

Tax Prep Tips

Tax form accessibility
and reporting resources

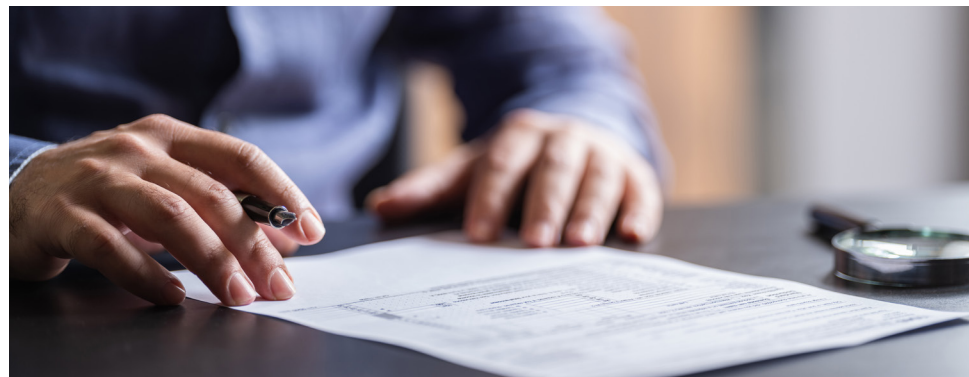
February 2022



SCHEDULE K-1 TAX FORMS

Does your client own a partnership or alternative investment in a retirement account?

If your client held a position that issues a Schedule K-1 in a retirement account at any time during the previous calendar year, they may need to submit the Schedule K-1 tax forms to Schwab.



Providing Schedule K-1 tax forms to Schwab:

- **Master Limited Partnership (MLP):** The client will not need to mail Schedule K-1 tax forms to Schwab. We will obtain this information directly from the MLP. MLP investments are listed on www.taxpackagesupport.com and www.partnerdatalink.com.
- **Non-Master Limited Partnerships (Non-MLPs) or Alternative Investments:** Non-MLP and alternative investment Schedule K-1 tax form(s), including all supplemental pages, must be sent to us for review and processing. Schedule K-1 forms with missing pages will not be processed. For information related to this process and how you can help your client, review the "Production of Form 990-T" section of [Introduction to tax forms production](#).



SCHWAB FUNDS

Tax information for Schwab funds is available



If your client held Schwab funds during the past calendar year, they should refer to this tax resource as they prepare their federal, state, and/or local tax returns:

- **2021 Supplementary Tax Information** provides the following information:
 - > U.S. Government Obligations Information
 - > Percentage of Income Earned by State and U.S. Territory
 - > Percentage of Income Subject to the Federal Alternative Minimum Tax (AMT)

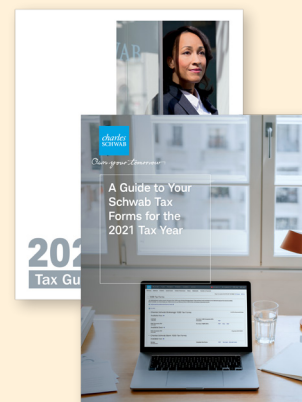
Obstacles to reconciling the Form 1099 Composite with the December statement

Some clients attempt to reconcile the tax forms contained in the Form 1099 Composite with their December statement. But comparing the two documents is a bit like comparing apples to oranges: The data doesn't quite match. For example, the statement reports income received on a specific date, but the tax form reports the year in which the income is taxed. To see the most common reasons the tax form may not match the December statement, refer to [How to reconcile income on the statement to the Form 1099 Composite](#).



Coming soon: Schwab's Online Tax Guide for clients

We know it can be difficult to keep track of important tax deadlines, where to find tax data, and which forms clients need to file their tax return. That's why we've put together our comprehensive Online Tax Guide to help clients navigate and understand the various tax forms they may receive from Schwab that will be used to prepare their 2021 tax return.



Heads up—your client received a tax form

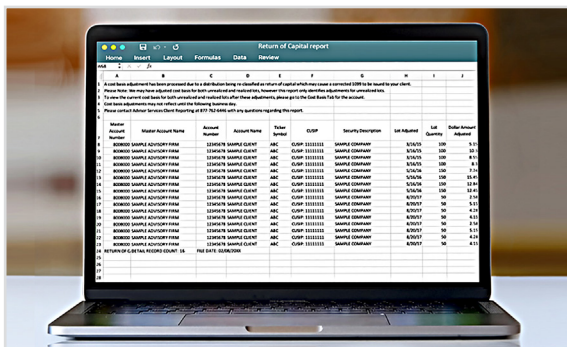
Make sure you're able to receive alerts on Schwab Advisor Center® when tax forms are available for download at the master account level. You should receive a notification each time a tax form is generated and sent to your client if the "Report Available" alert is enabled in your profile settings. Learn more about enabling alerts at [How to work with alerts](#). Learn more about tax reporting alerts at [Introduction to tax reporting alerts](#).

So many tax forms, so little time

Did you know you don't have to access each client account to view the tax form? Once tax forms are uploaded to individual client accounts, a zip file containing a copy of each client's tax document is created at the master account level, which you can access on the **Documents** tab under the master account. For more information, refer to [Introduction to tax information files](#).



Nondividend distributions and how they affect cost basis



The portion of a dividend distribution not paid from the profits and earnings of a company is called a nondividend distribution. These distributions are reported on Form 1099-DIV and are treated as a partial return of the client's initial investment, or return of capital. Here's a key point about these distributions: The amount of the return of capital decreases the cost basis. Throughout tax season, you'll see a decrease to the client's cost basis as Schwab makes this adjustment. You should receive an alert with each cost basis alteration. Along with these alerts, look for an Excel document listing the amount of the cost basis adjustment for shares currently held in the account. For additional information about return of capital, see [Implications of return of capital](#).

February schedule for tax reports and forms

Stay ahead of tax reporting with our at-a-glance guide to form mailing and availability dates. You can get answers and learn more about each tax form by referring to the suggested Help Resource below.

Tax Form/Report	Available By	Help Resource
Form 1099 Composite	Early and mid-February	Form 1099 Composite section in Tax form reporting
Account Summary Report (ASR)	End of February	Introduction to the Account Summary Report and Year-end Gain/Loss Report
Puerto Rico Forms 480.6A, 480.6B, and 480.6D	End of February	Forms 480.6A, 480.6B, and 480.6D section in Tax form reporting

To learn more about which account type will receive the tax forms listed in the table, refer to [Introduction to account type tax reporting](#).

For general informational purposes only. Schwab does not provide legal, tax, investment planning, or compliance advice. Consult professionals in these fields to address your specific circumstance.