraphs (I) through (DD) as subparagraphs (J) through (EE), respectively, and by inserting after subparagraph (H) the following new subparagraph:

`(I) section 6045A (relating to information required in connection with transfers of covered securities to brokers),'

(3) CLERICAL AMENDMENT- The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6045 the following new item:

`Sec. 6045A. Information required in connection with transfers of covered securities to brokers.'

(d) Additional Issuer Information To Aid Brokers-

(1) IN GENERAL- Subpart B of part III of subchapter A of chapter 61, as amended by subsection (b), is amended by inserting after section 6045A the following new section:

`SEC. 6045B. RETURNS RELATING TO ACTIONS AFFECTING BASIS OF SPECIFIED SECURITIES.

`(a) In General- According to the forms or regulations prescribed by the Secretary, any issuer of a specified security shall make a return setting forth--

`(1) a description of any organizational action which affects the basis of such specified security of such issuer,

`(2) the quantitative effect on the basis of such specified security resulting from such action, and

`(3) such other information as the Secretary may prescribe.

`(b) Time for Filing Return- Any return required by subsection (a) shall be filed not later than the earlier of--

`(1) 45 days after the date of the action described in subsection (a), or

`(2) January 15 of the year following the calendar year during which such action occurred.

`(c) Statements To Be Furnished to Holders of Specified Securities or Their Nominees- According to the forms or regulations prescribed by the Secretary, every person required to make a return under subsection (a) with respect to a specified security shall furnish to the nominee with respect to the specified security (or certificate holder if there is no nominee) a written statement showing--

`(1) the name, address, and phone number of the information contact of the person required to make such return,

`(2) the information required to be shown on such return with respect to such security, and

`(3) such other information as the Secretary may prescribe.

The written statement required under the preceding sentence shall be furnished

to the holder on or before January 15 of the year following the calendar year during which the action described in subsection (a) occurred.

`(d) Specified Security- For purposes of this section, the term `specified security' has the meaning given such term by section 6045(g)(3)(B). No return shall be required under this section with respect to actions described in subsection (a) with respect to a specified security which occur before the applicable date (as defined in section 6045(g)(3)(C)) with respect to such security.

`(e) Public Reporting in Lieu of Return- The Secretary may waive the requirements under subsections (a) and (c) with respect to a specified security, if the person required to make the return under subsection (a) makes publicly available, in such form and manner as the Secretary determines necessary to carry out the purposes of this section--

`(1) the name, address, phone number, and email address of the information contact of such person, and

`(2) the information described in paragraphs (1), (2), and (3) of subsection (a).'

(2) ASSESSABLE PENALTIES-

(A) Subparagraph (B) of section 6724(d)(1), as amended by the Housing Assistance Tax Act of 2008, is amended by redesignating clause (iv) and each of the clauses which follow as clauses (v) through (xxiii), respectively, and by inserting after clause (iii) the following new

clause:

`(iv) section 6045B(a) (relating to returns relating to actions affecting basis of specified securities),'

(B) Paragraph (2) of section 6724(d), as amended by the Housing Assistance Tax Act of 2008 and by subsection (c)(2), is amended by redesignating subparagraphs (J) through (EE) as subparagraphs (K) through (FF), respectively, and by inserting after subparagraph (I) the following new subparagraph:

`(J) subsections (c) and (e) of section 6045B (relating to returns relating to actions affecting basis of specified securities),'

(3) CLERICAL AMENDMENT- The table of sections for subpart B of part III of subchapter A of chapter 61, as amended by subsection (b)(3), is amended by inserting after the item relating to section 6045A the following new item:

`Sec. 6045B. Returns relating to actions affecting basis of specified securities.'

(e) Effective Date-

(1) IN GENERAL- Except as otherwise provided in this subsection, the amendments made by this section shall take effect on January 1, 2011.

(2) EXTENSION OF PERIOD FOR STATEMENTS SENT TO CUSTOMERS- The amendments

made by subsection (a)(3) shall apply to statements required to be furnished after December 31, 2008.

