

UBS Custody *News*

Priority: Normal – Market: USA

Adjustment and reclassification deadlines regarding US Taxation 2018

1042-S-Reporting:

Deadline – Adjustment of tax rate for 2018

Instructions for changing the tax rate of 2018 for NRA-payments have to be delivered to UBS by January 8, 2019. After this deadline, tax rate adjustments will no longer be possible, all relevant corporate actions events will be terminated in the system and the manual performance of reporting will start. For that reason, UBS-clients are asked to start now with their reconciliation. UBS will be sending out the final 1042-S-Reporting on March 12, 2019. Additionally, a detailed 1042-S-Report will be sent out to UBS-clients on a monthly basis enabling them to reconcile their income bookings.

Maturities

January 1 – October 31
November 1 – December 14
December 15 - 31

Delivery deadlines

until November 30, 2018
until December 19, 2018
until January 4, 2019

1042-S-Reporting: Reclassifications

UBS will process the reclassifications of regulated investment companies (RIC) and similar instruments during February 2019. These reclassification bookings are anticipated to be completed at the end of February 2019 and will be included in the 1042-S-Reporting with income code 37 (Return of Capital). To ensure that the deadlines for the 1042-S-Reporting are met, UBS will only process reclassifications which have been announced by the company until January, 31, 2019.

IRS Section 302 / IRS Section 304

Please note, for possible distributions IRS Section 302 and IRS Section 304 during December the usual deadline for tax correction or sending in instructions according the announcement will be with short deadline of 20 days instead of 50 days.

IRS Section 305C

The Internal Revenue Service has implemented section 305C which states that conversion ratios in convertible instruments may result in deemed distributions. Our upstream custodian will provide the data in early 2019 (expected at beginning of March). After reception of those transactions they will be added to the 1042-S report for clients who held those instruments. Additional information can be found here:

https://www.irs.gov/irb/2016-18_IRB

IRS Section 871M

The Internal Revenue Service has implemented section 871M which states that equity-linked instruments generating dividend-equivalent payments are taxed with 30%. UBS has been working on gathering the required delta information. Once the data quality from all involved parties is deemed acceptable the transactions will be manually uploaded to the reporting system. We expect this process to be completed by the end of February.

A 871M Factsheet by SIX can be downloaded here:

<https://www.six-financial-information.com/en/home/compliance/tax/irs-871-m.html>

1099-Reporting:

Decommissioning 1099 Reporting

UBS informed their banking clients that the issuance of the 1099 forms will be discontinued due to the introduction of the FATCA 8966 reporting. Banking clients are solely responsible for the accuracy of said report. In the event that clients request a 1099 form UBS advises its banking clients to issue a manual 1099 form (instructions available at www.irs.gov).

Source: SIX SIS

Should you have any questions, please contact your UBS Custody Relationship or Client Service Manager.

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While the facts in this publication have been carefully researched, UBS cannot be held responsible for their accuracy. The opinions expressed may differ from official UBS views.

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