

Notice 2009-17

Johnson Regina

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My comments are about "Reconciliation with Customer Reporting," points 12-15. Some brokers already do a good job of reporting all of the information needed for entry onto Schedule D. Some of my clients do a good job of keeping records of their stock purchases and sales. However, for the majority of individual investors, it is not the case that it is at all simple to complete Schedule D. I make the following suggestions:

- Whatever the broker is required to send to the IRS, the same thing should be sent to the customer.
- The broker should establish a default policy of using either average price or FIFO for sales not otherwise specified by the customer.
- The customer should have the option of specifying a gain pricing policy when opening the account with the broker.
- The customer can specify which stock to sell at the time of placing the sell order; otherwise, the customer's or broker's default method should determine the sales gain or loss.
- The broker should supply the sales information in something like a spreadsheet similar to what is on Schedule D. This could be scanned into a PDF file by the customer or the tax preparer.
- Schedule D should be allowed to contain a summary of the short- and long-term gains and losses shown by the broker. The taxpayer can attach a copy of the broker's report (paper if so filing or a PDF file if filing with the new e-file system) if the IRS requires it (if the summary matches what the broker reports to the IRS, such an attachment should not be necessary).

This should provide consistency and make the work of the broker, customer, IRS, and tax preparer easier.

Stephen Metelits
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