

**When cost basis is reported incorrectly on Form 1099-B, do the following to adjust the basis:**

- Report the proceeds shown on Form 1099-B in column (d) of Form 8949.
- Report the cost basis shown on Form 1099-B in column (e) of Form 8949.
- Enter code B in column (f) of Form 8949.
- Calculate the adjustment to the cost basis and report in column (g) of Form 8949. Input as a negative number for an increase in basis.

Using the example above where the strike price was \$10,000 and the exercise price was \$30,000, completed Form 8949 as follows:

- Column (d) Proceeds: \$30,000
- Column (e) Cost or other basis: \$10,000
- Column (f) Code(s): B
- Column (g) Amount of adjustment: \$(20,000)
- Column (h) Gain or (loss): \$0

You should also attach a statement explaining the adjustment, for example:

Form 8949 Basis Adjustment

Sale of XYZ stock: Basis reported on Form 1099-B does not include compensation income included on Form W-2 upon exercise of NQSO.