

Annual Notices for ISOs and ESPPs due January 31, 2013

Each January, companies that grant incentive stock options (ISOs) are required to provide notices to current and former employees who exercised ISOs during the preceding calendar year. Similar notices must be given to current and former employees who transferred title to stock acquired under an employee stock purchase plan (ESPP) – for example, into a brokerage account or to a purchaser. The notice deadline for 2012 reportable events is **January 31, 2013**.

The same information must be reported to the IRS on Form 3921 (for ISOs) or Form 3922 (for ESPPs), or acceptable substitute forms. The IRS filing deadline is **February 28, 2013** for paper filers and **April 1, 2013** for electronic filers. Electronic filing is done through Filing Information Returns Electronically (FIRE), the same system used to file Forms 1099 electronically. The IRS forms or acceptable substitutes may also be used to provide the required notices to employees.

Notices are required to provide the items of information listed below.

Form 3921

For **ISO exercises**:

1. Name, address, and EIN of the corporation transferring stock.
2. Name, address, and EIN of the corporation whose stock was transferred, if different.
3. Name, address, and identifying number of the person to whom stock was transferred.
4. Date the ISO was granted.
5. Date the ISO was exercised.
6. Exercise price per share.
7. Fair market value per share on exercise date.
8. Number of shares transferred.
9. If the employee will receive multiple notices for the same type of transaction, each notice must include an “account number” that is unique to that transaction.

Form 3922

For **ESPP stock transfers**:

1. Name, address, and EIN of the corporation whose stock was transferred.
2. Name, address, and identifying number of the employee transferring stock.
3. Date the option was granted.
4. Date the option was exercised.
5. Fair market value per share on grant date.
6. Fair market value per share on exercise date.
7. Exercise price paid per share.
8. Number of shares transferred.
9. Date legal title was transferred.
10. Exercise price per share, determined as if the option was exercised on the grant date.
11. If the employee will receive multiple notices for the same type of transaction, each notice must include an “account number” that is unique to that transaction.

A company that is unable to comply with the notice deadline may apply for an extension of up to 30 days by submitting to the IRS by January 31, 2013 a written request providing, among other information, the reason for the delay. An extension of the deadline for the related filings may be obtained by submitting a request on IRS Form 8809. Additional information about the notice and filing requirements and procedures for requesting extensions is available on the [IRS website](#).

If you have questions about the notice or filing requirements, or need advice about unusual situations, please feel free to contact any member of Ropes & Gray’s [tax](#) or [employee benefits](#) practice groups.