

**Shenzhen, China**Rooms 1203-06, 12/F.  
Di Wang Commercial Centre  
5002 Shennan Road East  
Luohu District, Shenzhen  
T: +86 755 8268 4480**Shanghai, China**Room 603, 6/F., Tower B  
Guangqi Culture Plaza  
2899A Xietu Road  
Xuhui District, Shanghai  
T: +86 21 6439 4114**Beijing, China**Room 303, 3/F.  
Interchina Commercial Bldg.  
33 Dengshikou Street  
Dongcheng District, Beijing  
T: +86 10 6210 1890**Taipei, Taiwan**Room 303, 3/F.  
142 Section 4  
Chung Hsiao East Road  
Daan District, Taipei  
T: +886 2 2711 1324**Singapore**138 Cecil Street  
#13-02 Cecil Court  
Singapore 069538  
T: +65 6438 0116**New York, USA**202 Canal Street  
Suite 303, 3/F.  
New York  
NY 10013, USA  
T: +1 646 850 5888

## U.S. Interest Income

Most interest that you receive or that is credited to an account that you can withdraw without penalty is taxable income in the year it becomes available to you. However, some interest you receive may be tax-exempt. This article will discuss the U.S. interest income for your reference.

You should receive Copy B of Form 1099-INT or Form 1099-OID reporting payments of interest and/or tax-exempt interest of \$10 or more. You may receive these forms as part of a composite statement from a broker. You must report all taxable and tax-exempt interest on your federal income tax return, even if you do not receive a Form 1099-INT or Form 1099-OID. You must give the payer of interest income your correct taxpayer identification number; otherwise, you may be subject to a penalty and backup withholding.

### Examples of Taxable Interest

1. Interest on bank accounts, money market accounts, certificates of deposit, corporate bonds and deposited insurance dividends. They include dividends on deposits or on share accounts in cooperative banks, credit unions, domestic building and loan associations, domestic federal savings and loan associations, and mutual savings banks.
2. Interest income from Treasury bills, notes, and bonds. This interest is subject to federal income tax but is exempt from all state and local income taxes.
3. Savings Bond interest. You generally will not include interest on Series EE and Series I U.S. Savings Bonds until the earlier of when the bonds mature or when they are redeemed or disposed of.
4. Other interest. Other interest paid to you by a business will be reported to you on Form 1099-INT if it is \$600 or more. Examples include interest received with damages or delayed death benefits.

### Examples of Nontaxable or Excludable Interest

1. Interest redeemed from Series EE and Series I bonds issued after 1989 may be excluded from income when used to pay for qualified higher educational expenses during the year and you meet the other requirements for the Educational Savings Bond Program.
2. Interest on some bonds used to finance government operations and issued by a state, the District of Columbia, or a U.S. possession is reportable but not taxable at the federal level. Reporting tax-exempt interest received during the tax year is an information-reporting requirement only and does not convert tax-exempt interest into taxable interest.
3. Interest on insurance dividends left on deposit with the U.S. Department of Veterans Affairs is nontaxable interest and not reportable.

## Original Issue Discount Instruments

If a taxable bond, note or other debt instrument was originally issued at a discount, part of the original issue discount may have to be included in income each year as interest, even if no payment is received during the year. You should receive a Form 1099-OID, Original Issue Discount or a similar statement from each payer of taxable original issue discount of \$10 or more, showing the amount you should report in income.

## Nominee Recipient

If you receive a Form 1099 for interest in your name that actually belongs to someone else, you are considered as a nominee recipient. If you received a Form 1099-INT or Form 1099-OID that includes an amount you received as a nominee for the real owner:

1. See "Nominees" in the Instructions for Schedule B (Form 1040 or 1040-SR) for how to report the interest on your income tax return.
2. You must then prepare a Form 1099-INT or Form 1099-OID for the interest (or OID) that is not yours unless that interest (or OID) belongs to your spouse. Send Copy A of the 1099-INT or Form 1099-OID and a completed Form 1096, Annual Summary and Transmittal of U.S. Information Returns to the Internal Revenue Service and give Copy B to the actual owner.

[Reference]:

<https://www.irs.gov/taxtopics/tc403>



*If you wish to obtain more information or assistance, please visit the official website of Kaizen CPA Limited at [www.kaizencpa.com](http://www.kaizencpa.com) or contact us through the following and talk to our professionals:*

*Email: [info@kaizencpa.com](mailto:info@kaizencpa.com),*

*Tel: +852 2341 1444*

*Mobile : +852 5616 4140, +86 152 1943 4614*

*WhatsApp/ Line/ Wechat: +852 5616 4140*

*Skype: kaizencpa*