

IRS Releases Section 83(b) Election Model Form

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PRACTICES Employee Benefits and Executive Compensation

As we previously reported [here](#), when a company grants an equity interest that is subject to vesting to an employee, consultant, or non-employee director (each, a “service provider”), the service provider is normally taxed on the date that the unvested equity interest vests. Section 83(b) of the Code, however, allows the service provider to elect to include the value of the restricted equity in income and pay the tax in the year the restricted equity is granted, even if it is unvested.

In order to assist service providers that decide to make a Section 83(b) election, the IRS recently introduced a new model form which is available [here](#). The election form must be mailed by the service provider to the IRS office where the service provider files their income tax return within 30 days following the grant date, and a copy of the election should also be provided to the company granting the equity interest for tax reporting purposes.