

DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, D.C. 20224

August 31, 2005

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UIL: 6045.08-00

Dear :

This letter responds to your request for information dated March 14, 2005.

Section 6045(a) of the Internal Revenue Code ("Code") provides that every person doing business as a broker shall, when required by regulations, shall make a return in accordance with such regulations.

Section 1.6045-1(a)(1) of the Income Tax Regulations ("Regulations") provides that the term broker means any person (other than a person who is required to report a transaction under section 6043), U.S. or foreign, that, in the ordinary course of a trade or business during the calendar year, stands ready to effect sales to be made by others.

Section 1.6045-1(a)(9) of the Regulations provides in part that the term sale means any disposition of securities, commodities, regulated futures contracts, or forward contracts for cash, and includes redemptions of stock, retirements of indebtedness, and enterings into short sales.

Section 1.6045-1(c)(2) of the Regulations provides, in general, that a broker shall make a return of information with respect to each sale by a customer of the broker effected by the broker in the ordinary course of a trade or business in which the broker stands ready to effect sales to be made by others.

Section 1.6045-1(d)(2) of the Regulations provides that as to each sale with respect to which a broker is required to make a return of information under this section, the broker, except as provided in paragraphs (c)(5) and (p)(1), shall show on Form 1099 the name, address, and taxpayer identification number of the customer, the property sold, Committee on Uniform Security Identification Procedures (CUSIP), number of the security sold (if known), the gross proceeds, sale date, and such other information as

may be required by Form 1099, in the form, manner, and number of copies required by Form 1099.

Based on the above, a broker must report each individual sale by a customer of the broker on a Form 1099.

This letter has called your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. <u>See</u> Rev. Proc. 2004-1, §2.04, 2004-1 IRB 7. If you have any additional questions, please contact our office at

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative

Sincerely,

Tiffany P. Smith Assistant to the Branch Chief, Administrative Provisions & Judicial Practice, (Procedure & Administration)

CC: