



Tax Solutions: Cost Basis Reporting

End-to-end solution combining industry leading technology from IHS Markit and Scivantage 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 assets 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 \$1.5 million or \$3 million in total.

IHS Markit is an industry leader in tax form due diligence, withholding and information reporting. We have partnered with Scivantage for its cost basis calculation and data maintenance. Our combined best-in-class solution allows a seamless process to identify reportable accounts and trade-level capture by account, while maintaining the information, and complete year-end 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 IHS Markit's validation tools and Scivantage's Cost Basis Engine together to maintain, manage, and report as necessary through IHS Markit's reporting module. A single solution utilizing industry leading technology, with one clear workflow.

Benefits:



Accurate calculations

Ensure accurate calculations 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

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 non-financial 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

MK-TaxSolutions@ihsmarkit.com