

## IMPORTANT INFORMATION FOR TAX SEASON 2011

**Delayed Tax Reporting Due to Cost Basis Reporting Changes:** As you prepare for the 2011 tax season, please consider this important information. Due to the Economic Stabilization Act of 2008 and the IRS mandated reporting of cost basis, this tax season will not be like previous ones. By being aware of these changes, you will know how best to plan and set expectations.

**New mailing dates:** Raymond James will adhere to the IRS's 1099 mailing deadline, which means original 2011 Composite Statement of 1099 Forms will be mailed on February 15, 2012. Please note the exceptions immediately below:

**Delayed 1099s:** In an effort to capture correct data on original 1099s, the IRS allows us to extend the mailing date until March 15, 2012 for clients who hold particular investments or who have had specific taxable events occur. These include:

- Mutual Funds
- Real Estate Investment Trusts (REITs)
- Widely Held Fixed Investment Trusts (WHFITs), such as unit investment, grantor and royalty trusts; as well as holding company depositary receipts
- Original Issue Discount (OID) securities
- Gain/Loss activity, due to the IRS's heightened focus on cost basis if you have sold securities, either through a direct trade or indirectly through a corporate action or any other event during 2011 your 1099 will also be delayed by 30 days.

**Amended 1099s:** Even after delaying the 1099 statements, please be aware that adjustments to your tax forms are still possible. Raymond James is required by the IRS to produce an amended tax statement if notice of such an adjustment is received after the original 1099 has been produced. There is no cut-off or deadline for amended 1099 statements. The following are some examples of reasons for amended 1099s:

- Late income reallocation
- Corrections to cost basis (due to the Economic Stabilization Act of 2008)
- Changes made by mutual fund companies related to foreign withholding
- Tax-exempt payments subject to alternative minimum tax
- Any portion of distributions derived from U.S. Treasury obligations

Due to the IRS's mandatory cost basis reporting requirement, it is expected that clients will see a significant increase in both delayed and amended 1099s for 2011.

**What can you do?** Given the expected increase in both delayed and corrected 1099 tax forms for tax season 2011, you should consider talking to your tax advisor about whether it makes sense to file an extension with the IRS to give you additional time to file your tax return, particularly if you hold any of the aforementioned securities or if you have sold securities, either through a direct trade or indirectly through a corporate action or any other event during 2011. If you receive a

corrected 1099 after you have already filed your tax return, you should consult with your tax advisor about the requirements to re-file based on your individual tax circumstances. Additional information can be found at <http://www.raymondjames.com/taxreporting.htm>.

Please note, changes in tax laws or regulations may occur at any time and could substantially impact your situation. *While we are familiar with the tax provisions of the issues presented herein, we are not qualified to render advice on tax or legal matters.* You should discuss any tax or legal matters with the appropriate professional.