

## Deadline Approaching for Reporting 2019 ISO Exercises and ESPP Transfers

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Section 6039 of the Internal Revenue Code requires corporations to provide information statements to employees (including former employees) and information filings to the IRS regarding exercises of incentive stock options (ISOs) by employees and former employees. Similar information statements and filings are required to report transfers of shares of stock by employees and former employees that were purchased under an employee stock purchase plan (ESPP) designed to meet the requirements of Section 423 of the Internal Revenue Code. To satisfy the information return and statement requirements, companies will need to complete and file [Form 3921](#) with respect to ISO exercises and [Form 3922](#) with respect to ESPP transfers, as applicable.

### FORMS AND INSTRUCTIONS

The IRS instructions to Form 3921 and 3922 may be obtained [here](#). A Form 3921 or 3922 must be filed for each transaction. For example, if an employee exercised two ISOs in 2019, then two Form 3921s must be completed for that employee.

Each form contains three copies: Copy A should be sent to the IRS, Copy B (known as the Information Statement) should be distributed to the employee or former employee whose exercise or transfer is being reported, and Copy C should be retained by the Company.

It is permissible to truncate an employee's social security number (or other tax ID number), so that it shows only the last four digits, on Copy B – the copy provided to employees. Copy A must include the full number.

If a company is required to file 250 or more of either form with the IRS, such filing must be done electronically. Otherwise, paper filing with the IRS is acceptable. For example, if a company is required to file 300 Form 3921s and 100 Form 3922s, the Form 3921s will need to be filed with the IRS electronically but the Form 3922 may be filed with the IRS in paper form.

### DEADLINES

With respect to ISO exercises and ESPP share transfers that occurred in 2019, Copy A of the respective form must be filed with the IRS no later than February 28, 2020, if filing on paper, or March 31, 2020, if filing electronically. A 30-day extension of the Copy A deadline may be requested and obtained by filing a Form 8809 with the IRS before the original filing deadline. An extension request on Form 8809 may be filed electronically. Copy B of the respective form must be furnished to the applicable employee or former employee by January 31, 2020.

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