Major Changes on IRS Tax-Return Forms and Filing Rules Lead myStockOptions.com to Expand Tax-Return Guidance

IRS tax-return forms and reporting have significantly changed. The 2019 tax-return season presents more potential than ever for mistakes in IRS filings, especially among the millions of US employees who have stock compensation. myStockOptions.com explains the tax-return forms and reporting they need to know in its fully updated Tax Center.

BROOKLINE, Mass. (PRWEB) January 31, 2019 -- Tax-return forms and reporting have significantly changed for the 2019 filing season, adding yet more confusion to an already complicated process. While the IRS condensed the Form 1040 tax return from 73 lines to just 23 lines and eliminated Forms 1040A and 1040EZ, it also created six new schedules that funnel information to Form 1040. The way capital gains and the alternative minimum tax (AMT) are reported on tax returns has also changed. Meanwhile, tax reform altered the income-tax rates and brackets.

With the multitude of recent tax changes, the 2019 tax season presents more potential than ever for confusion and expensive mistakes in IRS filings for all taxpayers, especially the millions of employees in the United States who received income in 2018 from stock compensation and/or related stock sales. myStockOptions.com explains the tax-return forms and reporting they need to know in its fully updated Tax Center. This clear and reliable information includes easy-to-understand guidance and annotated tax forms.

"The tax reporting for stock compensation is complex," emphasizes Bruce Brumberg, Editor-in-Chief of myStockOptions.com. "The IRS changes for tax returns filed in 2019 expand what taxpayers must understand before they prepare their tax returns. 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

For the millions of employees in the United States who have equity compensation and shares of their companies' stock, tax-return season always raises worries about errors that can lead to overpaid tax, underreported income, IRS penalties, or even an IRS audit. The myStockOptions Tax Center has all the answers on the filing and reporting of tax returns that involve stock options, restricted stock, restricted stock units, performance shares, stock appreciation rights, and employee stock purchase plans.

- Core articles and FAQs spell out the most common mistakes people make with stock grants on their tax returns. Taxpayers, their financial advisors, and their accountants can quickly run through these to be sure they submit error-free returns.

- The reporting of stock sales is made clear with annotated how-to diagrams of IRS 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.

What Taxpayers Need To Know About The Changes In Tax Forms And Reporting

While the tax treatment for stock compensation and sales of company stock has not changed, major changes have occurred in where and how the related items are reported on the IRS Form 1040 tax return. The IRS Form 1040 tax return itself has been condensed to just 23 lines. New schedules (supplementary forms) funnel information to Form 1040. Total capital gain or loss on Schedule D is now entered on Schedule 1 of Form 1040. It is no longer directly entered on Form 1040. Additionally, the calculation of alternative minimum tax on Form 6251 is now entered on Schedule 2.

An article and an FAQ at myStockOptions.com explain everything that taxpayers with stock compensation must know about the changes in tax forms and reporting:

- Article: Tax Season 2019: What You Need To Know About The New Reporting Rules And Tax Rates

- FAQ: What's new for the 2019 tax-return season?

Taxpayers Must Understand The Confusing Rules For Reporting Stock Sales

By mid-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 stock acquired from my stock options, restricted stock, or ESPP? What do I need to do differently because of the changes?

- FAQ: What if the wrong cost basis is reported on my 1099-B? How do I report the right cost basis on Form 8949 of my tax return?

- Video: Tax-Return Reporting Of Company Stock Sales: How To Avoid Overpaying Taxes
- Video: Tax Return Forms & Reporting Rules For Stock Sales

Expertise That Helps Prevent Costly Tax-Return Mistakes

Form 1099-B is essential for completing IRS Form 8949, Schedule D, and Schedule 1, all of 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. The total from Schedule D is entered on Schedule 1, which is attached to the Form 1040 return. "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 employee stock purchase plans and IRS Form 3921 for incentive stock options. With annotated examples of the forms that translate IRS jargon into understandable language, these articles, along with detailed FAQs (for both ESPPs and ISOs), clarify what taxpayers need to understand about the information provided by the forms, which can help them better understand the complexities of ESPP or ISO taxation. The forms can help with tax-return reporting. They also give the IRS tools for catching errors on the tax returns of people who sold ESPP or ISO stock.

Pro Membership Gives Advisors A Crucial Edge During Tax Season

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Contact Information
Bruce Brumberg
myStockOptions.com
http://https://www.mystockoptions.com
617-734-1979

Matt Simon
myStockOptions.com
http://https://www.mystockoptions.com
617-734-1979

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