

Understanding your 2023 Forms 1099 and details

This guide includes general information about the tax forms that may be included in the Consolidated Form 1099 that you may receive as a holder of an E*TRADE account before it was transferred to Morgan Stanley. The guide is designed to help clarify the information reported on Forms 1099-B, 1099-DIV, 1099-INT, 1099-MISC, and 1099-OID.

Morgan Stanley does not offer tax advice, and this information should not be construed as tax, financial, or legal advice. This information should be reviewed together with the official IRS forms, instructions, and publications.

New for Tax Year 2023

If your E*TRADE account was transferred to Morgan Stanley Smith Barney LLC (MSSB) in 2023, you may receive multiple tax forms for 2023: tax forms for your original E*TRADE account that reports all activity with E*TRADE Securities LLC before the transfer date; and additional tax forms for your transferred account that reports all activity with MSSB after the transfer date. Please note there may be a timing difference in the availability of the tax forms issued for pre- and post-transfer activity. These tax statements contain information related to different transactions and you and your tax advisor should consider and review all tax forms received when preparing your 2023 income tax return.

Remember, if you also have an account with Morgan Stanley, you'll receive separate tax forms for that account, which will be available on Morgan Stanley Online. Only forms for your E*TRADE account will be available in the Tax Center.

The issuer name on your tax forms will be Morgan Stanley Capital Management, LLC instead of Morgan Stanley Domestic Holdings Inc, E*TRADE Securities LLC, and the EIN will be 11-3658445.

For more detailed information on what to expect, visit etrade.com/taxyear2023.

Frequently asked questions

For more frequently asked questions, visit etrade.com/tax.

What are the Forms 1099 and details and why did I receive them?

Your Forms 1099 and details report the year's investment activity from your brokerage account before the transfer to Morgan Stanley, including gains or losses and dividends or income received. It consists of several parts that report different types of transactions and activity.

Form 1099-B reports the proceeds from sales of stocks, bonds and other securities reported to the IRS, and is issued if there are sales or redemptions of \$0.01 or more, cash received in lieu of fractional shares of \$20 or more.

Form 1099-DIV is used to report dividends, capital gains distributions, and other distributions of \$10 or more (\$600 or more for liquidation distributions).

Form 1099-INT reports interest income and is issued if there is interest income (including tax-exempt interest) of \$10 or more.

Form 1099-MISC generally reports income from royalties, other income, and substitute payments in lieu of dividends or interest, and is issued if you've received one of these types of income.

Form 1099-OID reports original issue discount income, and is issued if there is original issue discount income of \$10 or more.

Note: For tax year 2023 only, depending on your circumstances, you may receive tax forms reporting income below the income thresholds above.

This is because the pre- and post-transfer income calculation for brokerage and stock plan accounts will be combined to determine whether a Consolidated 1099 should be issued. If the combined income is greater than the IRS minimum threshold, you will receive separate Forms 1099 for pre- and post-transfer activity. For example, if you earned interest income of \$8 pre-transfer and \$4 post-transfer, you will have met the annual minimum threshold of \$10 and will receive one Form 1099-INT for \$8 and another Form 1099-INT for \$4.

What is the difference between a covered security and a non-covered security on my Form 1099-B?

Internal Revenue Service (IRS) cost basis regulations require us to report cost basis information for certain types of covered securities acquired on or after a specific date. We're not required to report cost basis for non-covered securities or covered securities if they were acquired before the effective reporting date.

Your Form 1099-B is separated into two categories: covered securities and non-covered securities. The covered securities section reports gross proceeds from your covered securities transactions and also cost basis information. This information **will be reported** to the IRS.

The non-covered securities section reports gross proceeds for your non-covered securities transactions and may include cost basis information for informational purposes only. The gross proceeds information **will be reported** to the IRS, but the cost basis information **will not be reported** to the IRS. For non-covered securities, you are responsible for determining the cost basis when filing your tax return.

The non-covered securities section of Form 1099-B may also include securities with no cost or other basis and/or a missing acquisition date. These may be non-covered securities or assets that were transferred to E*TRADE without cost basis or acquisition information from the sending firm.

How do I know if I will receive an amended Form 1099?

If you hold a mutual fund, exchange-traded fund (ETF), real estate investment trust (REIT), widely held fixed investment trust (WFHIT), or regulated investment company (RIC), you may receive one or more amended Forms 1099. This happens because those types of securities may reclassify payments made in 2023 or 2024. For example, a 2023 payment that was identified as an ordinary dividend may be reclassified in 2024 as a capital gain or nontaxable return of capital, prompting an amended Form 1099.

After initial Forms 1099 are generated, amended forms are typically delivered every two weeks starting in March. Later in the year, amended forms will be produced once a month, as required. If you signed up for electronic document delivery and will receive an amended tax form, we will notify you promptly by email.

For more information, visit the Tax Center at etrade.com/tax. There you'll find:

- Electronic copies of your tax documents
- Frequently asked questions about tax forms, tax reporting, and cost basis
- Access to our Resources and support, which provides information to help you navigate your tax forms, gains and losses, and other cost basis rules

Important notice for stock plan participants:

- As you prepare your tax return, you may be eligible to adjust the cost basis of the stock plan securities that you sold to include any ordinary income amounts you recognized for the securities.
- Visit etrade.com/tax to download the *Stock Plan Transactions Supplement* document alongside your Forms 1099. The supplement contains additional information about your stock plan transactions, including potential cost basis adjustments that are not reported on your Form 1099-B. You can also find an educational guide that provides in depth information about tax reporting for different types of stock plan benefits.
- Visit etrade.com/spgainloss to view your current cost basis information and see the tax effects of potential cost basis adjustments.
- Visit etrade.com/stockplantax to access in-depth information about tax reporting for different types of stock plan benefits.

Form 1099-B

The illustration shown here is to help you understand the layout of your Form 1099-B compared with Form 8949. You may be required to use Form 1040, Schedule D and Form 8949 to report your gross proceeds, as well as cost basis, holding period for the shares sold, and gains or losses. For further information, please see the detailed reporting instructions for the form.

Form 1099-B reflects the proceeds from the disposition of securities, including sales, redemptions, exchanges, called bonds, returns of principal, and other dispositions of cash.

2023 FORM 1099-B: PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS							OMB NO. 1545-0715		
The information provided below is in accordance with Federal tax regulations and the IRS instructions that govern our reporting requirements. You should review this information carefully when completing your Form 8949 and Schedule D. There may be instances where our reporting requirements will not be consistent with your particular tax accounting position or elections. For these reasons, the IRS requires us to provide you with this reminder: Taxpayers are ultimately responsible for the accuracy of their tax returns.									
Covered Short-Term Gains or Losses on Gross Proceeds Report on Form 8949, Part I with Box A checked									
Box 6: Gross Proceeds		Box 5: Box Not Checked (Covered Security)		Box 12: Basis Reported to the IRS		Box 2: Type of Gain or Loss - Short-Term			
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 of property (Box 1a) CUSIP	Quantity Sold	Date Acquired (Box 1b)	Date Sold or Disposed (Box 1c)	Proceeds (Box 1d)	Cost or Other Basis (Box 1e)	Accrued Market Discount (Box 1f)	Wash Sale Loss Disallowed (Box 1g)	Gain/Loss Amount	Additional Information
ICOSAVAX INC COMMON STOCK CUSIP: 45114M109	2,255.00000	12/15/2022	06/09/2023	\$21,602.39	\$29,991.50	\$0.00	\$0.00	(\$8,389.11)	
PROMETHEUS BIOSCIENCES INC COMMON STOCK CUSIP: 74349U108	280.00000	12/15/2022	06/20/2023	\$56,000.00	\$29,960.00	\$0.00	\$0.00	\$26,040.00	MERGER
2 ITEMS - TOTAL				\$77,602.39	\$59,951.50	\$0.00	\$0.00	\$17,650.89	

Column(a): Description of property: This column includes the security name, CUSIP, and number of shares sold for stocks, ETFs, mutual funds, and bonds. Redemptions, exchanges, called bonds, returns of principal, and dispositions of cash are also listed here. Option contracts are now reportable on Form 1099-B.

Column (b): Date acquired: The date of the opening transaction appears here for both non-covered and covered securities. For short sales, the date shown is the date you acquired the security delivered to close the short sale.

Column (c): Date sold or disposed of: The date of the closing transaction appears here for both non-covered and covered securities. For short sales, the date shown is the date the security was delivered to close the short sale.

Column (d): Proceeds: The amounts of the proceeds resulting from closing transactions are shown here. Commission charges have already been subtracted from these amounts.

Column (e): Cost or other basis: This is the amount you paid for any opening transactions. This amount was adjusted to reflect commissions, fees, and any corporate actions, including stock splits, name changes, reorganizations, and redemptions. To identify your price per share, visit etrade.com/gainloss. Your Form 1099-B will show cost or other basis for both non-covered and covered securities. Non-covered securities are shown for informational purposes only. Only the cost basis of covered securities is reported to the IRS.

Column (f): Code: Explain any adjustment to gain (or loss) in Column (g) by entering the appropriate code(s).

Column (g): Amount of Adjustment: Enter any necessary adjustments to gain (or loss).

Column (h): Gain or (loss): The gain or loss is determined by subtracting the cost basis from the proceeds. Adjustment amounts that may be needed to determine your taxable gain or loss may not be reflected in this amount. Adjustments—columns 1(f) and 1(g)—are *not* reflected in this amount; you may need to identify and account for them in your calculations.

Form 8949

Form 8949		Sales and Other Dispositions of Capital Assets		OMB No. 1545-0074				
Department of the Treasury Internal Revenue Service		Go to www.irs.gov/Form8949 for instructions and the latest information. File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.		2022 Attachment Sequence No. 12A				
Name(s) shown on return			Social security number or taxpayer identification number					
Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.								
Part I Short-Term. Transactions involving capital assets you held 1 year or less are generally short-term (see instructions). For long-term transactions, see page 2. Note: You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).								
You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.								
<input type="checkbox"/> (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above) <input type="checkbox"/> (B) Short-term transactions reported on Form(s) 1099-B showing basis wasn't reported to the IRS <input type="checkbox"/> (C) Short-term transactions not reported to you on Form 1099-B								
1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis See the Note below and see Column (e) in the separate instructions.	(f) Code(s) from instructions	(g) Amount of adjustment	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g).

The following items are additional fields on Form 1099-B (not pictured in sample):

Box 2: Type of gain or loss: Identifies the gain or loss as either short-term, long-term, or ordinary. For more information about a gain classified as ordinary, see the instructions for Form 8949, IRS Publication 550, or IRS Publication 1212.

Box 5: Identifies whether the securities that were sold are non-covered.

Box 4: Backup withholding: Shows backup withholding applied to gross proceeds.

Regulated futures contracts, foreign currency contracts, and Section 1256 options contracts (boxes 8 – 11)

Box 8: Shows profit or loss realized on regulated futures, foreign currency, or Section 1256 options contracts closed during 2023.

Box 9: Shows any year-end adjustment to profit or loss shown in box 8 due to open contracts on December 31, 2023.

Box 10: Shows the unrealized profit or loss on open contracts held in your account on December 31, 2023.

Short-term gains and losses are reported on Part I. Long-term gains and losses are reported on Part II.

Form 1099-DIV

Additional information about Form 1099-DIV may be included in your 2023 Forms 1099 and details. For further information, see the detailed reporting instructions for the form.

2023 FORM 1099-DIV		OMB NO. 1545-0110
IRS Box	DIVIDENDS AND DISTRIBUTIONS	
1a.	Total ordinary dividends (includes Boxes 1b, 5, 6)	\$2,316.63
1b.	Qualified dividends	\$1,957.17
2a.	Total capital gain distributions (includes Boxes 2b, 2c, 2d)	\$0.00
2b.	Unrecaptured section 1250 gain	\$0.00
2c.	Section 1202 gain	\$0.00
2d.	Collectibles (28%) gain	\$0.00
2e.	Section 897 ordinary dividends	\$0.00
2f.	Section 897 capital gains	\$0.00
3.	Nondividend distributions	\$0.00
4.	Federal income tax withheld	\$0.00
5.	Section 199A dividends	\$0.00
6.	Investment expenses	\$0.00
7.	Foreign tax paid	\$0.00
8.	Foreign country or U.S. possession	-
9.	Cash liquidation distributions	\$0.00
10.	Noncash liquidation distributions	\$0.00
11.	FATCA filing requirement	Box not Checked
12.	Exempt-interest dividends (includes Box 13)	\$0.00
13.	Specified private activity bond interest dividends (AMT)	\$0.00

Form 1099-DIV includes all taxable dividends and capital gain distributions from stocks, ETFs, and mutual funds. Form 1099-DIV does *not* report substitute payments received in lieu of a dividend. Substitute payments are reported on Form 1099-MISC. All payouts may be reported on your federal income tax return, even if they were reinvested.

Box 1a: Total ordinary dividends. This box includes the total amount of both ordinary and qualified dividends received from all investments. Short-term capital gain distributions from pooled investments, including mutual funds, ETFs, REITs, WHFITs, or other RICs, are reported as ordinary dividends in box 1a. This includes amounts entered in boxes 1b and 2e. You may be required to report ordinary dividends on Form 1040 and Schedule B. (See the General Instructions for Schedule B to determine if you are required to file that form.)

Box 1b: Qualified dividends. Before claiming the amount of dividends reported in box 1b as qualified, you must confirm that you have satisfied the applicable holding period for the underlying security. For details see "Dividends and Other Distributions" in IRS Publication 550: Investment Income and Expenses.

Box 2a: Total capital gain distributions. This includes the amount of long-term capital gain distributions (held for more than one year) from mutual funds, ETFs, REITs, WHFITs, or other RICs. Depending on your situation, you may have to report amounts on Form 1040 and/or Schedule D. Amounts for payouts listed in boxes 2b, 2c, and 2d are also totaled in box 2a. For more information about the amounts reported in these boxes, refer to IRS Publication 550: Investment Income and Expenses.

Boxes 2e and 2f: For non-US individuals, these boxes report amounts that are section 897 gain from the disposition of "United States real property interests" (USRPI). Amounts includible in Box 1a are reported in Box 2e and amounts reportable in Box 2a are reported in Box 2f.

Box 3: Non-dividend distributions. This is a portion of a distribution that is nontaxable because it is a return of all or a portion of your investment. For more information, see "Dividends and Other Distributions" in IRS Publication 550: Investment Income and Expenses.

Box 4: Federal income tax withheld. This box includes federal backup withholding.

Box 5: Section 199A dividends. This box shows dividends eligible for the 20% qualified business income deduction under Section 199A. See the instructions for Form 1040.

Box 6: Investment expenses. This box shows your pro rata share of certain amounts deductible by a non-publicly offered RIC in computing its taxable income expenses from certain regulated investment companies, such as non-publicly traded mutual funds, REITs, and other non-publicly traded investment companies. This line does *not* report trading commissions, fees, or margin interest. See "Investment Expenses" in IRS Publication 550: Investment Income and Expenses.

Box 7: Foreign tax paid. This box shows the foreign tax that paid on dividends and other distributions on stock. For more information, refer to IRS Publication 514: Foreign Tax Credit for Individuals.

Box 8: Foreign country or US possession. This is the name of the foreign country or US possession for which the foreign tax was paid and reported in box 7.

Boxes 9 and 10: Cash liquidation distributions and noncash liquidation distributions. Liquidation distributions are payouts you receive during a partial or complete liquidation of a corporation. For more information, see "Liquidating Distributions" in IRS Publication 550: Investment Income and Expenses.

Box 11: FATCA filing requirement. If the FATCA filing requirement box is checked, the payer is reporting on this Form 1099 to satisfy its account reporting requirement under chapter 4 of the Internal Revenue Code. You may also have a filing requirement. See the Instructions for Form 8938.

Box 12: Exempt-interest dividends. This box shows the total amount of tax exempt-interest dividends from a mutual fund or other RIC. It includes exempt-interest dividends that are subject to the alternative minimum tax. For more information, see "Other Distributions" in IRS Publication 550: Investment Income and Expenses.

Box 13: Specified private activity bond interest dividends. Shows exempt-interest dividends paid by a RIC on specified private activity bonds to the extent that the dividends are attributable to interest on the bonds received by the RIC minus an allocable share of the expenses.

Form 1099-INT

Form 1099-INT includes all taxable interest payments received from your obligations. Form 1099-INT does *not* report substitute payments received in lieu of an interest payment or interest income characterized as original issue discount. Substitute payments are reported on Form 1099-MISC, and original issue discount is reported on Form 1099-OID. All payouts may be reported on your federal income tax return, even if they were reinvested.

Additional information about Form 1099-INT may be included in your 2023 Forms 1099 and details. For further information, see the detailed reporting instructions for the form.

2023 FORM 1099-INT		OMB NO. 1545-0112
IRS Box	INTEREST INCOME	
1.	Interest income (not included in Box 3)	\$373.02
2.	Early withdrawal penalty	\$0.00
3.	Interest on U.S. Savings Bonds & Treasury obligations	\$0.00
4.	Federal income tax withheld	\$0.00
5.	Investment expenses	\$0.00
6.	Foreign tax paid	\$0.00
7.	Foreign country or U.S. possession	-
8.	Tax-exempt interest (includes Box 9)	\$982.50
9.	Specified private activity bond interest	\$0.00
10.	Market discount	\$0.00
11.	Bond premium	\$0.00
12.	Bond premium on Treasury obligations	\$0.00
13.	Bond premium on tax-exempt bonds	\$3,526.91
14.	Tax-exempt and tax credit bond CUSIP no.	Various

Box 1: Interest income. This box includes the total amount of interest income paid into your account other than interest income paid by US savings bonds and Treasury obligations. Interest income from US savings bonds and Treasury obligations is reported in box 3 and is *not* included in box 1.

Box 2: Early-withdrawal penalty. This box includes the interest or principal that was forfeited because of an early withdrawal of a time savings. For details and information about reporting a deduction for this item, see the instructions for Form 1040.

Box 3: Interest on US savings bonds and Treasury obligations. This box includes the interest income received from US savings bonds and Treasury obligations. This may or may not all be taxable. For more information, see "U.S. Savings Bonds" in IRS Publication 550: Investment Income and Expenses.

Box 4: Federal income tax withheld. This box includes federal income taxes withheld from interest income.

Box 5: Investment expenses. This box shows your share of expenses from a single-class real estate mortgage investment conduit. This box does *not* report trading commissions, fees, or margin interest. For more information, see "Investment Expenses" in IRS Publication 550: Investment Income and Expenses.

Box 6: Foreign tax paid. This box shows the foreign tax that was deducted from your payment(s). For more information, refer to IRS Publication 514: Foreign Tax Credit for Individuals.

Box 7: Foreign country or US possession. This box shows the country or US possession to which the foreign tax reported in box 6 was paid.

Box 8: Tax-exempt interest. This box shows the tax-exempt interest that is not original issue discount and paid to your account during the year.

Box 9: Specified private activity bond interest. This box shows interest of \$10 or more from specified private activity bonds. This amount is included in box 8. For more information, see the instructions for IRS Form 6251: Alternative Minimum Tax—Individuals.

Box 10: Market discount. This applies to taxable and tax-exempt obligations purchased for less than their stated redemption price. Market discount is the difference between the obligation's redemption price and the purchase price, which must be included in income for the tax year. Market discount is calculated on a constant yield basis unless written notification was provided to waive this method of reporting.

Box 11: Bond premium. For covered obligations purchased for more than their stated redemption price, bond premium is the difference between the obligation's redemption price and the purchase price that is allocable to interest income for the tax year. Bond premium is calculated using a straight-line method unless written notification was provided to waive this method of reporting. Box 11 reports the bond premium for covered obligations other than US Treasury obligations. For information about reporting bond premium, see the instructions for Form 1040 (Schedule B).

Box 12: Bond premium on Treasury obligations. This box includes the bond premium for US Treasury obligations. The information reported in this box is not reported in box 11. For information about reporting bond premium, see the instructions for Form 1040 (Schedule B).

Box 13: Bond premium on tax-exempt bonds. This box includes the bond premium for tax-exempt covered securities. The information reported in this box is not reported in box 11. For information about reporting bond premium, see the instructions for Form 1040 (Schedule B).

Box 14: Tax-exempt and tax credit bond CUSIP no. This box shows the CUSIP number(s) for tax-exempt bonds or tax credit bonds on which interest was paid.

Form 1099-OID

Additional information about Form 1099-OID may be included in your 2023 Forms 1099 and details. For further information, see the detailed reporting instructions for the form.

2023 FORM 1099-OID: ORIGINAL ISSUE DISCOUNT							OMB NO. 1545-0117	
The 1099-OID 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.								
ORIGINAL ISSUE DISCOUNT AND INVESTMENT EXPENSES								
Security Description	CUSIP (Box 7)	Original Issue Discount for 2023 (Box 1)	Other Periodic Interest (Box 2)	Original Issue Discount on U.S. Treasury Obligations (Box 8)	Investment Expenses (Box 9)	Tax-Exempt OID (Box 11)	Tax-Exempt OID*	Additional Information
CENTRAL TEX REGL MOBIL	155498BJ6	-	-	-	-	-	\$719.94	E
HARRIS CNTY-HOUSTON SP	413890FU3	-	-	-	-	-	\$127.72	E
HARRIS CNTY-HOUSTON SP	413890GC2	-	-	-	-	-	\$383.14	E
MASSACHUSETTS ST G/O F	575824AE7	-	-	-	-	\$73.57	-	
MET WASHINGTON DC ARPT	592643BH2	-	-	-	-	\$1,116.38	-	
NEW YORK CITY NY INDL	64971PHX6	-	-	-	-	\$431.40	-	
SAN JOAQUIN HILLS CALI	798111DA5	-	-	-	-	-	\$1,613.36	E
7 ITEM - Other than U.S. Treasury obligations						\$1,621.35	\$2,844.16	
0 ITEM - U.S. Treasury obligations								

Box 1: Original issue discount for 2023. Original issue discount (OID) is generally the excess of an obligation's stated redemption price at maturity over its issue price. This box includes the OID on a taxable obligation for the part of the year that you owned the obligation. There may, however, be factors such as obligation type, acquisition date, issue date, or acquisition price that may affect the amount of OID that is reportable. For details about how to determine the reportable OID amount, see IRS Publication 1212: Guide to Original Issue Discount (OID) Instruments.

Box 2: Other periodic interest. This box shows the stated interest on the obligation for the year, which is separate from the OID amount in box 1.

Box 7: Security description and CUSIP. This box shows the security name and CUSIP number for the security.

Box 8: Original issue discount on US Treasury obligations. This box shows the OID on a US Treasury obligation for the part of the year that you owned it. There may, however, be factors such as obligation type, acquisition date, issue date, or acquisition price that may affect the amount of OID that is reportable. For details about how to determine the reportable OID amount, see IRS Publication 1212: Guide to Original Issue Discount (OID) Instruments.

Box 9: Investment expenses. This box shows your share of expenses from certain regulated investment companies, such as non-publicly traded mutual funds, REITS, and other non-publicly traded investment companies. This box does not report trading commissions or margin interest. See "Investment Expenses" in IRS Publication 550: Investment Income and Expenses.

Box 11: Tax-exempt OID. This box shows the OID on covered tax-exempt obligations for the part of the year that you owned them. For details about tax-exempt OID, see IRS Publication 1212: Guide to Original Issue Discount (OID) Instruments.

The following items are additional fields on Form 1099-OID (not pictured in sample):

Box 5: Market discount. This applies to covered obligations with OID that were purchased for less than their stated redemption price. Market discount is the difference between the obligation's redemption price and the purchase price that must be included in income for the tax year. Market discount is calculated on a constant yield basis unless written notification was provided to waive this method of reporting.

Box 6: Acquisition premium. This applies to covered obligations purchased for more than their stated redemption price. Acquisition premium is the difference between the obligation's redemption price and the purchase price that is allocable to interest income for the tax year. Acquisition premium is calculated using a straight-line method unless written notification was provided to waive this method of reporting. For information about reporting acquisition premium, see the instructions for Form 1040 (Schedule B).

Box 10: Bond premium. This applies to covered bonds purchased for more than their stated redemption price. Bond premium is the difference between the obligation's redemption price and the purchase price that is allocable to interest income for the tax year. Bond premium is calculated using a straight-line method unless written notification was provided to waive this method of reporting. For information about reporting bond premium, see the instructions for Form 1040 (Schedule B).

Morgan Stanley Smith Barney LLC and its affiliates do not provide tax advice, and you should always consult your own tax advisor regarding your personal circumstances before taking any action that may have tax consequences.

The forms and statements shown are for illustrative purposes only.

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