

For the 2018 tax reporting year, there are very few changes with the Consolidated 1099 Tax Statement. However, due to the passage of the Tax Cuts and Jobs Act of 2017, there are several changes to the tax code that may impact your individual return. The 1040 has been amended and now includes five schedules that may need to be completed. Please speak to your tax advisor or refer to our Tax Planning Guide for more information.

1099-DIV changes:

New Box 5: Qualified REIT dividends will now be reported in Box 5 (Section 199A Dividends). Section 199A of the Tax Cuts and Jobs Act created a 20% "Deduction for Qualified Business Income of Pass-Thru Entities." The amount reported in Box 5 will also be included in the amount reported in Box 1a (Total Ordinary Dividends). **New Box Numbers for Boxes 6-12:** Adding a new Box 5 shifted the data down one box for previous boxes 5-11.

305(c) Deemed Dividends:

Internal Revenue Code Section 305(c) states that conversion rate adjustments on convertible bonds are considered deemed dividends. Deemed dividends can occur when you hold a bond that can be converted into a security that pays a dividend. When the underlying security pays a dividend, the value of the dividend is reported to the bond holders as a deemed taxable dividend.

Fees and Expenses:

The Tax Cuts and Jobs Act eliminated miscellaneous itemized deductions subject to the 2% limit. Deductions eliminated include investment fees and expenses. As a courtesy, Stifel will still provide the fees and expenses associated with your account in your 1099 information.

5498 Changes:

New rollover code. PO is used for reporting qualified plan loan offset rollovers.

1099-R Changes:

There are two new distribution Codes for Box 7 of the 1099-R.

C - Reportable death benefits under section 6050Y.

M - Qualified Plan Loan Offset

A Reportable Policy Sale Box was added.

Shows the date of a payment of reportable death benefits.

1042-S Changes:

1. Box 9 and 11 have been switched. Box 9 now shows Overwithheld tax repaid to recipient. Box 11 shows Tax paid by withholding agent.
2. Foreign taxpayer identification number (Box 13i) is required for any foreign person claiming reduced withholding under a tax treaty if no U.S. TIN was provided.

Changes to the Kiddie Tax:

Beginning in tax year 2018, a child's investment income that is over \$2,100 will be taxed at the trust and estate tax rates. Previously, this income was taxed at the parents' tax rate.