

## Expecting 1099s? Don't Rush to File

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About a month after the close of the year, investors who have received dividend payments are supposed to receive so-called information returns from the financial institutions that have handled those payments. These information returns, which sport the moniker "1099-DIV," are increasingly needing to be revised, or in tax parlance, "corrected."

Due to recent tax law revisions, a dividend is no longer a dividend. Instead, dividends are now either said to be "qualified" or "non-qualified." And because these two types of dividends are often taxed differently, the mutual funds, brokerage firms, and other financial institutions that handle these payments must properly distinguish between them. Apparently, they're having a tough time with that because over the past couple of years, millions of taxpayers have received corrected 1099s – and not just in February or March, but deep into tax season, as well.

The fact that incorrect 1099s need to be revised seems fair enough. However, once a 1099 has been revised, there is no assurance it won't need to be further revised. And, I am aware of no date by which the 1099s that have already been issued are considered to be final. Of course, this makes it impossible for one to know when one has all the information one needs to file an accurate tax return – an awkward position that is captured by the old joke about the local who says to the lost tourist, "Sure I know where that road is. Just follow me and turn right 10 miles before I do."

Receiving a corrected 1099 *after* you've filed your tax returns can be a real nuisance. After all, if the revised form alters your tax liability, you're supposed to file an amended return.

What to do? Unless you're in line for a big tax refund, your best bet might be to delay filing your tax returns closer to the filing deadline. This is especially so if you expect to owe money. Filing for an

extension is also an option, but if you choose this option, do make sure to remit taxes you expect to owe with your extension request.

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