

SOCIETY FOR ASSISTED REPRODUCTIVE TECHNOLOGY

An affiliate of The American Society for Reproductive Medicine

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IMPORTANT TAX INFORMATION

The Federal Income Tax Appeals Division determined several years ago a case that potentially affects ART. Based on this, it would seem wise for SART programs that compensate egg donors to provide the donor with a 1099-miscellaneous form and list the amount you pay to donors on your annual return in the section that requires reporting of other income. These 1099 forms are available from your local IRS office.

At the outset, you should inform a potential donor that you will be reporting any compensation to the IRS if the total is in excess of \$600 a year. The deadline for reporting your 1099 forms to the IRS is February 28. The deadline for issuing 1099s to donors is January 31. You may be subject to financial penalty if you fail to meet these deadlines; however, these penalties do not apply if you were unaware of this requirement and can demonstrate "reasonable cause." **Talk to your accountant or financial advisor immediately if this is the case.**

To avoid future problems with the IRS, SART suggest that you devise a system whereby a designated individual in your program informs all egg donors, **prior to donation**, that their compensation may be subject to taxation and **not** considered a gift by the IRS.

If you have questions or need additional information, please contact Joyce Zeitz in the SART office at 205/978-5000 extension 109.