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companies who have equity compensation and shares of their companies' stock, every ...

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Tax reform has brought the topic of federal taxes to the forefront of public attention and has raised another layer of confusion. For the millions of employees at US companies who have equity compensation and shares of their companies' stock, every tax-return season raises worries about errors that can lead to overpaid tax, underreported income, IRS penalties, or even an IRS audit. The 2018 tax season presents more than the usual potential for confusion, uncertainty, and expensive mistakes in IRS filings for taxpayers who income from equity compensation.

To help these employees and their tax advisors, the [Tax Center](#) at myStockOptions.com offers clear, reliable information, guidance, and illustrations explaining how to report 2017 stock sales on federal tax returns for 2017 filed in 2018. **While the Tax Cuts & Jobs Act, the tax-reform legislation that took effect in 2018, does not affect 2017 tax returns (a point of constant confusion), a [special FAQ](#) at myStockOptions.com explains its future impact on tax planning.**

“The tax reporting for stock compensation is complex,” emphasizes Bruce Brumberg, Editor-in-Chief of myStockOptions.com. “Even accountants and tax advisors sometimes make mistakes. Our goal is to help employees and their financial or tax advisors realize the full potential of equity compensation by educating them about tax rules and helping them prevent costly errors. The last thing taxpayers want is to pay too much tax or incur IRS penalties that take yet more money out of their pockets.”

**Tax Center At myStockOptions.com: All The Tax-Return Answers**

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#### [tax-return forms.](#)

- Diagrams of [Form W-2](#), [Form 3922](#) (for employee stock purchase plans), and [Form 3921](#) (for incentive stock options) show how companies report equity compensation income to employees.
- **Animated videos** include a succinct tutorial on key [IRS tax forms](#) related to stock-sale reporting and a video guide to [avoiding costly mistakes](#) that can lead to the overpayment of taxes.
- Engaging [podcasts](#) convey tips for tax returns.
- A fun **interactive quiz** on tax-return topics lets users test their reporting knowledge in a painless way, before they file their returns, and links to related content from the answer key.

### **Taxpayers Must Understand The Confusing Rules For Reporting Stock Sales**

In January or February, each brokerage firm sends IRS Form 1099-B, or the firm's equivalent substitute statement, to clients who sold shares during the tax year. The information on Form 1099-B is also reported to the IRS. The required stock-sale information on Form 1099-B was recently expanded and now includes not only the gross proceeds from stock sales but also their cost basis (sometimes called the tax basis), the date when the shares were acquired, and whether gains or losses were short-term or long-term.

In general, cost-basis reporting is now more complex and vulnerable to errors. A diverse set of content at myStockOptions.com relates the background issues, explains how to understand Form 1099-B after selling shares from stock compensation or an ESPP, and shows how to avoid mistakes with the cost basis that can lead to the overpayment of taxes:

- **Article:** [How To Avoid Paying Too Much Tax: Understanding Form 1099-B And Form 8949 For Reporting Stock Sales On Your Tax Return](#)

- [FAQ: How have IRS Form 1099-B and cost-basis reporting changed for sales of](#)

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Form 1099-B is essential for completing IRS Form 8949 and Schedule D, which taxpayers who sold shares during the tax year must submit with their IRS Form 1040 tax return. Form 8949 is where taxpayers list the details of each stock sale, using the information on Form 1099-B. Schedule D aggregates the column totals from Form 8949 to report total long-term and short-term capital gains and losses. “However,” points out Mr. Brumberg, “the cost-basis information in Box 1e of Form 1099-B may be too low, or the box may be blank. This is because the rules for cost-basis reporting are somewhat counterintuitive. Also, no basis is reported for restricted stock or restricted stock units.”

Sound confusing? It is. Fortunately, myStockOptions.com is always here to help. In the Tax Center, the special section [Reporting Company Stock Sales](#) presents FAQs with clearly annotated diagrams of Form 8949 and Schedule D. Each FAQ explains and illustrates a different reporting situation involving stock options, restricted stock, restricted stock units, performance shares, employee stock purchase plans, or stock appreciation rights. Clear instructions and diagrams show how to complete the forms, whether the cost-basis information in Box 1e of Form 1099-B is accurate, too low, or omitted.

In the Tax Center, articles on general tax-return topics include:

- [12 Tax-Return Mistakes To Avoid With Stock Options And ESPPs](#)
- [Restricted Stock & RSUs: 10 Tax-Return Mistakes To Avoid](#)
- [NQSOs: Tax Return Tips And Traps](#)
- [ISOs: Tax Return Tips And Traps](#)

**Demystifying IRS Forms 3922 And 3921**

Elsewhere on myStockOptions.com, a pair of articles explains [IRS Form 3922](#) for

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