WELLS FARGO Advisors

2025 Tax Essentials: A Guide to Understanding Your 1099 Statement and More

An Easy-to-Read Tax Tool

Whether you prepare your own return, work with a professional tax preparer, or use tax software, this tax guide provides an easy-to-read summary of your reportable and certain nonreportable information to assist in completing your tax return. If you are receiving your tax package in paper form, please note online tax documents are also available. If you would like to receive your tax documents online, please contact your financial advisor for enrollment information.

Your tax package reflects the sources and amounts of your income and proceeds for the year. Information reported to the IRS is denoted accordingly in the package. Other information that may be helpful in completing your tax return is included within the package but not reported to the IRS. This includes detailed information within the Supplemental Tax Statement section, such as the Additional Realized Gain/Loss Information and the Federal Non-Reportable Information. The data shown in the Supplemental Tax Statement section is for informational purposes only but may be used in addition to the information provided in your tax forms. If you have questions about your tax package, please contact your financial advisor.

Two IRS publications from the IRS website are particularly useful: Publication 17 (Your Federal Income Tax) and Publication 550 (Investment Income and Expenses). The forms and publications that are mentioned in this tax tool may be obtained from the IRS via their Internet website or by phone 1-800-TAX-FORM (1-800-829-3676).

Useful publications available from IRS.gov*	
17 Your Federal Income Tax	559 Survivors, Executors, and Administrators
54 Tax Guide for U.S. Citizens and Resident Aliens Abroad	590 Individual Retirement Arrangements (IRAs) — (Including Roth IRAs)
514 Foreign Tax Credit for Individuals	575 Pension and Annuity Income
525 Taxable and Nontaxable Income	938 REMICS
541 Partnerships	970 Tax Benefits for Education (Including Coverdell Education Savings Accounts [ESA])
544 Sales and Other Dispositions of Assets	1212 Guide to Original Issue Discount Instruments (OID)
550 Investment Income and Expenses	

*Wells Fargo Clearing Services, LLC has provided this link for your convenience but does not control or endorse the website and is not responsible for the products, services, content, links, privacy policy, or security policy of this website.

For additional questions regarding how to complete your tax return, please consult with your tax advisor or call the IRS Taxpayer Assistance number at 1-800-829-1040. If you do not receive a prompt resolution to a question, call the Taxpayer Advocate's Help line at 1-877-777-4778, or TTY/TTD: 1-800-829-4059.

Wells Fargo Clearing Services, LLC cannot provide tax advice.

Investment and Insurance Products are:
- Not Insured by the FDIC or Any Federal Government Agency
- Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate
- Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

Reminders for 2025

Under current IRS guidelines, April 15, 2026, is the tax year 2025 postmark deadline to file a personal income tax return with the IRS, unless an extension is filed.

Our original Forms 1099 will be issued to clients between late January and the end of February. If you have multiple brokerage accounts, you may receive some Forms 1099 in January but may not receive Forms 1099 for all of your accounts until late February.

If you changed broker-dealers during the year or had an account that converted to Wells Fargo Clearing Services, LLC ("WFCS") and had reportable activity prior to your account clearing through WFCS, you will receive separate tax forms from your previous clearing firm for that activity. If you have securities registered in your name, you will receive a Form 1099 directly from those companies. Please ensure that you have received the required tax forms for all accounts that may have tax reportable activity before completing your tax forms for the IRS.

Note: The IRS does not require financial institutions to provide Forms 1099 for any accounts that received less than $10 in reportable income for the tax year.

Wells Fargo Clearing Services, LLC as "Payer" Reminder: When you file your tax return, list WFCS as the payer for all dividends and interest received through your brokerage account. Do not list the name of the security issuer, your brokerage firm, or any other entity.

Income Reporting - Applicable Dates Reminder: In accordance with IRS regulations, WFCS reports dividend and interest income to you based on when it is "credited or set apart" in your account so that it may be withdrawn at any time by you without any limitation.

Proceeds from the sales of securities are reportable based on the trade date rather than the settlement date because that is the first date it was entered on our books. Exceptions do apply, such as for "RICs" payments in January of the current year that were declared in the prior calendar quarter or implicit redemptions within a structured security.

Postmark Deadline Date Reminder: The postmark deadline date for Form 1099-B reporting is February 15 (or next business day if the 15th falls on a recognized holiday or weekend). If a "consolidated statement" is provided where multiple types of Form 1099 information are included with the Form 1099-B, this postmark deadline date applies to all Forms 1099 included in the statement. WFCS provides a "consolidated statement."

Possible Amended Tax Forms

Amounts shown on your Forms 1099 (particularly the Form 1099-DIV and Form 1099-B) are based on the best information that is available to us from the issuing company or trustee at the time your Forms 1099 were created. The IRS mandated postmark deadline is February 15 (or next business day if the 15th falls on a recognized holiday or weekend), and like many issuers of Form 1099-B and Form 1099-DIV, we request a 30-day extension from the IRS to mail these forms to capture as much late information as possible and eliminate some amended forms.

Delayed Reporting Message: Many companies do not provide their income allocation information to us until after your original Forms 1099 are mailed. If you hold investments in a mutual fund, regulated investment company (RIC), real estate investment trust (REIT), unit investment trust (UIT), foreign security, or any other stock that makes a late dividend-change announcement, you may receive one or more amended tax form(s) to include information provided by these issuers after your original tax form was created.

Additionally, information regarding whether or not a dividend paid by a foreign company is eligible for the "qualified dividend" tax rate is subject to change based on that company's filings with the SEC or subsequent published guidance.

An amended tax form will be issued to you reflecting late reclassification information we receive from the companies or paying agents. The "as of" date shown on an amended form is the date through which information was received and not the mailing date. Neither WFCS nor your brokerage firm will be liable for any costs related to your filing of an amended tax return as a result of WFCS receiving reclassification information from the issuer after we have generated your original Forms 1099, or any subsequent revisions by the issuer of previously provided information.

The IRS does not require financial institutions to provide clients amended 1099s for amounts where the change in any box is $100 or less. If you would like to receive amended 1099s for corrections less than $100, please contact your financial advisor. You should review your Forms 1099 and immediately contact your financial advisor if you think an amendment may be necessary.

If you invested in a Widely Held Mortgage Trust (WHMT) - such as pass-through mortgage-backed pools issued by FNMA (Fannie Mae), FHLMC (Freddie Mac), and GNMA (Ginnie Mae) or a Real Estate Mortgage Investment Conduit (REMIC), you will receive additional supplementary information that is not due until March 15 (or next business day if the 15th falls on a recognized holiday or weekend). These types of securities have a delayed reporting date

because payments in December, January, and February impact the Form 1099 information we must provide. In addition, they can provide supplementary information and factors that need to be included with our reporting but cannot be calculated by them until January or February.

Summary of Tax Package Information

The Forms 1099 package issued by WFCS provides you with comprehensive year-end information.

The information on your Forms 1099 is what is reported to the IRS. You are required to report on your tax return the amount shown on a Form 1099, although you have the right to include adjusting entries based on your individual elections, nominee reporting, etc. Please consult with your tax advisor about items eligible for adjustment based on your particular situation.

When preparing your tax return, use the information provided on your Forms 1099 rather than your monthly statements. Because of IRS requirements, amounts shown on your Forms 1099 often do not correspond to what appears on your account statements.

The tax package also includes information that we do not report to the IRS but might be needed for a state and local tax return or as adjustments to your cost basis or actual income.

Consolidated Tax Package

To assist you with completing your tax return, this package includes both a summary of the total amounts and a detailed section for each type of Form 1099 shown in the Forms 1099 package. The following pages provide a brief description of what information is included in each section and how and where that information should be reported on a tax return. Most of this information is also provided in the instructions found after the "Summary of Reportable Tax Information" page(s) in your tax package.

These include:

1099-DIV Dividends and Distributions

1099-DIV Dividends and Distributions		**OMB No. 1545-0110**
IRS Box		*Amount*
1a.	Total Ordinary Dividends	$999,999,999.99
1b.	Qualified Dividends	$999,999,999.99
2a.	Total Capital Gain Distributions	$999,999,999.99
2b.	Unrecaptured Section 1250 Gain	$999,999,999.99
2c.	Section 1202 Gain	$999,999,999.99
2d.	Collectibles (28%) Gain	$999,999,999.99
2e.	Section 897 Ordinary Dividends	$999,999,999.99
2f.	Section 897 Capital Gain	$999,999,999.99
3.	Nondividend Distributions	$999,999,999.99
4.	**Federal Income Tax Withheld**	**$999,999,999.99**
5.	Section 199A Dividends	$999,999,999.99
6.	Investment Expenses	$999,999,999.99
7.	Foreign Tax Paid	$999,999,999.99
8.	Foreign Country or U.S. Territory	See Details
9.	Cash Liquidation Distributions	$999,999,999.99
10.	Noncash Liquidation Distributions	$999,999,999.99
12.	Exempt-Interest Dividends	$999,999,999.99
13.	Specified Private Activity Bond Interest Dividends	$999,999,999.99
14.	State	See Details
15.	State Identification No.	See Details
16.	State Tax Withheld	$999,999,999.99

1099-DIV - Dividends and distributions from stocks and other investments. This includes capital gains and non-dividend distributions (return of capital). Additional information supporting the totals shown here can be found in the "Details of Reportable Tax Information" section.

Box 1a (Total Ordinary Dividends): This box reflects total ordinary dividends, including those from money market funds and net short-term capital gain distributions from mutual funds. It also includes the fair market value (FMV) of distributions of stock where you elected to receive stock instead of cash or IRC section 305(c) "deemed distributions" for securities that change their conversion ratio or when the exercise price of a warrant is reduced. Box 1a also includes the investment expense amount reported in Box 6 and the cash value of reinvested dividends. Include the amount from Box 1a in the income section on the ordinary dividends line on Form 1040.

If your total ordinary dividends exceed $1,500, you must complete Schedule B of IRS Form 1040. Show WFCS as the "Payer" on Schedule B for any amounts reported on your Form 1099-DIV.

Box 1b (Qualified Dividends): This box shows the portion of the amount in Box 1a that may be eligible for the capital gains rate. Please consult your tax advisor if you met the required holding period discussed in the IRS instructions for Form 1040. Include this amount in the income section on the qualified dividends line of Form 1040. See the instructions for Form 1040 for more information on how to report these dividends and ordinary dividends (shown in Box 1a). Foreign corporations can distribute "qualified dividends" but only if they meet the requirements announced in various IRS notices discussed in the IRS "Instructions for Form 1099-DIV."

Box 2a (Total Capital Gain Distribution): This box includes amounts in Boxes 2b – 2d and 2f). This box shows the total capital gain distributions (long-term) from a regulated

investment company (mutual fund) or REIT. Report the amounts shown in Box 2a on Schedule D (Form 1040), line 13 Capital gain distributions. If no amount is shown in Boxes 2b – 2d and 2f and your only capital gains and losses are capital gain distributions, you may be able to report the amounts shown in Box 2a on Form 1040 rather than on Schedule D. Please refer to the IRS instructions for all of these forms and schedules. Similar to the amount in Box 2a, the amounts in boxes 2b, 2c, and 2d are based on announcements by the mutual fund company, REIT or other issuer.

Box 2b (Unrecaptured Section 1250 Gain): This box shows the portion of the amount in Box 2a that is unrecaptured section 1250 gain from certain depreciable real property. Report this amount on the Unrecaptured Section 1250 Gain Worksheet in the Schedule D instructions (Form 1040). Please see "Unrecaptured Section 1250 Gain Worksheet - Line 19" in the 2025 Instructions for Schedule D (and Form 8949).

Box 2c (Section 1202 Gain): This box shows the portion of the amount in Box 2a that is section 1202 gain from certain small business stock that may be subject to an exclusion. Please see the information under "Exclusion of Gain on Qualified Small Business (QSB) Stock" in the "2025 Instructions for Schedule D."

Box 2d (Collectibles [28%] Gain): This box shows 28% rate gain from sales or exchanges of collectibles. If required, use this amount when completing the "28% Rate Gain Worksheet - Line 18" in the "2025 Instructions for Schedule D (Form 1040)."

Box 2e (Section 897 Ordinary Dividends): This box shows the amount in Box 1a that is Section 897 gain from dispositions of USRPI. This information is intended only for U.S. entities that have foreign partners and beneficial owners.

Box 2f (Section 897 Capital Gain): This box shows the amount in Box 2a that is Section 897 gain from dispositions of USRPI. This information is intended only for U.S. entities that have foreign partners and beneficial owners.

Box 3 (Nondividend Distributions): This box reflects distributions which are nontaxable as long as they are a return of your cost. Your cost basis can be reduced by amounts in this box until the basis of your stock has been reduced to zero. Once the basis of your stock has been reduced to zero, this amount becomes reportable as capital gains on Schedule D (Form 1040). Please see IRS Publication 550.

Box 5 (Section 199A Dividends): This box shows dividends eligible for the 20% qualified business income deduction under section 199A. The amount paid is also included in Box 1a. Please see the instructions for Form 1040.

Box 6 (Investment Expenses): This amount is your share of expenses of a non-publicly offered regulated investment company. This is also included as dividend income in Box 1a.

Box 7 (Foreign Tax Paid): The amount of tax withheld by a foreign payer (not WFCS) from foreign corporate dividend distributions. You may be able to claim this amount as a deduction or credit on Form 1040. See the Form 1040 instructions. For more details, see the "Foreign Dividends and Interest" topic in this guide.

Box 8 (Foreign Country or U.S. Territory): As noted in the IRS instructions, mutual fund companies are no longer required to provide country-specific information, so this box can be blank even when Box 7 shows an amount.

Boxes 9 and 10 (Cash and Noncash Liquidation Distributions): Distributions received during a partial or complete liquidation of a corporation (including REITs). These amounts are not taxable to you until you have recovered the basis of your stock. After the basis has been reduced to zero, this amount becomes reportable as capital gains on Schedule D (Form 1040). Please see IRS Publication 550.

Box 12 (Exempt-Interest Dividends): This box shows exempt-interest dividends from a mutual fund or other type of regulated investment company. Include this amount on the "Tax-Exempt Interest" line of Form 1040 as tax-exempt interest income.

Box 13 (Specified Private Activity Bond Interest Dividends): This box shows the amount reported in Box 12 that could be subject to the AMT if you meet those thresholds. See the IRS instructions for Form 6251.

Boxes 14 – 16 (State Withholding Information): These boxes reflect any state withholding amounts. More states are requiring payers to apply state withholding when federal backup withholding applies.

Additional Information About Dividend Reporting: "RICS" Payments: Dividends paid by a RIC or REIT having record dates in October, November, or December and paid prior to February 1 of the following year are reportable and taxable in the year of the record date. These dividends are a separate line item with the 2026 pay date on your 2025 Form 1099-DIV and will not be included on your 2026 Form 1099-DIV.

Optional Stock Dividends: Companies sometimes offer shareholders the option of receiving a dividend in either cash or additional stock. If an optional stock dividend or spin-off distribution increases your proportionate interest in the corporation's assets or earnings and profits or provides the option to take cash or other property, it is taxable and reported on your Form 1099-DIV in the same manner as regular cash payments.

Undistributed Capital Gains - Form 2439 (not reported on Form 1099): Some mutual funds (RICs) and REITs keep their long-term capital gains and pay taxes on those amounts. You must report as long-term capital gains any amounts that the mutual fund allocated to you as capital gain distributions, even when you did not actually receive them. No later than March 31, we will send you (if applicable) a Form 2439 showing the amount of the undistributed capital gains and the tax paid. Form 2439 Box 1a reflects the total undistributed long-term capital gains, including the amounts in Boxes 1b, Section 1250 unrecaptured gain; 1c Section 1202 gain; and 1d collectibles (28%) gain.

If the fund has paid a tax on the capital gains (Box 2, Form 2439), you are allowed a credit for the tax as it is considered paid by you. The instructions for the Form 2439 explain how to complete your tax return to take this credit. Attach Copy B of Form 2439 to your tax return. If making adjustments to noncovered securities, decrease your basis in the stock by the difference between the amount of undistributed capital gains that you report and the amount of tax paid for you by the fund (generally 65% of the amount reported in Box 1a). Keep Copy C of Form 2439 with your records to confirm decreases in the basis of the mutual fund or REIT. The undistributed capital gains reported on Form 2439 should be reported in addition to any capital gains reported on Form 1099-DIV. Refer to IRS Publication 550.

1099-INT Interest Income

1099-INT Interest Income		**OMB No. 1545-0112**
IRS Box		*Amount*
1.	Interest Income	$999,999,999.99
3.	Interest on U.S. Savings Bonds and Treasury Obligations	$999,999,999.99
4.	**Federal Income Tax Withheld**	**$999,999,999.99**
5.	Investment Expenses	$999,999,999.99
6.	Foreign Tax Paid	$999,999,999.99
7.	Foreign Country or U.S. Territory	See Details
8.	Tax-Exempt Interest	$999,999,999.99
9.	Specified Private Activity Bond Interest	$999,999,999.99
10.	Market Discount	$999,999,999.99
11.	Bond Premium	$999,999,999.99
12.	Bond Premium on Treasury Obligations	$999,999,999.99
13.	Bond Premium on Tax-Exempt Bond	$999,999,999.99
14.	Tax-Exempt and Tax Credit Bond CUSIP No.	See Details
15.	State	See Details
16.	State Identification No.	See Details
17.	State Tax Withheld	$999,999,999.99

1099-INT - Interest income paid to you during the year from debt securities. This includes the reporting of market discounts and bond premiums for covered securities. Additional information supporting the totals shown here can be found in the "Details of Reportable Tax Information" section.

Box 1 (Interest Income Not Included in Box 3): The amount of interest (not including U.S. Treasury interest) credited to your account during 2025. Interest payments or tax credits received for a tax credit bond (for example, a "Build America Bond") are reportable in this box along with credit interest, accrued interest (except accrued interest on U.S. Treasury obligations) on bonds sold between interest dates and original issue discount on most short-term obligations (which is reportable as interest income if held to maturity). Furthermore, Box 1 reports your proportionate share of expenses paid by trustees of grantor trust securities. Since these expense items were deducted prior to being paid to you, the total interest income reportable to you may not match the interest actually credited to your account for these securities during 2025.

If you acquired a taxable covered debt instrument on or after January 1, 2014, that included bond premium and you did not notify us that you did not want to amortize premium, that amount is reported in Box 11. WFCS did not elect to net that amount from the interest amount reported in this Box 1. The bond premium for covered non-taxable bonds is reported in Box 13.

Box 3 (Interest on U.S. Savings Bonds and Treasury Obligations): The amount of interest income (including accrued interest) you received from U.S. Savings Bonds, Treasury Bills, Treasury Notes and Treasury Bonds. While taxable by the Federal government, interest reflected in Box 3 is exempt from any state or local tax. Payments made by various agencies "backed" by the U.S. Government (such as the Tennessee Valley Authority [TVA], FHA, FNMA, GNMA) are not direct obligations of the U.S. Treasury and may be subject to state taxes. Therefore, payments by those agencies are included in Box 1.

Box 5 (Investment Expenses): This amount is your share of investment expenses of a single-class REMIC. This amount is also included as part of your interest income in Box 1. Note: This amount is not deductible.

Box 6 (Foreign Tax Paid): The amount of foreign tax withheld by the foreign payer (not WFCS) and paid to a foreign government. You may be able to claim this as a deduction or a credit on your Form 1040. See the Form 1040 instructions. For more details, see the "Foreign Dividends and Interest" topic in this guide.

Box 7 (Foreign Country or U.S. Territory): Shows the country or U.S. territory to which the foreign tax was paid.

Box 8 (Tax-Exempt Interest): Shows tax-exempt interest payments made by municipal bond issuers or other securities eligible to make such payments. Report this amount on your Form 1040 on the tax-exempt interest income line.

Box 9 (Specified Private Activity Bond Interest): Shows tax-exempt income that may be subject to the AMT, assuming your adjusted gross income (AGI) exceeds the applicable exemption. This amount is included in Box 8. See the "Instructions for Form 6251, Alternative Minimum Tax - Individuals."

Box 10 (Market Discount): This box will be blank unless you acquired a debt instrument on or after the applicable date for it to be treated as a covered security and you informed us that you wanted to recognize the market discount currently as ordinary income rather than defer recognition (the default election). Market discount occurs when your purchase price is less than its adjusted issue price on the date of purchase. Consult with your tax advisor about which election you have made with the IRS and the instructions for Form 1040 about how to report this income. Market discount is only reportable on a Form 1099-INT, Form 1099-OID (if current recognition is elected) or Form 1099-B (if recognition is deferred until the sale or maturity) on debt instruments that are "covered" securities.

Market discount for other debt instruments may be provided for courtesy purposes, if WFCS has the required information to do that calculation. Brokers are required to use the "constant interest rate" calculation method for bonds acquired on or after January 1, 2015. For bonds acquired before 2015, the default calculation method was the ratable method. Market discount applies to both taxable and nontaxable bonds. See IRS Publications 1212 and 550.

Box 11 (Bond Premium): Debt instruments are a "covered security" for which this information must be tracked by the broker. If you purchased a debt instrument with bond premium (the price you paid was greater than the redemption amount), this box will include the premium amount that corresponds to the interest payments you received during the year if you did not contact us to inform us that you did not want to amortize bond premium. The broker default under the tax regulations is to amortize premium currently, but that does not impact your election with the IRS regarding your taxable debt instruments. If an amount is reported in this box, see the instructions for Form 1040 (Schedule B).

Box 12 (Bond Premium on Treasury Obligations): If you acquired a Treasury obligation that is a covered security with bond premium, that amount is reported in this box. If an amount is reported in this box, see the Instructions for Form 1040 (Schedule B) to determine the net amount of interest includible in income on Form 1040 with respect to the U.S. Treasury obligation.

Box 13 (Bond Premium on Tax-Exempt Bond): If you acquired a tax-exempt bond that is a covered security with bond premium, that amount is reported in this box. If an amount is reported in this box, see Pub. 550 to determine the net amount of tax-exempt interest reportable on Form 1040.

Boxes 15 – 17 (State Withholding Information): These boxes reflect any state withholding amounts. More states are requiring payers to apply state withholding when federal backup withholding applies.

Bonds Sold and Purchased Between Interest Payment Dates: When bonds are sold between interest payment dates, part of the sales price includes accrued interest from the date of the last interest payment date. For taxable bonds, we must report this amount as taxable interest income. If you bought a bond between interest payment dates, that amount is found in the "Federal Non-reportable" section because you can make elections as to how to treat it.

Payments In Kind: The issuers of some corporate bonds may distribute additional bonds in lieu of cash interest payments. These "payments in kind" are reportable as interest using the fair market value of the bonds on the date of distribution. Generally, the cash interest payment amounts are reported on the Form 1099-INT and the issuance of new bonds in lieu of paying interest is reported as original issue discount on the Form 1099-OID.

If your total amount of taxable interest income from all sources exceeds $1,500, list it on Schedule B of Form 1040. Show WFCS as the "Payer" on Schedule B for any amounts reported on your Form 1099-INT or Form 1099-OID in this package.

1099-OID Original Issue Discount - Summary

1099-OID Original Issue Discount – Summary		
IRS Box		*Amount*
1.	Original Issue Discount for 2025	$999,999,999.99
2	Other Periodic Interest	$999,999,999.99
4.	Federal Income Tax Withheld	$999,999,999.99
5.	Market Discount	$999,999,999.99
6.	Acquisition Premium	$999,999,999.99
8.	OID on U.S. TreasuryObligations	$999,999,999.99
9.	Investment Expenses	$999,999,999.99
10.	Bond Premium	$999,999,999.99
11.	Tax-Exempt OID	$999,999,999.99
12.	State	See Details
13.	State Identification No.	See Details
14.	State Tax Withheld	$999,999,999.99

1099-OID - Original Issue Discount (OID) accrued during the year on debt instruments must be recognized as income, even if not received. This includes market discount and acquisition premium amounts for covered securities, which are reported to the IRS in the "Reportable Tax Information" section of your statement. For tax-exempt obligations that are covered securities acquired on or after January 1, 2017, OID for the portion of the year held will be reported on Form 1099-OID. For noncovered securities or covered securities

acquired before that date, OID is provided as supplemental information in the "Federal Non-reportable Information" section. In accordance with IRS regulations, WFCS defaults all customers to amortize bond premiums annually on fixed income securities purchased at a premium. Market discount recognition is deferred until the debt instrument is disposed of by maturity, sale, or exchange. Additionally, market discount amounts for "less complex" bonds acquired before January 1, 2014, and "more complex" bonds acquired before January 1, 2016, are accreted and reported annually as supplemental information. Depending on broker defaults or written customer elections received by year-end, market discount, bond premium, or acquisition premium amounts may be reported on Form 1099-OID or Form 1099-INT. To review or update your elections, please contact your financial advisor.

Box 1 (Original Issue Discount): Generally, the difference between the issue price of the bond or note certificate and its stated redemption price at maturity, with the accrual being based on the number of days you held it in 2025. However, accrual amounts may also be reportable for investments in contingent payment debt instruments and fixed income securities that can or have deferred payments, or for which the maturity amount is contingent upon a stock or exchange index.

Box 2 (Other Periodic Interest): Interest credited to your account during the calendar year on an OID security. This will generally be for securities where the issuer did not provide accrual rates, so we had to report the cash interest paid.

Box 5 (Market Discount): For a debt instrument that is a "covered" security, if you made an election with the IRS under section 1278(b) to include market discount in income as it accrues and you notified WFCS of the election, this box shows the market discount that accrued on the debt instrument during the year while held by you. Report this amount on your income tax return as directed in the instructions for Form 1040. The broker default under the regulations is that you have not made this election.

Box 6 (Acquisition Premium): Acquisition premium is the amount you paid in excess of the adjusted issue price for an OID bond. For a debt instrument that is a covered security, this box shows the amount of acquisition premium amortization for the year that reduces the amount of OID that is included as interest on your income tax return. If any amount is reported in this box, see the instructions for Form 1040 (Schedule B). If an amount is not reported in this box for a covered security acquired with acquisition premium, WFCS has reported a net amount of OID that reflects the offset of OID that is included in income.

Box 8 (OID on U.S. Treasury Obligations): OID on a U.S. Treasury obligation for the part of the year that you owned it. Although this OID is exempt from state and local income taxes and not included in Box 1, it is reportable on your federal tax return.

Warning: If the OID is related to a Treasury STRIP for which WFCS did not have the acquisition price and date requiring us to use the rates published in Section II of IRS Publication 1212, those are "placeholder" rates only. You must consult with your tax advisor and recalculate the amount that was reported using the rates in Section II. If WFCS had your purchase price and acquisition date, the correct OID amount is reported.

Box 9 (Investment Expenses): Any amount shown here is your share of investment expenses in a single-class REMIC.

Box 10 (Bond Premium): Debt instruments are a "covered security" for which this information must be tracked by the broker. If you purchased a debt instrument with bond premium (the price you paid was greater than the redemption amount), this box will include the premium amount that corresponds to the interest payments you received during the year if you did not contact us to inform us that you did not want to amortize bond premium. The broker default under the tax regulations is to amortize premium currently, but that does not impact your election with the IRS regarding your taxable debt instruments. If an amount is reported in this box, see the instructions for Form 1040 (Schedule B).

Box 11 (Tax-Exempt OID): For a tax-exempt obligation that is a covered security acquired on or after January 1, 2017, this shows the tax-exempt OID on the obligation for the part of the year you owned it. The payer may, but is not required to, report the OID for a tax-exempt obligation acquired before January 1, 2017. In general, report the amount of tax-exempt OID on Form 1040.

Note: Prior to Tax Year 2017, pursuant to IRS Notice 2006-9 3, the OID accrual on a tax-exempt debt obligation was not reportable on the Form 1099-OID, unlike with cash interest received on tax-exempt bonds or dividends received from mutual funds that have tax-exempt bonds in their portfolio. These accruals, including acquisition premium, bond premium, or market discount (if elected for current recognition) require adjustments to the cost basis of tax-exempt bonds that are "covered" securities.

Boxes 12 – 14 (State Withholding Information): This reflects any state backup withholding amounts. More states are requiring payers to apply state backup withholding when federal backup withholding applies.

Short-Term OID: Bonds with a maturity date of one year or less from their original issue date are called "short-term OID bonds." If your short-term OID security was held until maturity, your redemption proceeds will not be reported on Form 1099-OID or Form 1099-B. Instead, we are required to report interest income on Form 1099-INT based on the difference between the purchase amount and the redemption proceeds.

If WFCS does not have record of your purchase amount, the reportable interest is calculated by using the original issue price, found in IRS Publication 1212. The actual redemption proceeds of the bond are not reportable and will not appear on your Forms 1099. However, if you sold your short-term OID obligation before its maturity date, the gross proceeds from the sale will be reflected on Form 1099-B (Proceeds from Broker and Barter Exchange Transactions), part of which reflects your accrued OID while you held that bond.

Long-term OID: If a security issued at a discount has a maturity of more than one year, the original issue discount (as it accrues on a daily basis) is reported on Form 1099-OID. The accrual rates and OID are calculated using information in IRS Publication 1212. If the debt instrument is not included in that publication, other external resources are used to provide the most comprehensive reporting available. You may be able to adjust the amount reported to you if you did not acquire the obligation on the original issue date. If long-term OID on any of your securities qualifies as "de minimis," it is below the reporting threshold and is not included on your Forms 1099. See IRS Publication 1212 for a complete definition of "de minimis" OID.

Additional Supplemental OID Information and Adjustments: For noncovered securities ("less complex" debt instruments acquired before January 1, 2014 and "more complex" debt instruments acquired before January 1, 2016), if we had your complete purchase information, we provide that information to you as supplemental information. Enter the full amount of OID shown on your Form 1099-OID on line 1, Part 1 of Schedule B (Form 1040). Below the subtotal of all interest income listed, write "OID Adjustment" and enter the difference between the full amount of OID shown on Form 1099-OID and the amount of OID that you are required to report. If the amount of OID you are required to report is less than the amount listed on your Form 1099-OID, subtract the difference from your subtotal. If the amount of OID you are required to report is more than the amount listed on your Form 1099-OID, add the difference to your subtotal. Report the result of line 4, Part 1 of Schedule B on Form 1040, line 2b, taxable interest income. If we provided market discount information as supplemental information for noncovered securities, see the instructions for Form 1040.

Contingent Payment Debt Instruments: Certain contingent payment debt instruments (CPDIs), often referred to as "preferred securities," require OID-accrual reporting instead of reporting based on interest payments received. These accrual amounts typically differ from the actual cash payments and were not subject to IRS cost basis reporting rules until tax year 2016. CPDIs are not eligible for secondary market purchase elections, as you must make positive or negative income adjustments with each cash payment or accrual period, in accordance with Federal Tax Regulation §1.1275-4. Gains or losses on these instruments are generally treated as ordinary income or loss and will be reported on Form 1099-B. For guidance on income adjustment requirements and elections, please consult IRS Publication 1212 - particularly the "How to Report OID" section - and speak with your tax advisor.

1099-MISC Miscellaneous Information

1099-MISC Miscellaneous Information		OMB No. 1545-0115
IRS Box		*Amount*
1.	Rents	$999,999,999.99
2.	Royalties	$999,999,999.99
3.	Other Income	See Details
4.	**Federal Income Tax Withheld**	$999,999,999.99
8.	Substitute Payments in Lieu of Dividends or Interest	**$999,999,999.99**
16.	State Tax Withheld	**$999,999,999.99**
17.	State/Payer's State No.	**CA/123456789**
18.	State Income	$999,999,999.99

1099-MISC - Miscellaneous payments must be reported on these forms. Additional information supporting the totals shown here can be found in the "Details of Reportable Tax Information" section.

Box 1 (Rents): Use to report rents from real estate that may be held in the portfolio of some securities, such as WHFITs. Report this amount on Schedule E (Form 1040).

Box 2 (Royalties): Generally, this is based on information provided by a royalty trust. Royalties are reported on Part 1, Schedule E (Form 1040). If you hold a royalty trust that has announced part of the distribution was Section 1231 gain, you need to report that type of gain on IRS Form 4797.

Box 3 (Other Income): Includes payments received for any forward contracts that are part of various structured products, any "gross up payment" of a substitute payment reported in the prior tax year, as well as consent payments (income received for consenting to a change in a security's original indenture) - unless the bond issuer notified us that it treated that payment as "repurchase premium" as part of the modification of the bond. You generally report this amount on the "other income" line of Form 1040.

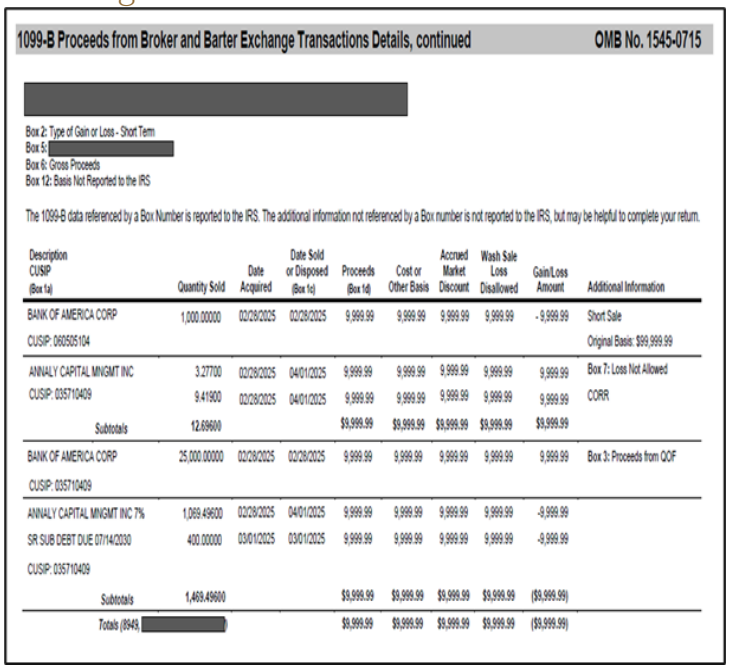
Box 8 (Substitute Payments): Shows substitute payments in lieu of dividends, capital gains distributions or tax-exempt interest received by your broker on your behalf as a result of

a loan of your securities (generally, from your margin account).

Boxes 16 – 18 (State Withholding Information): This reflects any state backup withholding amounts. More states are requiring payers to apply state backup withholding when federal backup withholding applies.

Note: Nonemployee compensation that was previously reported on the Form 1099-MISC is now reported separately on IRS Form 1099-NEC.

1099-B Proceeds from Broker and Barter Exchange Transactions



1099-B Proceeds from Broker and Barter Exchange Transactions Details, continued — OMB No. 1545-0715

[redacted]

Box 2: Type of Gain or Loss - Short Term
Box 5: [redacted]
Box 6: Gross Proceeds
Box 12: Basis Not Reported to the IRS

The 1099-B data referenced by a Box Number is reported to the IRS. The additional information not referenced by a Box number is not reported to the IRS, but may be helpful to complete your return.

Description CUSIP (Box 1a)	Quantity Sold	Date Acquired	Date Sold or Disposed (Box 1c)	Proceeds (Box 1d)	Cost or Other Basis	Accrued Market Discount	Wash Sale Loss Disallowed	Gain/Loss Amount	Additional Information
BANK OF AMERICA CORP	1,000.00000	02/28/2025	02/28/2025	9,999.99	9,999.99	9,999.99	9,999.99	- 9,999.99	Short Sale
CUSIP: 060505104									Original Basis: $99,999.99
ANNALY CAPITAL MNGMT INC	3.27700	02/28/2025	04/01/2025	9,999.99	9,999.99	9,999.99	9,999.99	9,999.99	Box 7: Loss Not Allowed
CUSIP: 035710409	9.41900	02/28/2025	04/01/2025	9,999.99	9,999.99	9,999.99	9,999.99	9,999.99	CORR
Subtotals	12.69600			$9,999.99	$9,999.99	$9,999.99	$9,999.99	$9,999.99	
BANK OF AMERICA CORP	25,000.00000	02/28/2025	02/28/2025	9,999.99	9,999.99	9,999.99	9,999.99	9,999.99	Box 3: Proceeds from QOF
CUSIP: 035710409									
ANNALY CAPITAL MNGMT INC 7%	1,069.49600	02/28/2025	04/01/2025	9,999.99	9,999.99	9,999.99	9,999.99	-9,999.99	
SR SUB DEBT DUE 07/14/2030	400.00000	03/01/2025	03/01/2025	9,999.99	9,999.99	9,999.99	9,999.99	-9,999.99	
CUSIP: 035710409									
Subtotals	1,469.49600			$9,999.99	$9,999.99	$9,999.99	$9,999.99	($9,999.99)	
Totals (8949 [redacted])				$9,999.99	$9,999.99	$9,999.99	$9,999.99	($9,999.99)	

1099-B - Gross proceeds are reported (on a trade-date basis, less commissions or options premiums) from the sale or exchange of securities, tender offers, cash received in lieu of fractional shares, corporate actions (such as mergers and acquisitions), implicit redemptions, partial return of principal payments, and final redemption payments on all debt obligations, including municipal bonds and CDs. It also includes realized and unrealized profits and losses from Regulated Futures Contracts. Proceeds reported on Form 1099-B are shown in the "Reportable Tax Information" section. Securities are classified as "covered," "noncovered," or "unknown" to assist with tax reporting. WFCS reports cost basis to the IRS only for covered securities, which may also include information on wash sales (where losses are deferred) and deferred market discount treated as ordinary income.

It is your responsibility to determine and accurately report your capital gains or losses using IRS Form 8949 and Schedule D of Form 1040. The way you complete Form 8949 depends on whether the security is classified as covered or noncovered, and on your holding period.

For covered securities, where the cost basis is reported to the IRS, you must complete Form 8949 and check Box A in Part I for short-term holdings or Box D in Part II for long-term holdings. If we have indicated that the securities are covered and are sending the cost basis information to the IRS, you are required to use the appropriate box based on your holding period. For noncovered securities, where the cost basis is not reported to the IRS, you must complete a separate Form 8949 and check Box B in Part I for short-term holdings or Box E in Part II for long-term holdings. This informs the IRS of your holding period and provides the necessary cost basis information.

Adjustments may be necessary based on your individual tax elections or positions, which WFCS cannot account for. The IRS Form 8949 provides columns and codes to report these adjustments and explain the reasons. Refer to the 2025 Instructions for Form 8949 on the IRS website for guidance. Additionally, under IRS "Instructions for Form 1099-DIV," net short-term capital gains distributed by mutual funds are reported as ordinary dividends on Form 1099-DIV, not on Form 1099-B. Other capital gain distributions from mutual funds or REITs are also reported on Form 1099-DIV or the "Realized Gain/Loss Statement," in accordance with IRS rules. If you have questions about your elections or need to review them, please contact your financial advisor.

Note: The information on Form 1099-B will impact your Form 8949 and Schedule D reporting requirements. You must complete the Form 8949 and Schedule D based on whether or not cost basis information was provided to the IRS for particular securities.

The IRS Form 8949 provides columns and codes for you to make any adjustment and explain the reason to the IRS. See the "2025 Instructions for Form 8949" posted on the IRS website. The IRS is aware that our Form 1099 reporting requirements are not always consistent with what you may report when completing your tax return. However, you must always provide the IRS with the amount reported on the Form 1099, the adjustment amount and the reason for the adjustment.

Cost Basis Information - Applies to "Covered Securities" only: The cost basis reporting requirements have been phased in on the following dates for each type of specified security. Based on each of their effective dates, the type of securities are considered "covered."

- Shares issued by an entity organized or taxable as a corporation that are acquired by you on or after January 1, 2011;
- Shares issued by a regulated investment company (RIC) or pursuant to a qualified dividend reinvestment plan (DRP), provided they are eligible for the average cost basis election, acquired by you

on or after January 1, 2012;
- "Less complex" debt instruments, and certain options (for example, "puts" and "calls" on specified securities) acquired by you on or after January 1, 2014;
- "More complex" debt instruments acquired on or after January 1, 2016;
- Any securities transferred into your account from another broker when the transfer statement that was provided indicated the securities were covered securities and provided all of the information required in the regulations so we can report your cost basis correctly.

The following securities are treated as "noncovered securities" and not subject to cost basis reporting to you or the IRS:

- Securities described above that were purchased prior to their applicable effective date;
- Securities transferred into your account where your previous broker (a) provided a transfer statement with cost basis information but indicated the shares were noncovered while held there, or (b) provided a transfer statement indicating the shares were covered but it was incomplete because all of the required information was not included, or (c) provided no transfer statement because none was currently required;
- Securities that were not acquired for cash in your account;
- Securities received in exchange for securities that were noncovered; and
- Securities subject to reporting under other federal tax regulations, such as partnership interests and widely held fixed investment trusts (WHFITs).

The federal tax regulations state that brokers are not required to adjust cost basis for any taxpayer elections, accounting positions, or events that occur outside of the account. The only exception to that is for organizational actions but only when the companies or courts involved issued a Form 8937. If the companies or courts do not provide a Form 8937, the new shares are noncovered.

Warning: We have noticed many customers are audited by the IRS because they sold securities, used the cash proceeds to purchase new securities, and did not include that sale on their tax return. You still must include the Form 1099-B information on your tax return when that occurs. The same is true if any debt instrument matured for the same amount that you paid for it and the proceeds are reported on the Form 1099-B. The IRS assumes your cost basis is $0 if you do not complete IRS Form 8949 and Schedule D providing the correct cost basis information to the IRS.

Box 1a (Description of the Property): This will describe the security that was sold, exchanged, matured, or was otherwise disposed of during the applicable tax year, including securities that were subject to "constructive receipt" reporting because the merger date was on or just prior to December 31, and the parties involved stated in their merger prospectus or Form 8937 that it must be reported for that year even though the cash or stock was not received until January of the following year.

Box 1b (Date Acquired): This is the date you acquired a covered security. If you sold multiple lots of a covered security, the date may be blank or state "VARIOUS." If the security you sold is noncovered (either because of the date it was acquired or security type), this box may be left blank. For short sales, it is the date you acquired the security that was delivered to close the short sale. However, be sure to consult with your tax advisor regarding the holding period rules for a "short against the box" situation.

Box 1c (Date Sold or Disposed): This is the trade date (not the settlement date) for your sale or exchange of securities. For short sales, it is the date shares were delivered to close the short sale. Also, see the note under Box 1a regarding "constructive receipt" and date used for mergers/acquisitions around December 31.

Box 1d (Proceeds): This is your net proceeds resulting from the sale of securities, redemptions, maturities, tender offers, taxable exchanges and mergers, or cash received in lieu of fractional shares. Federal tax regulations require the reporting of the disposition of all debt obligations, including municipal bond sales and redemptions even though their distributions were tax-exempt. Bonds purchased after April 30, 1993 (including tax-exempt bonds) at a discount on the secondary market can have ordinary income implications if purchased below the adjusted issue price. All partial principal payments are reportable, even though those payments do not close the position because there is remaining principal due from the issuer at a later date or upon maturity. In addition, all brokers must report proceeds net of commissions, transfer taxes, or option premiums on options acquired on or after January 1, 2014, as applicable.

Box 1e (Cost or Other Basis): Generally, this will be your original or adjusted basis (if applicable) for both covered and noncovered securities. The term "other basis" refers to average cost basis or the reportable cost basis amounts for an organizational action where you cannot recognize a loss. There can be two situations where you cannot recognize a loss. The most frequent of these occurs when you receive cash or other property (often referred to as "boot") as part of a merger or acquisition that was completed under IRC section 356. To ensure no loss amount is indicated for this type of merger, the cost basis we are required to show is the amount

that reflects "the net reduction in basis between stock exchanged and stock received." For this type of merger, the proceeds reported in Box 1d is only the cash amount or fair market value (FMV) of any property (not including the shares in the new company) you received. Conversely, if you owned shares in a corporation that moved its tax residency outside the United States and it triggered penalties under IRC section 367 and you would have had a loss, the cost basis must equal the gross proceeds amount.
For this type of event, referred to as an "acquisition of control or substantial change in capital structure," the gross proceeds reported in Box 1d reflects the Fair Market Value (FMV) of any new shares you received plus any cash. The reporting for this type of event is the only no loss situation where Box 7 will be checked. While this is admittedly confusing, it is based on the reporting requirements found in the IRS instructions for the Form 1099-B. For short sales, it will be the adjusted basis of the shares delivered to close the short sale.

You must reconcile and report each transaction shown on Form 1099-B with Form 8949 and Schedule D of your Form 1040. If you fail to do this, the IRS will assume your basis was $0 and the entire gross proceeds amount represents a gain.

Box 1f (Accrued Market Discount): For covered securities only, this box will show the amount of accrued market discount if you acquired a debt instrument and it was sold, matured, or was otherwise disposed of, with any deferred market discount. The cost basis reported in Box 1e is not adjusted for this amount, because you must complete the worksheet found in the IRS instructions for Form 8949 to calculate the amount of market discount that is ordinary income and the amount that is gain and then adjust your basis accordingly.

Box 1g (Wash Sale Loss Disallowed): For covered securities only, this box will show the amount of nondeductible loss in a wash sale transaction. If you sold a covered security for a loss and acquired the same shares (as determined by a CUSIP number or symbol) in the same account within a period of 30 days before or after that trade date, we are required to report the amount of the loss that cannot currently be recognized pursuant to IRC section 1091. The information reported here may not reflect your complete reporting requirement regarding wash sales because the wash sale rule in IRC section 1091 applies to "substantially identical stock or securities" or if you acquire replacement securities (including your option positions) in other accounts you may own during this time frame. The wash sale rule is applied based on the facts and regardless of intent. Consult with your tax advisor, or review IRS Publication 550 and the IRS instructions for the Form 1099-B for more information about the "wash sale" rule.

Box 2 (Type of Gain or Loss): This information as to whether or not the security was held for more than one year ("long-term"), or one year or less ("short-term") and whether the gain represents ordinary income only applies to covered securities. The check box for ordinary income is to capture special reporting for contingent payment debt instruments where the gain or loss is generally not eligible for capital gain/loss income tax rates. For these particular securities, brokers must check both the ordinary income box and either the short-term or long-term box based on the customer's holding period for that security. This information is provided to the IRS. The information may not be correct if you are actively involved in holding hedged or straddled positions that impact holding periods. You should always consult with your tax advisor if you are involved in complex tax situations that involve numerous accounts and brokers requiring you to make adjustments when including this information on your Form 8949. For more information, see the "Contingent payment debt instrument" section in the IRS Form 8949 instructions.

Box 3 (Collectibles or Qualified Opportunity Fund): This box is "checked" to indicate the proceeds are from a transaction involving collectibles or a qualified opportunity fund. These securities are subject to a different tax rate than a capital gains rate.

Box 5 (Noncovered Securities): This box is "checked" to indicate that the securities sold were noncovered securities and boxes 1b, 1e, 1f, 1g, and 2 may be blank.

Box 6 (Reported to IRS: Gross Proceeds or Net Proceeds): This box is "checked" to indicate if any options acquired before January 1, 2014, have impacted the proceeds amount reported in Box 1d. That is optional for brokers. For non-compensatory options acquired on or after January 1, 2014, the broker is required to report the proceeds net of premiums for certain options activity.

Box 7 (Loss Not Allowed): If checked, you cannot take a loss on your tax return based on gross proceeds from a reportable change in control or capital structure reported in Box 1d. See the Form 8949 and Schedule D (Form 1040) instructions.

Boxes 8 – 11 (Regulated Futures Contracts): The aggregate amount reported in Box 11 is based on this formula found in the Federal tax regulations: Box 8 + Box 10 – Box 9. See IRC section 1256 about the recognition of the reported gain or loss for a regulated futures contract, which is 60% long-term and 40% short-term.

Boxes 14 – 16 (State Withholding Information): This reflects any state withholding amounts. More states are requiring payers to apply state withholding when federal backup withholding applies.

Stock Options: Generally, when you exercise your option to buy stock through an employee stock purchase offer, you do not have a taxable event. Your taxable event occurs when you sell the shares of stock purchased through the option. You will receive Form 1099-B reflecting the proceeds from the sale of the stock. Depending on when you sold the shares purchased through the option, you also may receive Form W-2 from your employer. If your employer reports the gain as income on your W-2, you can simply use that to adjust your cost basis on Schedule D. For compensatory stock options granted or acquired on or after January 1, 2014, brokers are not allowed to adjust basis for the income amount reported on your Form W-2. Brokers are only required to use as your basis the cash exercise price you paid. Restricted stock awards for which no cash was paid are not a "covered security" subject to cost basis reporting and tracking by a broker. For more information, refer to IRS Publication 525 or consult your tax advisor.

Structured Products - Implicit Redemption or Remarketing of Note, Bond, or CD: Be aware that for some hybrid or structured products that include a note, bond, or CD, the redemption by the issuer of all or part of this component may occur outside your account. Generally, those proceeds are used by the issuer to purchase the shares you received, or to purchase a new debt obligation that will mature just prior the exchange date. That is an event reportable on the Form 1099-B even though you may never receive the proceeds.

Additional Information That May Be Included in Your Consolidated Tax Package

Additional Realized Gain/Loss Information section contains cost basis/realized gain and loss data that will not be reported to the IRS. This can occur based on either statutory or circumstantial events. If the transaction is not eligible for 1099-B reporting based on IRS statutory requirements, we are supplying those records in this section for your reference. In addition, there are circumstances when tax lots could not be matched to corresponding transactions. That activity is reported in the Noncovered or Unknown Term sections of Form 1099-B provided on a previous page(s) of the tax package. Please consult your tax advisor to determine how this information impacts your filing of Form 8949.

Note: The realized gain/loss information is segregated into short term and long term and is marked either covered or noncovered. It is important that these transactions are input onto separate Forms 8949.

WHFIT and REMIC Additional Written Statements for any widely held mortgage trust (WHMT), real estate mortgage investment conduit (REMIC) securities owned during 2025 are subject to a March 15 reporting date (or next business day if the 15th falls on a recognized holiday or weekend). WFCS does attempt to provide as much information as possible with your original tax statement — if the issuer has made it available at that time. Do not file your tax return until you receive this additional information.

Federal Non-Reportable Information section provides information about items, such as miscellaneous debit interest, expense items, and accrued interest on purchases which may prove useful in the preparation of your federal, state, or local taxes.

Miscellaneous Tax Information

Substitute Payments: Payments made while securities were loaned from an individual taxpayer's margin account are subject to reporting as "substitute payments in lieu of dividends or interest" on Form 1099-MISC. For example, if you note a dividend total in your December statement that is different from your Form 1099-DIV amount, that difference could be the result of a dividend payment being identified as a substitute payment and reported on Form 1099-MISC.

Money Market Funds - Administrative Fees: In some instances, an administrative service (sweep) fee is charged on balances in money market funds available for cash sweeps. This fee is deducted automatically from monthly income in the form of a reduction in the dividends you receive. The dividends that appear on your monthly statement are net of this fee. However, federal tax laws and regulations require that we report the gross dividend that was distributed, regardless of any fee deducted. For this reason, the aggregate service fee for the year is added back to your net dividends, and the total is reported to the IRS as dividends received on your Form 1099-DIV.

Limited-Partnership Distributions (K-1): If you owned units in a limited partnership during the year, you will receive a Schedule K-1 (Form 1065) directly from the partnership you own. General partners have until March 15 (or next business day if the 15th falls on a recognized holiday or weekend) to issue K-1s. If you do not receive your K-1 or have further questions about it, you must contact the partnership directly. While we track your original purchase and report it to you, the cost basis from your K-1 should be used to calculate your gain or loss. You can refer to taxpackagesupport.com (Wells Fargo Clearing Services, LLC has provided this link for your convenience but does not control or endorse the website and is not responsible for the products, services, content, links, privacy policy, or security policy of this website.) for partnership contact information. For additional information, please refer to IRS Publication 541.

Worthless Securities: You should consult with your tax advisor about this reporting. Generally, you must take this loss by the end of the first tax year for which you determined

the shares to be worthless and no Form 1099-B is required to do this. You should report a security as worthless only if you are absolutely certain no more payments will be received.

Federal Income Tax Withheld: On most Forms 1099, Box 4 (Federal Income Tax Withheld) shows any federal income tax withheld on most types of investment income such as dividends, interest, or gross proceeds reportable on a Form 1099. If a client has not provided a valid taxpayer identification number (TIN), typically a Social Security Number or the required certifications (see IRS Form W-9), they may be subject to backup withholding at the applicable federal rate.

Backup withholding may also apply if:

- The IRS notifies the payer that the taxpayer has under-reported interest or dividends (a C-Notice).
- The TIN provided does not match IRS or Social Security Administration records (a B-Notice).
- A valid Form W-9 or W-8 was not received at the time of payment.

This withheld amount is charged to your account and paid to the IRS as required by law. It must be reported on your Form 1040 or 1040NR as federal income tax withheld and should be credited on the return that corresponds to the TIN shown on the Form 1099.

Federal tax laws prohibit refunds or reversals of prior-year, or properly applied, backup-withholding amounts. You must take this withholding as a credit when you file your tax return for the applicable year. Please direct questions regarding backup withholding to your financial advisor. If you are subject to "C-notice" backup withholding because IRS records show you have not reported all of your income, you can contact the IRS Taxpayer Advocate Service at 1-877-777-4778 (TTY/TTD: 1-800-829-4059) to discuss the matter and obtain a "stop" letter.

Fixed Rate Capital Securities: Fixed rate capital securities are a class of fixed-income preferred securities, such as monthly income preferred securities (MIPS), monthly income debt securities (MIDS), quarterly income capital securities (QUICS), quarterly income preferred securities (QUIPS), quarterly income debt securities (QUIDS), Canadian original preferred securities (COPRS), and trust originated preferred securities (TOPRS). Most fixed rate capital securities are structured as debt securities and, therefore, income from these securities is reportable as interest or OID. Most MIPS are structured as partnerships for federal income tax purposes. You will receive tax-reporting information directly from the issuer via Schedule K-1. The amount of OID that is reported on the 1099-OID may not equal the amount of income you actually received. Since the issuers have the option of extending the payment period, holders must recognize interest income under a constant yield basis over the life of the security, regardless of the receipt of cash. This difference should only occur during years that the security was acquired or disposed of, or if the company elects to defer payment. If the company elects to defer payments, the holders of the security will continue to accrue income (OID) for tax purposes, even though payments are not being made. Unlike other OID securities, you do not need to make an OID adjustment if the security was bought on the secondary market, regardless of purchase price. The purchase price will determine the capital gain or loss realized upon disposition of the security.

Foreign Dividends and Interest: If you owned shares of any foreign security in your account that paid dividends (or interest), you may be entitled to a foreign tax credit or deduction on Form 1040 Schedule A if you are taking it as an itemized deduction. The Form 1099-DIV (Box 1) will reflect the gross dividend distributed by the company and from which foreign tax was withheld (if the foreign entity paid interest, the gross amount of interest will be reflected in Box 1 of Form 1099-INT).

The total amount of foreign tax paid will be shown with a description of "Foreign Tax Paid" in Box 6 of either your Form 1099-DIV or Form 1099-INT. For most foreign stock positions, the foreign country or U.S. territory where the tax was withheld (country of origin) is indicated by a two-letter code in the "Country" box for these items. If no country is indicated, this is likely because a mutual fund portfolio holds numerous foreign securities so multiple country codes apply. Except for any foreign tax amount that can be reclaimed from the foreign government, the IRS allows taxpayers to take a foreign tax credit without filing Form 1116 if their total foreign taxes are $300 or less ($600 or less on a joint return). Only if you are filing Form 1116 to claim a foreign tax credit do you need each country name, amount of the dividend received, and the tax withheld for that country. To determine if you are eligible to claim a foreign tax credit and how to file, please refer to the following: *IRS Publication 514; 2025 Instructions for Form 1116 and Form 1040 (including Schedule A)*.

Royalty Trusts: Royalties from copyrights, patents, and oil, gas, and mineral properties are taxable as ordinary income. If you own units in a U.S. royalty trust, the royalty and other income generated from these instruments will be reflected on Form 1099-MISC. In late March or early April, you should receive a booklet from the royalty trust that details tax consequences and provides information on how to determine your pro-rata share of income and deductions attributable to your investment in the royalty trust security.

You should follow the instructions in that booklet as it is the

primary source of information needed to complete your tax return. Most booklets explain how to reconcile the information we reported on a Form 1099 to the information they provide, often by deleting all or part of the amount on Schedule B of your tax return. Canadian Royalty Trusts are typically not considered royalty trusts for U.S. tax purposes. See IRS Publication 525.

Frequently Asked Questions

Correction Requests

Q1. What should I do if a correction is necessary?

A1. Please review your Forms 1099 as soon as possible and contact your financial advisor or consultant if you feel a correction is necessary. The first cycle of amended tax forms starts in late February because we receive a large volume of reclassification information in the last two weeks of February and first week of March. We send our original file of amended information to the IRS in late April, with several additional files throughout the summer and early fall.

Amended Tax Forms - Late Announcements

Q2. Last year, after I received my original Forms 1099, I received an amended form changing the reporting of my dividend distributions. Will this happen again this year? If so, which of my holdings are most susceptible to late tax announcements?

A2. A security issuer may send us information after your tax form is prepared that changes the tax nature of some dividends and capital gain distributions. If any late tax announcements are received after our print vendor deadline for producing the original tax form, we will subsequently send you an amended Form 1099 where the change in any box is over $100. In most instances where the change resulted in a dividend reclassification, the change will be indicated with "CORR" in the Notes column of your amended forms.

Mutual Fund/REIT Dividends

Q3. Why are dividends that were paid in January 2026 reported on my 2025 Form 1099-DIV?

A3. Since the Tax Reform Act of 1986, federal tax laws require payers to report as prior year income any dividends you received prior to February 1 in the current year from a regulated investment company (i.e., a RIC or mutual fund) or REIT that had a record date in October, November, or December of the prior year. These dividends are a separate line item with the 2026 pay date on your 2025 Form 1099-DIV and will not be included on your 2026 Form 1099-DIV. In addition, distributions made by a grantor trust security that represents income held by the trust in the prior tax year is reportable for that year instead of the year in which you received it. Some grantor trust distributions could be made as late as March in the current year and still be reportable on the prior year's tax forms.

Q4. Why does my Form 1099-DIV show only some of my mutual fund distributions for 2025?

A4. If the broker/dealer or reporting status on your mutual fund was changed during 2025, you may receive a Form 1099 from both the fund and WFCS. If the broker/dealer status was changed from a mutual fund to WFCS, the Form 1099 from the fund will report distributions paid to you prior to the broker/dealer change. The distributions paid to you by WFCS after the broker/dealer change will be included on the WFCS Form 1099. If the broker/dealer status was changed from WFCS to a mutual fund, your Forms 1099 from WFCS will report distributions paid to you prior to the change. In addition, you should receive a Form 1099 from the mutual fund reporting information after the broker/dealer change.

Q5. Why are the income amounts and payment description for some of my mutual funds, REITs, and grantor trust securities different from what was reflected on my monthly statement?

A5. Mutual funds and REITs often determine after year-end that distributions are not reportable for tax purposes as they were initially distributed during the year. Portions of distributions initially paid as a "dividend" may later be reclassified to return of capital, short-term capital gain, long-term capital gain, and so on. In addition, mutual funds and grantor trust securities often distribute cash to their investors after various expenses, fees, and foreign taxes have been deducted. Federal tax regulations require us to "gross up" that amount to account for those expenses and report the income based on how it was received by the trust or fund rather than how it was distributed to you. More information is provided throughout this guide.

Reinvested Dividends

Q6. Why are my reinvested dividends reported on my Form 1099-DIV and what is my cost basis for the reinvested shares?

A6. Dividends are reportable whether received in cash or reinvested to purchase additional shares. Your monthly statement shows the cost basis for each tax lot, including reinvestments. See IRS Publication 550 "Investment Income and Expenses" for more details.

Alternative Minimum Tax (AMT) Reporting

Q7. What is AMT, and how does it apply to me?

A7. In 1996, Congress enacted the AMT when it learned some wealthy taxpayers were able to avoid any federal tax liability through tax shelters, preferential tax treatment for certain investments, and various tax credits. Higher-income taxpayers and those who itemize deductions are the primary targets of AMT. In arriving at the tentative AMT, an individual begins with taxable income, modifies it with various adjustments and preferences, and then subtracts an exemption amount (which phases out at higher income levels). If the mutual fund issuer has provided us with

supplementary AMT information, we have included that for your convenience as the part of the distribution that may be subject to AMT inclusion if you fall under the AMT reporting requirements. Most municipal bond distributions are not broken down pro-rata between what is subject to AMT and what is not because that information is not provided to us by the bond issuer. For dividend distributions by mutual funds and other RICs, this amount is reported in Box 13 of the Form 1099-DIV, which is included in Box 12 of that form. For interest distributions, this information is provided in Box 9 of the Form 1099-INT, which amount is also included in Box 8. If the tax-exempt bond was subject to OID reporting, that information is found in the "Federal Non-Reportable" section of your year-end package. For more information about AMT, please see IRS Publication 17 and IRS Form 6251 or consult a tax advisor.

Original Issue Discount (OID) Reporting

Q8. Why did you report OID income on my security (a) when I received nothing, or (b) in lieu of the interest payments I received?

A8. In most instances, OID is the difference between the original issue price of a certificate and its final redemption amount payable at maturity. These are generally "zero coupon" bonds, municipal bonds, and U.S. Treasury STRIP investments. In addition, some debt obligations sold at par require OID accrual reporting because they can defer payments (such as "fixed rate capital securities") or have a projected payment linked to a market index (such as "contingent payment debt instruments"). The OID reporting requirement is disclosed and explained in the prospectus for these types of instruments.

Q9. In past years, I have had to recalculate my OID. Will this be necessary again for 2025 reporting?

A9. While we provide the additional acquisition premium or bond premium amounts needed to adjust your OID, you will be required to make the adjustments when reporting that income on Schedule B of your Form 1040.

An exception to that applies for Treasury STRIPs. Federal tax laws and regulations require us to report OID based on the issue price announced in IRS Publication 1212 rather than your actual purchase price. Your purchase conditions may permit you to make an adjustment to the OID amount reported to you, as well as other adjustments to your income and cost basis for these types of securities. Assuming your firm cleared through WFCS at the time of purchase and it was made during 2003 and thereafter, we provide supplementary information that you may wish to use after consultation with your tax advisor about the impact of making those elections related to bond and acquisition premium amortization or market discount accretion.

For "less complex" debt instruments acquired on or after January 1, 2014, and for more complex debt instruments acquired on or after January 1, 2016, WFCS will track and report cost basis for those securities when they are sold. For noncovered securities, any courtesy cost basis information we provide may not be accurate because it is impacted by your elections related to your recognition of premium or discount when completing your tax return, or because the issuers of the noncovered securities do not provide all of the information needed to track cost basis accurately, or because systems programming is being phased in based on the various effective dates.

Only your tax advisor can provide you with accurate guidance about the appropriate elections to make when completing your tax return, particularly for securities subject to OID reporting. In addition, you may want to review IRS Publication 550 and IRS Publication 1212, which are available on the IRS website under the "Forms and Publications" link.

Limited Partnerships and K-1 Information

Q10. I own a limited partnership. How and when do I receive reporting information on it?

A10. Tax reporting information for limited partnerships and securities structured as partnerships (such as MIPS) is sent to you directly from the general partner via Schedule K-1. The IRS deadline for issuing K-1s is March 15 (or next business day if the 15th falls on a recognized holiday or weekend). Please direct all questions about your K-1 to the partnership. The Schedule K-1 is the governing document regarding what you should report on your tax return. The K-1 also shows your correct cost basis in the partnership, which is reflected in the capital account balance maintained by the general partner.

If you hold a Master Limited Partnership (MLP) in an IRA, a federal tax regulation holds the custodian of the IRA (WFCS) responsible for the preparation and filing of the Form 990-T (Exempt Organization Business Income) on your behalf. Because partnerships generally don't provide all of their income information until late May, WFCS will file an extension on your behalf if the MLP(s) in your IRA generated over $1,000 in Unrelated Business Taxable Income (UBTI). Submission of Forms 990-T are generally complete by mid-July. The UBTI tax (and any related IRS penalties) are assessed against your IRA. Those amounts will be debited from your IRA and paid directly to the IRS on behalf of your IRA.

Unit Investment Trust (UIT) Reporting

Q11. Why is the total income reported for my UIT different from the amount of cash that I received during the year?

A11. As a "unit holder" of a UIT that is structured as a grantor trust, you are required to pay taxes on income during the year in which it is earned by the trust even if the trust did not

distribute that income to you in the same year. This is often referred to as "undistributed income." The differences from year to year generally net out over time. For example, if your UIT borrowed money to meet a declared income payment or to pay trust expenses, the cash balance at year-end could be negative. This negative amount is then divided by the number of year-end units outstanding. This negative amount reduces the reportable income. (In fact, if you close a position without receiving any distributions you could actually have negative income. Since a total income amount that is negative cannot be reported on an IRS form, you should carefully review your monthly statement.) If your 2025 income total has been increased to include income earned by the trust but not distributed to you, an adjustment will be made to lower your 2026 income by a similar amount. If your 2025 income is being decreased, an adjustment will be made to increase your 2026 income by a similar amount. If you owned the security during 2021, year-end allocations from 2021 could affect your 2025 income in the same way. If you sold the UIT in early 2025 before a distribution was made that included the undistributed income, you could see a "negative income" amount in the detailed section for your Form 1099-INT or Form 1099-DIV that you may want to review with your tax advisor.

Expenses incurred by a grantor trust UIT are paid out of income earned by the trust and cause a reduction in income distributed to unit holders during the year. If this occurs, your share of the expense amount must be added to the net income distributed to you to arrive at the gross amount of reportable income. Expense amounts will be reflected on your Forms 1099 as either "Investment Expenses" or some other type of expense reported in the "Federal Non-Reportable" section of your statement. Please note that these investment expenses may or may not be deductible if you itemize your deductions on Schedule A (Form 1040). The information we provide is based on what we have received from the trustee, and we cannot verify its accuracy. Please review these expense amounts with your tax advisor for proper reporting.

REMIC Securities

Q12. What is a REMIC?

A12. REMIC is an acronym for real estate mortgage investment conduit. Special tax regulations apply to REMIC securities and other collateralized mortgage obligations (CMOs) issued after 1986. A REMIC represents a bundle of mortgage loans that is divided into various "tranches" based on maturity dates, prepayment priorities, etc.

Q13. Why is the interest that I received during the year on the REMICs I own not showing on my Form 1099-INT?

A13. The cash interest you received from a REMIC will not be reported on your original Form 1099-INT because REMIC investors are required to recognize income on an accrual basis and the rates for December are based on receipt of payments from the underlying mortgages until around January 15 of the following year. We expect to receive that accrual information by late February to report income on a supplementary Form 1099-OID. If the REMIC issuer does not provide OID accrual rates, we will report the cash interest payments in Box 2 of the supplementary Form 1099-OID or on an amended Form 1099-INT sent to include this reporting. This additional REMIC information will be issued to you on an amended 1099 package no later than March 15 (or next business day if the 15th falls on a recognized holiday or weekend).

Short Sales

Q14. I sold a security short during 2025 and have not yet closed the position. Why didn't WFCS report the proceeds from this short sale on my 2025 Form 1099-B?

A14. The reporting requirements for short sales changed as a result of a federal tax law that became effective on January 1, 2011. We report the short sale for the tax year when you deliver the shares to close the transaction. The applicable sale date and acquisition date are reported in accordance with the IRS instructions for the Form 1099-B. It is important to note that the sale date in Box 1c of Form 1099-B is the date the closing position shares are delivered into your account and not the date you sold the short position. The acquisition date of the shares delivered to close the position is used as the acquisition date in Box 1b.

Worthless Securities

Q15. How can I claim a loss on worthless securities in my account?

A15. You should report worthless securities on Schedule D and Form 8949 of Form 1040 in the taxable year for which you deem them worthless within the meaning of IRC section 165(g) and Treasury Regulation section 1.165-5. Following the guidance from prior years, it appears you would write "WORTHLESS" in column (c) for the date sold and in column (d) for the sales price of the Form 8949. Enter the amount of your loss in parentheses in column (h) of the Form 8949, use the applicable adjustment code in column (f) and attach an explanation. Remember that you would have to check the appropriate Box A, B, or C (for short-term transactions) or Box D, E, or F (for long-term transactions) depending on whether or not there was any Form 1099-B information provided to the IRS. If you fail to claim a loss on your original tax return for the year it became worthless, you can file a claim for a credit or refund due to the loss. To do so, you must file an amended return (for the year of the original return) within seven years from the date your original return for that year was due, or two years from the date you paid the tax, whichever is later. For more information on worthless securities see IRS Publication 550.

Wash Sale Rule

Q16. You reported in Box 1g of the Form 1099-B that all or part of a loss was disallowed. What types of activities qualify as "wash sales"?

A16. A sale or disposition of stock or securities may qualify as a wash sale under the following circumstances: 1) a loss occurs, and 2) within 30 days before or after the sale or disposition of stock or securities you purchase substantially identical stock or securities, acquire substantially identical stock or securities in a fully taxable trade, or enter into a contract or option to acquire substantially identical stock or securities. WFCS is required to track and report this information only for covered securities with the same CUSIP number in the same account. However, taxpayers must account for all of their positions in all accounts they control. Therefore, the reporting for wash sales by WFCS may include only some of your total wash sale situations. For more detailed information on wash sales and their reporting requirements, please refer to the IRS 2025 Instructions for Schedule D and IRS Publication 550.

Principal Payments

Q17. Why are periodic principal payments reported on the Form 1099-B?

A17. The definition of "sale" in the federal tax regulation that governs Form 1099-B reporting states that the term includes all return of principal payments made on or after January 1, 2014. In addition, IRS regulations regarding WHFITs that became effective on January 1, 2007, eliminated our ability to defer the reporting for the partial principal payments on those securities until the final payment was made that closed the tax lot. Therefore, we began reporting all return of principal payments on Form 1099-B in 2007. This creates a discrepancy between the proceeds amount reported on the Form 1099-B and the realized gain/loss statement because the latter statement includes only tax lots that have closed because they were sold or exchanged. For non-pro rata principal payments you received for a WHFIT security, the trustee may have given us a basis allocation factor you can use to determine the portion of your adjusted basis amount as of the record date for that principal payment. For principal payments you received for a WHMT, we will include factors, if they are provided by the WHMT trustee, to help you determine your basis amount. If no factor is provided, the assumption is that the basis amount and principal amount were the same.

Other Information

Q18. I received a dividend payment directly from the issuer of my stock, but it was later claimed through my account at WFCS. Why did the company send me a 1099 including this amount?

A18. If an amount is paid in error and later claimed through another company, it must be reported by the paying agent. Report the amount as income on Schedule B of Form 1040 but subtract the claimed income from your dividend or interest subtotal on this form.

Q19. Do the Forms 1099 contain any supplemental state or local tax information?

A19. A summary of state tax-exempt income has been added at the end of your consolidated forms, if applicable. The information provided breaks down the totals of tax- exempt income by state as reported on your 1099-OID, -DIV, and/or -INT. If WFCS was required to apply state withholding, we have provided that information to you so that you can take a credit for that withholding on your state income tax return. The supplemental state or federal information available for fund distributions is not provided with the tax statements because that information is generally not available until after we have mailed the Forms 1099. If it is available, it can be provided to your financial advisor or consultant upon request. You can generally find this information posted on the mutual fund company's website.

Q20. I have stock certificates that are registered in my name but are held at WFCS. Will WFCS issue Form 1099 information on these certificates?

A20. Even though WFCS is holding the securities for you, the securities are registered in your name with the issuing company; therefore, any distributions for these shares will be reported by the issuing company or its agent. However, if you sold the certificates through WFCS, the gross proceeds from that sale will be included with the Form 1099-B information provided by WFCS.

Q21. Does WFCS provide the ability to download tax form data into personal tax preparation software, such as TurboTax®?

A21. Yes, if you have an online brokerage account and have signed up for electronic tax statements, you can download Form 1099 data into the TurboTax® software program. Please be aware, however, that the downloading process does not support all tax forms and information. That information must be entered manually. You should always compare the downloaded information to your official IRS Form 1099 information, as the latter information is what is sent to the IRS.

Q22. How are "dividend charges" reflected on my Form 1099-DIV?

A22. The term "dividend charge" can have various meanings requiring different Form 1099 reporting (or none at all) by WFCS, so you should consult with your tax advisor about how to include these on your tax return. For example, some people refer to a "dividend charge" that occurs when, as part of a short sale transaction, they borrowed shares from a stock lender over a dividend record date and were charged an amount to pay back the person from whom the shares were loaned. If you closed the short sale on or before the 45th day

after the date of the short sale (one year or less in the case of an extraordinary dividend), you must increase the basis of the stock used to close the short sale by that amount. Another example of a "dividend charge" occurs when you received a dividend payment from the issuer based on dates during which you had transferred the shares to "street name" to be sold through WFCS.

Once that company determines you were not entitled to the dividend payment, it will contact WFCS to reclaim the dividend from your account. In those instances, a "dividend charge" has been applied by WFCS even though the dividend payment was made and reported by the company and not WFCS. This type of "dividend charge" allows you to reduce the amount of dividend income you need to include on your tax return. Service charges deducted from a dividend distribution, such as for administrative service fees for overnight sweep funds or a dividend reinvestment plan, must be reported to the IRS as part of your gross dividend income even though it was subtracted before being credited to your account. Similarly, "ADR fees" charged by the transfer bank for an American Depositary Receipt security is reportable as part of your gross dividend income.

Finally, the "undistributed income" tax reporting requirements for some UITs can result in a negative dividend amount in some years. In all cases where the total "dividend charges" or "undistributed income" might result in a negative dividend amount for the year, please be advised that the IRS does not permit WFCS to report amounts less than $0 on Forms 1099-DIV, 1099-INT and/or 1099-MISC. Therefore, you should refer to your form transaction detail, as well as your monthly statements, to ensure you have captured all the information you need to complete your tax return.

Q23. What do I do if my Form 1099 included income that needs to be reported by someone else?
A23. Pursuant to federal tax regulations, WFCS is required to report all income on a jointly owned account under only one taxpayer identification number, which is why you were requested to designate a "primary owner" when the account was opened. If you received income reporting as a "Nominee" for another person on a Form 1099, the IRS "2025 Instructions for Certain Information Returns" on the IRS website under Part A explains what you need to do to do. For example, if you received a Form 1099-DIV that includes dividend payments reported to you that should be included as income by another joint owner of that account, you would obtain a blank Form 1099-DIV from the IRS website and complete that form showing the amount reportable to that person. Give that person Copy B of the Form 1099-DIV and then mail Copy A to the IRS along with the IRS Transmittal Form 1096. Then on Schedule B of your Form 1040, include on line 5 all the dividends you received, including as a nominee, and enter a subtotal. Below the subtotal, write "Nominee Distribution," and show the amounts received as nominee. Subtract those distributions from the subtotal and enter the result on line 6. See the IRS Instructions for Schedule B for more detailed information.

"Kiddie" Tax
Q24. What is the "kiddie tax"?
A24. Congress enacted the so-called "kiddie tax" rules to prevent parents and grandparents in high tax brackets from shifting income (especially from investments) to children in lower tax brackets. For 2018 and 2019, the Kiddie Tax rate rules taxed a portion of an affected child's or young adult's unearned income at the rate paid by trusts and estates. The passage of the SECURE Act changed the Kiddie Tax rules by requiring the use of the parent's tax rate in calculating the Kiddie Tax rate rather than trust and estate tax rates for tax years beginning with 2020. In addition, it provided the taxpayer the option to apply the new tax law retroactively for the 2018 and 2019 tax years.

For purposes of the kiddie tax rules, the term "unearned income" refers to income other than wages, salaries, professional fees, and other amounts received as compensation for personal services rendered. Examples of unearned income include capital gains, dividends, and interest. Earned income from a job or self-employment isn't subject to the kiddie tax.

In calculating the federal income tax bill for a child who's subject to the kiddie tax, the child is allowed to deduct his or her standard deduction. For 2025, the standard deduction for a child for whom a dependent exemption deduction would have been allowed under prior law is the greater of:

- $1,350, or
- Earned income plus $450, not to exceed $15,000.

The kiddie tax applies when the child's net unearned income for the year exceeds the threshold for that year, and the child has positive taxable income after subtracting any applicable deductions, such as the standard deduction. The unearned income threshold for 2025 is $2,700. If the unearned income threshold isn't exceeded, the kiddie tax doesn't apply. If the threshold is exceeded, only unearned income in excess of the threshold is hit with the kiddie tax. Refer to IRS Publications 17 and 929 and Forms 8814 and Form 8615.

Our firms do not render legal or tax advice. While this information is not intended to replace your discussions with your tax advisor, it may help you to comprehend the tax implications of your investments and plan efficiently going forward.

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