



# **2025 U.S. Federal Tax Guide for Retail Investors**

February 2026

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## I. Introduction / Overview

This Tax Guide is designed to provide general information about certain tax forms you may receive in connection with your Prosper investments. Specifically, you may receive one or all of the following U.S. federal information returns from Prosper for the 2025 calendar year: Form 1099-OID, *Original Issue Discount*, Form 1099-MISC, *Miscellaneous Income*, and Form 1099-B, *Proceeds from Broker and Barter Exchange Transactions*.

Please note that Prosper is not providing tax, financial or legal advice and this document is not intended to be used for tax, financial or legal advice. As a result, Prosper recommends that you consult with your financial or tax advisor if you have any questions. Additionally, the IRS provides guidance on the back of each Form 1099 designed to describe what generally is reported in each box on the form and where the amount may be reported on an income tax return unless an exception applies.

The 2025 Forms 1099-OID and 1099-MISC will be available to you no later than February 2, 2026. The 2025 Form 1099-B will be available to you no later than February 17, 2026. It is your responsibility to check your account and review all information provided by Prosper before filing your Federal and State income tax returns (as necessary).

### Overview of Tax Forms Provided by Prosper:<sup>1</sup>

Form Name	Description
1099-OID	Reports net accrued interest of \$10 or more received in calendar year 2025
1099-MISC	Reports other income of \$600 or more (such as late fees) received in calendar year 2025
1099-B	Reports gross proceeds from sales or recoveries received in calendar year 2025 from Notes corresponding to loans charged-off in 2025 or prior years

<sup>1</sup> Note that investors may only receive select forms as applicable to their account and financial situation

The IRS will match the amounts reported on the tax forms listed above to the amounts reported on your federal income tax return using your tax identification number (e.g., SSN, EIN, ITIN, etc.).

## II. Form 1099-OID (Original Issue Discount)

Investors who earned \$10 or more in "net interest" payments in the 2025 tax year will receive a Form 1099-OID. The amount reported as "net interest" equals the amount of interest income on your investments in Prosper Notes earned in 2025, less any collection or servicing fees deducted by Prosper Funding LLC.

If you are the holder of a taxable OID obligation, such as a Prosper Note, you are generally required to include the amount reported in Box 1 of Form 1099-OID in your annual gross income by reporting it on Line 2b of your Form 1040, and Schedule B (if required). For more details about reporting taxable interest, please see IRS Pub. 550.

### Form 1099-OID

		<input type="checkbox"/> CORRECTED (if checked)	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. <b>PROSPER FUNDING LLC</b> 221 MAIN STREET SUITE 300 SAN FRANCISCO, CA 94105 8776465922		1 Original issue discount for the year* <b>\$109.48</b> <small>* This may not be the correct figure to report on your income tax return. See instructions on the back.</small> 2 Other periodic interest	OMB No. 1545-0117 <b>Form 1099-OID</b> <small>(Rev. January 2024)</small> For calendar year <b>2025</b>
PAYER'S TIN <b>45-4526070</b>	RECIPIENT'S TIN <small>***-**</small>	3 Early withdrawal penalty	4 Federal income tax withheld
RECIPIENT'S name, street address (including apt. no.), city or town, state or province, country, and ZIP or foreign postal code		5 Market discount	6 Acquisition premium
<small><input type="checkbox"/> FATCA filing requirement</small>		7 Description <b>ORIGINAL ISSUE DISCOUNT FOR 2025</b>	
		8 Original issue discount on U.S. Treasury obligations *	9 Investment expenses
		10 Bond premium	11 Tax-exempt OID
Account number (see instructions)		12 State <b>CA</b>	13 State identification no. <small>14 State tax withheld</small>
<small>Form 1099-OID (Rev. 1-2024) (keep for your records) <a href="http://www.irs.gov/Form1099OID">www.irs.gov/Form1099OID</a> Department of the Treasury - Internal Revenue Service</small>			

**Original Issue  
Discount**

**Copy B  
For Recipient**  
This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

### III. Form 1099-MISC (Miscellaneous Income)

If you received \$600 or more of other income (e.g., late fees, etc.) in 2025, then you will receive a Form 1099-MISC.

The amounts you received during the year will be reported as "Other Income" in Box 3 of Form 1099-MISC. This amount must generally be reported as Other Income on Line 8 of your Form 1040. For more details about reporting "Other Income," see IRS Pub 525.

This type of income is typically taxed as ordinary income (rather than as income from capital gains).

### Form 1099-MISC

		<input type="checkbox"/> CORRECTED (if checked)		
<small>PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.</small> <b>PROSPER FUNDING LLC</b> 221 MAIN STREET SUITE 300 SAN FRANCISCO, CA 94105 8776465922		<small>OMB No. 1545-0115</small> <b>Form 1099-MISC</b> <small>(Rev. April 2025)</small> <small>For calendar year</small> <b>2025</b>	<b>Miscellaneous Information</b>	
<small>PAYER'S TIN</small> <b>45-4526070</b>	<small>RECIPIENT'S TIN</small> <small>****_**</small>	<b>1 Rents</b> <b>2 Royalties</b> <b>3 Other income</b> <b>\$1,069.28</b>		
<small>RECIPIENT'S name, street address (including apt. no.), city or town, state or province, country, and ZIP or foreign postal code</small>		<b>4 Federal income tax withheld</b> <b>5 Fishing boat proceeds</b> <b>6 Medical and health care payments</b> <b>7 Payer made direct sales totaling</b> <small>\$5,000 or more of consumer products to recipient for resale</small>		
		<b>8 Substitute payments in lieu of dividends or interest</b> <b>9 Crop insurance proceeds</b> <b>10 Gross proceeds paid to an attorney</b> <b>11 Fish purchased for resale</b> <b>12 Section 409A deferrals</b>		
<small>Account number (see instructions)</small>		<b>13 FATCA filing requirement</b>		<b>14</b> <b>15 Nonqualified deferred compensation</b> <b>16 State tax withheld</b> <b>17 State/Payer's state no.</b> <b>NY</b>
				<b>18 State income</b>

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## IV. Form 1099-B (Proceeds from Broker and Barter Exchange Transactions)

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You may receive a Form 1099-B for the 2025 tax year if you:

- (a) held any Notes where the corresponding loans were charged-off in 2025,
- (b) received any recovery proceeds from Notes where the corresponding loans were charged-off either in 2025 or a prior calendar year, or
- (c) received gross proceeds from Notes corresponding to charged-off loans that were sold to third parties in 2025.

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You will receive a consolidated Form 1099-B with a detailed breakdown of this information for each Note held, and a summary breakdown of the short-term and long-term gains and losses. The detailed line item amounts are provided to the IRS, and the summary totals are informational.

As background, the gains or losses resulting from sales or recoveries of charged-off loans may be categorized as either short-term or long-term capital gains or losses, depending on how long you held the corresponding Notes. Specifically, if you held the corresponding Notes for **at least one year**, then the capital gains or losses will be considered long-term. In contrast, if you held the corresponding Notes for **less than one year**, then the capital gains or losses will be classified as short-term.

The Form 1099-B may also contain information related to your adjusted basis in the Notes. See below for further detail.

### Charge-offs:

As a matter of policy, Prosper generally charges-off all loans that are at least 120 days past due. In some cases, it may charge-off loans before this date if a borrower declares bankruptcy or Prosper learns of the borrower's death. You may be able to claim a loss for federal income tax purposes if any of the Notes you held were charged-off during the calendar year.

In such case, the adjusted basis of any Notes corresponding to charged-off loans will be reported in Box 1e. The adjusted basis generally equals the purchase price of the Note, less any repaid principal on the Note.

**Proceeds from Previously Charged-Off Loans (i.e., Recoveries):**

In certain cases, Prosper may recover a portion of the principal, interest, or late fees associated with a loan that was charged-off in a prior year.

The proceeds received from any recoveries will be reported in Box 1d of Form 1099-B and will include the total gross proceeds received from any Notes corresponding to loans that were charged-off in 2025 or prior to 2025 (less applicable recovery fees). The adjusted basis associated with these Notes will be zero. Prosper will also indicate whether the gains or losses associated with these sales are short-term or long-term (Box 2).

**Proceeds from Debt Sales:**

In certain cases, Prosper may sell charged-off loans to a third party. The gross proceeds received from these sales will be reported in Box 1d of Form 1099-B. The amount reported will equal the gross proceeds received from the sale less any applicable fees. The adjusted basis associated with these Notes will be reported in Box 1e. Prosper will also indicate whether the gains or losses associated with these sales are short-term or long-term (Box 2).

The sample Form 1099-B shown below reflects how recoveries, sales proceeds and adjusted basis information may be reflected on your consolidated Form 1099-B. The 1099-B Totals Summary is a consolidated view of all 1099-B activity (Short-term and Long-term Gains or Losses) and is for informational purposes only.

Account No.	Recipient Name	Recipient TIN	Original	01/21/2026
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## 2025 | 1099-B Totals Summary

Refer to Proceeds from Broker and Barter Exchange Transactions for detailed information regarding these summary values. The amounts shown below are for informational purposes only.

Short-term Gains or (Losses)	Proceeds	Cost Basis	Market Discount	Wash Sale Loss Disallowed	Realized Gain/Loss
Basis reported to IRS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ordinary - (basis reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Basis not reported to IRS	\$145.42	\$1,592.06	\$0.00	\$0.00	\$0.00
Ordinary - (basis not reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Short-Term</b>	<b>\$145.42</b>	<b>\$1,592.06</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Long-term Gains or (Losses)	Proceeds	Cost Basis	Market Discount	Wash Sale Loss Disallowed	Realized Gain/Loss
Basis reported to IRS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ordinary - (basis reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Basis not reported to IRS	\$19.15	\$237.65	\$0.00	\$0.00	\$0.00
Ordinary - (basis not reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Long-Term</b>	<b>\$19.15</b>	<b>\$237.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Unknown Term	Proceeds	Cost Basis	Market Discount	Wash Sale Loss Disallowed	Realized Gain/Loss
Basis not reported to IRS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Ordinary - (basis not reported to IRS)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Unknown Term</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

THIS STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY. THIS IS NOT A SUBSTITUTE FORM 1099.

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The following sample form shows how detailed information may be reported to you if your capital gains / losses are classified as short-term. At the end of the short-term section the subtotals for Proceeds (Box 1d) and Cost or Other Basis (Box 1e) are provided, matching to the summary page.

**2025**
**Recipient**
**Payer** PROSPER FUNDING LLC  
 221 MAIN STREET SUITE 300  
 SAN FRANCISCO, CA 94105

**FATCA filing requirement**  
 Checked

**TIN**  
 Account No.

**TIN** 45-4526070  
**Phone number** (877) 646-5922

**2025 | 1099-B: Proceeds From Broker and Barter Exchange Transactions**
**OMB NO. 1545-0715**
**Covered Short-Term Gains or Losses on Net Proceeds**
**Report on Form 8949, Part I with Box A checked**

The 1099-B information referenced by a box number is reported to the IRS. Information on this page not referenced by a box number is not reported to the IRS but may assist you in completing your return. Taxpayers are responsible for the accuracy of their tax returns.

**Box 6: Net Proceeds**  
**Box 12: Basis Reported to the IRS**  
**Box 5: Box Not Checked (Covered Security)**  
**Box 2: Type of Gain or Loss - Short-Term**

Description of Property (Box 1a)	Quantity Sold	Date Acquired (Box 1b)	Date Sold or Disposed (Box 1c)	Proceeds (Box 1d)	Cost or Other Basis (Box 1e)	Accrued Market Discount (Box 1f)	Wash Sale Loss Disallowed (Box 1g)	Gain/Loss Amount	Additional Information
2249792-221 CHARGEOFF		08/08/2024	03/06/2025	\$0.00	\$95.50	\$0.00	\$0.00	\$0.00	
2249792-221 DEBTSALE		08/08/2024	04/29/2025	\$9.70	\$0.00	\$0.00	\$0.00	\$0.00	
2258323-4 CHARGEOFF		08/15/2024	07/11/2025	\$0.00	\$78.06	\$0.00	\$0.00	\$0.00	
2258323-4 DEBTSALE		08/15/2024	08/11/2025	\$8.09	\$0.00	\$0.00	\$0.00	\$0.00	
2268598-73 CHARGEOFF		09/11/2024	05/09/2025	\$0.00	\$91.90	\$0.00	\$0.00	\$0.00	
2268598-73 DEBTSALE		09/11/2024	06/13/2025	\$9.44	\$0.00	\$0.00	\$0.00	\$0.00	
2290134-489 CHARGEOFF		11/08/2024	09/03/2025	\$0.00	\$96.00	\$0.00	\$0.00	\$0.00	
2290134-489 DEBTSALE		11/08/2024	10/30/2025	\$13.53	\$0.00	\$0.00	\$0.00	\$0.00	
2291748-207 CHARGEOFF		11/14/2024	11/09/2025	\$0.00	\$84.09	\$0.00	\$0.00	\$0.00	
2296429-163 CHARGEOFF		11/15/2024	04/12/2025	\$0.00	\$100.00	\$0.00	\$0.00	\$0.00	
2296429-163 DEBTSALE		11/15/2024	05/15/2025	\$10.67	\$0.00	\$0.00	\$0.00	\$0.00	
2303845-1 CHARGEOFF		12/03/2024	08/12/2025	\$0.00	\$95.44	\$0.00	\$0.00	\$0.00	
2303845-1 RECOVERY		12/03/2024	08/28/2025	\$3.02	\$0.00	\$0.00	\$0.00	\$0.00	
2303845-1 RECOVERY		12/03/2024	09/30/2025	\$3.02	\$0.00	\$0.00	\$0.00	\$0.00	
2303845-1 RECOVERY		12/03/2024	10/29/2025	\$3.02	\$0.00	\$0.00	\$0.00	\$0.00	
2303845-1 RECOVERY		12/03/2024	12/01/2025	\$3.02	\$0.00	\$0.00	\$0.00	\$0.00	
2300562-198 CHARGEOFF		12/04/2024	06/30/2025	\$0.00	\$96.15	\$0.00	\$0.00	\$0.00	
2300562-198 DEBTSALE		12/04/2024	07/09/2025	\$10.08	\$0.00	\$0.00	\$0.00	\$0.00	
2307964-333 CHARGEOFF		12/12/2024	09/07/2025	\$0.00	\$92.11	\$0.00	\$0.00	\$0.00	
2307964-333 DEBTSALE		12/12/2024	10/29/2025	\$13.40	\$0.00	\$0.00	\$0.00	\$0.00	
2309113-17 CHARGEOFF		12/13/2024	05/11/2025	\$0.00	\$100.00	\$0.00	\$0.00	\$0.00	
2309113-17 DEBTSALE		12/13/2024	06/13/2025	\$21.64	\$0.00	\$0.00	\$0.00	\$0.00	
2319865-215 CHARGEOFF		01/10/2025	07/06/2025	\$0.00	\$98.09	\$0.00	\$0.00	\$0.00	
2319865-215 DEBTSALE		01/10/2025	08/13/2025	\$10.29	\$0.00	\$0.00	\$0.00	\$0.00	
2321532-414 CHARGEOFF		01/27/2025	12/21/2025	\$0.00	\$87.67	\$0.00	\$0.00	\$0.00	
2327034-88 CHARGEOFF		02/07/2025	11/02/2025	\$0.00	\$100.00	\$0.00	\$0.00	\$0.00	
2327034-88 DEBTSALE		02/07/2025	12/04/2025	\$15.93	\$0.00	\$0.00	\$0.00	\$0.00	

**Details for security continue on the following page**
**THIS IS YOUR FORM 1099 (COPY B FOR RECIPIENT). KEEP FOR YOUR RECORDS.**

This is important tax information and is being furnished to the Internal Revenue Service (except as indicated). If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the income is taxable and the IRS determines that it has not been reported.

The following sample form shows how detailed information may be reported to you if your capital gains / losses are classified as long-term. At the end of the long-term section the subtotals for Proceeds (Box 1d) and Cost or Other Basis (Box 1e) are provided, matching to the summary page.

**2025**
**Recipient**
**Payer** PROSPER FUNDING LLC  
 221 MAIN STREET SUITE 300  
 SAN FRANCISCO, CA 94105

**FATCA filing requirement**  
 Checked

**TIN**  
 Account No.

**TIN** 45-4526070  
**Phone number** (877) 646-5922

**2025 | 1099-B: Proceeds From Broker and Barter Exchange Transactions,  
 continued**

OMB NO. 1545-0715

**Covered Long-Term Gains or Losses on Net Proceeds**

Report on Form 8949, Part II with Box D checked

The 1099-B information referenced by a box number is reported to the IRS. Information on this page not referenced by a box number is not reported to the IRS but may assist you in completing your return. Taxpayers are responsible for the accuracy of their tax returns.

**Box 6: Net Proceeds**  
**Box 12: Basis Reported to the IRS**  
**Box 5: Box Not Checked (Covered Security)**  
**Box 2: Type of Gain or Loss - Long-Term**

Description of Property (Box 1a)	Quantity Sold	Date Acquired (Box 1b)	Date Sold or Disposed (Box 1c)	Proceeds (Box 1d)	Cost or Other Basis (Box 1e)	Accrued Market Discount (Box 1f)	Wash Sale Loss Disallowed (Box 1g)	Gain/Loss Amount	Additional Information
2248961-140 CHARGEOFF		08/06/2024	12/13/2025	\$0.00	\$77.34	\$0.00	\$0.00	\$0.00	
2285935-252 CHARGEOFF		10/22/2024	11/25/2025	\$0.00	\$79.25	\$0.00	\$0.00	\$0.00	
2285935-252 DEBTSALE		10/22/2024	12/09/2025	\$16.13	\$0.00	\$0.00	\$0.00	\$0.00	
2295946-256 CHARGEOFF		11/15/2024	12/11/2025	\$0.00	\$81.06	\$0.00	\$0.00	\$0.00	
2303845-1 RECOVERY		12/03/2024	12/30/2025	\$3.02	\$0.00	\$0.00	\$0.00	\$0.00	
<b>Subtotals</b>				<b>\$19.15</b>	<b>\$237.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
<b>Total (3 items)</b>				<b>\$0.00</b>	<b>\$237.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
<b>2 ITEMS</b>	<b>- Total</b>			<b>\$19.15</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
<b>Total (5 items)</b>				<b>\$19.15</b>	<b>\$237.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	

**THIS IS YOUR FORM 1099 (COPY B FOR RECIPIENT). KEEP FOR YOUR RECORDS.**

This is important tax information and is being furnished to the Internal Revenue Service (except as indicated). If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the income is taxable and the IRS determines that it has not been reported.

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**General Commentary on Gain and Loss:**

The Notes you purchase from Prosper are generally considered capital assets because they are owned for investment purposes. Therefore, gains and losses from recoveries, sales or charge-offs related to Prosper Notes are generally characterized as capital gains or losses for federal income tax purposes and are reported on Schedule D and Form 8949 (if required) of Form 1040.

Typically, capital losses are first offset against capital gains. For individuals, any excess capital losses may generally be used to offset ordinary income up to \$3,000 (\$1,500 if married filing separately). Capital losses in excess of this limit may be carried-forward to subsequent years to reduce capital gains or ordinary income until the full balance of the capital losses are utilized.