



# Distributions from Vanguard Real Estate Index Fund

## Important tax information for 2017

For 2017, all share classes of Vanguard Real Estate Index Fund may report the following distributions to investors (if generated by the fund during the year) on Form 1099-DIV: ordinary dividends, nontaxable distributions (return of capital), long-term capital gains, and unrecaptured Section 1250 gains. The example below shows how to report these distributions on your income tax return.

IMPORTANT TAX DOCUMENT											
										<b>Vanguard</b>	
RECIPIENT'S identification number: XXX-XX-1234										Contact info: 800-662-2739	
SAMPLE SHAREOWNER PO BOX 2600 VALLEY FORGE PA 19482-2600				<b>2017 Form 1099-DIV</b> Dividends and Distributions				P.O. Box 2600 Valley Forge, PA 19482 - 2600			
										Copy B For Recipient OMB No. 1545-0110	
Fund Name		PAYER'S federal identification number		Recipient Account number							
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)	Foreign tax paid (Box 6)	Exempt-interest dividends (Box 10)	Specified private activity bond interest dividends (Box 11)	State (Box 12)	State identification no. (Box 13)	State tax withheld (Box 14)
<b>HIGH-YIELD TAX-EXEMPT INV</b>											
0.00	0.00	0.00	0.00	23-2473415	00000001234	0.00		820.62	94.04		0.00
<b>REAL ESTATE IDX INVESTOR</b>											
587.32	21.10	146.13	73.95	23-2834924	00000001234	0.00	0.00	0.00			0.00
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>							

- A Box 1a—Total ordinary dividends.** If the dividend total reported in Box 1a from all of the Forms 1099-DIV you receive is more than \$1,500, you must list each dividend by source on Schedule B (Form 1040A or 1040), Part II, line 5, and enter the total on line 9a of Form 1040 or 1040A. If the total from all sources is \$1,500 or less, you don't need to complete Schedule B. Simply report the total on line 9a of Form 1040 or 1040A.
- B Box 1b—Qualified dividends.** This box shows the amount from Box 1a that's qualified dividend income (QDI) eligible to be taxed at 20%, 15%, or 0%, depending on your ordinary income tax rate. You must enter your total QDI on line 9b of Form 1040 or 1040A.
- C Box 2a—Total capital gain distributions.** This amount includes long-term capital gains as well as any unrecaptured Section 1250 gains (if distributed by the fund in 2017 and reported in Box 2b).  
Report the amount in Box 2a on Form 1040, Schedule D, line 13. However, you may report this amount directly on line 13 of Form 1040 if the following two conditions apply: 1) the only amounts you have to report on Schedule D are long-term capital gains distributions; 2) none of the 1099-DIVs that you've received have an amount in Box 2b (Unrecaptured Section 1250 gain), Box 2c (Section 1202 gain), or Box 2d (Collectibles [28%] gain).
- D Box 2b—Unrecaptured Section 1250 gain.** If shown, this amount must be reported separately on Schedule D, line 19. To determine the amount you should report on line 19, complete the Unrecaptured Section 1250 Gain Worksheet, which can be found in the Instructions for Schedule D, entering the amount in Box 2b on line 11 of the worksheet.
- E Box 3—Nondividend distributions.** These amounts represent a tax-free return from your investment and are used to reduce your cost (or other) basis before calculating the gain or loss on any shares you sell. Nondividend distributions that exceed an investor's cost (or other) basis must be reported as capital gains (even though they're reported on Form 1099-DIV as nondividend distributions).

### 2017 capital gain or loss from the sale of fund shares as reported on Form 1099-B

In addition to the distributions Vanguard Real Estate Index Fund made to you in 2017, you may have realized a capital gain or loss from your sale of fund shares. If so, you must report this amount on IRS Form 8949 and on Form 1040, Schedule D. Vanguard reports gross proceeds and the basis for covered shares from these sales on Form 1099-B. You must also report your cost basis, holding period for the shares sold, and gain or loss.

### Questions?

If you have questions about this tax update, refer to our *2017 Form 1099-DIV instructions* brochure (available online at [vanguard.com/tax-forms](http://vanguard.com/tax-forms)) or IRS Publication 550, *Investment Income and Expenses*, or call the IRS at 800-829-1040.

You can call us at 877-662-7447 Monday through Friday from 8 a.m. to 10 p.m., Eastern time. Our investment professionals can't provide tax advice. Please consult a qualified tax professional if your tax situation is complex or if you're uncertain about the interpretation of a specific tax regulation.