

Employee stock purchase plan

2013 tax filing guide

This guide will help you complete your annual U.S. tax forms if you participated in an employee stock purchase plan (ESPP) during 2013. We will go through three steps:

1. Determine if your plan is qualified or non-qualified
2. Determine if you met your holding requirements
3. Guide you through the appropriate example for your transaction(s)

We urge you to consult with a personal tax advisor.

UBS is not licensed to offer legal, accounting or tax advice and does not offer such advice. Tax implications vary widely depending on your specific transactions (please see back cover for important information).

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Getting started

ESPP stands for Employee Stock Purchase Plan.

It means you can purchase shares of your company's stock as prescribed by the plan over a specified term, generally through regular payroll deductions. You may have tax implications if you purchased or sold ESPP shares in 2013. Your transactions can be treated as:

- **Ordinary income**—Your monetary benefit is taxed much like pay. Usually, at least a portion of your taxable amount is considered ordinary income.
- **Capital gain or loss**—Your monetary benefit is taxed at a more favorable rate.

Before you can determine how to treat your transactions, you'll need to know if your plan is qualified or non-qualified.

Step 1: Is your plan qualified or non-qualified?

There are two types of ESPPs:

- Qualified plans, also known as Section 423 plans
- Non-qualified plans

Your company most likely will let you know whether or not your plan is qualified. If you are uncertain, contact your HR representative.

Do you have a qualified plan?

If yes, you'll need to determine if you met the holding period. Go to Step 2 in the next column.

Do you have a non-qualified plan?

It's not subject to holding periods. Gather the forms shown on page 3, then turn to [Example 3](#) on page 12 and begin filling out your tax forms.

Step 2: Have you met the holding period?

Under a qualified ESPP you don't have any tax implications until you sell your shares. Precisely what those implications are depends on whether you've met the holding period. If you meet your holding period, you have a "qualified disposition." That means a portion of your gain will be taxed at the more favorable long-term capital gains rate. If you do not meet your holding period, you have a "disqualifying disposition." In this case, more of your gain is taxed as ordinary income.

Determining if you have met the holding period

Your UBS One Source Stock Purchase Report will note if your transaction is qualifying (met the holding period) or disqualifying (didn't meet the holding period). You can also determine this yourself. Follow these steps. You must meet both criteria to have satisfied your holding period.

- Determine the date two years after your grant date, noted in your plan documents.
- Determine the date one year after your purchase date, noted on your UBS Trade Confirmation.

If you sold your shares after these two dates, you have a qualifying disposition, meaning you have met your holding period. Go to [Example 1](#) on page 4 to learn how to report your transactions on your tax forms.

When you don't meet the holding period

If you sell your shares without having met this criteria, you have a "disqualifying disposition." In this case, you will treat a larger portion as ordinary income than if you had met the holding period. Go to [Example 2](#) on page 8 to learn how to report your transactions on your tax forms.

Have you met the holding period?

Gather the forms shown on page 3, then turn to [Example 1](#) on page 4.

Didn't meet the holding period?

Gather the forms shown on page 3, then turn to [Example 2](#) on page 8.

Do you have a non-qualified plan?

Gather the forms shown on page 3, then turn to [Example 3](#) on page 12.

Gather your tax forms

A Have the following documents handy:

- B** W-2 Wage and Tax Statement
- C** IRS Form 8949: sales and other dispositions of capital assets*
- D** IRS Form 1040 (Schedule D): capital gains and losses
- E** UBS Trade Confirmation
- F** UBS Form 1099-B
- G** Form 3922
- UBS One Source Stock Purchase Report

Need a copy of your Trade Confirmation or 1099-B? To view or print copies, log in to the UBS One Source website and then click on the "Statements and Reports" tab. Then select "Confirmations and Notices" and select the month of your transaction. For a copy of your 1099-B, select "Tax Reports" and then highlight 1099.

Have questions about your W-2 Wage and Tax Statement and Form 3922? Contact your company's payroll center.

* **Form 8949** is generally not required in circumstances where the cost/other basis is reported on the 1099-B and there are no adjustments. However, Form 1040 is always required.

The collage includes the following forms and documents:

- Form 8949: Sales and Other Dispositions of Capital Assets** (OMB No. 1545-0008) - Includes sections for Part I (Short-Term) and Part II (Long-Term).
- SCHEDULE D (Form 1040): Capital Gains and Losses** (OMB No. 1545-0074) - Includes sections for Part I (Short-Term) and Part II (Long-Term).
- Form 3922: Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)** (Rev. August 2013) - Includes fields for Corporation name, Employee name, and Stock details.
- Form 1099-B: Proceeds from Real Estate Transactions** (OMB No. 1545-0047) - Includes fields for Proceeds, Cost, and Adjustments.
- UBS One Source Stock Purchase Report** - Includes a table with columns for Date, Shares, Price, and Total.
- Confirmation** - Includes fields for Your Financial Advisor, Name, and Address.
- UBS Financial Services Inc.** - Includes fields for Your Financial Advisor, Email, and Phone.
- 2013 Consolidated Form 1099** - Includes fields for Account Number and Tax Identification Number.
- UBS One Source Stock Purchase Report** - Includes a table with columns for Date, Shares, Price, and Total.

Example 1: Qualified ESPP with a qualifying disposition

In this example, we will go through the four steps to calculate and report your ordinary income and capital gains or losses on sales where you have a qualifying disposition, meaning you met your plan's holding period (see page 2).

- **Step 1:** Determine your taxable ordinary income
- **Step 2:** Determine capital gains and losses
- **Step 3:** Complete Form 8949
- **Step 4:** Complete Schedule D (Form 1040)

Only purchased ESPP shares in 2013?

No need to report anything to the IRS. With qualified ESPPs, you are only taxed when you dispose of shares.

For this example, you will need:

- Form 3922, mailed to you early 2014
- UBS Trade Confirmation
- Form 1099-B
- IRS Form 8949
- Schedule D (Form 1040)

Assumptions for Example 1:

- Base salary: \$50,000
- Purchase date: 02/01/10
- 100 shares **b**
- Market value per share at offering: \$35.00 **a**
- Discount per share: 15%
- Market value per share at purchase: \$30.00
- Purchase price per share: \$25.50 **d**
- Sale date: 12/03/2013
- Sale price per share: \$40.00 **c**

CORRECTED

CORPORATION'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted	OMB No. 1545-2129	Form 3922 (Rev. August 2013)	Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)
CORPORATION'S federal identification number		2 Date option exercised			
EMPLOYEE'S name	EMPLOYEE'S identification number	3 Fair market value per share on grant date	4 Fair market value per share on exercise date	Copy B For Employee	
Street address (including apt. no.)		\$ 35.00 a	\$	This is important tax information and is being furnished to the Internal Revenue Service.	
City or town, state or province, country, and ZIP or foreign postal code		5 Exercise price paid per share	6 No. of shares transferred		
Account number (see instructions)		\$ 25.50 d	100 b		
		7 Date legal title transferred			
		8 Exercise price per share determined as if the option was exercised on the date shown in box 1.			
		\$			

Form 3922 (Rev. 8-2013) (keep for your records) www.irs.gov/form3922 Department of the Treasury - Internal Revenue Service

Step 1 Determine your taxable ordinary income

For this calculation, consult your UBS One Source Stock Purchase report and the IRS Form 3922 mailed to you the year you purchased your shares (available on UBS One Source if you cannot locate yours).

UBS One Source

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English

Home	Grants / Awards / Units	Shares	Transactions	Statements & Reports	Planning & Insights		
Total:		999	999	0	985	0	999

UBS OneSource Stock Purchase Report

Plan Number	Purchase or Deposit Date mm/dd/yyyy	Share Type	Purchase Price Per Share	Purchase Date Fair Market Value	Shares Purchased or Deposited	Date Shares Available For Sale mm/dd/yyyy	Shares Sold/Withdrawn	Disposition Status	Sale Price	Sale/Withdrawn Date mm/dd/yyyy	Shares Pending Sale	Shares Available for Sale
XYZ423A	02/01/10	ESPP	\$25.50	\$30.00	100		100	(Qualifying)	\$0 4000 c	12/03/2013	0	0

Calculation

To determine your taxable ordinary income, perform the two calculations shown at right. The lesser of the two final numbers is your taxable ordinary income. **1**

Enter this number on IRS Form 8949, Part II, column (g) as shown on page 6.

#1

The fair market value per share at grant date	a	\$35.00
Times discount (15%)	x	0.15
		\$5.25
Times number of shares	x	100
		b

#2

Sale price per share	c	\$40.00
Minus purchase price per share	d	– \$25.50
		\$14.50
Times number of shares	x	100
		b

1 \$525

\$1,450.00

Step 2

Determine capital gains and losses

When you sell shares, you realize a capital gain or loss. You will need to report that amount on your taxes.



UBS Financial Services Inc.
1000 Harbor Blvd., 7th Floor
Weehawken NJ 07086
ubs.com/fs

JOHN SMITH
123 MAIN STREET
ANYTOWN NJ 12345

December 6, 2013

We confirm the following trade

Sold

UNSOLICITED SYMBOL CUSIP NO. 134429109	Account Trade date 12/3/13 Location of execution OTC Settlement date 12/6/13 UBS capacity AGENT Reference no. 04673	Quantity 100 Price \$40.00 Gross amount \$4,000.00 Commission/sales charge \$25.00 Other fees/charges \$0.00 Amount credited \$3,975.00
----------------------------------------	---------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------

An affiliate of UBS Financial Services Inc. makes a market in this security.

Confirmation

Your Financial Advisor

Send checks/correspondence to:
UBS FINANCIAL SERVICES INC.
1000 Harbor Boulevard
6th Floor
Weehawken NJ 07086

First, locate the "Amount credited" **2** on your UBS Trade Confirmation (shown at left).

("Amount credited" is also referred to as "Proceeds" on IRS Form 8949 and Form 1040, Schedule D.)

Enter this number on IRS Form 8949, as shown on page 6.

Next, locate the following information on your Form 1099-B (shown at right).

- Date acquired **3**
- Date sold **4**
- Cost or other basis amounts **5**

Enter each of these numbers on IRS Form 8949, as shown on page 6.

Proceeds from Broker Transactions Details Reported on Form 1099-B (OMB No. 1545-0715)

Consistent with IRS guidance, transactions are grouped into section(s) based upon whether the security is covered or noncovered, and whether the term is short or long. Transactions for which the term cannot be determined are grouped in a separate section. As a result, the substitute Form 1099-B could have up to five separate sections, each with a heading identifying which securities are included and how to report the transactions on Form 9949. A security is a "covered security" and subject to basis reporting requirements if it is a security that is listed on a securities exchange, is a security that is traded on a securities exchange, or is a security that is traded on a securities exchange and is a security that is traded on a securities exchange. For stock in a mutual fund, the effective date is January 1, 2012. UBS is not a broker report short sales for the year in which the short sale is closed. The possible application of the provision is reflected here. Clients may wish to discuss the potential application of this provision with their tax advisor. In Box 2a gross proceeds are reported less commissions and option premiums. Sale amounts with "s" are the amount reported in Box 2a is not allowed. Beginning in 2012, basis for both covered and noncovered securities have been adjusted for any capital gains tax paid on the sale. The adjusted basis is reported in Box 3. The adjusted basis is only populated for transactions of securities that have had their basis reduced due to premium (including securities subject to AMT) has been adjusted for mandatory amortization of bond premium, premium, or bond premium. Therefore, the amortization and accretion adjustments used here may not differ. Please check with your tax advisor and/or read the tax-related disclosure materials associated with the transaction.

Original basis (\$)	Date acquired (Box 1b)	Date of sale / exchange (Box 1a)	Sale amount (Box 2a) (\$)	Cost or other basis (Box 3) (\$)	CUSIP: 123456789	Symbol			
	3	4	5						
	02/01/10	12/03/13	3,975.00	2,550.00	CUSIP: 123456789	XYZ			
Type of Gain/Loss: Short Term (Box 1c)									
Short-term transactions reported on Form 1099-B - basis reported to the IRS									
<small>In this sub-section Date acquired, Cost or Other Basis, and Wash Sale Loss disallowed are reported to the IRS (Box 6b checked).</small>									
Activity type	Quantity / face value (Box 1e)	Original cost basis (\$)	Date acquired (Box 1b)	Date of sale / exchange (Box 1a)	Sale amount (Box 2a) (\$)	Cost or other basis (Box 3) (\$)	Wash sale loss disallowed (Box 5) (\$)	Federal income tax withheld (Box 6) (\$)	Loss not allowed (Box 2b)
Description (Box 8): XYZ Company			3	4		5			
Sell	100		02/01/10	12/03/13	3,975.00	2,550.00			
Short-term total					3,975.00	2,550.00			
Box A, Part I	100				3,975.00	2,550.00			
Total					3,975.00				

Step 3
Complete Form 8949

To fill out IRS Form 8949, use the information you pulled from:

- your IRS Form 3922 **1**
- your UBS Trade Confirmation **2**
- Form 1099-B **3 4 5**

Since this example is for a qualified disposition, meaning you met the holding period by selling your shares 1+ years after your purchase date and 2+ after your grant date, it is a long-term transaction. Report it in Part II on Form 8949.

- 6** Check (D) under Part II
- 7** In column (a), enter a description, i.e. "100 shares, XYZ company"
- 8** In column (f), enter "B" to indicate that the basis shown in box 3 of the 1099-B is not complete
- 9** Subtract (e) and (g) from (d) to determine capital gain or loss, in this case a gain of \$975

Form 8949 (2013)		Attachment Sequence No. 12A		Page 2				
Name(s) shown on return. (Name and SSN or taxpayer identification no. not required if shown on other side.)			Social security number or taxpayer identification number					
<p><i>Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box D, E, or F below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.</i></p> <p>Part II Long-Term. Transactions involving capital assets you held more than one year are long term. For short-term transactions, see page 1.</p> <p>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 total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).</p> <p>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.</p> <p><input checked="" type="checkbox"/> (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)</p> <p><input type="checkbox"/> (E) Long-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS</p> <p><input type="checkbox"/> (F) Long-term transactions not reported to you on Form 1099-B</p>								
1	(a)	(b)	(c)	(d)	(e)	Adjustment, if any, to gain or loss.		(h)
	Description of property (Example: 100 sh. XYZ Co.)	Date acquired (Mo., day, yr.)	Date sold or disposed (Mo., day, yr.)	Proceeds (sales price) (see instructions)	Cost or other basis. See the Note below and see <i>Column (e)</i> in the separate instructions	(f) Code(s) from instructions	(g) Amount of adjustment	
	100 shares, XYZ company	2/01/10	12/03/13	\$3,975.00	\$2,550.00	B	(\$525)	\$900
	7	3	4	2	5	8	1	9

Step 4

Complete Schedule D (Form 1040)

Since in this example, the holding period was met, the transaction is considered a long-term capital gain or loss. Therefore, fill out Part II only. In each appropriate section, enter information from Form 8949 as follows:

- Proceeds from column (d) **2**
- Cost or other basis from column (e) **5**
- Amount of adjustment from column (g) **1**
- Gain or loss from column (h) **9**

Complete the remainder of Schedule D and report appropriately on Form 1040.

SCHEDULE D (Form 1040)		Capital Gains and Losses			OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040 or Form 1040NR. ▶ Information about Schedule D and its separate instructions is at www.irs.gov/scheduled. ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.			2013 Attachment Sequence No. 12
Name(s) shown on return				Your social security number	
Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less					
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.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
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 .		Leave Part I blank.			
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 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 .				4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6	()
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7	
Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year					
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.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
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		2	5	1	9
9 Totals for all transactions reported on Form(s) 8949 with Box E checked					

For illustrative purposes only. This is meant to be an example only. You should not rely on it for your tax reporting. Not all portions of this example may be applicable to your transaction(s). **Need help?** We recommend you consult a personal tax advisor. UBS is not licensed to offer legal, accounting or tax advice and does not offer such advice.

Example 2: Qualified ESPP with a disqualifying disposition

In this example, we will go through the four steps to calculate and report your ordinary income and capital gains or losses on sales where you have a disqualifying disposition, meaning you did not meet your plan's holding period (see page 2).

- **Step 1:** Determine your taxable ordinary income
- **Step 2:** Determine capital gains and losses
- **Step 3:** Complete Form 8949
- **Step 4:** Complete Schedule D (Form 1040)

Only purchased ESPP shares in 2013?

No need to report anything to the IRS. With qualified ESPPs, you are only taxed when you dispose of shares.

For this example, you will need:

- Form 3922, mailed to you early 2014 OR UBS One Source Stock Purchase Report AND
- UBS Trade Confirmation
- Form 1099-B
- IRS Form 8949
- Schedule D (Form 1040)

Assumptions for Example 2:

- Base salary: \$50,000
- Purchase date: 12/15/2012
- 750 shares **(a)**
- Market value per share at purchase: \$31.88 **(b)**
- Purchase price per share: \$27.10 **(c)**
- Sale date: 7/11/2013
- Sale price per share: \$36.50
- Discount per share: 15%

Plan Number	Purchase or Deposit Date	Share Type	Purchase Price Per Share	Purchase Date Fair Market Value	Shares Purchased or Deposited	Date Shares Available For Sale	Shares Sold/Withdrawn	Disposition Status	Sale Price	Sale/Withdrawn Date	Shares Pending Sale	Shares Available for Sale
XYZ423A	12/15/2012	ESPP	\$27.10	\$31.88	750		0	Disqualifying	\$36.50	07/11/2013	0	0

Step 1

Determine your taxable ordinary income

Consult your UBS One Source Stock Purchase report or your IRS Form 3922 for this calculation.

CORPORATION'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted	OMB No. 1545-2129
CORPORATION'S federal identification number		2 Date option exercised	Form 3922
EMPLOYEE'S identification number		3 Fair market value per share on grant date	(Rev. August 2013)
EMPLOYEE'S name		4 Fair market value per share on exercise date	\$ 31.88 (b)
Street address (including apt. no.)		5 Exercise price paid per share	\$ 27.10 (c)
City or town, state or province, country, and ZIP or foreign postal code		6 No. of shares transferred	750 (a)
Account number (see instructions)		7 Date legal title transferred	
		8 Exercise price per share determined as if the option was exercised on the date shown in box 1.	

Calculation

Total market value at exercise date $(a \times b)$ \$23,910.00
 Minus total purchase price $(a \times c)$ – \$20,325.00

Taxable ordinary income $(a \times b) - (a \times c)$ **\$3,585.00** **(1)**

Enter this number on IRS Form 8949, Part I, column (g) as shown on page 10.

Step 2

Determine capital gains and losses

When you sell shares, you realize a capital gain or loss. You will need to report that amount on your taxes.



UBS Financial Services Inc.
1000 Harbor Blvd., 7th Floor
Weehawken NJ 07086
ubs.com/fs

Confirmation

Your Financial Advisor

Send checks/correspondence to:
UBS FINANCIAL SERVICES INC.
1000 Harbor Boulevard
6th Floor
Weehawken NJ 07086

JOHN SMITH
123 MAIN STREET
ANYTOWN NJ 12345

July 16, 2013

We confirm the following trade

Sold			
UNSOLICITED	Account	Quantity	750.00
SYMBOL	Trade date	Price	\$36.50
CUSIP NO. 134429109	Location of execution	Gross amount	\$27,375.00
	Settlement date	Commission/sales charge	\$25.50
	UBS capacity	Other fees/charges	\$6.00
	Reference no.	Amount credited	27,343.50

An affiliate of UBS Financial Services Inc. makes a market in this security.

First, locate the "Amount credited" **2** on your UBS Trade Confirmation (shown at left).

("Amount credited" is also referred to as "Proceeds" on IRS Form 8949 and Form 1040, Schedule D.)

Enter this number on IRS Form 8949, as shown on page 10.

Next, locate the following information on your Form 1099-B (shown at right).

- Date acquired **3**
- Date sold **4**
- Cost or other basis amounts **5**

Enter each of these numbers on IRS Form 8949, as shown on page 10.

Proceeds from Broker Transactions Details Reported on Form 1099-B (OMB No. 1545-0715)

Consistent with IRS guidance, transactions are grouped into section(s) based upon whether the security is covered or noncovered, and whether the term is short or long. Transactions for which the term cannot be determined are grouped in a separate section. As a result, the substitute Form 1099-B could have up to five separate sections, each with a heading identifying which securities are included and how to report the transactions on Form 8949. A security is a "covered security" and subject to basis reporting requirements if it is acquired on or after its corresponding effective date. For stock in a corporation, the effective date is January 1, 2011. For stock in a mutual fund the effective date is January 1, 2012. UBS is not reporting short sales for the year in which the short sale is closed. The possible application of the provision reflected here. Clients may wish to discuss the potential application of this provision with their tax advisor.

	Original basis (\$)	Date acquired (Box 1b)	Date of sale / exchange (Box 1a)	Sale amount (Box 2a) (\$)	Cost or other basis (Box 3) (\$)
	3	4	5	CUSIP: 123456789	Syr
		12/15/12	7/11/13	27,343.50	20,325.00

Type of Gain/Loss: Short Term (Box 1c)

Short-term transactions reported on Form 1099-B - basis reported to the IRS (Box 6b checked):

Activity type	Quantity / face value (Box 1e)	Original cost basis (\$)	Date acquired (Box 1b)	Date of sale / exchange (Box 1a)	Sale amount (Box 2a) (\$)	Cost or other basis (Box 3) (\$)	Wash sale loss disallowed (Box 5) (\$)	Federal income tax withheld (Box 4) (\$)	Loss not allowed (Box 2b)
Description (Box 8): XYZ Company			3	4	CUSIP: 123456789	5			
Sell	750		12/15/12	7/11/13	27,343.50	20,325.00			
Short-term total					27,343.50	20,325.00			
Box A, Part I	750				27,343.50	20,325.00			
Total					27,343.50	20,325.00			

For illustrative purposes only. This is meant to be an example only. You should not rely on it for your tax reporting. Not all portions of this example may be applicable to your transaction(s). **Need help?** We recommend you consult a personal tax advisor. UBS is not licensed to offer legal, accounting or tax advice and does not offer such advice.

Step 3
Complete Form 8949

To fill out IRS Form 8949, use the information you pulled from:

- your UBS One Source Stock Purchase Report OR IRS Form 3922 **1**
- your UBS Trade Confirmation **2**
- Form 1099-B **3 4 5**

- 6** Check (A) under Part I
- 7** In column (a), enter a description, i.e. "750 shares, XYZ company"
- 8** In column (f), enter "B" to indicate that the basis shown in box 3 of the 1099-B is not complete
- 9** Subtract (e) and the value of (g) from (d) to determine capital gain or loss, in this case a gain of \$3433.50

Since this example is for a disqualifying disposition, meaning the sale took place before one year from the purchase date, you report this as a short-term transaction in Part I on Form 8949.

Form 8949 Department of the Treasury Internal Revenue Service	Sales and Other Dispositions of Capital Assets ► Information about Form 8949 and its separate instructions is at www.irs.gov/form8949 . ► File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.	OMB No. 1545-0074 2013 Attachment Sequence No. 12A						
Name(s) shown on return		Social security number or taxpayer identification number						
<p><i>Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.</i></p>								
<p>Part I Short-Term. Transactions involving capital assets you held one year or less are short term. For long-term transactions, see page 2.</p> <p>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 total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).</p>								
<p>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.</p>								
<p>6 <input checked="" type="checkbox"/> (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above) <input type="checkbox"/> (B) Short-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS <input type="checkbox"/> (C) Short-term transactions not reported to you on Form 1099-B</p>								
1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see <i>Column (e)</i> in the separate instructions	(f) Code(s) from instructions	(g) Amount of adjustment	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
	750 shares, XYZ company	12/15/12	7/11/13	\$27,343.50	\$20,325.00	B	(\$3,585)	\$3,433.50
	7	3	4	2	5	8	1	9

Step 4

Complete Schedule D (Form 1040)

Since in this example, shares were held for one year or less, the transaction is considered a short-term capital gain or loss. Therefore, fill out Part I only. In each appropriate section, enter information from Form 8949 as follows:

- Proceeds from column (d) **2**
- Cost or other basis from column (e) **5**
- Amount of adjustment from column (g) **1**
- Gain or loss from column (h) **9**

Complete the remainder of Schedule D and report appropriately on Form 1040.

SCHEDULE D (Form 1040)		Capital Gains and Losses			OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040 or Form 1040NR. ▶ Information about Schedule D and its separate instructions is at www.irs.gov/scheduled. ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.			2013 Attachment Sequence No. 12
Name(s) shown on return				Your social security number	
Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less					
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.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
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	5	1	9
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 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6	()
7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7	
Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year					
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.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
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		Leave Part II blank.			
8b Totals for all transactions reported on Form(s) 8949 with Box D checked					

For illustrative purposes only. This is meant to be an example only. You should not rely on it for your tax reporting. Not all portions of this example may be applicable to your transaction(s). **Need help?** We recommend you consult a personal tax advisor. UBS is not licensed to offer legal, accounting or tax advice and does not offer such advice.

Example 3: Non-qualified ESPP

With non-qualified plans, you have potential tax implications at two points in time:

- 1) at time of purchase, if you received a discount on your share price
- 2) when you sell your shares

In this example, we will go through the four steps to report your taxable ordinary income and capital gains or losses on your taxes.

- **Step 1:** Determine your taxable ordinary income
- **Step 2:** Determine capital gains and losses
- **Step 3:** Complete Form 8949
- **Step 4:** Complete Schedule D (Form 1040)

For this example, you will need:

- Form 3922, mailed to you early 2014 OR UBS One Source Stock Purchase Report AND
- UBS Trade Confirmation
- Form 1099-B
- IRS Form 8949
- Schedule D (Form 1040)

Sold your shares in 2013?

You will need to determine your capital gain or loss. Complete Steps 1-4.

Only purchased shares in 2013?

With non-qualified plans, you are taxed when you purchase shares. This amount will be included on your W-2.

Assumptions for Example 3:

- Base salary: \$50,000
- Purchase date: 12/15/2012
- 750 shares **(a)**
- Market value per share at purchase: \$31.88 **(b)**
- Purchase price per share: \$27.10 **(c)**
- Sale date: 7/11/2013
- Sale price per share: \$36.50
- Discount per share: 15%

Plan Number	Purchase or Deposit Date	Share Type	Purchase Price Per Share	Purchase Date Fair Market Value	Shares Purchased or Deposited	Date Shares Available For Sale	Shares Sold/Withdrawn	Disposition Status	Sale Price	Sale/Withdrawn Date	Shares Pending Sale	Shares Available for Sale
XYZ423A	12/15/2012	ESPP	\$27.10	\$31.88	750		0	Disqualifying	\$36.50	07/11/2013	0	0

Step 1

Determine your taxable ordinary income

Generally, your ordinary income is listed on your W-2 the year you purchased your non-qualified shares. You can also calculate it by consulting your UBS One Source Stock Purchase report and the IRS Form 3922 mailed to you when you purchased your shares (available on UBS One Source if you cannot locate yours).

CORPORATION'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted	OMB No. 1545-2129	Form 3922 (Rev. August 2013)	Transfer of Stock Acquired Through an Employee Stock Purchase Plan Under Section 423(c)
CORPORATION'S federal identification number		2 Date option exercised	4 Fair market value per share on exercise date		
EMPLOYEE'S name	EMPLOYEE'S identification number	3 Fair market value per share on grant date	\$ 31.88	Copy B For Employee	This is important tax information and is being furnished to the Internal Revenue Service.
Street address (including apt. no.)	City or town, state or province, country, and ZIP or foreign postal code	5 Exercise price paid per share	\$ 27.10		
Account number (see instructions)		6 No. of shares transferred	750		
		7 Date legal title transferred			
		8 Exercise price per share determined as if the option was exercised on the date shown in box 1.			

Calculation

Total market value at exercise date $(a \times b)$ \$23,910.00
 Minus total purchase price $(a \times c)$ – \$20,325.00

Taxable ordinary income $(a \times b) - (a \times c)$ **\$3,585.00** **1**

Enter this number on IRS Form 8949, Part I, column (g) as shown on page 14.

Step 2

Determine capital gains and losses

When you sell shares, you realize a capital gain or loss.

You will need to report that amount on your taxes.



UBS Financial Services Inc.
1000 Harbor Blvd., 7th Floor
Weehawken NJ 07086
ubs.com/fs

Confirmation

Your Financial Advisor

Send checks/correspondence to:
UBS FINANCIAL SERVICES INC.
1000 Harbor Boulevard
6th Floor
Weehawken NJ 07086

JOHN SMITH
123 MAIN STREET
ANYTOWN NJ 12345

July 16, 2013

We confirm the following trade

Sold

UNSOLICITED SYMBOL CUSIP NO. 134429109	Account Trade date Location of execution Settlement date UBS capacity Reference no.	7/11/13 OTC 7/16/13 AGENT 04673	Quantity Price Gross amount Commission/sales charge Other fees/charges Amount credited	750.00 \$36.50 \$27,375.00 \$25.50 \$6.00 27,343.50
----------------------------------------	-------------------------------------------------------------------------------------	---------------------------------	----------------------------------------------------------------------------------------	------------------------------------------------------------

An affiliate of UBS Financial Services Inc. makes a market in this security.

First, locate the "Amount credited" **2** on your UBS Trade Confirmation (shown at left).

("Amount credited" is also referred to as "Proceeds" on IRS Form 8949 and Form 1040, Schedule D.)

Enter this number on IRS Form 8949, as shown on page 14.

Next, locate the following information on your Form 1099-B (shown at right).

- Date acquired **3**
- Date sold **4**
- Cost or other basis amounts **5**

Enter each of these numbers on IRS Form 8949, as shown on page 14.

Proceeds from Broker Transactions Details Reported on Form 1099-B (OMB No. 1545-0715)

Consistent with IRS guidance, transactions are grouped into section(s) based upon whether the security is covered or noncovered, and whether the term is short or long. Transactions for which the term cannot be determined are grouped in a separate section. As a result, the substitute Form 1099-B could have up to five separate sections, each with a heading identifying which securities are included and how to report the transactions on Form 8949. A security is a "covered security" and subject to basis reporting requirements if it is acquired on or after its corresponding effective date. For stock in a corporation, the effective date is January 1, 2011. For stock in a mutual fund the effective date is January 1, 2012. UBS Financial Services Inc. reports short sales for the year in which the short sale is closed. The possible application of this provision is reflected here. Clients may wish to discuss the potential application of this provision with their tax advisor. In Box 2a gross proceeds are reported less commissions and option premiums. Sale amounts with respect to the amount reported in Box 2a is not allowed. Beginning in 2012, basis for both covered and noncovered securities have been adjusted for all transactions for which the term is short or long. The possible application of this provision is reflected here. (including securities subject to AMT) has been adjusted for mandatory amortization of bond premium, or bond premium. Therefore, the amortization and accretion adjustments used here may be different. Please check with your tax advisor and/or read the tax-related disclosure materials associated with this transaction.

	Date acquired (Box 1b)	Date of sale / exchange (Box 1a)	Sale amount (Box 2a) (\$)	Cost or other basis (Box 3) (\$)	
	3	4	27,343.50	20,325.00	CUSIP: 1234567 5
Type of Gain/Loss: Short Term (Box 1c)	12/15/12	07/11/13	27,343.50	20,325.00	

Short-term transactions reported on Form 1099-B - basis reported to IRS

In this sub-section Date acquired, Cost or Other Basis, and Wash Sale Loss disallowed are reported to the IRS (Box 6b checked)

Activity type	Quantity / face value (Box 1e)	Original cost basis (\$)	Date acquired (Box 1b)	Date of sale / exchange (Box 1a)	Sale amount (Box 2a) (\$)	Cost or other basis (Box 3) (\$)	Wash sale loss disallowed (Box 5) (\$)	Federal income tax withheld (Box 4) (\$)	Loss not allowed (Box 2b)
Description (Box 8): XYZ Company									
Sell	750		12/15/12	07/11/13	27,343.50	20,325.00			
Short-term total Box A, Part I	750				\$27,343.50	\$20,325.00			

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Step 3
Complete Form 8949

To fill out IRS Form 8949, use the information you pulled from:

- your UBS One Source Stock Purchase Report OR IRS Form 3922 **1**
- your UBS Trade Confirmation **2**
- Form 1099-B **3 4 5**

- 6** Check (A) under Part I
- 7** In column (a), enter a description, i.e. "750 shares, XYZ company"
- 8** In column (f), enter "B" to indicate that the basis shown in box 3 of the 1099-B is not complete
- 9** Subtract (e) and the value of (g) from (d) to determine capital gain or loss, in this case a gain of \$3433.50

Since in this example, non-qualified ESPP shares were sold before one year, you report the gains as a short-term transaction in Part I on Form 8949.

Form 8949 Department of the Treasury Internal Revenue Service	<h2 style="margin:0;">Sales and Other Dispositions of Capital Assets</h2> <p style="margin:0;">▶ Information about Form 8949 and its separate instructions is at www.irs.gov/form8949.</p> <p style="margin:0;">▶ File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.</p>	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold; text-align: center;">2013</div> Attachment Sequence No. 12A							
Name(s) shown on return		Social security number or taxpayer identification number							
<p><i>Most brokers issue their own substitute statement instead of using Form 1099-B. They also may provide basis information (usually your cost) to you on the statement even if it is not reported to the IRS. Before you check Box A, B, or C below, determine whether you received any statement(s) and, if so, the transactions for which basis was reported to the IRS. Brokers are required to report basis to the IRS for most stock you bought in 2011 or later.</i></p>									
<p>Part I Short-Term. Transactions involving capital assets you held one year or less are short term. For long-term transactions, see page 2.</p> <p>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 total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).</p> <p>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.</p>									
<p>6 <input checked="" type="checkbox"/> (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above)</p> <p><input type="checkbox"/> (B) Short-term transactions reported on Form(s) 1099-B showing basis was not reported to the IRS</p> <p><input type="checkbox"/> (C) Short-term transactions not reported to you on Form 1099-B</p>									
1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.	(f) Code(s) from instructions	(g) Amount of adjustment	(h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)
	750 shares, XYZ company	12/15/12	7/11/13	\$27,343.50	\$20,325.00	B	(\$3,585)	\$3,433.50	
	7	3	4	2	5	8	1	9	

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Step 4

Complete Schedule D (Form 1040)

Since in this example, shares were held for one year or less, the transaction is considered a short-term capital gain or loss. Therefore, fill out Part I only. (Held your shares for more than one year? Simply fill in Part II on Schedule D, and leave Part I blank.) In each appropriate section, enter information from Form 8949 as follows:

- Proceeds from column (d) **2**
- Cost or other basis from column (e) **5**
- Amount of adjustment from column (g) **1**
- Gain or loss from column (h) **9**

Complete the remainder of Schedule D and report appropriately on Form 1040.

Held your shares for more than one year?

Simply fill in Part II on Schedule D, and leave Part I blank.

SCHEDULE D (Form 1040)		Capital Gains and Losses			OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040 or Form 1040NR. ▶ Information about Schedule D and its separate instructions is at www.irs.gov/scheduled . ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.			2013 Attachment Sequence No. 12
Name(s) shown on return				Your social security number	
Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less					
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.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
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	5	1	9
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 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824 .				4	
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5	
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6	()
7 Net short-term capital gain or (loss) . Combine lines 1a through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7	
Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year					
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.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
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 .		Leave Part II blank.			

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