

REPORTING ORGANIZATIONAL ACTIONS - §6045B

- Issuers of stock and securities must report any organizational action that impacts the basis of the securities including (but not necessarily limited to):
 - Mergers and tax-free reorganizations
 - Stock dividends
 - Stock splits
 - Non-dividend distributions
- The reporting must include identification of the affected securities and a detailed description of the impact the organizational action has on the basis of the securities.
- Reporting is required on two fronts:
 - 1) Reporting to each holder of record by January 15th of the year following the calendar year in which the organizational action was executed; **and**
 - 2) Reporting to the IRS within 45 days following the organizational action or, if earlier, January 15th of the year following the calendar year in which the organizational action was executed.
- Both requirements can be satisfied by posting the required information on the taxpayer's public website within 45 days of the organizational action and keeping it available there for 10 years.
- The IRS will not impose any penalties for a failure to file an issuer return within 45 days of an organizational action taken in 2011, provided the issuer files the issuer return with the IRS (or posts the return on its website) by January 17, 2012.
- **Special Rule for S Corporations:** An S corporation is deemed to satisfy the requirements of §6045B for any organizational action affecting the basis of its stock if the corporation reports the effect of the organizational action on a timely filed Schedule K-1 (Form 1120S), "Shareholder's Share of Income, Deductions, Credits, etc.," for each shareholder and furnishes copies of these schedules to all proper parties in a timely manner.

For additional information, please contact any of the following members of the Financial Institutions Group.

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