Instructions for Form 1099-SB

(Rev. April 2025)

Seller's Investment in Life Insurance Contract

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1099-SB and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form1099SB*.

You can get the general instructions from *General Instructions for Certain Information Returns* at *IRS.gov/1099GeneralInstructions* or go to *IRS.gov/Form1099SB*.

Reminders

In addition to these specific instructions, you should also use the current General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

Continuous-use revision. Use these instructions for tax year 2025 and subsequent years until a superseding revision is issued.

E-filing Form 1099-SB. The Taxpayer First Act of 2019 authorized the Department of the Treasury and the IRS to issue regulations that reduce the 250-return e-file threshold. T.D. 9972, published February 23, 2023, lowered the e-file threshold to 10 (calculated by aggregating all information returns), effective for information returns required to be filed on or after January 1, 2024. Go to *IRS.gov/IRIS* for e-file information.

Online fillable Copy B. To ease statement furnishing requirements, Copy B has been made fillable online in a PDF format available at *IRS.gov/Form1099SB*. You can complete the copy online for furnishing statements to recipients and for retaining in your own files.

Specific Instructions

This form is used by the issuer of a life insurance contract (also known as a life insurance policy) to report the seller's investment in the contract and surrender amount with respect to an interest in a life insurance contract transferred in a "reportable policy sale" or transferred to a foreign person.

In general, a reportable policy sale is any direct or indirect acquisition of any interest in a life insurance contract if the acquirer, at the time of the acquisition, has no substantial family, business, or financial relationship with the person insured under that contract, apart from the acquirer's interest in such life insurance contract. See section 101(a)(3). Certain exceptions may apply. See Regulations section 1.101-1(c)(2). The acquisition of an interest in a partnership, trust, or other entity that holds an interest in a life insurance contract may be an indirect acquisition of that interest in a life insurance contract and may be a reportable policy sale. See Regulations section 1.101-1(e)(3)(ii).

In general, an issuer is any person that bears any part of the risk with respect to a life insurance contract and any person responsible for administering the contract, including collecting premiums and paying death benefits. See Regulations section 1.6050Y-1(a)(8)(i). An issuer's designee is also considered an issuer. See Regulations 1.6050Y-1(a)(8)(i) and (iv).

A seller is any person that holds an interest in a life insurance contract and transfers that interest, or any part of that interest, to an acquirer in a reportable policy sale or that owns a life insurance contract and transfers title to, possession of, or legal ownership of that contract to a foreign person. See Regulations section 1.6050Y-1(a)(18).

An acquirer is any person that acquires an interest in a life insurance contract (through a direct acquisition or indirect acquisition of the interest) in a reportable policy sale. See Regulations section 1.6050Y-1(a)(1).

Who Must File

Generally, file Form 1099-SB if you are the issuer of a life insurance contract and either of the following occurs. See Regulations sections 1.6050Y-3(a) and 1.6050Y-1(a)(8)(iii).

- You receive a statement from an acquirer in a reportable policy sale provided under section 6050Y(a), such as a copy of a Form 1099-LS, Reportable Life Insurance Sale, reporting the transfer of the life insurance contract, or an interest therein, in a reportable policy sale.
- You receive, from a source other than the issuer responsible for administering the life insurance contract (or its designee), notice of a transfer of the life insurance contract to a foreign person. In general, notice of a transfer to a foreign person means any notice that you receive of a transfer of title to, possession of, or legal ownership of a life insurance contract that includes foreign indicia, including information provided for nontax purposes such as a change of address notice for purpose of sending statements or for other purposes, or

information relating to loans, premiums, or death benefits with respect to the contract, unless you know that no transfer of the contract has occurred or know that the transferee is a U.S. person. See Regulations section 1.6050Y-1(a)(10). However, if you are not the issuer responsible for administering the life insurance contract, including collecting premiums and paying death benefits under the contract on the date the notice is received, you are not required to file Form 1099-SB if you or your designee provide the issuer responsible for administering the life insurance contract (or its designee) with such notice and with any available information necessary to accomplish reporting on the Form 1099-SB. See Regulations section 1.6050Y-1(a)(8)(iii)(B). You may not have to file Form 1099-SB if you qualify for an exception in Regulations section 1.6050Y-3(f) or if another issuer or third party information reporting contractor reports on your behalf under the unified reporting provisions of Regulations section 1.6050Y-3(b). You may qualify for an exception in Regulations section 1.6050Y-3(f) if the seller is a foreign beneficial owner, if you receive notice of a transfer to a foreign person but did not receive a written statement from an acquirer reporting the transfer as a reportable policy sale, or you received a written statement from an acquirer reporting your issuance of a life insurance contract in a section 1035 exchange as a reportable policy sale.

Enter your name, address, telephone number, and TIN. Additionally, enter the name and telephone number of your information contact, if different from your own. This contact information must provide direct access to a person who can answer questions about this information return. The information contact may be a call center providing access to a person who can answer such questions.

Reporting

You must file a separate Form 1099-SB for each seller of an interest in a life insurance contract with respect to which you received a statement provided under section 6050Y(a) or for each seller of a life insurance contract with respect to which you received notice of a transfer to a foreign person. Enter the name, address, and TIN of the seller; the policy number of the life insurance contract; the seller's investment in the contract; and the surrender amount.

Policy Number

The policy number is the unique identifying number assigned to the life insurance contract by the issuer responsible for administering the contract.

Seller's Investment in the Contract

Investment in the contract means, with respect to the original policyholder of a life insurance contract, the aggregate amount of premiums or other consideration paid for the contract, less the aggregate amount received under the contract, to the extent that such amount was excludable from gross income. See Regulations section 1.6050Y-1(a)(7)(i). With respect to any other person, investment in the contract means estimate of investment in the contract, which is the aggregate amount of premiums paid for the contract by that person, less the aggregate amount received under the contract by that person, to the extent such information is known to or can reasonably be estimated by the issuer. See Regulations section 1.6050Y-1(a)(7). Accordingly, with respect to any seller other than the original policyholder, the issuer's obligation to report the seller's investment in the contract on any date will be limited to the information that is known to the issuer.

Surrender Amount

In general, the surrender amount is the amount the seller would have received from the issuer responsible for administering the life insurance contract if the seller had surrendered the life insurance contract to the issuer on the date of the reportable policy sale or the transfer of the contract to a foreign person. See Regulations section 1.6050Y-3(a)(3).

Statement to Seller

If you are required to file Form 1099-SB, you must furnish a statement or acceptable substitute to the seller, such as Copy B of Form 1099-SB. For more information about the requirement to furnish a statement to the seller, see part M in the current General Instructions for Certain Information Returns.



The issuer's information contact name must be provided in the appropriate box. The individual named must be familiar with the reporting requirements of reportable policy sales.

Truncating recipient's TIN. Pursuant to Regulations section 301.6109-4, all filers of this form may truncate the seller's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on statements furnished to a seller (Copy B). Truncation is not allowed on any documents the filer files with the IRS. An issuer's TIN may not be truncated on any form. See part J in the current General Instructions for Certain Information Returns.

Rescission of Reportable Policy Sale

If a reportable policy sale or transfer of an insurance contract to a foreign person is rescinded and you have filed Form 1099-SB with respect to the reportable policy sale or transfer, you must file a corrected Form 1099-SB within 15 calendar days of the receipt of notice of the rescission. If a reportable policy sale or transfer of an insurance contract is rescinded and you have furnished a statement with respect to the reportable policy sale or transfer to a seller, you must furnish the recipient of the statement with a corrected statement within 15 calendar days of the receipt of notice of the rescission. See Regulations section 1.6050Y-3(e).

Box 1. Investment in Contract

Enter the seller's investment in the contract.

Box 2. Surrender Amount

Enter the surrender amount.