

## Annual Notices for ISOs and ESPPs due January 31, 2014

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 to report the initial transfer of legal title to stock acquired at a discount pursuant to the exercise of an option under an employee stock purchase plan (ESPP) (e.g., transfer of such stock to a brokerage account). The notice deadline for these 2013 reportable events is **January 31, 2014**.

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, 2014** for paper filers and **March 31, 2014** 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 ESPP option was granted.
4. Date the ESPP 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 ESPP 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, 2014 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 as well as procedures for requesting extensions is available on the IRS website in both the [General Instructions for Certain Information Returns](#) and the specific [Instructions for Forms 3921 and 3922](#).

For more information about these notice and filing requirements, please contact any member of Ropes & Gray’s [tax](#) or [executive compensation & employee benefits](#) practice groups.