# 2024

## Year-End Consolidated Forms 1099 Tax Reporting Guide

IMPORTANT YEAR-END TAX INFORMATION

We are pleased to provide you with the 2024 Year-End Consolidated Forms 1099 Tax Reporting Guide. The Guide is designed to assist you or your tax advisor with the preparation of your federal and state income tax returns.

Please note that this guide is intended to be used as reference only; it is not a complete source of general tax information. Please also refer to the 2024 tax reporting documents we provide. You should consult your tax advisor regarding specific return requirements.

J.P.Morgan

# Reporting Differences Between Client Statements and Forms 1099

J.P. Morgan must comply with strict IRS requirements when reporting on Forms 1099. As such, there may be differences between your client statement and the Consolidated Forms 1099 Tax Reporting Statement. These differences generally pertain to timing and/or specific tax reporting requirements mentioned below. Examples include:

## Gains and Losses

The information reported on Form 1099-B and the supplemental Capital Gain and Loss Schedule is provided to assist you in the preparation of your tax returns. The formatting supports preparation of IRS Form 8949 (*Sales or Other Dispositions of Capital Assets*). Capital gain and loss information is based on available tax cost information at the time of sale. A separate schedule that reflects “N/A” for cost basis and gain and loss is provided for sales of securities with missing cost.

Realized gains and losses are reported on your client statement on a trade date basis for securities, and on a settlement date basis for currency contracts. The IRS requires some gains and losses to be reported on a mark-to-market basis (e.g., gains and losses on regulated futures contracts and certain other Section 1256 contracts) each year.

## Dividends and Distributions

Form 1099-DIV reports aggregated dividends of $10 or greater, which includes ordinary dividend income (qualified and non-qualified), return of capital distributions, capital gain distributions, cashless dividends under Section 305(c) of the U.S. Internal Revenue Code[1] (arising from conversion rate adjustments with respect to certain warrants, options and convertible securities), partial liquidations and short-term capital gain distributions. Dividends paid on money market and bond funds are non-qualified dividends. Qualified dividends are subject to the same maximum tax rates that apply to long-term capital gains. For more information, please refer to IRS Publication 550, *Investment Income and Expenses.*

## Fund Distributions—“Year-End” Dividends

Certain mutual fund and real estate investment trust (REIT) dividends are taxable income when declared, but we do not report them on the client statement until the dividend is paid. This may present a timing difference. For example, if a dividend is declared in the last quarter of 2024 but is not paid until January 2025, the dividend would be reported on your Form 1099-DIV for 2024, but it would be reported on your January 2025 client statement.

## Fund Distributions—Income Reallocations

Certain mutual funds, REITs and unit investment trusts (UITs) pay distributions throughout the year. These distributions are classified as income when paid by the issuer. Subsequent to year-end, these distributions may be reallocated for tax purposes from income to return of capital and/or capital gain. These reallocations will result in differences between income reported on your Form 1099-DIV and your client statement.

Although we provide the most up-to-date information on your Consolidated Forms 1099 Tax Reporting Statement, as mentioned above, income distributions may be reclassified by the issuer after the tax reporting statement has been mailed to you. If there is a reclassification or change, we will send you a corrected Consolidated Forms 1099 Tax Reporting Statement after we receive the new information. Regulated Investment Companies (which include mutual funds and closed-end investment funds), REITs, UITs, utilities and foreign companies are among the issuers that may retroactively change the classification of their distributions.

## Accrued Interest Purchased

Your client statement includes accrued interest paid when you purchase a bond. Form 1099-INT will report the total coupon interest payment received not  considering any accrued interest paid on purchase. The supplemental Interest Schedule includes the interest paid on purchase in the “Not Reported on Form 1099-INT” column.

## Non-Qualified Stated Interest (NQSI)

Your client statement includes bond payments received during the year. For tax reporting, these payments may be classified as NQSI and may not be reportable in the current tax year. The supplemental Interest Schedule includes NQSI and Original Issue Discount (OID) accrued based on the original issue calculation and actual NQSI income collected (if any) for the year. Accrued interest income may differ from payments received during the year.

## Preferred Stock

For a group of noncumulative, perpetual, preferred stocks, your client statement may report accrued interest on purchases and sales. These securities are treated as equities for tax reporting purposes. As such, your accrued income amount paid is reflected as an adjustment to cost basis. Additionally, recurring payments, which may be reflected as interest on your client statement, are reported on Form 1099-DIV.

## Swaps

Payments made or received on swap contracts are displayed on your client statement as cash credits and debits. For tax reporting purposes, the periodic cash flows with respect to each swap are netted at year-end to determine the reportable amount of the cash credit or debit for each trade. Periodic payments that net to a positive value are reported on Form 1099-MISC, while periodic payments that net to a negative value are reported only on the supplemental Miscellaneous Income Schedule. Generally, upfront payments should be amortized over the life of the agreement for tax purposes. In addition, your client statement does not report gain and loss when a swap agreement matures or is unwound. Similarly, this event is not reportable on Form 1099-B, but it is provided in the supplemental Capital Gain and Loss Schedule. For questions on how to correctly report income from these products, please consult your personal tax advisor.



[1] All references are to the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury regulations thereunder.

# Special Reporting

## Asset allocation strategies including Separately Managed Accounts

Clients invested in J.P. Morgan asset allocation strategies including Separately Managed Accounts own the underlying securities of these strategies. As such, the Consolidated Forms 1099 Tax Reporting Statement provides detailed activity at the security level. These strategies may contain a variety of financial instruments, including Contingent Payment Debt Instruments (CPDI) and Publicly Traded Partnerships (PTPs). Please see the information below regarding the reporting of CPDIs and PTPs.

## Contingent Payment Debt Instrument (CPDI) with Original Issue Discount (OID) Reporting

If you disposed of a CPDI during 2024 (including redemption at maturity), taxable gain or loss will generally be equal to the difference between the gross proceeds received and your adjusted cost basis. Form 1099-B displays gross proceeds and cost basis on the transaction as well as any recharacterization to ordinary income or loss. Additional information can be found in the offering memorandum or term sheet.

## Reportable Transactions

Certain provisions of the U.S. Internal Revenue Code and the Treasury regulations thereunder regarding tax shelter disclosure and list maintenance require taxpayers that engage in “reportable transactions” on or after January 1, 2003, to file information returns with the IRS. In the case of a corporation or a partnership whose partners are all corporations, a reportable transaction includes certain transactions that generate, or reasonably can be expected to generate, a loss claimed under Section 165 of the Code (without taking into account any offsetting items) (a “Section 165 Loss”) of at least US$10 million in any one taxable year or US$20 million in any combination of taxable years. In the case of any other partnership, an individual or a trust, a reportable transaction generally includes any transaction that generates, or reasonably can be expected to generate, a Section 165 Loss of at least US$2 million in any one taxable year or US$4 million in any combination of taxable years. In the case of an individual or a trust, a reportable transaction also generally includes any transaction that generates, or reasonably can be expected to generate, a Section 165 Loss of at least US$50,000 in any one taxable year arising from a currency exchange loss.

The reporting on the J.P. Morgan Forms 1099 and Tax Reporting Statements does not advise you of any transactions that may be considered reportable.

## Publicly Traded Partnership (PTP) Distributions

Reporting for PTPs is provided by the partnerships on Schedule K-1 and will be mailed directly by those partnerships. Although proceeds from the sale of a PTP interest will be reported on Form 1099-B, please refer to the partnership’s Schedule K-1 for any tax basis adjustments to your PTP interest.

## Holding Period Reduction

Your 2024 tax reporting documents have been prepared in accordance with specific IRS reporting requirements. This reporting does not consider instances where your risk of loss is diminished, which may impact the character and holding period of instruments reported. Such diminished risk of loss may impact the character of qualified dividends reported on Form 1099-DIV. This reporting also does not consider the consequences of holding offsetting positions that may be considered straddles for U.S. tax purposes, and may result in the diminution of risk and other adverse tax consequences.

## Wash Sales

In general, a wash sale occurs when you sell a security at a loss, and within 30 days before or after the sale you acquire a substantially identical security, causing the loss to be disallowed.

The adjusted basis of the repurchased security will be increased by the amount of loss disallowed on the sale transaction. We are only required to report wash sales to you if both the sale and repurchased transaction occur in the same account with respect to identical securities (i.e., the same Committee on Uniform Securities Identification Procedures or “CUSIP” number). For covered securities, the amount of loss that is disallowed is reported on Form 1099-B in addition to gross proceeds and cost basis for the sale transaction. You should consult your tax advisor with respect to positions held in different accounts (including outside of J.P. Morgan) or securities that are not identical that may implicate the wash sale rules.

## Widely Held Fixed Investment Trusts (WHFITs)

WHFITs are fixed investment trusts that have two unique subcategories: Widely Held Mortgage Trusts (WHMTs) and Non-Mortgage Widely Held Fixed Investment Trusts (NMWHFITs). WHMTs are mortgage-backed security (MBS) pools issued by agencies such as Fannie Mae, Ginnie Mae and Freddie Mac. NMWHFITs are UITs, royalty trusts, commodity trusts or Holding Company Depositary Receipts (HOLDRS) trusts.

WHFIT reporting is based on income received by the trust entity, rather than when paid out to the trust interest holder (TIH). Any WHFIT that returns part of your investment as principal payments from a WHFIT will be reported as gross proceeds on Form 1099-B. The character of the income distributed from the WHFIT is reflected on Forms 1099 reporting (e.g., the income is reported on Form 1099-INT, Form 1099-DIV, etc.). Non-reportable amounts are reflected on the supplemental schedules.

## Commodity Trusts

As pass-through entities, the character of the underlying activity of the trust flows through to the TIH. The cost basis factor (cost basis allocation rate) the trust publishes is multiplied by the purchase cost to derive the cost of the transaction. Any sale made by the pass-through entity will be reported on the supplemental Capital Gain or Loss Schedule. The expenses are reported on the supplemental Fees and Expenses Schedule. Please refer to the annual publications of the Commodity Trust for additional information.

## Real Estate Mortgage Investment Conduit (REMIC), Collateralized Debt Obligation (CDO), Collateralized Mortgage Obligation (CMO), WHFIT and UIT Statements

These statements will be mailed by March 15 due to the time it takes mortgage issuers to calculate the required tax reporting information. If you hold these securities in your account, you should expect to receive an updated Consolidated Forms 1099 Tax Reporting Statement after the initial mailing.

## Structured Investment Products

Structured products are synthetic investment products that are derived from or based on a single security, a basket of securities, a rate or index, a commodity, a debt issuance and/or foreign currency. These securities may pay periodic payments, which resemble coupon payments issued by debt instruments. The income earned on these instruments may be reportable as miscellaneous income on Form 1099-MISC, which may differ from the classification on your statement.

## Special Reporting *Continued*

For questions on how to correctly report income from these products, please consult your personal tax advisor. The specific products you held may require that you modify the timing or character of your income for U.S. tax purposes. In particular, Code Section 1260 may recharacterize all or a portion of any capital gain from a structured product that is linked to a "pass-thru entity" as defined in Code Section 1260 (generally, including U.S. mutual funds) as ordinary income.

Structured products may include considerations for federal income tax reporting that will not be reflected on your monthly statements. In the case of structured products that have been redeemed in shares of an underlying asset, the cost basis and holding period of the underlying asset may often be adjusted after the redemption of the structured product has initially settled. In the case of structured products that make periodic distributions, the character of the distributions may often be split or reallocated among several types of income (such as interest income, miscellaneous/other income, or option premium). Refer to the term sheets and offering documents for the respective products for more details, or contact your client service representatives for inquiries.

### Section 988 Elections for Foreign Currency Structured Notes

In general, gain or loss on a foreign currency structured note will be ordinary income or loss unless, on the date you purchased the note, you made the election set forth in Code Section 988(a)(1)(B) to treat the gain or loss as capital gain or loss. To be eligible for the election, among other things, you must hold the note as a capital asset (i.e., generally, for investment purposes), and the note must not be part of a straddle. In cases where J.P. Morgan is portfolio manager of your discretionary account, we have made this election on your behalf, unless you previously notified us that you did not wish us to do so.

To substantiate your election in cases where J.P. Morgan has made the election as portfolio manager of your discretionary account, you must attach a statement to your income tax return that sets forth the following information: (i) a description and date of each election you made during the tax year; (ii) a statement that each election was made on the date the relevant note was acquired; (iii) a description of any note for which an election was in effect and which was sold, exchanged or otherwise disposed of during the tax year; (iv) a statement that the note was never part of a straddle; and (v) a statement that all transactions subject to the election are included on the statement attached to your income tax return.

If you fail to consistently apply your method of identification or to attach the requisite statement with your income tax return, the IRS may invalidate your election to treat the gain or loss on any or all identified notes as capital rather than ordinary.

### Section 1256 Contracts

J.P. Morgan offers specific products that potentially could be subject to Code Section 1256. Whether or not these products are subject to Section 1256 could have important tax consequences to you. For example, Section 1256 could require that a contract be treated as sold for fair market value as of the last day of the taxable year, with any capital gain or loss treated as 60% long-term and 40% short-term, regardless of holding period. Notwithstanding J.P. Morgan's identification of a Section 1256 contract for Form 1099-B reporting purposes, you should consult with your tax advisor to determine whether a product is subject to Section 1256 and any applicable tax consequences.

### Foreign Securities

Income from foreign securities may be subject to a withholding tax by the country from which it was paid (known as withholding at source). Forms 1099-DIV, 1099-INT and 1099-MISC generally report the gross amount of the payment and the amount of the foreign tax withheld at source, if applicable. For the allocation of foreign source income from distributions from mutual funds (or other regulated investment companies), please refer to the fund's website or contact the fund directly. For J.P. Morgan Funds, information is available at **http://www.jpmorganfunds.com** under "Resources." Please consult your tax advisor to determine if you are eligible to claim a credit on your income tax return for the tax paid to a foreign country.

### Method of Amortization

Your Consolidated Forms 1099 Tax Reporting Statements may reflect bond premium, original discount or market discount reporting. U.S. Treasury Regulations require J.P. Morgan to make certain presumptions as to your tax accounting elections with reference to the accrual and recognition of these amounts. Your account was opened using these default accounting presumptions unless you instructed us to do otherwise. At any time, if you wish to modify the accounting elections, you may notify your account representative, and we will apply the changes going forward. You should consult with your tax advisor on how any changes would affect you.

## State Level Supplemental Mutual Fund Information

As a shareholder of Mutual Funds, you may require additional tax information for 2024, such as income subject to AMT, tax-exempt income by state and foreign tax credit pass-through income. Beginning with Tax Year 2024, the tables for the funds that a client holds will now be made available as a supplemental schedule to the client's consolidated 1099 tax package.

## Disclaimers

You may have received income that is not reportable to the IRS on Forms 1099, but it may be required to be included on your applicable income tax return. Such information may be reported in the supplemental schedules. Please consult your tax advisor for review and confirmation.

If you have an account with JPMorgan Chase Bank, N.A. and a brokerage account with J.P. Morgan Securities LLC, you may receive more than one Consolidated Forms 1099 Tax Reporting Statement.

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