

# Tax Solutions: Cost Basis Reporting

## **End-to-end solution combining industry leading technology to seamlessly manage cost basis tracking and reporting.**

In October 2008, Congress enacted the Energy Improvement and Extension Act of 2008, P.L. 110-343, which included the provision requiring brokers and other custodians to report the cost basis of certain securities to both the IRS and the taxpayer whenever a sale took place. As a result, cost basis reporting has been required of brokers since 2011. Cost basis is used to determine the capital gains tax rate, which is equal to the difference between the asset's cost basis and the current market value – this rate is triggered when an asset is sold or the gain or loss is realized. This requires firms to capture, maintain, and report the cost and gain associated with each position sold during the reporting period by a US person.

There is a significant risk if the basis and holding period information reported on Forms 1099-B is incorrect. The IRS have increased penalties under the Small Business Jobs Act of 2010. Additionally, there are separate penalties for Forms 1099 provided to the IRS and Forms 1099 provided to recipients with a maximum annual aggregate of \$3.339M or \$6.678M in total.

The IRS has signaled that it may require Form 1099-B reporting for crypto transactions. Other countries are also looking for additional cost basis information. The OECD working groups for both crypto transactions and gig economy have indicated that they are looking for transaction level reporting for CRS that will greatly expand the reporting required and the ability to track cost will be imperative.

S&P Global Market Intelligence is an industry leader in tax form due diligence, withholding and information reporting. Our comprehensive end to end offering provides a highly automated cost basis solution with real-time processing, a variety of delivery methods including web services and direct database access. Through a highly configurable platform, we streamline tax reporting and withholding, and deliver a superior client experience, while reducing operational costs and maintaining compliance.

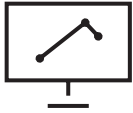
Utilize our validation tools and the cost basis engine together to maintain, manage and report as necessary through our reporting module. We provide single solution utilizing industry leading technology, with one clear workflow.

## Benefits:



### Accurate calculations

Ensured through designating appropriate tax lot method



### Deep data integration

Integrated with internal payment systems and books and records



### Automated processes

Real-time processing, with a variety of delivery methods including web services and direct database access



### End-to-end delivery

Tax due diligence, withholding and reporting for all income types and non-financial payments



### Increase efficiencies

Tax due diligence, withholding and reporting for Forms 1099 and 1042-S on all income types and nonfinancial payments



### Reduce costs

Configurable platform, that streamlines tax reporting and withholding, while reducing operational costs and maintaining compliance

For more information on our suite of products and services please visit us at [ihsmarkit.com/riskandregcompliance](https://ihsmarkit.com/riskandregcompliance)

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