



This document is not meant to be a substitute for professional tax advice. Please consult your tax advisor to determine your individual tax situation.

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If you have additional questions, please visit matthewsasia.com/costbasis or call us at 800.789.2742.

Understanding Form 1099-B

What is Form 1099-B?

Form 1099-B, *Proceeds from Broker and Barter Exchange Transactions*, is the federal information form used to report gross proceeds received from redemptions, exchanges and applicable fees of fund shares during the current reporting year to the Internal Revenue Service (IRS).

What's new on Form 1099-B?

For the 2012 tax year, the IRS expanded Form 1099-B to include new boxes in order to accommodate cost basis reporting on:

- ✿ **Covered shares** (acquired **on or after** January 1, 2012 and subsequently sold; basis reported to IRS)
 - Short-term transactions
 - Long-term transactions
- ✿ **Noncovered shares** (acquired **before** January 1, 2012 and subsequently sold; basis **not** reported to the IRS)
 - Short-term transactions
 - Long-term transactions
- ✿ Short term or long-term transactions where the cost basis is not known (basis **not** reported to the IRS)

The sale of covered shares, the sale of noncovered shares and the sale of shares for which the cost basis cannot be determined or is unknown, will be reported on Form 1099-B for each account you hold with us, where applicable.

When you redeem or exchange mutual fund shares, it may result in a taxable gain or a deductible loss, which must be reported to the IRS. The information captured in these new boxes is for your reference to complete IRS Form 8949 and Schedule D.

The sale of shares in tax-deferred retirement accounts is not subject to annual capital gains reporting requirements.

When will it be available?

1099-B forms for tax year 2012 will be mailed by February 15, 2013 and will also be available online by logging onto your account shortly thereafter.

Will the cost basis method be displayed on Form 1099-B?

The IRS does not require us to report or display the cost basis method on Form 1099-B. However, we provide the cost basis method for the transaction on confirmations and quarterly statements.

How is a redemption that is comprised of both covered and noncovered shares presented?

A transaction can include both covered and noncovered shares because the redemption can be comprised of multiple purchases. The redemption transaction will be divided into the appropriate category by covered and noncovered security. A transaction where the cost basis is undetermined or unknown will be reported in the undetermined category.

I exchanged shares between two Matthews Asia Funds but I did not receive a check for the proceeds. Why did I receive Form 1099-B for the Fund I exchanged from?

With an exchange you are selling shares of one fund and buying shares of another. Form 1099-B was issued to report the sale.



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