

# Investor FAQ: Changes to 2016 & 2017 Dividends Determination “2016 & 2017 Form 1099”

Please read this FAQ in conjunction with the tax treatment disclosures on our Investor Relations website <http://investor.qualcomm.com/taxtreatment.cfm>

**I don't understand why the treatment of 2017 & 2016 dividends changed. Why now?**

Our determination of the tax treatment of cash distributions is based on estimates and can change due to certain factors, including but not limited to: tax legislation changes, filing of our fiscal year tax returns (which are generally due no later than 10 months after the end of our fiscal year), or for changes to calculations as a result of an audit by the IRS.

## **2017**

Qualcomm previously reported that its calendar year 2017 distributions to stockholders should be treated as non-taxable return of capital because we expected the distributions to exceed Qualcomm's U.S. earnings and profits. As a result of the recently enacted Tax Cuts and Jobs Act of 2017 (the Tax Legislation), Qualcomm's December 15, 2017 distribution (paid in Qualcomm's fiscal year 2018) will be treated as a taxable dividend.

## **2016**

Our determination of the calendar 2016 cash distribution tax treatment changed as a result of a reduction in our estimate of certain earnings and profits related to our U.S. taxable income. This estimate changed as a result of finalizing our fiscal 2016 tax return, which was filed with the IRS in June 2017. Also, our fiscal year ends in September. Therefore, our calendar 2016 dividends include one quarter that falls in our 2017 fiscal year. The estimates for that quarter were revised at the conclusion of fiscal 2017.

### Wasn't the 1099-DIV for the 2017 tax year recently issued, why wasn't the Tax Legislation update reflected in the first version?

Our fiscal year ends in September. Therefore, our calendar 2017 dividends include one quarter of our 2018 fiscal year. When we were required to submit the information necessary to the brokerage firms to issue 1099-DIV for the 2017 tax year, our analysis and estimates of the impact of the Tax Legislation on US earnings and profits was incomplete. Based on our current assessment, we revised our determination and issued a revised Form 1099-DIV.

### When can I expect to receive my corrected IRS Form 1099-DIV statements for the 2017 tax year?

Depending on where your shares are held, either your broker, bank, or Computershare will distribute your IRS Form 1099-DIV statements for the 2017 Tax Year. Note that Qualcomm has provided all the information necessary to enable them to process a corrected 1099-DIV.

- If you hold your stock in street name, your broker or bank will issue a corrected 1099-DIV in accordance with IRS rules and regulations, the timing of which will be dependent upon any filing extensions your broker or bank may choose to make.
- If you hold your stock in certificate form or through a Direct Registration Account at Computershare Investor Services, you should expect the corrected 1099-DIVs to be mailed out the week of March 12th, 2018.

### Why am I just now receiving a revised IRS Form 1099-DIV statements for the 2016 tax year? What happened?

We issued the revised IRS Form 1099-DIV once we confirmed that the determination had changed based on the assessment of our latest estimates for both fiscal 2016 and fiscal 2017.

### If your 2016 tax return was filed in June 2017, why wasn't I informed then?

Our fiscal year ends in September. Therefore, our calendar 2016 dividends include one quarter that falls in our 2017 fiscal year. When we filed our fiscal 2016 tax return in June 2017, the estimates for that quarter were still subject to change. Those estimates were updated at the conclusion of fiscal 2017. We issued the revised IRS Form 1099-DIV for calendar 2016 once we had updated our assessment for all known changes in estimates.

### Could the 2016 or 2017 determination change again?

The IRS Form 1099-DIV is filed based on estimates, and the need arose to revise our prior estimates. The IRS could require additional adjustments to our fiscal 2016 tax return or our fiscal 2017/2018 tax return once filed; however, Qualcomm did not want to delay communication of these known changes to our determination of the tax treatment.

### My broker is telling me some of my dividends in 2016 and 2017 were a return of capital. Is this true?

Yes, a portion of Qualcomm's cash distributions in 2016 and 2017 are classified as a return of capital (non-taxable) cash distribution.

### What is a return of capital and how is it taxed?

Each stockholder is urged to consult with a tax advisor to determine his or her basis in Qualcomm shares and the tax consequences of all distributions received, including any state, local or foreign tax considerations.

Generally, a non-dividend distribution (or return of capital) is a distribution by a company that is treated, for U.S. income tax purposes, as non-taxable to the extent of a stockholder's basis in Qualcomm shares. As a result, the basis in Qualcomm shares is reduced by the amount of non-dividend distributions received, down to, but not below, zero. Any return of capital that exceeds the basis in Qualcomm shares may be treated as a capital gain.

Any non-dividend distributions or return of capital payments will be separately identified in tax statements.

See the Instructions to Recipients on Form 1099-DIV and IRS Publication 550, Investment Income and Expenses, for additional information.

### Where can I see a list of the cash distributions affected?

For a history of distributions and the respective tax treatment, see our webpage at: <http://investor.qualcomm.com/dividends.cfm>.

### What am I supposed to do with the revised 2016 and 2017 IRS Form 1099-DIV? I already filed my 2016 and/ or 2017 taxes.

You may be required to file an amended 2016 and 2017 tax return to reflect the change in the classification of the distribution.

We urge each stockholder of record who received distributions to consult with his or her own tax advisor to determine the tax consequences of the change in classification of such distributions, including any state, local or foreign tax considerations.