

2016 Tax Form 1099-B

Proceeds from Redemptions or Exchange of Securities

All redemptions (sales) or exchanges made in non-retirement mutual fund accounts must be reported on Form 1099-B. Form 1099-B reports the gross proceeds from the sale or exchange of your mutual fund shares in 2016, less any contingent deferred sales charge deducted from the gross proceeds of the transaction.

The layout of Form 1099-B corresponds with the 2016 Form 8949 and is broken out into the following five sections based on the categorization of the redemption and the cost basis information available:

**Section 1: Short-Term Transactions for which Basis Is Reported to the IRS—
Report on Form 8949, Part 1, with Box A checked.**

If information is reported in this section, the portion of the redemption is categorized as a short-term capital gain or loss. The cost basis information listed in boxes 1e, 1f, and 1g will be reported to the IRS. This information should be transferred onto Form 8949 where further adjustments may be made, if necessary. Please consult your tax advisor for advice on the cost basis information needed for Form 8949 and Schedule D.

**Section 2: Short-Term Transactions for which Basis Is Not Reported to the IRS—
Report on Form 8949, Part 1, with Box B checked.**

If information is reported in this section, the portion of the redemption is categorized as a short-term capital gain or loss. The cost basis information listed in boxes 1e, 1f, and 1g will not be reported to the IRS. This information can be used as a guide to help determine your cost basis.

**Section 3: Long-Term Transactions for which Basis Is Reported to the IRS—
Report on Form 8949, Part II, with Box D checked.**

If information is reported in this section, the portion of the redemption is categorized as a long-term capital gain or loss. The cost basis information in boxes 1e, 1f, and 1g will be reported to the IRS. This information should be transferred onto Form 8949 where further adjustments may be made, if necessary. Please consult your tax advisor for advice on the cost basis information needed for Form 8949 and Schedule D.

**Section 4: Long-Term Transactions for which Basis Is Not Reported to the IRS—
Report on Form 8949, Part II, with Box E checked.**

If information is reported in this section, the portion of the redemption is categorized as a long-term capital gain or loss. The cost basis information listed in boxes 1e, 1f, and 1g will not be reported to the IRS. This information can be used as a guide to help determine your cost basis.

Section 5: Transactions for which Basis Is Not Reported to the IRS and for which Short-Term or Long-Term Determination is Unknown. You must determine short-term or long-term based on your records and report on Form 8949, Part 1, with Box B checked, or on Form 8949, Part II, with Box E checked, as appropriate.

If information is reported in this section, there is not enough information available to determine the cost basis for your redemption or exchange. Cost basis may not be calculated for some accounts due to the lack of data for certain past transactions. If this applies to your account, you should consult your tax advisor.

VIRTUS

MUTUAL FUNDS

SAMPLE 2016 TAX FORM 1099-B

OMB No. 1545-0715

2016 FORM 1099-B
Proceeds From Broker and Barter
Exchange Transactions
 Copy B for Recipient

Recipient's Name and Address:
 JOHN Q PUBLIC
 JANE Q PUBLIC JOINT TENANTS
 99 MAIN STREET
 HOMETOWN NY 12186-9103
 REGISTRATION LINE 5
 REGISTRATION LINE 6
 REGISTRATION LINE 7
 REGISTRATION LINE 8

For additional information, please call:
1-800-555-9999

RECIPIENT'S IDENTIFICATION NUMBER
 ***-**-9999

FATCA Filing Requirement

Section 1: Short-term transactions for which basis is reported to the IRS. Report on Form 8949, Part I, with Box A checked.

(1a) Description Shares	(1b) Date Acquired	(1c) Date Sold or Disposed	Share Price	(1d) Gross Proceeds (less commissions)	(1e) Cost or Other Basis	(1g) Wash Sale Loss Disallowed	(4) Federal Income Tax Withheld	(14) State / (15) State ID Number	(16) State Income Tax Withheld	CORRECTED (if checked)
(1a) Description (Payer's Name) ACME INTERNATIONAL EQUITY FUND Payer's Federal ID Number 99-9999999 CUSIP Number 999999999 (5) Check if a Noncovered Security										
2,427.000	07/31/2015	10/07/2016	\$17.67	\$42,885.00				ME999999999	\$2,680.51	
(1a) Description (Payer's Name) ACME TRUSTS FUND Payer's Federal ID Number 99-9999999 CUSIP Number 999999999 (5) Check if a Noncovered Security										
1,236.000	07/31/2015	10/07/2016	\$36.37	\$44,953.32				ME9999999999999	\$2,685.00	
(1a) Description (Payer's Name) ACME TAX EXEMPT INCOME FUND Payer's Federal ID Number 99-9999999 CUSIP Number 999999999 (5) Check if a Noncovered Security										
4,200.000	07/31/2015	10/07/2016	\$10.84	\$45,528.00				ME9999999999999	\$2,690.00	

- A** Your Taxpayer Identification Number; this information may or may not be masked
- B** The Fund's name
- C** The Fund's Federal Taxpayer Identification Number
- D** Your Fund and account number
- E** Date of each transaction made during the year
- F** Date shares were purchased or "Various" or blank if multiple purchase dates
- G** Number of shares redeemed
- H** NAV or price per share redeemed for each transaction
- I** Gross proceeds (less commissions) from each transaction made during the year
- J** Shows the cost or other basis of securities sold
- K** Amount of sales price that is disallowed due to purchase and redemption within 30 days
- L** Amount of federal taxes withheld if you were subject to backup withholding
- M** This will be checked if shares were acquired prior to January 1, 2012
- N** Shows State and State Identification number (state where state taxes were withheld from)
- O** State Identification number (identification number for state where state taxes were withheld from)
- P** Amount of state taxes withheld if you were subject to back up withholding
- Q** FATCA Filing Requirement The box will not be checked as it does not apply to U.S. based Mutual Funds

The information on your Form 1099-B is reported to the IRS with the exception of cost basis information that may be displayed within Section 2, Section 4, and Section 5.

2016 Tax Form 8949

Sales and Other Dispositions of Capital Assets

Please note that the IRS has made significant changes to the method in which capital gains and losses are reported. In past years, capital gains and losses were reported on Schedule D, Form 1040 (Capital Gains and Losses). Information reported to you on Form 1099-B will need to be entered on Form 8949 (Sales and Other Dispositions of Capital Assets).

You will not receive Form 8949 from Virtus. You may obtain a copy of Form 8949 from the IRS website at www.irs.gov.

Capital gain distributions paid by your mutual funds that are reported on Form 1099-DIV will continue to be entered directly on Schedule D. Form 8949 is used to report capital gains and losses that may have resulted from the sale or exchange of your mutual fund shares in 2016. You will receive Form 1099-B if you sold or exchanged shares in your non-money market or non-retirement mutual fund account.

The IRS considers an exchange of shares to be the same as a sale of shares. As noted in the sample provided, enter the information from your Form 1099-B in the appropriate areas of Form 8949. Part I of the form is for short-term gains or losses, and Part II is for long-term gains or losses. Each sale must be reported separately.

Once Form 8949 has been prepared for your mutual fund investments, the total short-term capital gains and losses and the total long-term capital gains and losses generally must be entered in the appropriate boxes on Schedule D.

For additional information about completing Form 8949 or Schedule D, please review the Form 8949 or Schedule D instructions issued by the IRS or consult your tax advisor.

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MUTUAL FUNDS

SAMPLE 2016 TAX FORM 8949

Form 8949 Department of the Treasury Internal Revenue Service	Sales and Other Dispositions of Capital Assets ▶ Information about Form 8949 and its separate instructions is at www.irs.gov/form8949 . ▶ File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.	OMB No. 1545-0074 2016 Attachment Sequence No. 12A						
Name(s) shown on return		Social security number or taxpayer identification number						
Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.								
Short-Term. Transactions involving capital assets you held 1 year or less are short term. For long-term transactions, see page 2. Note: You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).								
You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.								
<input type="checkbox"/> (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see Note above) <input type="checkbox"/> (B) Short-term transactions reported on Form(s) 1099-B showing basis wasn't reported to the IRS <input type="checkbox"/> (C) Short-term transactions not reported to you on Form 1099-B								
1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed of (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the Note below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions.	(g) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g)	
	(f) Code(s) from instructions	(g) Amount of adjustment						
	A	B	C	D	E	F	G	H

A Column (a)—Enter your Fund name and the number of shares sold or exchanged

B Column (b)—Enter the trade date you acquired your shares; use "various" for shares purchased on multiple dates

C Column (c)—Enter the trade date you sold or exchanged your shares (Form 1099-B, Box 1c)

D Column (d)—Enter the amount of your cash proceeds (Form 1099-B, Box 2d)

E Column (e)—Enter your cost basis

F Column (f)—In order to explain any adjustment to gain or loss in column (g), put the appropriate code in column (f)

G Column (g)—Enter in this column any necessary adjustments to gain or loss. Enter negative amounts in parentheses. Also enter a code in column (f) to explain your adjustment

H Column (h)—Gain or loss. Subtract column (e) from column (d) and combine the result with column (g). Enter the gain or loss in column (h). Enter negative amounts in parenthesis.

FREQUENTLY ASKED QUESTIONS – IRS FORM 1099-B

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- Q.** *Does information on Form 1099-B get reported to the IRS?*
- A.** Yes, tax reporting information is reported to the IRS. Form 1099-B is sent to shareholders by mutual fund companies to provide a record of all sales and/or exchanges on non-retirement, non-money market mutual fund shares.
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- Q.** *What software does Virtus Mutual Funds use for downloading account specific tax information?*
- A.** Shareholders of Virtus Mutual Funds may be able to use TurboTax® for importing your 1099-B account tax information. Please visit the tax center at Virtus.com for important information and instructions on how to import your tax related data into TurboTax.
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- Q.** *Why did I receive Form 1099-B when I exchanged between Virtus funds in my account?*
- A.** For tax purposes, the IRS considers an exchange of shares to be a redemption of one fund and a purchase of another fund. As a result, you may recognize a capital gain or loss on the shares you exchanged. Redemptions are reported on Form 1099-B. Exchanges within an IRA are not reportable.
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- Q.** *What are “Wash Sales”?*
- A.** Under current IRS regulations, a wash sale occurs if a shareholder realizes a loss on the sale of an investment and a substantially identical investment is purchased within 30 days before or after the sale; a portion or all of this loss may be disallowed. For shares acquired after January 1, 2012, Virtus is required to track only those wash sales that result from a purchase and sale of identical securities within the same CUSIP number and account. Virtus is not required to track wash sales across accounts with different registrations—for example, between your individual accounts and your joint account. However, you are still obligated to correctly account for all wash sales when filing your income tax return. See instructions for Form 8949, instructions for Schedule D, or Pub. 550 for details.
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- Q.** *Does Virtus have a tax advisor or anyone who can help me fill out my return?*
- A.** Our telephone representatives will be happy to help you with any questions and information about your accounts; however, we cannot provide tax advice. For assistance in filling out your return, you should contact your tax advisor.
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- Q.** *How do I determine what my cost basis is for the shares sold?*
- A.** Shareholders who have held their accounts for several years have purchased shares at different times and at various prices. This includes shares purchased through the reinvestment of income dividends and capital gain distributions, as well as any additional purchases that were made. The IRS allows you to use one of several methods to determine the cost basis of your shares when you choose to sell. If you sell only a portion of your shares, these methods enable you to determine which shares were sold and the cost basis of those shares. Visit Virtus.com Tax Center/Cost Basis for additional information.
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