

Vanguard mutual fund investors

2019 Form 1099-DIV Reference Guide

A guide to reporting Vanguard mutual fund dividends and capital gains distributions from your Form 1099-DIV on your federal income tax return (IRS Form 1040)



When you'll receive your Forms 1099-DIV

Vanguard will send you a Form 1099-DIV each year any of the following are true:

- You earned at least \$10 in taxable dividends and capital gains distributions from your taxable mutual fund holdings.
- You earned at least \$10 in tax-exempt interest dividends from your Vanguard municipal bond funds or Vanguard Tax-Managed Balanced Fund Admiral™ Shares.
- Federal or foreign taxes were withheld from any distribution.

Forms will be available on the following dates:

Type of nonretirement account	Date available
Mutual fund only	End of January (Except Vanguard Real Estate Index Fund* and Vanguard Managed Payout Fund** which will be available in mid-February)

*Real estate investment trusts (REITs) generally can't calculate their taxable earnings until after the end of the tax year. For this reason, we request an extension from the IRS each year to mail completed Form 1099-DIVs for Vanguard Real Estate Index Fund.

**Form 1099-DIV for Vanguard Managed Payout Fund will mail separately from the Form 1099-DIV for other funds due to income reallocations after year-end. For this reason, we've requested an extension from the IRS for the 2019 tax year to mail completed Forms 1099-DIV for Vanguard Managed Payout Fund.

How to access your tax forms

Tax forms for your Vanguard account will be posted online at vanguard.com. You'll find your forms in your personal tax center as soon as they're available. Simply log on to your account, and from the menu, choose **My Accounts** and select **Tax center**. Visit investor.vanguard.com/taxes/ for a full listing of tax forms and their anticipated availability.

To get an email each time a tax form is ready, sign up at vanguard.com/edelivery.

You must report ALL distributions to the IRS

- You'll receive a Form 1099-DIV this year if you earned \$10 or more in dividends or capital gains from your mutual fund holdings. For distributions of less than \$10, refer to your year-end account statement.
- Although tax-exempt interest dividends from Vanguard municipal bond funds and Vanguard Tax-Managed Balanced Fund Admiral Shares are generally exempt from federal income tax, you must still report these earnings on your federal income tax return.

How Vanguard's Form 1099-DIV is organized

Read these instructions carefully so that you can accurately report your distributions.

Box 1a (Total ordinary dividends)

Box 1a shows total ordinary dividends, including short-term capital gains, by fund from your taxable Vanguard mutual fund holdings.

You must report ordinary dividends on line 3b of Form 1040. If the total of all ordinary dividends (Box 1a) received from all your taxable investments is more than \$1,500, you must list each ordinary dividend income source on Schedule B of Form 1040.

Box 1b (Qualified dividends)

Box 1b shows the portion of the amount in Box 1a (Total ordinary dividends) that's eligible for the reduced qualified dividend income (QDI) tax rate (20%, 15%, or 0%, depending on your modified adjusted gross income and taxable income). To claim this reduced tax rate, you must have held your fund shares for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date. The ex-dividend date (also known as the "reinvest date") is when the fund's net asset value is adjusted to account for a distribution. Your "personal QDI" is the QDI reported to you in Box 1b, reduced (if necessary) by dividends for which you didn't meet the holding-period requirement. Enter the amount of qualified dividends on line 3a of Form 1040. Qualified dividends are also included in the total ordinary dividend amount required on line 3b.

Box 2a (Total capital gain distributions)

Box 2a shows the long-term capital gains by fund from your taxable Vanguard mutual fund holdings. See the example on page 4. How you report them will depend on whether you're required to file Schedule D.

If you're required to file Schedule D

You must report your total capital gains on Schedule D of Form 1040, unless both of the following exceptions apply:

- The only amounts you have to report on Schedule D are capital gains from Box 2a of your Form 1099-DIV.
- None of your Forms 1099-DIV have an amount in Box 2b (Unrecaptured Section 1250 gain), Box 2c (Section 1202 gain), or Box 2d (Collectibles (28%) gain).

If you're not required to file Schedule D

Enter your total capital gains (Box 2a) from all your taxable investments on line 6 of Form 1040 and check the box on that line.

Box 5 (Section 199A dividends)

Box 5 shows the portion of the amount in Box 1a that may be eligible for the 20% qualified business income deduction under Section 199A. For additional information, see the IRS Instructions for Form 1040. You should consult a qualified tax professional about your eligibility to claim the 20% deduction for any amounts in Box 5.

Box 7 (Foreign tax paid)

Box 7 shows the foreign tax that you may be able to claim as a deduction or credit on Form 1040. Vanguard also has a separate statement reporting this information. It will be sent to those for whom it's applicable.

Box 11 (Exempt-interest dividends)

Box 11 shows the tax-exempt interest dividends distributed by Vanguard municipal bond funds and Vanguard Tax-Managed Balanced Fund Admiral Shares. Enter this figure on line 2a of Form 1040.

Box 12 (Specified private activity bond interest dividends)

Box 12 shows the portion of the amount in Box 11 that's attributable to private activity bonds. Income generated by these types of bonds is one of the "tax preference" items added back to your taxable income to determine if you must pay the alternative minimum tax (AMT). The AMT is a separate tax designed to ensure that all taxpayers pay a minimum amount of income tax by eliminating the special treatment of tax-exempt income and other income deductions. For information on determining your AMT liability, if any, refer to "Do I owe alternative minimum tax?" on page 5.

In prior years, a separate calculation was required to determine how much of your income was attributable to private activity bonds. In most cases, this calculation is no longer necessary. To determine your taxable income for AMT purposes, report the figure from Box 12.

If needed, you can calculate the percentage of your tax-exempt interest dividends attributable to private activity bonds using the information provided on your Form 1099-DIV. To do so, simply divide the figure in Box 12 by the figure in Box 11. For example, if \$100 of tax-exempt interest dividends is reported in Box 11 and \$20 is reported in Box 12, the percentage of tax-exempt income attributable to private activity bonds is 20%.

If a fund reports less than \$10 in tax-exempt interest dividends on your Vanguard year-end account statement, you must calculate the portion of that income attributable to private activity bonds and include it in your AMT calculation. Call us at 800-662-2739 if you need help calculating the additional income attributable to private activity bonds. Investment professionals are available Monday through Friday from 8 a.m. to 10 p.m., Eastern time.

Boxes 13–15 (State, State identification number, State tax withheld)

These boxes report state income tax withheld from all of your Vanguard nonretirement mutual fund holdings.

Example: How to report dividends and capital gains distributions

In the example on the next page, the investor is required to file Schedule D and has received the following mutual fund distributions:

Health Care Fund Inv

- **\$126.84 in ordinary dividends, as shown in Box 1a (Total ordinary dividends).** The investor reports amounts shown in Box 1a on all 1099-DIVs from all sources in either Part II of Schedule B (where each Vanguard mutual fund is reported separately on its own line), which flows through to line 3b on Form 1040, or directly on line 3b if Schedule B isn't required.
- **\$117.94 in QDI, as shown in Box 1b (Qualified dividends).** The investor reports the sum of all QDI shown in Box 1b on all Forms 1099-DIV on line 3a of Form 1040, assuming that the investor meets the QDI holding-period requirement, as described previously.
- **\$215.27 in long-term capital gains, as shown in Box 2a (Total capital gain distributions).** The investor reports the sum of all long-term capital gains from all sources on line 13 of Schedule D, which flows to line 6 of Form 1040.

High-Yield Tax-Exempt Fund Inv

- **\$820.62 in tax-exempt interest dividends, as shown in Box 11 (Exempt-interest dividends).** The investor reports the sum of all tax-exempt interest dividends from all sources on line 2a of Form 1040.

Example: How to report dividends and capital gains distributions

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2019** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)

Your first name and middle initial: **SAMPLE** Last name: **SHAREHOLDER** Your social security number: **X X X | X X | 1 2 3 4**

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2b	Taxable interest. Attach Sch. B if required
3a	Qualified dividends	3b	Ordinary dividends. Attach Sch. B if required
4a	IRA distributions	4b	Taxable amount
5a	Social security benefits	5b	Taxable amount
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input checked="" type="checkbox"/>	6	
7a	Other income from Schedule 1, line 9	7a	

Standard Deduction for—
 • Single or Married filing separately, \$12,000
 • Married filing jointly or Qualifying widow(er), \$24,000
 • Head of household

IMPORTANT TAX DOCUMENT

Vanguard
 Contact Info: 800-662-2739
 P.O. Box 2600
 Valley Forge, PA 19482 - 2600

RECIPIENT'S TIN: XXX-XX-1234

2019 Form 1099-DIV
 Dividends and Distributions

Copy B For Recipient
 OMB No. 1545-0110

Fund Name	PAYER'S TIN	Recipient Account number	State (Box 13)	State identification no. (Box 14)
HIGH-YIELD TAX-EXEMPT INV	23-2473415	00000001234		
HEALTH CARE FUND INV	23-2439149	00000001234		

Total ordinary dividends (Box 1a)	Qualified dividends (Box 1b)	Total capital gain distr. (Box 2a)	Unrecap. Sec. 1250 gain (Box 2b)	Nondividend distributions (Box 3)	Federal income tax withheld (Box 4)	Section 199A dividends (Box 5)	Foreign tax paid (Box 7)	Exempt interest dividends (Box 11)	Specified private activity bond interest dividends (Box 12)	State tax withheld (Box 15)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	820.62	94.04	0.00
126.84	117.94	215.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

SCHEDULE D (Form 1040 or 1040-SR) **Capital Gains and Losses** OMB No. 1545-0074

Department of the Treasury Internal Revenue Service (99) **2019** Attachment Sequence No. 12

▶ Go to www.irs.gov/ScheduleD for instructions and the latest information.
 ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.

Name(s) shown on return: _____ Your social security number: _____

Did you dispose of any investment(s) in a qualified opportunity fund during the tax year? Yes No

If "Yes," attach Form 8949 and see its instructions for additional requirements for reporting your gain or loss.

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

Enter your gains or losses, go to Part II below. Otherwise, go to Part III on the back

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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.

	(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	54,405.00	26,211.00		28,194.00
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				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				
13 Capital gain distributions. See the instructions				215.27
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				
15 Net long-term capital gain or (loss). Combine lines 8a through 14 in column (h). Then go to Part III on the back				

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

SCHEDULE B (Form 1040 or 1040-SR) **Interest and Ordinary Dividends** OMB No. 1545-0074

Department of the Treasury Internal Revenue Service (99) **2019** Attachment Sequence No. 08

▶ Go to www.irs.gov/ScheduleB for instructions and the latest information.
 ▶ Attach to Form 1040 or 1040-SR.

Name(s) shown on return: _____ Your social security number: _____

Part II Ordinary Dividends

(See instructions and the instructions for Forms 1040 and 1040-SR, line 3b.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

6 Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b

Note: If line 6 is over \$1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

7a At any time during 2019, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or bank

Amount	Yes	No
126.84		
126.84		

Frequently asked questions

Q. What documents do I need in order to prepare my individual federal income tax return?

A. For a full accounting of taxable and nontaxable income earned on investments in your Vanguard funds, you or your tax preparer will need all of your tax forms, including your Form 1099-DIV and year-end Vanguard account statement. If you don't have these documents, you can download them from the Tax Center when you log on to your account at vanguard.com.

Q. Why aren't all of my fund holdings listed on the 1099-DIV?

A. Your Form 1099-DIV reports dividends and capital gains of \$10 or more from your taxable mutual fund holdings, as well as tax-exempt interest dividends of \$10 or more from Vanguard municipal bond funds and Vanguard Tax-Managed Balanced Fund Admiral Shares. For distributions of less than \$10, refer to your year-end account statement.

Q. What are qualified dividends?

A. Distributions from U.S. corporations and certain foreign corporations are eligible for reduced tax rates as "qualified dividends."

Mutual funds may distribute qualified dividend income (QDI) to shareholders. Stock and balanced funds are likely to distribute QDI. However, money market and bond funds don't distribute QDI and therefore aren't eligible for lower tax rates.

Q. Do I owe alternative minimum tax?

A. Many shareholders won't be subject to the alternative minimum tax (AMT) and therefore won't be affected by the investments of Vanguard funds in private activity bonds. However, you're responsible for determining your own AMT liability.

To do so, first calculate your tax under the regular tax system on your Form 1040. Next, calculate your tax under the AMT system using IRS Form 6251, Alternative Minimum Tax—Individuals. Then compare the results of the two calculations. If the AMT is greater than the regular tax, you pay the difference—as an AMT liability—in addition to your regular tax.

For more information on calculating the AMT, go to irs.gov or speak with a qualified tax professional.

Where to go for assistance

Check with the IRS

Refer to IRS Publication 550, *Investment Income and Expenses* (available online at irs.gov), or call the IRS at 800-829-1040.

Call Vanguard

If you have questions about the information provided in this guide, call the number at the top of your Form 1099-DIV and we'll be happy to help you. If your tax situation is complex or if you're uncertain about how to interpret a specific tax rule, consult a qualified tax professional. Vanguard professionals can't provide tax advice. You can find general tax-preparation data and tools at investor.vanguard.com/taxes/.