

PROCTER & GAMBLE STOCK OPTION REPORTING CHANGES

With the move of the P&G stock options plan to E*Trade, employees and retirees should consider paying special attention to their stock option income reporting for tax year 2019 and beyond.

In previous years, P&G employees found all of their option income reported on their W2, which could simply be imported into their tax software or reported to their CPA to account for option income and withholding. For 2019 filings, for the first time, you will also be receiving a 1099 from E*Trade. This 1099 will report any stock option proceeds that were taken after the move to E*Trade (May 20, 2019). Note - these option proceeds will ALSO be reported on your W2, Code V. If both are imported to your tax software, you will be reporting 2x the option income - both as ordinary income, and as capital gains on Schedule D - on any options taken after the May 20, 2019 move to E*Trade. This is an error we have already seen with numerous clients.

How to Correctly Report your E*Trade 1099

One solution we have seen is to simply not report the E*Trade 1099. This is incorrect and will likely result in a future audit as the 1099 from E*Trade will be reported to the IRS and does need to be accounted for. Instead of simply ignoring the 1099, please use the steps below to adjust the basis appropriately to what should be showing on schedule D.

Logging onto your E*Trade account, under the Tax Center banner and in the Tax Documents section, you will find your 1099 Consolidated, which you have already likely received, but in addition you will find the Stock Plan Transaction Supplement. You will want to download this supplement and note (see second image below) the Adjusted Gain (Loss) column. This column represents the adjusted loss that you should report on your 1099 taking into account the option income that was reported on your W2 - this is shown under adjustment amount (ordinary income).



A manual adjustment of your basis is then required on the 1099 from E*Trade so that this loss is reflected, and you are not doubly taxed on this option income. With this change, the addition of your 1099 from E*Trade should add no additional tax liability to your return.

If you have any questions or concerns, please reach out to your wealth advisor or accountant or feel free to reach out to me directly at brad.morgan@marinerwealthadvisors.com.

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Symbol Keywords

Complete View Portfolios Watch Lists Orders Balances Transactions Banking Transfers Tax Center Documents Dividend Reinvestment Open Account

Tax Center

Tax Documents

Cost Basis Resources

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Tax Efficient Investing

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Transactions

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Tax Year: 2019 Accounts: Joint JTWROS & Stock Plan (PG) Amended Only

Date	Account	Type	Export
2/11/2020	Joint JTWROS & Stock Plan (PG) -7179		

[1099 Consolidated](#)
[Stock Plan Transactions Supplement](#)
[Understanding Your Form 1099](#)

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When will I get my Tax Form?

IRS Form	Available By
1099-R	January 31
1099-Q	January 31
592-B	January 31
Consolidated 1099	February 18
1099-INT	February 18
1099-DIV	February 18
1099-B	February 18
1042-S	March 16
2439	March 31

For illustration only

Reporting Period: January 1, 2019 - December 31, 2019 Download Date: 03/11/2020

Symbol	Qty.	Date Acquired	Date Sold or Disposed	Total Proceeds	Cost Basis	Adjustment Amount (Ordinary Income)	Adjusted Cost Basis	Adjusted Gain (Loss)	Capital Gain Status	Covered / Non-Covered	Grant Type	Grant Number
PG	882	07/16/2019	07/16/2019	\$102,034.08	\$75,084.66	\$26,969.18	\$102,053.84	(\$19.76)	Short	Covered	NQ	10137207
				\$102,034.08	\$75,084.66	\$26,969.18	\$102,053.84	(\$19.76)				

For illustration only

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