

# TAX YEAR 2018: UPDATES & CHANGES

## WHAT'S NEW:

### Form 1099-DIV changes:

A new box has been added to 1099-DIV (part of your Janney 1099 Consolidated Form) to accommodate section 199A of the Tax Cuts and Jobs Act. Under the Act, there is a twenty percent "Deduction for Qualified Business Income of Pass-thru entities" which is applicable to qualified REIT dividends (Section 199A dividends). "Qualified REIT dividends" are any dividends from a real estate investment trust received during the taxable year which are not a capital gain dividends and are not qualified dividend income. These will now be shown in box 5 on your 2018 1099 Consolidated Form. This line is included in the "Total ordinary dividends" displayed in Box 1a.

## REMINDERS:

### Form 1099-OID changes:

Last year, the IRS added a box to Form 1099-OID for tax-exempt obligations (part of your Janney 1099-Consolidated form) due to an additional reporting requirement. Your Janney 1099 Consolidated will reflect these changes on the summary sections 1099-INT and "Original Issue Discount and Adjustments." For tax-exempt obligations, only OID and adjustments for covered lots purchased after December 31, 2016 are required to be reported by Janney. This means that there are three types of OID security reporting classifications for tax-exempt obligations ONLY: non-covered lots, covered but non-reportable lots, and reportable lots. Treasuries and taxable non-treasuries are only separated into two reporting classifications: non-covered (acquired prior to January 1, 2014) and covered (acquired on or after January 1, 2014).

### Unrelated Business Taxable Income (UBTI):

Janney will report and remit unrelated business income tax ("UBTI") for Janney custodian IRA accounts again for Tax Year 2018. UBTI is a type of income generated primarily by MLPs (master limited partnerships), LPs

(limited partnerships), and some NTIs (non-traditional investments). When this type of income is attributable to an IRA account, the UBTI over \$1,000 is not excluded from yearly income tax like other IRA income. It is Janney's responsibility as custodian to report these applicable taxes to the IRS via Tax Form 990-T. Where possible, we will remit resulting tax liability to the IRS directly on behalf of the IRA, ensuring our clients are not negatively impacted. Please see additional UBTI FAQs on our website for more information.

### Cost Basis Legislation:

On 1099 Consolidated, 1099 REMIC/WHFIT, and Preliminary Tax Statements, you will see separate sections on the 1099-B Details pages which indicate "Covered" or "Non-covered." These two terms refer to whether the particular tax lot sold or closed during the tax year will have the basis reported to the IRS by Janney due to Cost Basis Legislation rules. "Covered" means that Janney is required to report the basis we have on record for the tax lot; "Non-covered" means we do not report the basis on the tax lot. Tax lots are covered if they are purchased or have an open date on or after the effective date, per the list provided below.

Effective Date	Type of Security
Acquired after January 1, 2011	Equity Securities
Acquired after January 1, 2012	Mutual Funds
Acquired after January 1, 2014	Less Complex Debt Securities, Options, Rights, and Warrants
Acquired after January 1, 2016	Complex Debt Securities

### Hard to Value Assets:

Hard to Value Assets are investments that have no readily available fair market value and include but are not limited to non-publicly traded stock, private partnerships or LLC interests, real estate, options, and other hard to value investments. Beginning in 2015, the IRS required retirement plan custodians to specify transactions inside a tax deferred retirement account that involve Hard to Value Assets.

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REF. 181121F • TAX YEAR 2018: UNDERSTANDING THE CHANGES • PAGE 1



## FOR MORE INFORMATION:

Please contact your professional tax advisor or your Financial Advisor with questions regarding these changes and others that could impact your individual tax situation. Tax preparation questions should be directed to your professional tax advisor. You may also review our general tax related guides listed below and available on the right-hand side of the page.

- Tax Year 2018 Mailing Schedule
- Understanding Your 2018 1099 Consolidated Tax Statement
- New Preliminary Tax Statements Information
- 2018 Guide to Complex Debt
- Understanding Your 1099R Tax Statement
- Understanding Your 5498 Tax Statement
- UBTI FAQs

Each taxpayer's situation is different and tax-related information provided herein is general in nature. Clients should consult with a professional tax advisor with questions specific to their personal tax situation.

## TAX YEAR 2018 MAILING SCHEDULE AND INFORMATION

In an effort to deliver the highest quality service, Janney encourages clients to visit our website at [www.janney.com/taxes](http://www.janney.com/taxes) for the most current tax-related updates and information.

Mailing Deadline	Mailing Type	Description of Contents
January 31, 2019	Forms 1099-R and 1099-Q	Distributions from your IRA, Qualified Plan, or Education Savings Account.
February 15, 2019*	Form 1099 Consolidated	Includes 1099-INT, 1099-DIV, 1099-B, 1099-MISC, AND 1099-OID (other than CMO/ REMIC).
N/A expected online February 15, 2019	Preliminary Tax Statements (Not an official tax statement)	Includes all 1099 Consolidated information with additional page containing holdings that have not yet finalized their taxability by February.
March 15, 2019	Form 1099-OID (REMIC)/ WHFIT Statement for Mortgage Securities	OID and Interest Accruals from CMOs/REMICs. Income and Expenses Resulting from Pooled Mortgage Securities.
	1042-S	Foreign Person's U.S. Source Income Subject to Withholding.
	Schedule K-1	Master Limited Partnership (MLP) Income, which will be mailed directly from the General Partner (not provided by Janney).
April 30, 2019	Form 5498-ESA	Reports contributions (including rollover contributions) to Coverdell ESAs.
May 31, 2019	Form 5498	Reports contributions (including rollover contributions) to any individual retirement arrangement (IRA), including a SEP, SIMPLE, and Roth IRA; Roth conversions; IRA recharacterizations; and the fair market value (FMV) of the account.

Please visit [www.janney.com/taxes](http://www.janney.com/taxes) for the most current tax-related updates and information.

\*The IRS changed the deadline for delivering most IRS 1099 Consolidated Forms from January 31 to February 15. As in the past, we expect to receive a 30-day extension from the IRS to March 15, 2019 based on this year's February 15, 2019 deadline.

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REF. 181121F • TAX YEAR 2018: UNDERSTANDING THE CHANGES • PAGE 2

