There are two moments when your equity award can be taxed — when your award vests and when you sell the stock. When your award vests, you may have taxable ordinary income to report on your tax return. When you sell your stock, you may have capital gains or losses to report. This guide will help you understand which documents are needed and how they’re used when you, or your tax advisor, file your taxes.
In order to accurately file your taxes, there are several documents and forms you may need. Some will be provided by your employer and others will come from Fidelity or the IRS. Below is a list of potentially important documents and where to get them. Make sure you have all of the applicable forms prior to filing your taxes.

Log in to [Fidelity.com/taxforms](https://www.fidelity.com/taxforms) to see what forms you’ll receive and when you’ll get them.

<table>
<thead>
<tr>
<th>Form</th>
<th>Why it’s needed</th>
<th>Where to find it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form W-2 (or 1099-NEC if you are a nonemployee)</td>
<td>Your W-2 (or 1099-NEC) includes the taxable income from your award and, on the W-2, the taxes that have been withheld.</td>
<td>This form is provided by your employer.</td>
</tr>
<tr>
<td>Form 1099-B</td>
<td>This IRS form has details about your stock sale and helps you calculate any capital gain/loss.</td>
<td>Available online at <a href="https://www.fidelity.com/taxforms">Fidelity.com/taxforms</a> and also mailed to you. You can find out when you’ll receive them online.</td>
</tr>
<tr>
<td>2022 Supplemental Information</td>
<td>The Supplemental Information form, created by Fidelity, may contain information not reported on your 1099-B due to IRS regulations.</td>
<td></td>
</tr>
<tr>
<td>IRS Form 8949</td>
<td>These IRS forms are used to report taxes for stock sales from your equity award.</td>
<td>Available online at <a href="https://www.irs.gov">www.irs.gov</a>, by calling 800.TAX.FORM (800.829.3676), or by visiting your local IRS office.</td>
</tr>
<tr>
<td>IRS Schedule D and Form 1040</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### HOW THESE DOCUMENTS WORK TOGETHER TO REPORT STOCK SALES

- **Form 1099-B**
  - Supplemental Information form
  - to complete...
- **Form 8949**
  - used for...
- **Schedule D**
  - used for...
- **Form 1040**

*Fidelity is not involved in the preparation of the content supplied at the third-party unaffiliated website and does not guarantee or assume any responsibility for its content.*
What to know when your award has vested

Congratulations on receiving your award. There are two key pieces of information you should keep in mind, now that your award has vested:

- Equity compensation is considered ordinary income.
- It is taxable in the year your award vests and/or shares are delivered to you.*

When your award is vested or distributed, your employer will withhold ordinary income and FICA† taxes.

- The tax amounts, along with the income from the value of your shares, may be included on your W-2.
- If you’re a nonemployee (such as a contractor, consultant, or director), you’ll find the income on your Form 1099-NEC.
- The information on your W-2 (or 1099-NEC) is used to fill out tax form 1040.

HOW IS AN AWARD REFLECTED ON A W-2?

Example: IRS W-2 for Restricted Stock/Restricted Stock Units

| BOXES 1, 3 & 5 | A The value of the award is included in boxes 1 and 5, and also in box 3 up to the maximum wage base. |
| BOXES 2, 4 & 6 | B Federal taxes withheld on the award value are included in boxes 2 and 6, and in box 4 up to the maximum. |
| BOX 14 | C Your employer may also use this box to show the income from stock compensation that is included in box 1. |

The value of the award is included in these boxes if state and local taxes apply.

If applicable, state and local tax on the value of the award is included in these boxes.

For illustrative purposes only.

*Assuming there is no Section 83(b) election (not available for restricted stock units) or deferral election.
†FICA includes Social Security (up to the annual maximum) and Medicare taxes.
‡Fidelity is not involved in the preparation of the content supplied at the third-party unaffiliated website and does not guarantee or assume any responsibility for its content.
What to do when you’ve sold stock

When you sell shares of stock, you need to separately report any gain or loss from the sale. Remember: you already paid taxes when your award vested. Accurately reporting your gain or loss will help keep you from overpaying taxes.

A capital gain/loss is the difference between your sale price and your cost basis.

- If you sell stock for more than its value at vesting, you realize a gain.
- If you sell it for less than its value at vesting, it’s considered a loss.
- How much of that gain or loss you report depends on your cost basis.

Your capital gain/loss and cost basis information are located on the 1099-B and Supplemental Information form. If your 1099-B shows $0 for your cost basis, you’ll want to review the adjusted cost basis on your Supplemental Information form to help prevent overpaying taxes. The details from these forms are used to calculate your capital gain or loss on IRS Forms 8949, 1040, and Schedule D.

IMPORTANT

Make sure you have both your 1099-B and Supplemental Information form when reporting your gain or loss.

The information on your 1099-B is reported to the IRS, but the Supplemental Information form includes adjustments necessary to avoid overpaying taxes. You’ll want to use the information on the Supplemental Information form to make any necessary adjustments on Form 8949. To learn more about how your gain/loss is calculated, see how cost basis factors into the equation.

SHORT-TERM VS. LONG-TERM SALE

As you prepare your taxes, you’ll want to consider if you made a short-term sale or long-term sale. Capital gains are taxed differently depending on how long you’ve held the shares.

A short-term sale applies if you held your shares at vesting and sold them at one year or less.* A short-term sale is taxed at ordinary income rates.

A long-term sale applies if you held your shares at vesting and sold them after one year.* Long-term gains are taxed at lower rates than ordinary income.

To determine if you had a short-term or long-term sale, refer to Form 1099-B. When you file your taxes, this information will help you know which version (short-term or long-term) of Schedule D and Form 8949 to use.

*Assuming there is no Section 83(b) election (not available for restricted stock units) or deferral election.
4 Using Form 1099-B and the Supplemental Information form

If you sold stock, you’ll receive Form 1099-B and the Supplemental Information form during the tax season. The information on your 1099-B is reported to the IRS, but the Supplemental Information form includes adjustments to a capital gain or loss necessary to avoid overpaying taxes. **It’s important that you review and utilize the Supplemental Information form**, as the information on it is not reported to the IRS. Below are sample forms, along with key pieces of information you’ll find.

**HOW IS A SALE REFLECTED ON FORM 1099-B?**

**Sample Form 1099-B**

<table>
<thead>
<tr>
<th>SHORT-TERM OR LONG-TERM TRANSACTION</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is where you’ll see if you had a short-term or long-term transaction. It will help determine which version of Schedule D and Form 8949 you need.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST OR OTHER BASIS</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>• This is provided to the IRS and may need to be adjusted when you report the sale on Form 8949. If adjusted, you’ll find that value on the Supplemental Information form.</td>
<td></td>
</tr>
<tr>
<td>• If this is $0,* reference your Supplemental Information form for the adjusted amount. This will help you avoid overpaying taxes.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GAIN/LOSS</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Capital gain or loss from the sale of shares. This amount may also need to be adjusted. In that case, you’ll find that value on the Supplemental Information form.</td>
<td></td>
</tr>
</tbody>
</table>

---

For illustrative purposes only.

*Often your cost basis will show as $0 on your 1099-B. The IRS rules prohibit brokers from reporting the full basis for this type of compensation.*
HOW IS A SALE REFLECTED ON THE SUPPLEMENTAL INFORMATION FORM?

Sample Supplemental Information Form

SHORT-TERM OR LONG-TERM TRANSACTION

This is where you’ll see if you had a short-term or long-term transaction. It will help determine which version of Schedule D and Form 8949 you need.

ADJUSTED COST BASIS

- This amount is used to recalculate your gain/loss. It’s equal to the ordinary income at vesting plus the cost basis on your 1099-B.
- You’ll want to use the adjusted amount to calculate your cost basis on Form 8949 to avoid paying those taxes again.*

ADJUSTED GAIN/LOSS

- This amount is recalculated based on your adjusted cost basis. It shows your proceeds minus your adjusted cost basis.
- This information and the adjusted cost basis are not reported to the IRS. You’ll want to understand this information when reporting your taxes to avoid paying more than necessary.

*When your award vests, you pay income taxes via withholding, and this income and the taxes are part of the totals on your W-2. When you sell the shares, the IRS needs to know that you already recognized that income and paid income taxes on it. The adjusted amounts inform the IRS that you already paid taxes on the income and don’t need to pay them again.
Submitting the information to the IRS

Now that you’ve gathered the information necessary to file your taxes, how do you submit it to the IRS?

There are many ways to file your taxes: self-filing, using a tax-filing service, or with a tax advisor. Many tax-filing services and programs allow you to automatically transfer information from Fidelity. Please note, however, this is not the case with the Supplemental Information form, and you will need to manually enter it.

When filing, the information you gathered will be used to report your taxes using IRS Form 1040 (for the compensation income) and Schedule D and Form 8949 (for the stock sale). If you need assistance with these forms, more information can be found in the links below.

HOW DO I FILL OUT FORM 8949?
- General IRS instructions
- For instructions specific to stock plans, click the images below.

Form 8949 short-term  Form 8949 long-term

HOW DO I FILL OUT SCHEDULE D?
- General IRS instructions
- For instructions specific to stock plans click the images below.

Schedule D short-term gains or losses  Schedule D long-term gains or losses

Now that you have the basic knowledge needed to file taxes on your equity awards, you can utilize this information to file your tax return on your own or through a tax advisor. As you go through the process, consider the different forms you may need including your W-2, 1099-B, and Supplemental Information form. For additional information about stock plan taxes and filing your tax return, visit our Taxes and Tax-filing Center.
**Restricted stock: Hold at vesting/sell before 12 months**

**Form 8949**

Sales and Other Dispositions of Capital Assets

Department of the Treasury
Internal Revenue Service

Go to www.irs.gov/Form8949 for instructions and the latest information.

**Omit No. 1545-0074**

**2022**

Attachment
Sequence No. **12A**

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.

- (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)
- (B) Short-term transactions reported on Form(s) 1099-B showing basis wasn’t reported to the IRS
- (C) Short-term transactions not reported to you on Form 1099-B

<table>
<thead>
<tr>
<th>1</th>
<th>Description of property (Example: 100 sh. XYZ Co.)</th>
<th>Date acquired (Mo., day, yr.)</th>
<th>Date sold or disposed of (Mo., day, yr.)</th>
<th>Proceeds (sales price) (see instructions)</th>
<th>Cost or other basis See the Note below and see Column (e) in the separate instructions.</th>
<th>Adjustment, if any, to gain or loss if you enter an amount in column (j), enter a code in column (k). See the separate instructions.</th>
<th>Code(s) from instructions</th>
<th>Amount of adjustment</th>
</tr>
</thead>
</table>

**Basis in Box 1e of 1099-B is too low or blank**

- If Box A is checked:
  - Column (e): Basis in Box 1e of 1099-B
  - Column (f): Code B
  - Column (g): Omitted amount. Use the Ordinary Income Reported from Fidelity’s Supplemental Information Form. Put amount in parentheses to indicate a negative number (as this amount reduces gain or increases loss).

- If Box B is checked:
  - Column (e): Correct basis of the sold shares (income on W-2 for the year when the shares vested). Use the Adjusted Cost Basis from Fidelity’s Supplemental Information Form.**
  - Column (f): Leave blank
  - Column (g): Leave blank

**2 Totals.** Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, line 1b (if Box A above is checked), line 2 (if Box B above is checked), or line 3 (if Box C above is checked).

**Note:** If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See Column (g) in the separate instructions for how to figure the amount of the adjustment.

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 3776BZ Form 8949 (2022)

* Instead of the IRS version of Form 1099-B, you received a substitute statement from Fidelity with a different layout (e.g. columns instead of boxes). All above instructions still apply.

** If you filed an 83(b) election (not available for RSUs) use the grant date for column (b) and the value at grant for the W-2 income in column (e). For RSUs and Performance Units, if delivery of shares was deferred to a future date with the proper election, use the date of share delivery.

*** Stock from restricted stock vesting is considered a non-covered security, so the basis will not be reported to the IRS.

Annotated diagram developed by myStockOptions.com. Copyright ©2023 myStockOptions.com Inc. Do not copy or distribute this diagram without the express permission of myStockOptions.com. Contact editors@mystockoptions.com for licensing information.
Restrict stock: Hold at vesting/sell after 12 months

**Form 8949**

Sales and Other Dispositions of Capital Assets

Department of the Treasury
Internal Revenue Service

Before you check Box D, E, or F 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 the basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

**Part II**

**Long-Term.** Transactions involving capital assets held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

**Note:** You may aggregate all long-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 8a; you aren’t required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-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.

| (B) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above) |
| (F) Long-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) |
| (f) | Code(s) from instructions |
| (g) | Amount of adjustment |

**Adjustment, if any, to gain or loss**

If you enter an amount in column (g), enter a code in column (f) and combine the result with column (g).

**Gains or losses**

Subtract column (e) from column (g) and combine the result with column (g).

---

**Example:** Form 8949 long-term

---

**Company ticker/symbol and number of shares sold from stock received at vesting**

[Bbox 1e on Form 1099-B]

**Vesting/distribution date**

[Bbox 1b on 1099-B]

**Date stock sold**

[Bbox 1c on 1099-B]

**Gross proceeds from stock sale**

[Bbox 1d on 1099-B]

Fidelity subtracts commissions and fees from the proceeds.

---

**Basis in Box 1e of 1099-B is too low or blank**

If Box D is checked:

- Column (e): Basis in Box 1e of 1099-B
- Column (B): Code B
- Column (g): Omitted amount. Use the Ordinary Income Reported from Fidelity’s Supplemental Information Form. Put amount in parentheses to indicate a negative number (as this amount reduces gain or increases loss).

If Box E is checked:

- Column (e): Correct basis of the sold shares (income on W-2 for the year when the shares vested). Use the Adjusted Cost Basis from Fidelity’s Supplemental Information Form.***
- Column (f): Leave blank
- Column (g): Leave blank

---

**Calculate column totals.**

You report these totals on Schedule D.

---

**Notes:**

- Instead of the IRS version of Form 1099-B, you received a substitute statement from Fidelity with a different layout (e.g., columns instead of boxes). All above instructions still apply.
- **If you filed an 8(b)(2) election (not available for RSUs), use the grant date for column (b) and the value at grant for the W-2 income in column (e).** For RSUs and Performance Units: If delivery of shares was deferred to a future date with the proper election, use the date of share delivery.
- **Stock from restricted stock vesting is considered a non-covered security, so the basis will not be reported to the IRS.

Annotated diagram developed by myStockOptions.com. Copyright ©2023 myStockOptions.com Inc. Do not copy or distribute this diagram without the express permission of myStockOptions.com. Contact editors@myStockOptions.com for licensing information.
### Schedule D: Short term gains or losses

**Capital Gains and Losses**

<table>
<thead>
<tr>
<th>Schedule D (Form 1040)</th>
<th>OMB No. 1545-0014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of the Treasury</td>
<td>2022</td>
</tr>
<tr>
<td>Internal Revenue Service</td>
<td>Attachment</td>
</tr>
<tr>
<td>Sequence No. 12</td>
<td></td>
</tr>
</tbody>
</table>

**Part I** Short-Term Capital Gains and Losses—Generally Assets Held One Year or Less (see instructions)

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.

<table>
<thead>
<tr>
<th>(d)</th>
<th>(e)</th>
<th>(f)</th>
<th>(g)</th>
<th>(h)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds (sales price)</td>
<td>Cost (or other basis)</td>
<td>Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)</td>
<td>Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)</td>
<td></td>
</tr>
</tbody>
</table>

**1a** Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b.

**1b** Totals for all transactions reported on Form(s) 8949 with Box A checked.

**2** Totals for all transactions reported on Form(s) 8949 with Box B checked.

**3** Totals for all transactions reported on Form(s) 8949 with Box C checked.

**4** Short-term gain from Form 8252 and short-term gain or (loss) from Forms 4845, 5781, and 8824.

**5** Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions.

---

Annoted diagram developed by myStockOptions.com. Copyright ©2023 myStockPlan.com Inc.

Please do not copy or distribute the diagram without express permission of myStockOptions.com.

Contact editors@mystockoptions.com for licensing information.
### Schedule D: Long-term gains or losses

**Part II**

**Long-Term Capital Gains and Losses—Generally Assets Held More Than One Year (see instructions)**

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Proceeds (sales price)</td>
<td>(b) Cost or other basis</td>
<td>(g) Adjustments to gain or loss from Form 8949, Part II, line 2, column (f)</td>
<td>(h) Gain or (loss) Subtract column (d) from column (c) and combine the result with column (g)</td>
</tr>
</tbody>
</table>

#### 8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b.

#### 8b Totals for all transactions reported on Form(s) 8949 with Box D checked.

#### 9 Totals for all transactions reported on Form(s) 8949 with Box E checked.

#### 10 Totals for all transactions reported on Form(s) 8949 with Box F checked.

---

**Notes:**

- The totals of all stock sales NOT appearing on Form 8949 because the correct basis was reported to the IRS on Form 1099-B (i.e., no adjustments were needed) go on this line.
- The totals of all stock sales from the columns on Form 8949 where Box D is checked (i.e., the basis in Box 1a on Form 1099-B is reported, even if it's incorrect) go on this line.
- The totals of all stock sales from the columns on Form 8949 where Box E is checked (i.e., the basis in 1e on Form 1099-B is blank or 0) go on this line.