

As yearend approaches, you will likely have many things on your plate in addition to preparing your 6039 data files for SOS. Here is a list of data issues we commonly see with 6039 data, which you can get a head start on reviewing now.

#### Configuration Data- Company data needed for creating the 6039 Reporting documents

- **Full Company name not provided**
  - *Company name will be included on participant statements and IRS e-file. Clients should carefully consider what company name they want to appear on the 3921/3922 participant forms and IRS reporting.*
- **Company address/contact details incomplete**
  - *As with above, this needs to be as complete as possible to ensure undelivered mail is returned to the correct location. This company contact information is also included in the IRS e-file should the IRS need to contact you with questions regarding the reported data.*
- **For those companies completing their own IRS e-filing: TCC application has not yet been submitted, or TCC is unknown**
  - *Every company submitting their e-file themselves via the IRS FIRE website must have a TCC (Transmitter Control Code). Each company is only allowed one TCC. If SOS is submitting your IRS e-filing for you, you do not need a TCC.*
- **Tax ID or Contact Information missing /incomplete for additional EINs**
  - *Any subsidiary with a unique tax ID number is generally responsible for 6039 reporting. If a parent company has multiple subsidiaries, than complete client configuration details must be provided for each company.*

#### Demographic Data- Participant or Optionee demographic data needed for creating the 6039 Reporting documents

- **Participant country missing**
  - *This is required for complete and correct non-US addresses.*
- **Inconsistent International address formatting and reporting**
  - *Different companies store their international addresses differently, so it is important to understand how international addresses are stored in your equity system if the standard City, State, and Zip format is not used for some participants. Clients are encouraged to review all non-US addresses to ensure the address being reported is complete, and being reported consistently in the data file.*
- **Address exceeds character limits**
  - *The IRS e-file has character limits for mailing addresses. To meet this character limit, it may be necessary to combine some of your address data to properly format the IRS e-file, and to properly display the mailing address on participant statements. If you have long mailing addresses for any of your participants, and/or non-US mailing addresses, please let your SOS Logistics Manager know so we can assist you with ensuring complete addresses can be properly reported and displayed.*

- **Duplicate Names, but different SSNs**
  - *This is usually the result of 2 employees having the same name. Clients are encouraged review and verify these instances to ensure that participant data has not been misreported.*
- **Duplicate SSNs, different name**
  - *Unlike above, this is usually indicative of a duplicate employee entry. This may be the result of a participant name change due to marriage or divorce, rehire, or administrative error. Clients are encouraged review and verify these instances to ensure that participant data has not been misreported.*
- **Address data not separated out into required columns**
  - *To properly create the participant statements and IRS e-File, certain data is required for both the participant and the transaction data. All data points should be separated into unique data fields. A sample Excel template, showing all required data fields, can be provided.*
- **Leading zeros dropped during file transfer**
  - *This particularly impacts zip codes and SSNs.*

#### **Transaction Data- ESPP & ISO transaction data needed for creating the 6039 Reporting documents**

- **Any of the following data points are missing from transaction files. ALL of these fields are required for producing forms 3921 & 3922**
  - **3921:**
    - *Optionee SSN*
    - *Date Option Granted*
    - *Date Option Exercised*
    - *Number of Shares Exercised*
    - *Option Price*
    - *Exercise Date FMV (Fair Market Value)*
      - *If Sales Price is used to calculate gain for Same-day Sale Exercises, this should be the Sales Price for those exercises*
  - **3922:**
    - *Optionee SSN*
    - *Enrollment Date (Date Option Granted)*
    - *Enrollment Date FMV(Fair Market Value per Share on Grant Date)*
    - *Purchase Date*
    - *Purchase Date FMV*
    - *Shares Purchased*
    - *Purchase Price*
- **ISOs treated as NQs**
  - *ISOs exercised more than three months after a participant terminates employment, which should be treated as NQs (with tax withheld at exercise), do not need to be reported under 6039, and should be removed from your reporting data.*
- **Combining data from multiple sources**

- *If transaction data or participant data is housed in separate reporting systems, data must be compiled into one demographic file and one transaction file. A sample Excel template, showing all required data fields, can be provided.*
- **Fractional Shares**
  - *Some equity systems allow for fractional shares to be tracked, however the IRS does not permit fractional shares to be reported on the IRS e-file. It is important to know if your company does allow fractional shares. Your SOS Logistics Manager can assist you with how the fractional shares will be handled.*
- **Shares Purchased = “0”**
  - *Occasionally we see “0” shares purchased if an employee reached plan or IRS purchase limits. It is important to review your source data and remove any transactions with zero shares purchased.*

**Cover Letters-** Informative letter or document which may be included with participant statement mailing

- **Cover letters contain references to generic companies or sample data**
  - *The sample cover letter provided by SOS is meant to be a tool to assist you in creating a cover letter that is applicable and appropriate to your company and employees. It is important to make sure you review all sample documentation and update all references to “Demo Company”, “Demo Employee”, or other generic language. It is also a good idea to think about having your legal team review any supporting documentation..*