

# **ATTACHMENTS**

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## Important Changes

If you are a resident or nonresident alien applying for an ITIN to file a tax return, you now must attach your original, completed return to Form W-7 to get the ITIN. See **Where To Apply** on page 3 for information on filing these forms.

After your Form W-7 has been processed, the IRS will assign an ITIN to the return and process the return. The tax return will be processed as if it were filed at the address listed in the tax return instructions. **Do not** send a copy of the return to any other IRS office.

If you are not required to file a tax return or if you fail to file a completed tax return with your Form W-7, you will not be issued an ITIN, unless one of the exceptions explained under **Specific Instructions** on page 3 applies.

## General Instructions

### Purpose of Form

Use Form W-7 to apply for an IRS individual taxpayer identification number (ITIN). An ITIN is a nine-digit number issued by the U.S. Internal Revenue Service (IRS) to individuals who are required for U.S. tax purposes to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain, a social security number (SSN).

**The ITIN is for Federal tax purposes only.** It does not entitle you to social security benefits and does not change your immigration status or your right to work in the United States. Also, individuals filing tax returns using an ITIN are not eligible for the earned income credit (EIC).

**SSNs.** Do not complete Form W-7 if you have an SSN or you are eligible to obtain an SSN. You are eligible for an SSN if you are a U.S. citizen or if you have been admitted by the United States for permanent residence or U.S. employment.

If you have an application for an SSN pending, do not file Form W-7. Complete Form W-7 only if the Social Security Administration (SSA) notifies you that an SSN cannot be issued.

To obtain an SSN, see **Form SS-5**, Application for a Social Security Card. To get Form SS-5 or to find out if you are eligible to obtain an SSN, contact an SSA office.

### Who Must Apply

Any individual who is **not eligible to obtain an SSN** but who must furnish a taxpayer identification number must apply for an ITIN on Form W-7. Examples are:

- A nonresident alien individual eligible to obtain the benefit of reduced withholding under an income tax treaty. See **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Entities.
- A nonresident alien individual not eligible for an SSN who is required to file a U.S. tax return **or** who is filing a U.S. tax return only to claim a refund.
- A nonresident alien individual not eligible for an SSN who elects to file a joint U.S. tax return with a spouse who is a U.S. citizen or resident.

- A U.S. resident alien (based on the substantial presence test) who files a U.S. tax return but who is not eligible for an SSN. For information about the substantial presence test, see **Pub. 519**, U.S. Tax Guide for Aliens.

- An alien spouse claimed as an exemption on a U.S. tax return who is not eligible to obtain an SSN.

- An alien individual eligible to be claimed as a dependent on a U.S. tax return but who is not eligible to obtain an SSN. To determine if an alien individual is eligible to be claimed as a dependent on a U.S. tax return, see **Pub. 501**, Exemptions, Standard Deduction, and Filing Information, and Pub. 519.

- A nonresident alien student, professor, or researcher who is required to file a U.S. tax return but who is not eligible for an SSN.

- A dependent/spouse of a nonresident alien visa holder who is not eligible for an SSN.

**ITIN not needed for Forms 4868, 2688, 1040-ES, or 1040-ES(NR).** If you are filing an application for an extension of time to file using Form 4868 or Form 2688, or making an estimated tax payment using Form 1040-ES or Form 1040-ES(NR), do not file Form W-7 with these forms. Write "ITIN TO BE REQUESTED" wherever your SSN or ITIN is requested. An ITIN will be issued only after you file a tax return and meet all other requirements.

### Additional Information

**Publications.** For details on resident and nonresident alien status, see Pub. 519.

For details on individuals who can be claimed as dependents and on obtaining an SSN for a dependent, see Pub. 501.

For details on eligibility for the earned income credit, see **Pub. 596**, Earned Income Credit.

These publications are available free from the IRS. To order the publications, call 1-800-TAX-FORM (1-800-829-3676) if you are in the United States. If you have a foreign address, write to:

Eastern Area Distribution Center  
P.O. Box 85074  
Richmond, VA 23261-5074

You can also get these publications on the IRS website at [www.irs.gov](http://www.irs.gov).

**Telephone help.** If, after reading these instructions and our free publications, you are not sure how to complete your application or have additional questions, you may call for assistance:

- Inside the United States: 1-800-829-1040. Normal hours of operation are Monday through Friday from 7:00 a.m. to 10:00 p.m. local time. Assistance provided to callers from Alaska and Hawaii will be based on the hours of operation in the Pacific time zone.
- Outside the United States: You may contact any of our overseas offices in Berlin, London, Paris, Rome, or Tokyo.

### How To Apply

Your application must include all of the following.

- Your completed Form W-7.
- Your original, completed tax return(s) for which the ITIN is needed. However, if one of

the exceptions on page 3 applies, include instead the documents described under that exception.

- The original documents, or certified or notarized copies of documents, that substantiate the information provided on the Form W-7. The supporting documentation must be consistent with the applicant's information provided on Form W-7. For example, the name, date of birth, and country of citizenship must be the same as on lines 1a, 4, and 6a of the Form W-7.

**If you submit an original valid passport (or a notarized or certified copy of a valid passport), you do not need to submit any other documents from the list below.** If you do not submit an original valid passport (or a notarized or certified copy), you must provide a combination of documents (at least two or more) from the list below that are current and that verify: **(a)** your identity, that is, contain your name and a photograph, and **(b)** support your claim of foreign status.

- National identification card (must show photo, name, current address, date of birth, and expiration date).
- U.S. driver's license.
- Civil birth certificate.
- Foreign driver's license.
- U.S. state identification card.
- Foreign voter's registration card.
- U.S. military identification card.
- Foreign military identification card.
- Visa.
- U.S. Citizenship and Immigration Services (USCIS) photo identification.
- Medical records (dependents only).
- School records (dependents and/or students only).

You can submit copies of original documents. However, such documents must be:

- Certified by the issuing agency or official custodian of the original record or
- Notarized by a U.S. notary public legally authorized within his or her local jurisdiction to certify that the document is a true copy of the original. To do this, the notary must see the valid, unaltered original document and verify that the copy conforms to the original. U.S. notaries public are available at U.S. embassies and consulates worldwide. Foreign notaries are acceptable as outlined by the Hague Convention.

Original documents you submit will be returned to you. You do not need to provide a return envelope. **Copies** of documents will not be returned. If your documents are not returned within 60 days, you may call the IRS (see **Telephone help** on this page).

Keep a copy of your application for your records.

### When To Apply

Complete and attach Form W-7 when you file the tax return for which the ITIN is needed. However, if you meet one of the exceptions on page 3, complete and submit Form W-7 as soon as possible after you determine you are covered by that exception.

Allow 4 to 6 weeks for the IRS to notify you in writing of your ITIN. If you have not received your ITIN or correspondence at the end of the 6-week period, you may call the IRS to find out the status of your application (see **Telephone help** on page 2).

## Where To Apply

**By mail.** Mail Form W-7, your tax return (or other documents required by an exception on this page), and the documentation listed under **How To Apply** on page 2 to:

Internal Revenue Service  
Philadelphia Service Center  
ITIN Unit  
P.O. Box 447  
Bensalem, PA 19020



**Do not** use the mailing address in the instructions for your tax return.

**In person.** You can apply for an ITIN by bringing your completed forms and documentation to any IRS Taxpayer Assistance Center in the United States and most IRS offices abroad. Before applying at an IRS office abroad, find out if that office accepts Form W-7 applications.

**Through Acceptance Agent.** You can also apply through an acceptance agent authorized by the IRS. To obtain a list of agents, visit the IRS website at [www.irs.gov](http://www.irs.gov).

## Where To Attach

If you are filing a tax return with this form, attach Form W-7 to the front of your tax return.

## Specific Instructions

Use the following instructions to complete Form W-7. If you are completing this form for someone else, answer the questions as they apply to that person.

### Reason For Applying

You must check the box to indicate the reason you are completing Form W-7. If more than one box applies to you, check the box that best explains your reason for submitting Form W-7.

**Note:** If you checked box **b**, **c**, **d**, **e**, or **g**, you **must** file a completed tax return by attaching it to Form W-7. You must do this even if the ITIN is for a spouse or dependent. If you are applying for more than one ITIN for the same return (such as for a spouse or dependent), attach all Forms W-7 to the same return.

**a. Nonresident alien required to obtain ITIN to claim tax treaty benefit.** Certain nonresident aliens must obtain an ITIN to claim a tax treaty benefit even if they do not have to file a U.S. tax return. If you check this box to claim the benefits of a U.S. income tax treaty with a foreign country, also check box **h**. On the lines next to box **h**, write "Exception 1" or "Exception 2," whichever applies, and the name of the foreign country and treaty article number. Also attach the documents required under whichever exception applies.

**b. Nonresident alien filing a U.S. tax return and not eligible for an SSN.** This category includes:

- A nonresident alien who must file a U.S. tax return to report income effectively or not effectively connected with the conduct of a trade or business in the United States.

- A nonresident alien who is filing a U.S. tax return only to obtain a refund.

**c. U.S. resident alien (based on days present in the United States) filing a U.S. tax return and not eligible for an SSN.** A foreign individual living in the United States who does not have permission to work from the USCIS, and is thus ineligible for an SSN, may still be required to file a U.S. tax return. These individuals must check this box.

**d. Dependent of U.S. citizen/resident alien.** This is an individual who may be claimed as a dependent on a U.S. tax return and is not eligible to obtain an SSN.

**e. Spouse of U.S. citizen/resident alien.** This category includes:

- A nonresident alien husband or wife who is not filing a U.S. tax return (including a joint return) and who is not eligible to obtain an SSN but who, as a spouse, may be claimed as an exemption.

- A nonresident alien electing to file a U.S. tax return jointly with a spouse who is a U.S. citizen or resident.

**f. Nonresident alien student, professor, or researcher filing a U.S. tax return and not eligible for an SSN.** This is an individual who has not abandoned his or her residence in a foreign country and who is a bona fide student, professor, or researcher coming temporarily to the United States solely to attend classes at a recognized institution of education, teach, or perform research. If you check this box, you must complete lines **6c** and **6g**, provide your passport with a valid visa, and check box **h**. On the lines next to box **h**, enter the name of the foreign country and the treaty article number that applies. If Exception 2 applies, you must also write "Exception 2" on the line next to box **h** and attach the documents required under Exception 2.

**g. Dependent/spouse of a nonresident alien visa holder.** This is an individual who may be claimed as a dependent or a spouse on a U.S. tax return and who is unable, or not eligible, to obtain an SSN and has entered the United States with a nonresident visa holder. For example, the primary visa holder has a B-1 visa; the dependent or spouse has a B-2 visa.

**h. Other.** If the reason for your ITIN request is not described in **a** through **g**, check this box. Describe in detail your reason for requesting an ITIN and attach supporting documents. If any of the following exceptions apply to you, you will not need to attach a tax return to your Form W-7. Check box **h** and write the number of the exception that applies (for example, "Exception 3") on the line next to box **h**.

**Exception 1. Passive income—treaty benefits (box a) or third party withholding (box h).** To obtain an ITIN under this exception, you must include documentation with the Form W-7 showing you own an asset that generates income subject to information reporting or withholding requirements. Examples include:

- Evidence that you opened an account with a financial institution and you have an ownership interest in that account.

- For a partnership interest—the partnership agreement together with the partnership's EIN or other evidence that the partnership is conducting business in the United States.

Information reporting and withholding requirements apply to third parties (frequently banks or other financial institutions), which will request an ITIN from you to enable them to file information reports required by law. Examples of information reports are the **Form 1099-INT**, Interest Income, or **Form 1042-S**, Foreign Person's U.S. Source Income Subject to Withholding. You may need an ITIN to complete the Form W-9 (for residents) or in some cases a form in the W-8 series (for nonresidents). These forms are kept by the third parties.

**Exception 2. Other income (wages, salary, compensation)—treaty benefits (box a) or foreign student receiving scholarship or fellowship (box f).**

**Note:** Applicants with a visa that is valid for employment should first apply for an SSN with the Social Security Administration (SSA). You are not eligible for an ITIN if you are eligible to obtain an SSN.

If you are a foreign scholar, professor or researcher, or an individual receiving pay for personal services, your Form W-7 will be processed if you provide proof that your application for an SSN (Form SS-5) was rejected by the SSA and include a **Form 8233**, Exemption From Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual.

If you are a nonresident alien visitor with gaming winnings, your Form W-7 will be processed if submitted through the appropriate gaming official serving as an acceptance agent.

**Exception 3. Third party reporting—mortgage interest (box h).** Under the Internal Revenue laws, most recipients of home mortgage interest (lenders) report the amount of interest they receive from a borrower to the IRS and to the borrower. This reporting is usually done on a **Form 1098**, Mortgage Interest Statement. First time filers who secure a home loan may seek an ITIN to provide to their lender.

To obtain an ITIN under this exception, you must include documentation with the Form W-7 showing evidence of a home mortgage loan. This documentation could include a loan commitment letter from the financial institution, a broker's listing agreement, or similar documentation.

**Exception 4. Disposition by foreign person of U.S. real property interest (box h).** A withholding obligation is generally imposed on the buyer or other transferee (withholding agent) when a U.S. real property interest is acquired from a foreign person. This withholding serves to collect the tax that may be owed by the foreign person. In some instances, the foreign person may apply for a withholding certificate to reduce or eliminate withholding on the disposition of the real property.

To obtain an ITIN under this exception, you must include with the Form W-7 a completed **Form 8288-B**, Application for Withholding Certificate for Dispositions by Foreign Persons of U.S. Real Property Interests, and a copy of the contract for the sale.

### Line Instructions

Enter N/A (not applicable) on all lines that do not apply to you.

**Line 1a.** Enter your legal name on line 1a as it appears on your documents. This entry should reflect your name as it will appear on a U.S. tax return.

**Caution:** Your ITIN will be established using this name. If you do not use this name on the U.S. tax return, the processing of the U.S. tax return may be delayed until discrepancies are resolved.

**Line 1b.** Enter your name as it appears on your birth certificate if it is different from your entry on line 1a.

**Line 2.** Enter your complete address in the country where you permanently or normally reside. If you are claiming a benefit under an income tax treaty with the United States, the address entered must be an address in the treaty country. Include the postal code where appropriate.

**Do not** use a post office box or an "in care of" (c/o) address instead of a street address. If you do, your application will be rejected.

**Note:** If you no longer have a permanent residence, due to your relocation to the United States, enter the foreign country where you last resided.

**Line 3.** Enter your complete mailing address if it is different from the address on line 2. This is the address the IRS will use to return your original documents and send written notification of your ITIN.

**Note:** If the U.S. Postal Service will not deliver mail to your physical location, then enter the U.S. Postal Service's post office box number for your mailing address. Contact your local U.S. Post Office for more information. **Do not use a post office box owned and operated by a private firm or company.**

**Line 4.** Enter your date of birth in month/day/year format and your country of birth. If available, provide the city and state or province. You **must** identify the country in which you were born. To be eligible for an ITIN, your birth country must be recognized as a foreign country by the U.S. Department of State.

**Line 5.** Check the appropriate box for your gender.

**Line 6a.** Enter the country or countries (in the case of dual citizenship) in which you are a citizen. Enter the complete country name; do not abbreviate.

**Line 6b.** If your country of residence for tax purposes has issued you a tax identification number, enter that number on line 6b. For example, if you are a resident of Canada, you would enter your Canadian Social Insurance Number.

**Line 6c.** Enter only U.S. nonimmigrant visa information. Include the USCIS classification, number of the visa, and the expiration date in month/day/year format. For example, if you have a B-1/B-2 visa with the number 123456 that has an expiration date of December 31, 2004, you would enter "B-1/B-2," "123456," and "12/31/2004" in the entry space.

**Note:** If the visa has been issued under a "duration of stay" label by USCIS, then enter "D/S" as the expiration date.

**Line 6d.** Check the box indicating the type of document(s) you are presenting for identification. If you have a passport, use it to provide verification of your identity and foreign status. If you do this, you will not need to furnish any other supporting documents.

**Note:** If visa information is present on the passport, this information must be entered on line 6c.

If you do not have a passport, you must use the documents listed under **How To Apply** on page 2 and you will be required to provide more than one current document to verify your identity and foreign status. At least one document you present must contain a recent photograph. Enter the name of the state or country or other issuer, the identification number (if any) appearing on the document(s), the expiration date, and the date on which you entered the United States. Dates must be entered in the month/day/year format. Additionally, you may be required to provide a certified translation of foreign language documents.

**Line 6e.** If you ever received a temporary Taxpayer Identification Number (TIN) or an Employer Identification Number (EIN), check the "Yes" box and enter the number on line 6f. If you never had a temporary TIN or an EIN, or you do not know your temporary TIN, check the "No/Do not know" box.

A temporary TIN is a nine-digit number issued by the IRS to persons who file a return or make a payment without providing a TIN. You would have been issued this number if you filed a U.S. tax return and did not have a social security number. This temporary TIN will appear on any correspondence the IRS sent you concerning that return.

An EIN is a nine-digit number (for example, 12-3456789) assigned by the IRS to businesses, such as sole proprietorships.

**Line 6f.** Enter in the space provided the temporary TIN and/or EIN and the name under which the number was issued. If you have both a temporary TIN and an EIN, attach a separate sheet listing both. You may have been issued more than one temporary TIN. If so, attach a separate sheet listing all the temporary TINs you received.

**Line 6g.** If you checked reason f, you must provide the name of the educational institution and the city and state in which it is located. You must also indicate your length of stay.

If you are temporarily in the United States for business purposes, you must provide the name of the company with whom you are conducting your business and the city and state in which it is located. You must also enter your length of stay in the United States.

**Signature.** Generally, Form W-7 must be signed by the applicant. However, if the applicant is a minor under 14 years of age, a delegate (parent or court-appointed guardian) should sign for him or her. Type or print the delegate's name in the space provided and check the appropriate box that indicates his or her relationship to the applicant. If the delegate is signing as a court-appointed guardian, attach a copy of the court-appointment papers showing the legal guardianship.

If the applicant is 14 years of age or over, the applicant may appoint an authorized agent to sign. The authorized agent must print his or her name in the space provided for the name of the delegate and must attach **Form 2848**, Power of Attorney and Declaration of Representative.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form**, 13 min.; **Preparing the form**, 29 min.; **Copying, assembling, and sending the form to the IRS**, 20 min.

**We Welcome Comments on Forms.** If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send the form to this address. Instead, see **Where To Apply** on page 3.



## NON-RESIDENT ALIEN ITIN APPLICATION (W-7) CHECKLIST

Use the following checklist to assist Applicant in preparing form W-7:

- \_\_\_ 1. An ITIN is a nine-digit number issued by the U.S. Internal Revenue Service (IRS) to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain, a social security number (SSN). Form W-7 is used to apply for an IRS individual taxpayer identification number.
  
- \_\_\_ 2. Fully explain the application process to the applicant, the information required by form W-7 and instructions, the role of the Acceptance Agent in the process, the extent to which the IRS may communicate information regarding the applicant to the Acceptance Agent, the fact that form W-7 is signed under penalties of perjury, and the consequences of making false statements or providing incorrect or false documentation.
  
- \_\_\_ 3. ITIN's are intended for tax use only.
  
- \_\_\_ 4. The ITIN cannot be used to claim the earned income tax credit under section 32 of the Internal Revenue Code.
  
- \_\_\_ 5. The possession of an ITIN does not change the applicant's immigration status or entitle the applicant to legal employment in the United States.
  
- \_\_\_ 6. The ITIN does not take the place of a SSN or qualify the applicant for Social Security benefits.
  
- \_\_\_ 7. The applicant may be eligible for a SSN, if the applicant is a lawfully admitted alien with Immigration and Naturalization Service (INS) permission to work in the U.S. A non-working alien with income such as interest, investments, or rental property must apply for an ITIN.
  
- \_\_\_ 8. The applicant should answer the following questions to determine whether the applicant should apply for an ITIN or a SSN?
  - Does the visa type provide permission to work in the U.S.? \_\_\_ (Y/N)
  - Does an employee/employer relationship exist between the applicant and the Acceptance Agent's organization? \_\_\_ (Y/N)

If the applicant answers yes to both of the above questions, the applicant is likely eligible for a SSN. Refer the applicant to the local Social Security Administration office for assignment of a social security number.

If the applicant is not eligible for an SSN, continue the ITIN application process.

- \_\_\_ 9. Explain that if the applicant becomes eligible for a SSN at a later date, the ITIN can no longer be used and the applicant must apply for a SSN from the Social Security Administration.
  
- \_\_\_ 10. Determine that applicant possesses a valid foreign passport and U.S. visa as documentary evidence that sufficiently supports the applicant's identity and alien status. If these documents are not available, do not continue the application process until appropriate documentary evidence is provided.
  
- \_\_\_ 11. Is the applicant associated with the Acceptance Agent's organization?  
\_\_\_ (Y/N) (ITIN applications can only be processed if the applicant is associated with the Acceptance Agent's organization.) Describe below the applicant's association with the Acceptance Agent's organization.
  
- \_\_\_ 12. The applicant must sign the completed form W-7.



The undersigned, John Doe, an authorized representative of Great State University, a certifying Acceptance Agent under an agreement dated September 5, 1997, (the "Agreement"), certifies with regard to the application on Form W-7 for Jane Smith ("Applicant") that applicant is not eligible for an SSN and has provided (1) a foreign passport and (2) a U.S. visa as documentary evidence that sufficiently supports the Applicant's identity and alien status. The undersigned further certifies that a Responsible Party has reviewed such documentary evidence in accordance with the procedures set forth in section 5 of the Agreement and has determined that the information stated on Form W-7 is complete and accurate based upon information provided by Applicant and the documentary evidence.

\_\_\_\_\_  
John Doe,  
Authorized Representative

\_\_\_\_\_  
Date

# ACCEPTANCE AGENT PROGRAM

## Listing of Codes to Insert on Form W-7

<b>CODE</b>	<b>=</b>	<b>TYPE OF DOCUMENTATION</b>
01	=	Passport
02	=	National Identity Card
03	=	I-94, Non-immigrant Arrival/Departure Record
04	=	I-20 ID, Certificate of Eligibility for Non-immigrant Student Status
05	=	I-95A, Crewman Landing Permit
06	=	I-184, Alien Crewman Landing Permit and ID Card
07	=	I-185, Nonresident Alien Canadian Border Crossing Card
08	=	I-186, Nonresident Alien Mexican Border Crossing Card
09	=	I-444, Mexican Border Visitors Permit
10	=	I-586, Nonresident Alien Border Crossing Card
11	=	MICA (Mexican Border Crossing Card)
12	=	Marriage Certificate
13	=	Divorce Certificate
14	=	Adoption Certificate
15	=	Military Record
16	=	Driver's License (US)
17	=	Civil Birth Certificate
18	=	Religious Birth Certificate
19	=	Illegal Alien/Undocumented Alien
20	=	Medical Records (primarily dependents)
21	=	Driver's License (foreign)
22	=	State Identification Card (US)
23	=	Voter's Registration Card (foreign only)
24	=	Military Identification Card
25	=	Military Registration Card (foreign only)
26	=	School Photo ID
27	=	School Records
28	=	Foreign Identification Card
29	=	FM-13
30	=	Social Security Administration Denial Letter
31	=	Copies of INS Application for Residency
32	=	Other



Department of Treasury  
Internal Revenue Service  
Philadelphia, PA 19255

98296080028968 2822328560

Notice Date: 04/14/1998

Notice Number: CP565A

ITIN: 953-79-1549

DOB: 08/11/1947

Acceptance Agent

For assistance call us at:  
(215)516-4846

Or you may write us at:  
P.O. Box 447  
Bensalem, PA 19020

**WE ASSIGNED YOU AN IRS INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER(ITIN)**

Thank you for your Form W-7, Application for IRS Individual Taxpayer Identification Number. We assigned you ITIN 953-79-1549 . Please keep this notice for your records.

Your ITIN is not a Social Security Number (SSN). It is for income tax purposes only. Please use your ITIN when an SSN is requested on any U.S. Federal Income Tax Return. Use your ITIN on all correspondence with the IRS, including tax payments, refund claims, and any Form 8233 you give to your employer or payer. Form 8233 is used to claim an exemption from U.S. withholding tax. Using any variation in your name or ITIN may cause processing delays and incorrect information on your account.

If you become a U.S. resident or a U.S. citizen, you will probably be eligible to get an SSN. If so, you must then apply for an SSN from the Social Security Administration and start using that number for tax purposes instead of your ITIN. When you receive an SSN, please send a copy of your social security card, along with a copy of this notice to the address listed above, so that we can update our records.

If you have any questions, please call us at the number listed above.

This card is the property of the Internal Revenue Service (IRS). Use of this card signifies agreement to the current conditions set forth by the IRS.

This card is not valid unless signed by the person identified on the front.

If found mail to: IRS, ITIN Unit  
P. O. Box 447  
Bensalem, PA 19020

Contact the Philadelphia Service Center on  
(215) 516-4846 regarding this card.

Department of the Treasury  
Internal Revenue Service

Form 9844 (7-96)  
Catalog No. 22337C



Department of the Treasury  
Internal Revenue Service

IRS Individual Taxpayer Identification Number

XXX-XX-XXXX

This number has been established for

Jane Smith

To be used for tax purposes only

\_\_\_\_\_  
Signature

**Annual Withholding Tax Return for  
U.S. Source Income of Foreign Persons**  
▶ See instructions.

**2003**

If this is an amended return, check here

Name of withholding agent	Employer identification number	<b>For IRS Use Only</b>			
Number, street, and room or suite no. (if a P.O. box, see instructions)		CC	FD		
		RD	FF		
City or town, province or state, and country (including postal code)		CAF	FP		
		CR	I		
		EDC	SIC		

If you will not be liable for returns in the future, check here  Enter date final income paid ▶ \_\_\_\_\_  
 Check here if you made quarter-monthly deposits using the 90% rule (see **Deposit Requirements** in the instructions)

Check if you are a:  QI/Withholding foreign partnership or trust  NQI/Flow-through entity  (See instructions.)

**Record of Federal Tax Liability  
(Do not show Federal tax deposits here.)**

Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)	Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)	Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)
1	Jan.	7	21	May	7	41	Sept.	7
2		15	22		15	42		15
3		22	23		22	43		22
4		31	24		31	44		30
5	Jan. total		25	May total		45	Sept. total	
6	Feb.	7	26	June	7	46	Oct.	7
7		15	27		15	47		15
8		22	28		22	48		22
9		28	29		30	49		31
10	Feb. total		30	June total		50	Oct. total	
11	Mar.	7	31	July	7	51	Nov.	7
12		15	32		15	52		15
13		22	33		22	53		22
14		31	34		31	54		30
15	Mar. total		35	July total		55	Nov. total	
16	Apr.	7	36	Aug.	7	56	Dec.	7
17		15	37		15	57		15
18		22	38		22	58		22
19		30	39		31	59		31
20	Apr. total		40	Aug. total		60	Dec. total	

61 No. of Forms 1042-S filed: a On magnetic media ..... b On paper ..... c Electronically .....

62 For all Form(s) 1042-S and 1000: a Gross income paid ..... b Taxes withheld or assumed .....

63a Total tax liability (add monthly total lines from above) . . . . .	63a			
b Adjustments (see instructions) . . . . .	63b			
c Total <b>net tax</b> liability (combine lines 63a and 63b) . . . . . ▶			<b>63c</b>	
64 Total paid by Federal tax deposit coupons or by electronic funds transfer (or with a request for an extension of time to file) for 2003	64			
65 Enter overpayment applied as a credit from 2002 Form 1042 . . . . .	65			
66 Credit for amounts withheld by other withholding agents (see inst.)	66			
67 <b>Total payments.</b> Add lines 64 through 66. . . . . ▶			<b>67</b>	
68 If line 63c is larger than line 67, enter <b>balance due</b> here . . . . .			<b>68</b>	
69 If line 67 is larger than line 63c, enter <b>overpayment</b> here . . . . .			<b>69</b>	
70 Penalty for failure to deposit tax when due. Also include on line 68 or line 69 (see instructions)			<b>70</b>	
71 Apply overpayment on line 69 to (check one): <input type="checkbox"/> Credit on 2004 Form 1042 or <input type="checkbox"/> Refund				

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.			
	Your signature ▶	Date	Capacity in which acting ▶	
<b>Paid Preparer's Use Only</b>	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code ▶			EIN ▶
				Phone no.

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

### Purpose of Form

Use Form 1042 to report tax withheld on certain income of foreign persons, including nonresident aliens, foreign partnerships, foreign corporations, foreign estates, and foreign trusts.

### Who Must File

Every withholding agent or intermediary (see definitions below) who receives, controls, has custody of, disposes of, or pays any fixed or determinable annual or periodical income must file an annual return for the preceding calendar year on Form 1042.

You must file Form 1042 if:

- You are required to file Form(s) 1042-S (whether or not any tax was withheld or was required to be withheld). File Form 1042 even if you file Forms 1042-S only on magnetic media or electronically.
- You pay gross investment income to foreign private foundations that are subject to tax under section 4948(a).

### Withholding Agent

Any person required to withhold tax is a withholding agent. A withholding agent may be an individual, trust, estate, partnership, corporation, government agency, association, or tax-exempt foundation, whether domestic or foreign.

**Note:** Every person required to deduct and withhold any tax under Chapter 3 of the Code is liable for such tax. See section 1461.

### Intermediary

An intermediary is a person who acts as a custodian, broker, nominee, or otherwise as an agent for another person, regardless of whether that other person is the beneficial owner of the amount paid, a flow-through entity, or another intermediary.

**Qualified intermediary (QI).** A QI is an intermediary that is a party to a withholding agreement with the IRS. An entity must indicate its status as a QI on a Form W-8IMY submitted to a withholding agent. For information on a QI withholding agreement, see Rev. Proc. 2000-12. You can find Rev. Proc. 2000-12 on page 387 of Internal Revenue Bulletin 2000-4 at [www.irs.gov/pub/irs-irbs/irb00-04.pdf](http://www.irs.gov/pub/irs-irbs/irb00-04.pdf).

**Withholding foreign partnership (WP) or withholding foreign trust (WT).** A WP or WT is a foreign partnership or trust that has entered into a withholding agreement with the IRS in which it

agrees to assume primary withholding responsibility for all payments that are made to it for its partners, beneficiaries, or owners. For information on these withholding agreements, see Rev. Proc. 2003-64. You can find Rev. Proc. 2003-64 on page 306 of Internal Revenue Bulletin 2003-32 at [www.irs.gov/pub/irs-irbs/irb03-32.pdf](http://www.irs.gov/pub/irs-irbs/irb03-32.pdf).

**Nonqualified intermediary (NQI).** An NQI is any intermediary that is not a U.S. person and that is not a QI.

### Where and When To File

File Form 1042 with the Internal Revenue Service Center, Philadelphia, PA 19255-0607, by March 15, 2004. Also send amended returns to this address. Use Form 1042-T to transmit paper Forms 1042-S.

**Extension of time to file.** If you need more time to file Form 1042, you may submit **Form 2758**, Application for Extension of Time To File Certain Excise, Income, Information, and Other Returns.

Form 2758 **does not** extend the time for payment of tax.

### Additional Information

For details on withholding of tax, get **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Entities, by calling 1-800-TAX-FORM (1-800-829-3676) or by downloading it from the IRS website at [www.irs.gov](http://www.irs.gov).

### Income Tax Withholding on Wages, Pensions, Annuities, and Certain Other Deferred Income

Use **Form 941**, Employer's Quarterly Federal Tax Return, to report income tax withheld and social security and Medicare taxes on wages paid to a nonresident alien employee.

Use **Form 945**, Annual Return of Withheld Federal Income Tax, to report income tax withheld under section 3405 from pensions, annuities, and certain other deferred income paid to a nonresident alien individual. However, if the recipient has elected under section 3405(a)(2) or (b)(2) not to have withholding under section 3405, these payments are subject to withholding under section 1441 and the tax withheld must be reported using Forms 1042 and 1042-S.

Use **Schedule H (Form 1040)**, Household Employment Taxes, to report income tax withheld and social security and Medicare taxes on wages paid to a nonresident alien household employee.

For more information, see the instructions for these forms.

## Deposit Requirements

Generally, if you are not required to use the Electronic Federal Tax Payment System (EFTPS), you must deposit the tax withheld and required to be shown on Form 1042 with an authorized financial institution using your preprinted **Form 8109**, Federal Tax Deposit Coupon. Do not use anyone else's coupons. If you do not have your coupons when a deposit is due, call 1-800-829-4933, if you are in the United States. If overseas, call 215-516-2000 (not a toll-free number) from 6:00 a.m. to 2:00 a.m. Eastern time. You may also contact your local IRS office. To avoid a penalty, **do not** mail your deposits directly to the IRS.

The amount of tax you are required to withhold determines the frequency of your deposits. The following rules explain how often deposits must be made.

**1. If at the end of any quarter-monthly period the total amount of undeposited taxes is \$2,000 or more**, you must deposit the taxes within 3 banking days after the end of the quarter-monthly period. (A quarter-monthly period ends on the 7th, 15th, 22nd, and last day of the month.) To determine banking days, do not count Saturdays, Sundays, legal holidays, or any local holidays observed by authorized financial institutions.

The deposit rules are considered met if:

- You deposit at least 90% of the actual tax liability for the deposit period **and**
- If the quarter-monthly period is in a month other than December, you deposit any underpayment with your first deposit that is required to be made after the 15th day of the following month.

Any underpayment of \$200 or more for a quarter-monthly period ending in December must be deposited by January 31.

**2. If at the end of any month the total amount of undeposited taxes is at least \$200 but less than \$2,000**, you must deposit the taxes within 15 days after the end of the month. If you make a deposit of \$2,000 or more during any month **except December** under rule 1 above, carry over any end-of-the-month balance of less than \$2,000 to the next month. If you make a deposit of \$2,000 or more during December, any end-of-December balance of less than \$2,000 should be paid directly to the IRS along with your Form 1042 by March 15, 2004.

**3. If at the end of a calendar year the total amount of undeposited taxes is less than \$200**, you may either pay the taxes with your Form 1042 or deposit the entire amount by March 15, 2004.

**Note:** *If you are requesting an extension of time to file using Form 2758, follow the rules on this page to see if you must make a deposit of any balance due or if you can pay it with Form 2758. See Form 2758 and its instructions for more information.*

**Electronic deposit requirement.** You must make electronic deposits of **all** depository tax liabilities using the Electronic Federal Tax Payment System (EFTPS) in 2004 if:

- The total deposits of such taxes in 2002 were more than \$200,000, or
- You were required to use EFTPS in 2003.

If you are required to use EFTPS and fail to do so, you may be subject to a 10% penalty. If you are not required to use EFTPS, you may participate voluntarily. To enroll in or get more information about EFTPS, call 1-800-555-4477 or 1-800-945-8400. You can also visit the EFTPS website at [www.eftps.gov](http://www.eftps.gov).

**Depositing on time.** For deposits made by EFTPS to be on time, you must initiate the transaction at least one business day before the date the deposit is due.

**Completing Form 8109.** If you do not use EFTPS, deposit your income tax payments using Form 8109. In most cases, you will fill out a Form 8109 following the instructions in the coupon book. However, if a deposit liability arises from a distribution reportable on Form 1042 for the prior year, darken the 4th quarter space on Form 8109. If the distribution is reportable for the current year, darken the 1st quarter space. In all cases, follow the coupon book instructions for completing the rest of the deposit coupon. To ensure proper crediting, write your taxpayer identification number, the period to which the tax deposit applies, and "Form 1042" on the check or money order.

**Deposits by foreign corporations.** Fill in a preprinted Form 8109 showing the "Amount of Deposit" in U.S. dollars. Mail the completed coupon with a bank draft in U.S. dollars to:

Financial Agent  
Federal Tax Deposit Processing  
P.O. Box 970030  
St. Louis, MO 63197 U.S.A.

## Interest and Penalties

If you file Form 1042 late, or fail to pay or deposit the tax when due, you may be liable for penalties and interest unless you can show that the failure to file or pay was due to reasonable cause and not willful neglect.



*You do not have to figure the amount of any interest or penalties you may owe. Because figuring these amounts can be complicated, we will do it for you if you want. We will send you a bill for any amount due.*

If you include interest or penalties (other than the penalty for failure to deposit tax when due) with your payment, identify and enter the amount in the bottom margin of Form 1042, page 1. **Do not** include interest or penalties (other than the penalty for failure to deposit tax when due) in the **balance due** on line 68.

**1. Interest.** Interest is charged on taxes not paid by the due date, even if an extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, negligence, fraud, and substantial understatements of tax from the due date (including extensions) to the date of payment. Interest is figured at a rate determined under section 6621.

**2. Late filing of Form 1042.** The penalty for not filing Form 1042 when due (including extensions) is 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax.

**3. Late payment of tax.** The penalty for not paying tax when due is usually  $\frac{1}{2}$  of 1% of the unpaid tax for each month or part of a month the tax is unpaid. The penalty cannot exceed 25% of the unpaid tax.

**4. Failure to deposit tax when due.** See the instructions for line 70 on page 4.

**5. Other penalties.** Penalties may be imposed for negligence, substantial understatement of tax, and fraud. See sections 6662 and 6663.

## Specific Instructions

**Note:** *File only one Form 1042 consolidating all Form 1042-S recipient information, regardless of the number of different clients, branches, divisions, or types of income for which you are the withholding agent. However, if you are acting in more than one capacity (for example, you are acting as a QI for certain designated accounts and as an NQI for other accounts), file a separate Form 1042 for each capacity in which you are acting.*

## Employer identification number (EIN).

You are generally required to enter your EIN. However, if you are filing Form 1042 as a QI, withholding foreign partnership, or withholding foreign trust, enter your QI-EIN, WP-EIN, or WT-EIN. Also, be sure to check the "QI/Withholding foreign partnership or trust" box. See **QI and NQI checkboxes** below.

If you do not have an EIN, you can apply for one online at [www.irs.gov/business](http://www.irs.gov/business) or by telephone at 1-800-829-4933. Also, you can file **Form SS-4**, Application for Employer Identification Number, by fax or mail. File corrected Forms 1042-S when you receive your EIN.

To get a QI-EIN, WP-EIN, or WT-EIN, submit Form SS-4 with your application for that status. **Do not** send an application for a QI-EIN, WP-EIN, or WT-EIN to the Philadelphia Service Center; it will not be processed.

**Address.** Include the suite, room, or other unit number after the street address. If your post office does not deliver mail to the street address and you have a P.O. box, show the box number instead of the street address.

**QI and NQI checkboxes.** See page 2 for definitions of intermediary, qualified intermediary (QI), withholding foreign partnership (WP), withholding foreign trust (WT), and nonqualified intermediary (NQI). See the Form 1042-S instructions for definitions of U.S. branch treated as a U.S. person and flow-through entity.

Check the "QI/Withholding foreign partnership or trust" box on page 1 if you are a QI, WP, WT, or a U.S. branch treated as a U.S. person. Check the "NQI/Flow-through entity" box if you are an NQI or a flow-through entity.

**Lines 1 through 60.** Do not enter any negative amounts on these lines.

If you are a QI that did not assume primary withholding responsibility, enter the total amount withheld by the U.S. withholding agent(s) on line 59. Report all other amounts (that is, amounts you actually withheld) on the line that corresponds with the date the liability was incurred.

**Lines 62a and 62b.** Enter the amounts requested with respect to **all** Forms 1042-S (regardless of whether the form was filed on magnetic media, on paper, or electronically) and with respect to **all** Forms 1000, Ownership Certificate.

**Line 62a.** The amount on line 62a should equal the sum of all amounts shown on Forms 1042-S, box 2, and all amounts shown as gross interest paid on Forms 1000.

**Line 62b.** The amount on line 62b should equal:

- The sum of all Forms 1042-S, box 7, less
- The sum of all Forms 1042-S, box 8, plus
- The tax assumed from Forms 1000.

If it does not, attach a statement to Form 1042 explaining the difference.

**Line 63a.** The amount on line 63a must equal the sum of the monthly totals as listed on the Record of Federal Tax Liability. Do not make any adjustments on this line. Except for adjustments described in the instructions for line 63b, you may only make adjustments on the appropriate entry line in the Tax Liability column of the Record of Federal Tax Liability.

**Line 63b.** If you are a regulated investment company (RIC) or a real estate investment trust (REIT) that paid a dividend in January subject to section 852(b)(7) or section 857(b)(9) (relating to certain dividends declared in the preceding October, November, or December), enter your additional tax liability on those dividends declared in 2003 but paid in January 2004 **less** any additional tax liability on those dividends declared in 2002 but paid in January 2003. Show any negative amount in brackets. Attach a statement showing your calculation.

**Line 66.** You are permitted to take a credit for amounts withheld by other withholding agents **that pertain to** the total net tax liability reported on line 63c. For example, you are a QI and the amount you entered on line 63c includes amounts withheld by a U.S. withholding agent. You may take a credit on line 66 for the amounts that were withheld by the U.S. withholding agent.

**Important:** *If you are a QI requesting a refund, you must attach the corresponding Form(s) 1042-S received to support the amount claimed on line 66. Failure to do so will result in the denial of the refund or credit being claimed.*

**Lines 69 and 71.** You may claim an overpayment shown on line 69 as a refund or a credit. Check the applicable box on line 71 to show which you are claiming. If you claim a credit, it can reduce your required deposits of withheld tax for 2004.

**Line 70.** The penalty for failure to deposit tax applies to the amount underpaid when the deposit was due. See **Deposit Requirements** on page 2. The penalty rates are 2% for deposits made 1 to 5 days late, 5% for deposits made 6 to 15 days late, and 10% for deposits made 16 or more days late. However, the penalty is 15% if the tax is not deposited within 10 days after the IRS issues the first notice demanding payment. Add the penalty to any tax due and enter the total on line 68. If you are due a refund, subtract the penalty from the overpayment you show on line 69.



*Because this penalty calculation is complicated, if you want to, you can leave line 70 blank and the IRS will figure the penalty and send you a bill. We will not charge you interest on the penalty if you pay by the date specified on the bill.*

**Caution:** *Be sure to reconcile amounts on Form 1042 with amounts on Forms 1042-S (including Forms 1042-S filed on magnetic media and electronically), to avoid unnecessary correspondence with the IRS.*

## Amended Return

If you have to make changes to your Form 1042 after you submit it, file an amended Form 1042. Use a Form 1042 for the year you are amending. Check the "Amended Return" box at the top of the form. You must complete the entire form, including all filing information for the calendar year, and sign the return. Attach a statement explaining why you are filing an amended return (for example, you are filing because the tax liability for May was incorrectly reported due to a mathematical error).

If you are also amending Form(s) 1042-S, see **Correcting Paper Forms 1042-S** in the Form 1042-S instructions.

Do not amend Form 1042 to recover taxes overwithheld in the prior year. For more information, see **Adjustment for Overwithholding** in Pub. 515.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States.

Sections 1441, 1442, and 1446 require withholding agents to report and pay over to the IRS taxes withheld from certain U.S. source income of foreign persons. Form 1042 is used to report the amount of withholding that must be paid over. Form 1042-S is used to report the amount of income and withholding to the payee. Section 6109 requires you to provide your employer identification number. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, and the District of Columbia for use in administering their tax laws. We may give the information to foreign countries pursuant to tax treaties. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and combat terrorism. If you fail to provide this information in a timely manner, you may be liable for penalties and interest.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 8 hr., 51 min.; **Learning about the law or the form**, 2 hr., 31 min.; **Preparing the form**, 4 hr., 26 min.; and **Copying, assembling, and sending the form to the IRS**, 32 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send the form to this address. Instead, see **Where and When To File** on page 2.





# Instructions for Form 1042-S

## Foreign Person's U.S. Source Income Subject to Withholding

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions



Use the 2004 Form 1042-S only for income paid during 2004. **Do not** use the 2004 Form 1042-S for income paid during 2003.

### Changes To Note

You can now get an automatic 30-day extension of time to file Form 1042-S by filing **Form 8809**, Application for Extension of Time To File Information Returns. See **Where, When, and How To File** on this page and Form 8809 for more information.

We added a table containing a list of valid tax rates that can be used in box 5 of Form 1042-S. See **Box 5, Tax Rate**, on page 13.

We added 4 new income codes and 1 new recipient code. See the table of **Income Codes, Exemption Codes, and Recipient Codes** on page 12.

### Purpose of Form

Use Form 1042-S to report income described under **Amounts Subject to Reporting on Form 1042-S** on page 4 and to report amounts withheld under Chapter 3 of the Internal Revenue Code.

**Note:** Every person required to deduct and withhold any tax under Chapter 3 of the Code is liable for such tax.

Copy A is filed with the Internal Revenue Service. Copies B, C, and D are for the recipient. Copy E is for your records.

**Do not use Form 1042-S** to report an item required to be reported on—

- **Form W-2** (i.e., wages and other compensation made to employees (other than compensation for dependent personal services for which the beneficial owner is claiming treaty benefits) including wages in the form of group-term life insurance),
- Form 1099, or
- **Form 8288-A**, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests, or **Form 8805**, Foreign Partner's Information Statement of Section 1446 Withholding Tax. Withholding agents otherwise required to report a distribution partly on a Form 8288-A or Form 8805 and partly on a Form 1042-S may instead report the entire amount on Form 8288-A or Form 8805.

### Who Must File

Every withholding agent (defined on page 2) must file an information return on Form 1042-S to report amounts paid during the preceding calendar year that are described under **Amounts Subject to Reporting on Form 1042-S** on page 4. However, withholding agents who are individuals are not required to report a payment on Form 1042-S if they are not making the payment as part of their trade or business and no withholding is required to be made on the payment. For example, an individual making a payment of interest that qualifies for the portfolio interest exception from withholding is not required to report the payment if the portfolio interest is paid on a loan that is not connected to the individual's trade or business. However, an individual paying an amount that has actually been subject to withholding (e.g., U.S. source alimony) to a nonresident alien is required to report the payment, whether or not the individual actually withholds because the individual is required to withhold on the payment. See **Multiple Withholding Agent Rule** on page 10 for exceptions to reporting when another person has reported the same payment to the recipient.

You must file a Form 1042-S even if you did not withhold tax because the income was exempt from tax under a U.S. tax treaty or the Code, including the exemption for income that is effectively connected with the conduct of a trade or business in the United States, or you released the tax withheld to the recipient. For exceptions, see **Amounts That Are Not Subject to Reporting on Form 1042-S** on page 4.

Amounts paid to residents of U.S. possessions and territories are not subject to reporting on Form 1042-S if the beneficial owner of the income is a U.S. citizen, national, or resident alien.

**Note:** If you are required to file Form 1042-S, you must also file **Form 1042**, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons. See Form 1042 for more information.

### Where, When, and How To File

Forms 1042-S, whether filed on paper, electronically, or on magnetic media, must be filed with the Internal Revenue Service by March 15, 2005. You are also required to furnish Form 1042-S to the recipient of the income on or before March 15, 2005.

Send any paper Forms 1042-S with **Form 1042-T**, Annual Summary and Transmittal of Forms 1042-S, to the Internal Revenue Service Center, Philadelphia, PA 19255-0607. You must use Form 1042-T to transmit paper Forms 1042-S. Use a separate Form 1042-T to transmit each type of Form 1042-S. See **Payments by U.S. Withholding Agents** on page 5 and the Form 1042-T instructions for more information. If you have 250 or more Forms 1042-S to file, follow the instructions under **Electronic/Magnetic Media Reporting** below.

**Extension of time to file.** To request an extension of time to file Forms 1042-S, file **Form 8809**, Application for Extension of Time To File Information Returns. See the Form 8809 instructions for where to file that form. You should request an extension as soon as you are aware that an extension is necessary, but no later than the due date for filing Form 1042-S. By filing Form 8809, you will get an automatic 30-day extension to file Form 1042-S. If you need more time, a second Form 8809 may be submitted before the end of the initial extended due date. See Form 8809 for more information.

**Note:** If you are an electronic / magnetic media transmitter requesting extensions of time to file for more than 50 withholding agents or payers, you must submit the extension requests electronically or magnetically. See **Pub. 1187**, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically or Magnetically, for more information.

### Electronic/Magnetic Media Reporting

If you file 250 or more Forms 1042-S, you are required to submit them electronically or using magnetic media.

Electronic submissions are filed using the Filing Information Returns Electronically (FIRE) System. The FIRE System operates 24 hours a day, 7 days a week, and is accessed using your personal computer and modem at 304-262-2400 (not a toll-free number). For more information, see Pub. 1187.

Acceptable forms of magnetic media are AS400 compatible tape cartridge and 3½-inch diskettes.



**The electronic/magnetic media filing requirement applies separately to originals and corrections.** Any person, including a corporation, partnership, individual, estate, and trust, that is required to file 250 or more Forms 1042-S must file such returns electronically/magnetically. The filing requirement applies individually to each reporting entity as defined by its separate taxpayer identification number (TIN). This requirement applies separately to original and corrected returns. For example, if you have 300 original Forms 1042-S, they must be filed electronically/magnetically. However, if 200 of those forms contained erroneous information, the corrections may be filed on paper forms because the number of corrected Forms 1042-S is less than the 250-or-more filing requirement.



*If you file electronically or on magnetic media, do not file the same returns on paper. Duplicate filing may cause penalty notices to be generated.*

**Note:** Even though as many as 249 Forms 1042-S may be submitted on paper to the IRS, the IRS encourages filers to transmit forms electronically / magnetically.

**Hardship waiver.** To receive a hardship waiver from the required filing of Forms 1042-S electronically or on magnetic media, submit **Form 8508**, Request for Waiver From Filing Information Returns Magnetically. Waiver requests should be filed at least 45 days before the due date of the returns. See Form 8508 for more information.

**Need assistance?** For additional information and instructions on filing Forms 1042-S electronically or on magnetic media, extensions of time to file (Form 8809), and hardship waivers (Form 8508), see Pub. 1187. You may also call the Martinsburg Computing Center Information Reporting Program at 866-455-7438 (toll-free) or 304-263-8700 (not a toll-free number) Monday through Friday from 8:30 a.m. to 4:30 p.m. Eastern time. The Martinsburg Computing Center Information Reporting Program may also be reached by email at [mccirp@irs.gov](mailto:mccirp@irs.gov) or by fax at 304-264-5602 (not a toll-free number).

**Note:** *This call site does not answer tax law questions concerning the requirements for withholding of tax on payments of U.S. source income to foreign persons under Chapter 3 of the Code. If you need such assistance, you may call 215-516-2000 (not a toll-free number) from 6:00 a.m. to 2:00 a.m. Eastern time or write to: Internal Revenue Service, International Section, P.O. Box 920, Bensalem, PA 19020-8518.*

### Additional Information

For more information on withholding of tax, see **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Entities. To order this publication and other publications and forms, call 1-800-TAX-FORM (1-800-829-3676). You can also download forms and publications from the IRS website at [www.irs.gov](http://www.irs.gov).

### Record Retention

Withholding agents should retain a copy of the information returns filed with the IRS, or have the ability to reconstruct the data, for at least 3 years after the reporting due date. See Pub. 1187.

### Substitute Forms

The official Form 1042-S is the standard for substitute forms. Because a substitute form is a variation from the official form, you should know the requirements of the official form for the year of use before you modify it to meet your needs. The IRS provides several means of obtaining the most frequently used tax forms. These include the Internet, fax-on-demand, and CD-ROM. For details on the requirements of substitute forms, see **Pub. 1179**, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, W-2G and 1042-S.

**Note:** *You are permitted to use substitute payee copies of Form 1042-S (i.e., copies B, C, and D) that contain more than one income line for boxes 1 through 8. This will reduce the number of Forms 1042-S you send to the recipient. Under no circumstances, however, may the copy of the form filed with the IRS (copy A) contain more than one income line.*

### Deposit Requirements

For information and rules concerning Federal tax deposits, see **Depositing Withheld Taxes** in Pub. 515, or the Form 1042 instructions.

### Definitions

**Withholding agent.** A withholding agent is any person, U.S. or foreign, that has control, receipt, or custody of an amount subject to withholding or who can disburse or make payments of an amount subject to withholding. The withholding agent may be an individual, corporation, partnership, trust, association, or any other entity. The term withholding agent also includes, but is not limited to, a qualified intermediary (QI), a nonqualified intermediary (NQI), a withholding foreign partnership (WP), a withholding foreign trust (WT), a flow-through entity, a U.S. branch of a foreign insurance company or foreign bank that is treated as a U.S. person, and an authorized foreign agent. A person may be a withholding agent even if there is no requirement to withhold from a payment or even if another person has already withheld the required amount from a payment.

**Note:** *Generally, the U.S. person who pays (or causes to be paid) the item of U.S. source income to a foreign person (or to its agent) must withhold. However, other persons may be required to withhold. For example, if a payment is made by a QI (whether or not it assumes primary withholding responsibility) that knows that withholding was not done by the person from which it received the payment, that QI is required to do the appropriate withholding. In addition, withholding must be done by any QI that assumes primary withholding responsibility under Chapter 3 of the*

*Code, a WP, a WT, a U.S. branch of a foreign insurance company or foreign bank that agrees to be treated as a U.S. person, or an authorized foreign agent. Finally, if a payment is made by an NQI or a flow-through entity that knows, or has reason to know, that withholding was not done, that NQI or flow-through entity is required to withhold since it also falls within the definition of a withholding agent.*

**Authorized foreign agent.** An agent is an authorized foreign agent only if **all four** of the following apply.

1. There is a written agreement between the withholding agent and the foreign person acting as agent.
2. The IRS International Section has been notified of the appointment of the agent before the first payment for which the authorized agent acts on behalf of the withholding agent. (This notification must be sent to the following address: Internal Revenue Service, International Section, P.O. Box 920, Bensalem, PA 19020-8518.)
3. The books and records and relevant personnel of the foreign agent are available to the IRS so that the IRS may evaluate the withholding agent's compliance with its withholding and reporting obligations.
4. The U.S. withholding agent remains fully liable for the acts of its agent and does not assert any of the defenses that may otherwise be available.

For further details, see Regulations section 1.1441-7(c).

**Beneficial owner.** For payments other than those for which a reduced rate of withholding is claimed under an income tax treaty, the beneficial owner of income is, generally, the person who is required under U.S. tax principles to include the income in gross income on a tax return. A person is not a beneficial owner of income, however, to the extent that person is receiving the income as a nominee, agent, or custodian, or to the extent the person is a conduit whose participation in a transaction is disregarded. In the case of amounts paid that do not constitute income, beneficial ownership is determined as if the payment were income.

Foreign partnerships, foreign simple trusts, and foreign grantor trusts are not the beneficial owners of income paid to the partnership or trust. The beneficial owners of income paid to a foreign partnership are generally the partners in the partnership, provided that the partner is not itself a partnership, foreign simple or grantor trust, nominee, or other agent. The beneficial owner of income paid to a foreign simple trust (i.e., a foreign trust that is described in section 651(a)) is generally the beneficiary of the trust, if the beneficiary is not a foreign partnership, foreign simple or grantor trust, nominee or other agent. The beneficial owner of a foreign grantor trust (i.e., a foreign trust to the extent that all or a portion of the income of the trust is treated as owned by the grantor or another person under sections 671 through 679) is the person

treated as the owner of the trust. The beneficial owner of income paid to a foreign complex trust (i.e., a foreign trust that is not a foreign simple trust or foreign grantor trust) is the trust itself.

The beneficial owner of income paid to a foreign estate is the estate itself.

**Note:** *A payment to a U.S. partnership, U.S. trust, or U.S. estate is treated as a payment to a U.S. payee that is not subject to 30% foreign-person withholding. A U.S. partnership, trust, or estate should provide the withholding agent with a Form W-9, Request for Taxpayer Identification Number and Certification.*

**Disregarded entity.** A business entity that has a single owner and is not a corporation under Regulations section 301.7701-2(b) is disregarded as an entity separate from its owner.

**Exempt recipient.** Generally, an exempt recipient is any payee that is not required to provide Form W-9 and is exempt from the Form 1099 reporting requirements. See the **Instructions for the Requester of Form W-9** for a list of exempt recipients.

**Fiscally transparent entity.** An entity is treated as fiscally transparent with respect to an item of income for which treaty benefits are claimed to the extent that the interest holders in the entity must, on a current basis, take into account separately their shares of an item of income paid to the entity, whether or not distributed, and must determine the character of the items of income as if they were realized directly from the sources from which realized by the entity. For example, partnerships, common trust funds, and simple trusts or grantor trusts are generally considered to be fiscally transparent with respect to items of income received by them.

**Flow-through entity.** A flow-through entity is a foreign partnership (other than a withholding foreign partnership), a foreign simple or grantor trust (other than a withholding foreign trust), or, for any payments for which a reduced rate of withholding under an income tax treaty is claimed, any entity to the extent the entity is considered to be fiscally transparent under section 894 with respect to the payment by an interest holder's jurisdiction.

**Foreign person.** A foreign person includes a nonresident alien individual, a foreign corporation, a foreign partnership, a foreign trust, a foreign estate, and any other person that is not a U.S. person. The term also includes a foreign branch or office of a U.S. financial institution or U.S. clearing organization if the foreign branch is a QI. Generally, a payment to a U.S. branch of a foreign person is a payment to a foreign person.

**Intermediary.** An intermediary is a person that acts as a custodian, broker, nominee, or otherwise as an agent for another person, regardless of whether that other person is the beneficial owner of the amount paid, a flow-through entity, or another intermediary.

**Qualified intermediary (QI).** A QI is an intermediary that is a party to a withholding agreement with the IRS. An entity must indicate its status as a QI on a Form W-8IMY submitted to a withholding agent. For information on a QI withholding agreement, see Rev. Proc. 2000-12. You can find Rev. Proc. 2000-12 on page 387 of Internal Revenue Bulletin 2000-4 at [www.irs.gov/pub/irs-irbs/irb00-04.pdf](http://www.irs.gov/pub/irs-irbs/irb00-04.pdf).

**Nonqualified intermediary (NQI).** An NQI is any intermediary that is not a U.S. person and that is not a QI.

**Private arrangement intermediary (PAI).** A QI may enter into a private arrangement with another intermediary under which the other intermediary generally agrees to perform all of the obligations of the QI. See Section 4 of Rev. Proc. 2000-12 for details.

**Non-exempt recipient.** A non-exempt recipient is any person who is not an exempt recipient.

**Nonresident alien individual.** Any individual who is not a citizen or resident of the United States is a nonresident alien individual. An alien individual meeting either the "green card test" or the "substantial presence test" for the calendar year is a resident alien. Any person not meeting either test is a nonresident alien individual. Additionally, an alien individual who is a resident of a foreign country under the residence article of an income tax treaty, or an alien individual who is a resident of Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or American Samoa, is a nonresident alien individual. See **Pub. 519**, U.S. Tax Guide for Aliens, for more information on resident and nonresident alien status.

**Note:** *Even though a nonresident alien individual married to a U.S. citizen or resident alien may choose to be treated as a resident alien for certain purposes (e.g., filing a joint income tax return), such individual is still treated as a nonresident alien for withholding tax purposes on all income except wages.*

**Payer.** A payer is the person for whom the withholding agent acts as a paying agent pursuant to an agreement whereby the withholding agent agrees to withhold and report a payment.

**Presumption rules.** The presumption rules are those rules prescribed under Chapter 3 and Chapter 61 of the Code that a withholding agent must follow to determine the status of a beneficial owner (e.g., as a U.S. person or a foreign person) when it cannot reliably associate a payment with valid documentation. See, for example, Regulations sections 1.1441-1(b)(3), 1.1441-4(a), 1.1441-5(d) and (e), 1.1441-9(b)(3), and 1.6049-5(d). Also see Pub. 515.

**Recipient.** A recipient is any of the following:

- A beneficial owner of income.
- A QI.
- A withholding foreign partnership or withholding foreign trust.
- An authorized foreign agent.

- A U.S. branch of certain foreign banks or insurance companies that is treated as a U.S. person.
- A foreign partnership or a foreign trust (other than a withholding foreign partnership or withholding foreign trust), but only to the extent the income is effectively connected with its conduct of a trade or business in the United States.
- A payee who is not known to be the beneficial owner, but who is presumed to be a foreign person under the presumption rules.
- A PAI.

A recipient does **not** include any of the following:

- An NQI.
- A nonwithholding foreign partnership, if the income is not effectively connected with its conduct of a trade or business in the United States.
- A disregarded entity.
- A foreign trust that is described in section 651(a) (a foreign simple trust) if the income is not effectively connected with the conduct of a trade or business in the United States.
- A foreign trust to the extent that all or a portion of the trust is treated as owned by the grantor or other person under sections 671 through 679 (a foreign grantor trust).
- A U.S. branch that is not treated as a U.S. person unless the income is, or is treated as, effectively connected with the conduct of a trade or business in the United States.

#### **U.S. branch treated as a U.S. person.**

The following types of U.S. branches (of foreign entities) may reach an agreement with the withholding agent to treat the branch as a U.S. person: **(a)** a U.S. branch of a foreign bank subject to regulatory supervision by the Federal Reserve Board or **(b)** a U.S. branch of a foreign insurance company required to file an annual statement on a form approved by the National Association of Insurance Commissioners with the Insurance Department of a State, Territory, or the District of Columbia.

The U.S. branch must provide a Form W-8IMY evidencing the agreement with the withholding agent.

**Note:** *A U.S. branch that is treated as a U.S. person is treated as such solely for purposes of determining whether a payment is subject to withholding. The branch is, for purposes of information reporting, a foreign person and payments to such a branch must be reported on Form 1042-S.*

**Withholding certificate.** The term "withholding certificate" generally refers to Form W-8 or Form W-9.

**Note:** *Throughout these instructions, a reference to or mention of "Form W-8" is a reference to Forms W-8BEN, W-8ECI, W-8EXP, and/or W-8IMY.*

**Withholding foreign partnership (WP) or withholding foreign trust (WT).** A WP or WT is a foreign partnership or trust that has entered into a withholding agreement with the IRS in which it agrees to assume primary withholding responsibility for all payments that are

made to it for its partners, beneficiaries, or owners. For information on these withholding agreements, see Rev. Proc. 2003-64. You can find Rev. Proc. 2003-64 on page 306 of Internal Revenue Bulletin 2003-32 at [www.irs.gov/pub/irs-irbs/irb03-32.pdf](http://www.irs.gov/pub/irs-irbs/irb03-32.pdf).

## Amounts Subject to Reporting on Form 1042-S

Amounts subject to reporting on Form 1042-S are amounts paid to foreign persons (including persons presumed to be foreign) that are subject to withholding, even if no amount is deducted and withheld from the payment because of a treaty or Code exception to taxation or if any amount withheld was repaid to the payee. Amounts subject to withholding are amounts from sources within the United States that constitute (a) fixed or determinable annual or periodical (FDAP) income; (b) certain gains from the disposal of timber, coal, or domestic iron ore with a retained economic interest; and (c) gains relating to contingent payments received from the sale or exchange of patents, copyrights, and similar intangible property. Amounts subject to reporting include, but are not limited to, the following U.S. source items.

- **Corporate distributions.** The entire amount of a corporate distribution (whether actual or deemed) must be reported, irrespective of any estimate of the portion of the distribution that represents a taxable dividend. Any distribution, however, that is treated as gain from the redemption of stock is not an amount subject to reporting.
- **Interest.** This includes the portion of a notional principal contract payment that is characterized as interest.
- **Rents.**
- **Royalties.**
- **Compensation for independent personal services performed in the United States.**
- **Compensation for dependent personal services performed in the United States for which the beneficial owner is claiming treaty benefits.**
- **Annuities.**
- **Pension distributions and other deferred income.**
- **Most gambling winnings.** However, proceeds from a wager placed in blackjack, baccarat, craps, roulette, or big-6 wheel are not amounts subject to reporting.
- **Cancellation of indebtedness.** Income from the cancellation of indebtedness must be reported unless the withholding agent is unrelated to the debtor and does not have knowledge of the facts that give rise to the payment.
- **Effectively connected income (ECI).** ECI includes amounts that are (or are presumed to be) effectively connected with the conduct of a trade or business in the United States even if no withholding certificate is required, as, for example, with income on notional principal contracts. Note that bank deposit interest, which generally is not subject to Form 1042-S reporting, is subject to Form

1042-S reporting if it is effectively connected income.

- **Notional principal contract income.** Income from notional principal contracts that the payor knows, or must presume, is effectively connected with the conduct of a U.S. trade or business is subject to reporting. The amount to be reported is the amount of cash paid on the contract during the calendar year. Any amount of interest determined under the provisions of Regulations section 1.446-3(g)(4) (dealing with interest in the case of a significant non-periodic payment) is reportable as interest and not as notional principal contract income.

- **Students, teachers, and researchers.** Amounts paid to foreign students, trainees, teachers, or researchers as scholarship or fellowship income, and compensation for personal services (whether or not exempt from tax under an income tax treaty), must be reported. However, amounts that are exempt from tax under section 117 are not subject to reporting.

- **Amounts paid to foreign governments, foreign controlled banks of issue, and international organizations.** These amounts are subject to reporting even if they are exempt under section 892 or 895.

- **Foreign targeted registered obligations.** Interest paid on registered obligations targeted to foreign markets paid to a foreign person other than a financial institution or a member of a clearing organization is an amount subject to reporting.

- **Original issue discount (OID) from the redemption of an OID obligation.** The amount subject to reporting is the amount of OID actually includible in the gross income of the foreign beneficial owner of the income, if known. Otherwise, the withholding agent should report the entire amount of OID as if the recipient held the instrument from the date of original issuance. To determine the amount of OID reportable, a withholding agent may rely on **Pub. 1212**, List of Original Issue Discount Instruments.

- Certain dispositions described under **Withholding on Dispositions of U.S. Real Property Interests by Publicly Traded Trusts and Real Estate Investment Trusts (REITs)** on page 5.
- Certain dispositions described under **Publicly Traded Partnerships (Section 1446 Withholding Tax)** on page 5.

For more details on the types of income that are subject to withholding, see Pub. 515.

## Amounts That Are Not Subject to Reporting on Form 1042-S

1. **Interest on deposits.** Generally, no withholding (or reporting) is required on interest paid to foreign persons on deposits if such interest is not effectively connected with the conduct of a trade or business in the United States. For this purpose, the term "deposits" means amounts that are on deposit with a U.S.

bank, savings and loan association, credit union, or similar institution, and from certain deposits with an insurance company.

**Exception for interest payments to Canadian residents who are not U.S. citizens.** If you pay \$10 or more of U.S. source bank deposit interest to a nonresident alien who is a resident of Canada, you generally must report the interest on Form 1042-S. This reporting requirement applies to interest on a deposit maintained at a bank's office in the United States. However, this reporting requirement does not apply to interest paid on certain bearer certificates of deposit if paid outside the United States. Although you only have to report payments you make to residents of Canada, you can comply by reporting bank deposit interest to all foreign persons if that is easier.

When completing Form 1042-S, use income code 29 in box 1 and exemption code 02 in box 6.

**On the statements furnished to the Canadian recipients,** you must include an information contact phone number in addition to the name and address in box 10 on Form 1042-S. You must also include a statement that the information on the form is being furnished to the United States Internal Revenue Service and may be provided to the government of Canada.

2. **Interest and OID from short-term obligations.** Interest and OID from any obligation payable 183 days or less from the date of original issue should not be reported on Form 1042-S.

3. **Registered obligations targeted to foreign markets.** Interest on a registered obligation that is targeted to foreign markets and qualifies as portfolio interest is not subject to reporting if it is paid to a registered owner that is a financial institution or member of a clearing organization and you have received the required certifications.

4. **Bearer obligations targeted to foreign markets.** Do not file Form 1042-S to report interest not subject to withholding on bearer obligations if a Form W-8 is not required.

5. **Notional principal contract payments that are not ECI.** Amounts paid on a notional principal contract that are not effectively connected with the conduct of a trade or business in the United States should not be reported on Form 1042-S.

6. **Accrued interest and OID.** Interest paid on obligations sold between interest payment dates and the portion of the purchase price of an OID obligation that is sold or exchanged in a transaction other than a redemption is not subject to reporting unless the sale or exchange is part of a plan, the principal purpose of which is to avoid tax, and the withholding agent has actual knowledge or reason to know of such plan.

**Exception for amounts previously withheld upon.** A withholding agent should report on Form 1042-S any amounts, whether or not subject to

withholding, that are paid to a foreign payee and that have been withheld upon, including backup withholding, by another withholding agent under the presumption rules.

**Example.** A withholding agent (WA) makes a payment of bank deposit interest to a foreign intermediary that is a nonqualified intermediary (NQI-B). NQI-B failed to provide any information regarding the beneficial owners to whom the payment was attributable. Under the presumption rules, WA must presume that the amounts are paid to a U.S. non-exempt recipient. WA withholds 28% of the payment under the backup withholding provisions of the Code and files a Form 1099-INT reporting the interest as paid to an unknown recipient. A copy of Form 1099-INT is sent to NQI-B. The beneficial owners of the bank deposit interest are two customers of NQI-B, X and Y. Both X and Y have provided NQI-B with documentary evidence establishing that they are foreign persons and therefore not subject to backup withholding. NQI-B must file a Form 1042-S reporting the amount of bank deposit interest paid to each of X and Y and the proportionate amount of withholding that occurred.

## Withholding on Dispositions of U.S. Real Property Interests by Publicly Traded Trusts and Real Estate Investment Trusts (REITs)

Regulations section 1.1445-8 provides rules for withholding required on the disposition of a U.S. real property interest by a publicly traded trust or a REIT. The special rules of Regulations section 1.1445-8 only apply to distributions by a publicly traded trust or a REIT.

In general, when a publicly traded trust or a REIT makes a distribution to a foreign person attributable to the disposition of a U.S. real property interest, it must withhold tax under section 1445. However, this withholding liability is shifted to the person who pays the distribution to a foreign person (or to the account of the foreign person) if the special notice requirement of Regulations section 1.1445-8(f) and other requirements of Regulations section 1.1445-8(b)(1) are satisfied.

The amount subject to withholding for a distribution by a publicly traded trust is determined under the large trust rules of Regulations section 1.1445-5(c)(3).

The amount subject to withholding for a distribution by a REIT generally is the amount of each share or beneficial interest designated by the REIT as a capital gains dividend, multiplied by the number of shares or certificates of beneficial interests owned by a foreign person. If the withholding liability is shifted to the payer of the distribution under Regulations section 1.1445-8(b), the payer will receive notice as described in

Regulations section 1.1445-8(f) of the amount of the distribution subject to withholding.

The rate of withholding is as follows:

1. Distribution by a publicly traded trust that makes recurring sales of growing crops and timber – 10%.
2. Distribution by a publicly traded trust not described in 1 above – 35%.
3. Distribution by a REIT – 35%.

To determine whether an interest holder is a foreign person, see Regulations section 1.1445-8(e).

Use Forms 1042-S and 1042 to report and pay over the withheld amounts. All other withholding required under section 1445 is reported and paid over using **Form 8288**, U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests, and **Form 8288-A**, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests.

## Publicly Traded Partnerships (Section 1446 Withholding Tax)

A “publicly traded partnership” is any partnership in which interests are regularly traded on an established securities market (regardless of the number of its partners). However, it does not include a publicly traded partnership treated as a corporation under the general rule of section 7704(a).

A publicly traded partnership that has effectively connected income, gain, or loss must pay a withholding tax on distributions of that income made to its foreign partners and file Form 1042-S, unless an election is made to pay a withholding tax based on effectively connected taxable income allocable to its foreign partners. See Pub. 515 for details.

A publicly traded partnership that makes the election and other partnerships that have effectively connected gross income allocable to foreign partners must pay a withholding tax under section 1446. These amounts are reported on **Form 8804**, Annual Return for Partnership Withholding Tax (Section 1446), and **Form 8805**, Foreign Partner’s Information Statement of Section 1446 Withholding Tax.

## Payments by U.S. Withholding Agents

**In general.** U.S. withholding agents making payments described under **Amounts Subject to Reporting on Form 1042-S** on page 4 must file a separate Form 1042-S for each recipient who receives the income. Furthermore, withholding agents filing paper Forms 1042-S are not permitted to use multiple income lines on Copy A filed with the IRS. These filers must use a separate Form 1042-S for information reportable on a single income line.



*These filers cannot use a single Form 1042-S to report income if that income is reportable under different income, recipient, or exemption codes or is subject to different rates of withholding.*

A withholding agent may be permitted to use substitute payee copies of Form 1042-S (i.e., copies B, C, and D) that contain more than one income line (i.e., boxes 1 through 8). See **Substitute Forms** on page 2 for details.

See **Payments Made to Persons Who Are Not Recipients** beginning on page 6 if the payment is made to a foreign person that is not a recipient.

## Payments to Recipients

**1. Payments directly to beneficial owners.** If a U.S. withholding agent is making a payment directly to a beneficial owner, it must complete Form 1042-S treating the beneficial owner as the recipient. Boxes 17 through 20 should be left blank. A U.S. withholding agent should complete box 21 only if it is completing Form 1042-S as a paying agent acting pursuant to an agreement.

Under a grace period rule, a U.S. withholding agent may, under certain circumstances, treat a payee as a foreign person while the withholding agent waits for a valid withholding certificate. A U.S. withholding agent who relies on the grace period rule to treat a payee as a foreign person must file Form 1042-S to report all payments during the period that person was presumed to be foreign even if that person is later determined to be a U.S. person based on appropriate documentation or is presumed to be a U.S. person after the grace period ends.

In the case of foreign joint owners, you may provide a single Form 1042-S made out to the owner whose status you relied upon to determine the applicable rate of withholding (i.e., the owner subject to the highest rate of withholding). If, however, any one of the owners requests its own Form 1042-S, you must furnish a Form 1042-S to the person who requests it. If more than one Form 1042-S is issued for a single payment, the aggregate amount paid and tax withheld that is reported on all Forms 1042-S cannot exceed the total amounts paid to joint owners and the tax withheld on those payments.

**2. Payments to a qualified intermediary, withholding foreign partnership, or withholding foreign trust.** A U.S. withholding agent that makes payments to a QI (whether or not the QI assumes primary withholding responsibility), a withholding foreign partnership (WP), or a withholding foreign trust (WT) should generally complete Forms 1042-S treating the QI, WP, or WT as the recipient. However, see **Payments allocated, or presumed made, to U.S. non-exempt recipients** on page 6 for exceptions. The U.S. withholding agent must complete a separate Form 1042-S for each withholding rate pool of the QI, WP, or WT. For this purpose, a withholding rate pool is a payment of a single type of income, determined in

accordance with the income codes used to file Form 1042-S, that is subject to a single rate of withholding. A QI that does not assume primary withholding responsibility provides information regarding the proportions of income subject to a particular withholding rate to the withholding agent on a withholding statement associated with Form W-8IMY. A U.S. withholding agent making a payment to a QI, WP, or WT must use recipient code 12 (qualified intermediary) or 04 (withholding foreign partnership or withholding foreign trust). A U.S. withholding agent must not use recipient code 13 (private arrangement intermediary withholding rate pool—general), 14 (private arrangement intermediary withholding rate pool—exempt organizations), 15 (qualified intermediary withholding rate pool—general), or 16 (qualified intermediary withholding rate pool—exempt organizations). Use of an inappropriate recipient code may cause a notice to be generated.

**Note:** A QI, WP, or WT is required to act in such capacity only for designated accounts. Therefore, such an entity may also provide a Form W-8IMY in which it certifies that it is acting as an NQI or flow-through entity for other accounts. A U.S. withholding agent that receives a Form W-8IMY on which the foreign person providing the form indicates that it is **not** acting as a QI, WP, or WT may not treat the foreign person as a recipient. A withholding agent must not use the EIN that a QI, WP, or WT provides in its capacity as such to report payments that are treated as made to an entity in its capacity as an NQI or flow-through entity. In that case, use the EIN, if any, that is provided by the entity on its Form W-8IMY in which it claims that it is acting as an NQI or flow-through entity.

**Payments allocated, or presumed made, to U.S. non-exempt recipients.** You may be given Forms W-9 or other information regarding U.S. non-exempt recipients from a QI together with information allocating all or a portion of the payment to U.S. non-exempt recipients. You must report income allocable to a U.S. non-exempt recipient on the appropriate Form 1099 and not on Form 1042-S, even though you are paying that income to a QI.

You may also be required under the presumption rules to treat a payment made to a QI as made to a payee that is a U.S. non-exempt recipient from which you must withhold 28% of the payment under the backup withholding provisions of the Code. In this case, you must report the payment on the appropriate Form 1099. See the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**Example 1.** WA, a U.S. withholding agent, makes a payment of U.S. source dividends to QI, a qualified intermediary. QI provides WA with a valid Form W-8IMY with which it associates a withholding statement that allocates 95% of the payment to a 15% withholding rate pool and 5% of the payment to C, a U.S.

individual. QI provides WA with C's Form W-9. WA must complete a Form 1042-S, showing QI as the recipient in box 13 and recipient code 12 (qualified intermediary) in box 12, for the dividends allocated to the 15% withholding rate pool. WA must also complete a Form 1099-DIV reporting the portion of the dividend allocated to C.

**Example 2.** WA, a withholding agent, makes a payment of U.S. source dividends to QI, a qualified intermediary. QI provides WA with a valid Form W-8IMY with which it associates a withholding statement that allocates 40% of the payment to a 15% withholding rate pool and 40% to a 30% withholding rate pool. QI does not provide any withholding rate pool information regarding the remaining 20% of the payment. WA must apply the presumption rules to the portion of the payment (20%) that has not been allocated. Under the presumption rules, that portion of the payment is treated as paid to an unknown foreign payee. WA must complete three Forms 1042-S: one for dividends subject to 15% withholding, showing QI as the recipient in box 13 and recipient code 12 (qualified intermediary) in box 12; one for dividends subject to 30% withholding, showing QI as the recipient in box 13 and recipient code 12 (qualified intermediary) in box 12; and one for dividends subject to 30% withholding, showing QI as the recipient in box 13 and recipient code 20 (unknown recipient) in box 12.

**3. Amounts paid to certain U.S. branches.** A U.S. withholding agent making a payment to a "U.S. branch treated as a U.S. person" (defined on page 3) completes Form 1042-S as follows:

- If a withholding agent makes a payment to a U.S. branch that has provided the withholding agent with a Form W-8IMY that evidences its agreement with the withholding agent to be treated as a U.S. person, the U.S. withholding agent treats the U.S. branch as the recipient.

- If a withholding agent makes a payment to a U.S. branch that has provided a Form W-8IMY to transmit information regarding recipients, the U.S. withholding agent must complete a separate Form 1042-S for each recipient whose documentation is associated with the U.S. branch's Form W-8IMY. If a payment cannot be reliably associated with recipient documentation, the U.S. withholding agent must complete Form 1042-S in accordance with the presumption rules.

- If a withholding agent cannot reliably associate a payment with a Form W-8IMY from a U.S. branch, the payment must be reported on a single Form 1042-S treating the U.S. branch as the recipient and reporting the income as effectively connected income.

**Note:** The rules above apply only to U.S. branches treated as U.S. persons (defined on page 3). In all other cases, payments to a U.S. branch of a foreign person are treated as payments to the foreign person.

**4. Amounts paid to authorized foreign agents.** If a withholding agent makes a payment to an authorized foreign agent, the withholding agent files Forms 1042-S for each type of income (determined by reference to the income codes used to complete Form 1042-S) treating the authorized foreign agent as the recipient, provided that the authorized foreign agent reports the payments on Forms 1042-S to each recipient to which it makes payments. If the authorized foreign agent fails to report the amounts paid on Forms 1042-S for each recipient, the U.S. withholding agent remains responsible for such reporting.

In box 12, use recipient code 17 (authorized foreign agent).

**5. Amounts paid to an estate or complex trust.** If a U.S. withholding agent makes a payment to a foreign complex trust or a foreign estate, a Form 1042-S must be completed showing the complex trust or estate as the recipient. Use recipient code 05 (trust) or 10 (estate). See **Payments Made to Persons Who Are Not Recipients** below for the treatment of payments made to foreign simple trusts and foreign grantor trusts.

**6. Dual claims.** A withholding agent may make a payment to a foreign entity (e.g., a hybrid entity) that is simultaneously claiming a reduced rate of tax on its own behalf for a portion of the payment and a reduced rate on behalf of persons in their capacity as interest holders in that entity on the remaining portion. If the claims are consistent and the withholding agent has accepted the multiple claims, a separate Form 1042-S must be filed for the entity for those payments for which the entity is treated as claiming a reduced rate of withholding and separate Forms 1042-S must be filed for each of the interest holders for those payments for which the interest holders are claiming a reduced rate of withholding. If the claims are consistent but the withholding agent has not chosen to accept the multiple claims, or if the claims are inconsistent, a separate Form 1042-S must be filed for the person(s) being treated as the recipient(s).

**7. Special instructions for U.S. trusts and estates.** Report the entire amount of income subject to reporting, irrespective of estimates of distributable net income.

## Payments Made to Persons Who Are Not Recipients

**1. Disregarded entities.** If a U.S. withholding agent makes a payment to a disregarded entity but receives a valid Form W-8BEN or W-8ECI from a foreign person that is the single owner of the disregarded entity, the withholding agent must file a Form 1042-S in the name of the foreign single owner. The taxpayer identifying number (TIN) on the Form 1042-S, if required, must be the foreign single owner's TIN.

**Example.** A withholding agent (WA) makes a payment of interest to LLC, a foreign limited liability company. LLC is

wholly-owned by FC, a foreign corporation. LLC is treated as a disregarded entity. WA has a Form W-8BEN from FC on which it states that it is the beneficial owner of the income paid to LLC. WA reports the interest payment on Form 1042-S showing FC as the recipient. The result would be the same if LLC was a domestic entity.

**Note:** *A disregarded entity can claim to be the beneficial owner of a payment if it is a hybrid entity claiming treaty benefits. See Form W-8BEN and its instructions for more information. If a disregarded entity claims on a valid Form W-8BEN to be the beneficial owner, the U.S. withholding agent must complete a Form 1042-S treating the disregarded entity as a recipient and use recipient code 02 (corporation).*

**2. Amounts paid to a nonqualified intermediary or flow-through entity.** If a U.S. withholding agent makes a payment to an NQI or a flow-through entity, it must complete a separate Form 1042-S for each recipient on whose behalf the NQI or flow-through entity acts as indicated by its withholding statement and the documentation associated with its Form W-8IMY. If a payment is made through tiers of NQIs or flow-through entities, the withholding agent must nevertheless complete Form 1042-S for the recipients to which the payments are remitted. A withholding agent completing Form 1042-S for a recipient that receives a payment through an NQI or a flow-through entity must include in boxes 17 through 20 of Form 1042-S the name, country code, address, and TIN, if any, of the NQI or flow-through entity from whom the recipient directly receives the payment. A copy of the Form 1042-S need not be provided to the NQI or flow-through entity unless the withholding agent must report the payment to an unknown recipient. See **Example 4** beginning on this page.

If a U.S. withholding agent makes payments to an NQI or flow-through entity and cannot reliably associate the payment, or any portion of the payment, with a valid withholding certificate (Forms W-8 or W-9) or other valid appropriate documentation from a recipient (either because a recipient withholding certificate has not been provided or because the NQI or flow-through entity has failed to provide the information required on a withholding statement), the withholding agent must follow the appropriate presumption rules for that payment. If, under the presumption rules, an unknown recipient of the income is presumed to be foreign, the withholding agent must withhold 30% of the payment and report the payment on Form 1042-S. For this purpose, if the allocation information provided to the withholding agent indicates an allocation of more than 100% of the payment, then no portion of the payment should be considered to be associated with a Form W-8, Form W-9, or other appropriate documentation. The Form 1042-S should be completed by entering "Unknown Recipient" in box 13 and recipient code 20 in box 12.

**Pro-rata reporting.** If the withholding agent has agreed that an NQI may provide information allocating a payment to its account holders under the alternative procedure of Regulations section 1.1441-1(e)(3)(iv)(D) (i.e., no later than February 14, 2005) and the NQI fails to allocate more than 10% of the payment in a withholding rate pool to the specific recipients in the pool, the withholding agent must file Forms 1042-S for each recipient in the pool on a pro-rata basis. If, however, the NQI fails to timely allocate 10% or less of the payment in a withholding rate pool to the specific recipients in the pool, the withholding agent must file Forms 1042-S for each recipient for which it has allocation information and report the unallocated portion of the payment on a Form 1042-S issued to "Unknown Recipient." In either case, the withholding agent must include the NQI information in boxes 17 through 20 on that form. See **Example 6** and **Example 7** on page 8.

The following examples illustrate Form 1042-S reporting for payments made to NQIs and flow-through entities.

**Example 1.** NQI, a nonqualified intermediary, has three account holders, A, B, and QI. All three account holders invest in U.S. securities that produce interest and dividends. A and B are foreign individuals and have provided NQI with Forms W-8BEN. QI is a qualified intermediary and has provided NQI with a Form W-8IMY and the withholding statement required from a qualified intermediary. QI's withholding statement states that QI has two withholding rate pools: one for interest described by income code 01 (interest paid by U.S. obligors—general) and one for dividends described by income code 06 (dividends paid by U.S. corporations—general). NQI provides WA, a U.S. withholding agent, with its own Form W-8IMY, with which it associates the Forms W-8BEN of A and B and the Form W-8IMY of QI. In addition, NQI provides WA with a complete withholding statement that allocates the payments of interest and dividends WA makes to NQI among A, B, and QI. All of the interest and dividends paid by WA to NQI is described by income code 01 (interest paid by U.S. obligors—general) and income code 06 (dividends paid by U.S. corporations—general). WA must file a total of six Forms 1042-S: two Forms 1042-S (one for interest and one for dividends) showing A as the recipient, two Forms 1042-S (one for interest and one for dividends) showing B as the recipient, and two Forms 1042-S (one for interest and one for dividends) showing QI as the recipient. WA must show information relating to NQI in boxes 17 through 20 on all six Forms 1042-S.

**Example 2.** The facts are the same as in Example 1, except that A and B are account holders of NQI2, which is an account holder of NQI. NQI2 provides NQI with a Form W-8IMY with which it associates the Forms W-8BEN of A and B and a complete withholding statement that allocates the interest and dividend

payments it receives from NQI to A and B. NQI provides WA with its Form W-8IMY and the Forms W-8IMY of NQI2 and QI and the Forms W-8BEN of A and B. In addition, NQI associates a complete withholding statement with its Form W-8IMY that allocates the payments of interest and dividends to A, B, and QI. WA must file six Forms 1042-S: two Forms 1042-S (one for interest and one for dividends) showing A as the recipient, two Forms 1042-S (one for interest and one for dividends) showing B as the recipient, and two Forms 1042-S (one for interest and one for dividends) showing QI as the recipient. The Forms 1042-S issued to A and B must show information relating to NQI2 in boxes 17 through 20 because A and B receive their payments directly from NQI2, not NQI. The Forms 1042-S issued to QI must show information relating to NQI in boxes 17 through 20.

**Example 3.** FP is a nonwithholding foreign partnership and therefore a flow-through entity. FP establishes an account with WA, a U.S. withholding agent, from which FP receives interest described by income code 01 (interest paid by U.S. obligors—general). FP has three partners, A, B, and C, all of whom are individuals. FP provides WA with a Form W-8IMY with which it associates the Forms W-8BEN from each of A, B, and C. In addition, FP provides a complete withholding statement with its Form W-8IMY that allocates the interest payments among A, B, and C. WA must file three Forms 1042-S, one each for A, B, and C. The Forms 1042-S must show information relating to FP in boxes 17 through 20.

**Example 4.** NQI is a nonqualified intermediary. It has four customers: A, B, C, and D. NQI receives Forms W-8BEN from each of A, B, C, and D. NQI establishes an account with WA, a U.S. withholding agent, in which it holds securities on behalf of A, B, C, and D. The securities pay interest that is described by income code 01 (interest paid by U.S. obligors—general) and that may qualify for the portfolio interest exemption from withholding if all of the requirements for that exception are met. NQI provides WA with a Form W-8IMY with which it associates the Forms W-8BEN of A, B, C, and D. However, NQI does not provide WA with a complete withholding statement in association with its Form W-8IMY. Because NQI has not provided WA with a complete withholding statement, WA cannot reliably associate the payments of interest with the documentation of A, B, C, and D and must apply the presumption rules. Under the presumption rules, WA must treat the interest as paid to an unknown recipient that is a foreign person. The payments of interest are subject to 30% withholding. WA must complete one Form 1042-S, entering "Unknown Recipient" in box 13 and recipient code 20 in box 12. WA must include information relating to NQI in boxes 17 through 20 and must provide the recipient copies of the form to NQI. Because NQI has failed to provide all the

information necessary for WA to accurately report the payments of interest to A, B, C, and D, NQI must report the payments on Form 1042-S. See **Amounts Paid by Nonqualified Intermediaries and Flow-Through Entities** on page 10. The results would be the same if WA's account holder was a flow-through entity instead of a nonqualified intermediary.

**Example 5.** The facts are the same as in Example 4, except that NQI provides the Forms W-8BEN of A and B, but not the Forms W-8BEN of C and D. NQI also provides a withholding statement that allocates a portion of the interest payment to A and B but does not allocate the remaining portion of the payment. WA must file three Forms 1042-S: one showing A as the recipient in box 13, one showing B as the recipient in box 13, and one showing "Unknown Recipient" in box 13 (and recipient code 20 in box 12) for the unallocated portion of the payment that cannot be associated with valid documentation from a recipient. In addition, WA must send this form (i.e., the Form 1042-S for the unknown recipient) to NQI. All Forms 1042-S must contain information relating to NQI in boxes 17 through 20. The results would be the same if WA's account holder was a flow-through entity instead of a nonqualified intermediary.

**Example 6.** NQI is a nonqualified intermediary. It has four customers: A, B, C, and D. NQI receives Forms W-8BEN from each of A, B, C, and D. NQI establishes an account with WA, a U.S. withholding agent, in which it holds securities on behalf of A, B, C, and D. The securities pay interest that is described by income code 01 (interest paid by U.S. obligors—general) and that may qualify for the portfolio interest exemption from withholding if all of the requirements for that exception are met. NQI provides WA with a Form W-8IMY with which it associates the Forms W-8BEN of A, B, C, and D. WA and NQI agree that they will apply the alternative procedures of Regulations section 1.1441-1(e)(3)(iv)(D). Accordingly, NQI provides a complete withholding statement that indicates that it has one 0% withholding rate pool. WA pays \$100 of interest to NQI. NQI fails to provide WA with the allocation information by February 14, 2005. Therefore, WA must report 25% of the payment to each of A, B, C, and D using pro-rata basis reporting. Accordingly, for each of the Forms 1042-S, WA must enter \$25 in box 2 (gross income), "30.00" in box 5 (tax rate), and \$0 in box 7 (U.S. Federal tax withheld). In addition, WA must check the PRO-RATA BASIS REPORTING box at the top of the form and include NQI's name, address, country code, and TIN, if any, in boxes 17 through 20. WA must enter "30.00" in box 5 (tax rate) because without allocation information, WA cannot reliably associate the payment of interest with documentation from a foreign beneficial owner and therefore may not apply the portfolio interest exception. See the instructions for box 6 (exemption

code) on page 13 for information on completing that box.

**Example 7.** The facts are the same as in Example 6, except that NQI timely provides WA with information allocating 70% of the payment to A, 10% of the payment to B, and 10% of the payment to C. NQI fails to allocate any of the payment to D. Because NQI has allocated 90% of the payment made to the 0% withholding rate pool, WA is not required to report to NQI's account holders on a pro-rata basis. Instead, WA must file Forms 1042-S for A, B, and C, entering \$70, \$10, and \$10, respectively in box 2 (gross income), "00.00" in box 5 (tax rate), exemption code 05 (portfolio interest) in box 6, and \$0 in box 7 (U.S. Federal tax withheld). WA must apply the presumption rules to the \$10 that NQI has not allocated and file a Form 1042-S showing "Unknown Recipient" in box 13 and recipient code 20 in box 12. On that Form 1042-S, WA must also enter "30.00" in box 5 (tax rate) because the portfolio interest exemption is unavailable and \$0 in box 7 (U.S. Federal tax withheld) because no amounts were actually withheld from the interest. In addition, WA must send this form (i.e., the Form 1042-S for the unknown recipient) to NQI. All Forms 1042-S must contain information relating to NQI in boxes 17 through 20.

**Payments allocated, or presumed made, to U.S. non-exempt recipients.** You may be given Forms W-9 or other information regarding U.S. non-exempt recipients from an NQI or flow-through entity together with information allocating all or a portion of the payment to U.S. non-exempt recipients. You must report income allocable to a U.S. non-exempt recipient on the appropriate Form 1099 and not on Form 1042-S, even though you are paying that income to an NQI or a flow-through entity.

You may also be required under the presumption rules to treat a payment made to an NQI or flow-through entity as made to a payee that is a U.S. non-exempt recipient from which you must withhold 28% of the payment under the backup withholding provisions of the Code. In this case, you must report the payment on the appropriate Form 1099. See the **General Instructions for Forms 1099, 1098, 5498, and W-2G**.

**Example 1.** FP is a nonwithholding foreign partnership and therefore a flow-through entity. FP establishes an account with WA, a U.S. withholding agent, from which FP receives interest described by income code 01 (interest paid by U.S. obligors—general). FP has three partners, A, B, and C, all of whom are individuals. FP provides WA with a Form W-8IMY with which it associates Forms W-8BEN from A and B and a Form W-9 from C, a U.S. person. In addition, FP provides a complete withholding statement in association with its Form W-8IMY that allocates the interest payments among A, B, and C. WA must file two Forms 1042-S, one each for A and B, and a Form 1099-INT for C.

**Example 2.** The facts are the same as in Example 1, except that FP does not provide any documentation from its partners. Because WA cannot reliably associate the interest with documentation from a payee, it must apply the presumption rules. Under the presumption rules, the interest is deemed paid to an unknown U.S. non-exempt recipient. WA must, therefore, apply backup withholding at 28% to the payment of interest and report the payment on Form 1099-INT. WA must file a Form 1099-INT and send a copy to FP.

## Amounts Paid by Qualified Intermediaries

**In general.** A QI reports payments on Form 1042-S in the same manner as a U.S. withholding agent. However, payments that are made by the QI directly to foreign beneficial owners (or that are treated as paid directly to beneficial owners) may generally be reported on the basis of reporting pools. A reporting pool consists of income that falls within a particular withholding rate and within a particular income code, exemption code, or recipient code as determined on Form 1042-S. A QI may not report on the basis of reporting pools in the circumstances described in **Recipient-by-Recipient Reporting** on page 9. A QI may use a single recipient code 15 (qualified intermediary withholding rate pool—general) for all reporting pools except for amounts paid to foreign tax-exempt recipients, for which recipient code 16 should be used. Note, however, that a QI should only use recipient code 16 for pooled account holders that have claimed an exemption based on their tax-exempt status and not some other exemption (i.e., tax treaty or other Code exception). See **Amounts Paid to Private Arrangement Intermediaries** on page 9, if a QI is reporting payments to a PAI.

**Example 1.** QI, a qualified intermediary, has four direct account holders, A and B, foreign individuals, and X and Y, foreign corporations. A and X are residents of a country with which the United States has an income tax treaty and have provided documentation that establishes that they are entitled to a lower treaty rate of 15% on withholding of dividends from U.S. sources. B and Y are not residents of a treaty country and are subject to 30% withholding on dividends. QI receives U.S. source dividends on behalf of its four customers. QI must file one Form 1042-S for the 15% withholding rate pool. This Form 1042-S must show income code 06 (dividends paid by U.S. corporations—general) in box 1, "15.00" in box 5 (tax rate), recipient code 15 (qualified intermediary withholding rate pool—general) in box 12, and "Withholding rate pool" in box 13 (recipient's name). QI must also file one Form 1042-S for the 30% withholding rate pool that contains the same information as the Form 1042-S filed for the 15%

withholding rate pool, except that it will show "30.00" in box 5 (tax rate).

**Example 2.** The facts are the same as in Example 1, except that Y is an organization that has tax-exempt status in the United States and in the country in which it is located. QI must file three Forms 1042-S. Two of the Forms 1042-S will contain the same information as in Example 1. The third Form 1042-S will contain information for the withholding rate pool consisting of the amounts paid to Y. This Form 1042-S will show income code 06 (dividends paid by U.S. corporations—general) in box 1, "00.00" in box 5 (tax rate), exemption code 02 (exempt under an Internal Revenue Code section (income other than portfolio interest)) in box 6, recipient code 16 (qualified intermediary withholding rate pool—exempt organizations) in box 12, and "Zero rate withholding pool—exempt organizations," or similar designation, in box 13 (recipient's name).



*Under the terms of its withholding agreement with the IRS, the QI may be required to report the amounts paid to U.S. non-exempt recipients on Form 1099 using the name, address, and TIN of the payee to the extent those items of information are known. These amounts must **not** be reported on Form 1042-S. In addition, amounts paid to U.S. exempt recipients are not subject to reporting on Form 1042-S or Form 1099.*

### Amounts Paid to Private Arrangement Intermediaries

A QI generally must report payments made to each private arrangement intermediary (PAI) (defined on page 3) as if the PAI's direct account holders were its own. Therefore, if the payment is made directly by the PAI to the recipient, the QI may report the payment on a pooled basis. A separate Form 1042-S is required for each withholding rate pool of each PAI. The QI must, however, use recipient code 13 or 14 for PAIs and must include the name and address of the PAI in box 13. If the PAI is providing recipient information from an NQI or flow-through entity, the QI may not report the payments on a pooled basis. Instead, it must follow the same procedures as a U.S. withholding agent making a payment to an NQI or flow-through entity.

**Example.** QI, a qualified intermediary, pays U.S. source dividends to direct account holders that are foreign persons and beneficial owners. It also pays a portion of the U.S. source dividends to two private arrangement intermediaries, PAI1 and PAI2. The private arrangement intermediaries pay the dividends they receive from QI to foreign persons that are beneficial owners and direct account holders in PAI1 and PAI2. All of the dividends paid are subject to a 15% rate of withholding. QI must file a Form 1042-S for the dividends paid to its own direct account holders that are beneficial owners. QI must also file two Forms 1042-S, one for the dividends paid to the direct account holders of each of PAI1

and PAI2. Each of the Forms 1042-S that QI files for payments made to PAI1 and PAI2 must contain recipient code 13 (private arrangement intermediary withholding rate pool—general) in box 12 and the name and address of PAI1 or PAI2 in box 13 (recipient's name and address).

### Amounts Paid to Certain Related Partnerships and Trusts

A QI that is applying the rules of Section 4A.02 of the QI agreement to a partnership or trust must file separate Forms 1042-S reflecting reporting pools for each partnership or trust that has provided reporting pool information in its withholding statement. However, the QI must file separate Forms 1042-S for partners, beneficiaries, or owners of such partnership or trust that are indirect partners, beneficiaries, or owners, and for direct partners, beneficiaries, or owners of such partnership or trust that are intermediaries or flow-through entities.

### Recipient-by-Recipient Reporting

If a QI is not permitted to report on the basis of reporting pools, it must follow the same rules that apply to a U.S. withholding agent. A QI may not report the following payments on a reporting pool basis, but rather must complete Form 1042-S for each appropriate recipient.

**1. Payments made to another QI, WP, or WT.** The QI must complete a Form 1042-S treating the other QI, WP, or WT as the recipient.

**2. Payments made to an NQI (including an NQI that is an account holder of a PAI).** The QI must complete a Form 1042-S for each recipient who receives the payment from the NQI. A QI that is completing Form 1042-S for a recipient that receives a payment through an NQI must include in boxes 17 through 20 the name, country code, address, and TIN, if any, of the NQI from whom the recipient directly receives the payment.

**3. Payments made to a flow-through entity.** The QI must complete a Form 1042-S for each recipient who receives the payment from the flow-through entity. A QI that is completing a Form 1042-S for a recipient that receives a payment through a flow-through entity must include in boxes 17 through 20 the name, country code, address, and TIN, if any, of the flow-through entity from which the recipient directly receives the payment.

**Example 1.** QI, a qualified intermediary, has NQI, a nonqualified intermediary, as an account holder. NQI has two account holders, A and B, both foreign persons who receive U.S. source dividends from QI. NQI provides QI with a valid Form W-8IMY, with which it associates Forms W-8BEN from A and B and a complete withholding statement that allocates the dividends paid to NQI between A and B. QI must complete two Forms 1042-S, one for A and one for B,

and include information relating to NQI in boxes 17 through 20.

**Example 2.** QI, a qualified intermediary, has FP, a nonwithholding foreign partnership, as an account holder. QI pays interest described by income code 01 (interest paid by U.S. obligors—general) to FP. FP has three partners, A, B, and C, all of whom are individuals. FP provides QI with a Form W-8IMY with which it associates the Forms W-8BEN from each of A, B, and C. In addition, FP provides a complete withholding statement in association with its Form W-8IMY that allocates the interest payments among A, B, and C. QI must file three Forms 1042-S, one each for A, B, and C. The Forms 1042-S must show information relating to FP in boxes 17 through 20.

### Amounts Paid by Withholding Foreign Partnerships and Trusts

**In general.** Generally, a withholding foreign partnership (WP) or withholding foreign trust (WT) is required to file a separate Form 1042-S for each direct partner, beneficiary, or owner to whom the WP or WT distributes, or in whose distributive share is included, an amount subject to withholding under Chapter 3 of the Code, in the same manner as a U.S. withholding agent. However, if the WP or WT has made a pooled reporting election in its WP or WT agreement, the WP or WT may instead report payments to such direct partners, beneficiaries, or owners on the basis of reporting pools and file a separate Form 1042-S for each reporting pool. A reporting pool consists of income that falls within a particular withholding rate and within a particular income code, exemption code, and recipient code, as determined on Form 1042-S. A WP or WT may use a single recipient code 15 (qualified intermediary withholding rate pool—general) for all reporting pools except for amounts paid to foreign tax-exempt recipients, for which a separate recipient code 16 must be used. For this purpose, a foreign tax-exempt recipient includes any organization that is not subject to withholding and is not liable to tax in its country of residence because it is a charitable organization, pension fund, or foreign government.

**Amounts paid to certain related partnerships and trusts.** A WP or WT that is applying the rules of Section 10.02 of the WP or WT agreement to a partnership or trust must file separate Forms 1042-S reflecting reporting pools for each partnership or trust that has provided reporting pool information in its withholding statement. However, the WP or WT must apply the provisions of Regulations sections 1.1441-1 and 1.1441-5 to partners, beneficiaries, or owners of such partnership or trust that are indirect partners, beneficiaries, or owners, and to direct partners, beneficiaries, or owners of such partnership or trust that are intermediaries or flow-through entities.



## Amounts Paid by Nonqualified Intermediaries and Flow-Through Entities

An NQI and a flow-through entity are withholding agents and must file Forms 1042-S for amounts paid to recipients. However, an NQI or flow-through entity is not required to file Form 1042-S if it is not required to file Form 1042-S under the **Multiple Withholding Agent Rule** beginning on this page. An NQI or flow-through entity must report payments made to recipients to the extent it has failed to provide to another withholding agent the appropriate documentation and complete withholding statement, including information allocating the payment to each recipient.

Forms 1042-S must be filed in any case where the NQI or flow-through entity is making a payment to a recipient and tax has been withheld on the payment by another withholding agent that did not report the payment on Form 1042-S to the recipient, even if the recipient should have been exempt from taxation. Failure to file Forms 1042-S may not only result in penalties for the NQI or flow-through entity, but may result in the denial of any refund claim made by a recipient.

If another withholding agent has withheld tax on an amount that should have been exempt (e.g., where the withholding agent applied the presumption rules because it did not receive proper documentation or other required information from the NQI or flow-through entity), the NQI or flow-through entity should report the correct tax rate and the actual U.S. Federal tax withheld in boxes 5 and 7 and should enter the applicable exemption code using the instructions for box 6 on page 13.

**NQI or flow-through entity provides correct and complete information to another withholding agent yet the withholding agent underwithholds.** In this case, assuming that the NQI or flow-through entity knows that the withholding agent underwithheld, the NQI or flow-through entity must withhold additional amounts to bring the total withholding to the correct amount. Furthermore, the NQI or flow-through entity must complete Form 1042-S and must include in boxes 5 and 7 the correct tax rate and the combined amount of U.S. Federal tax withheld by the NQI or flow-through entity and any other withholding agent in the chain of payment that has withheld on the payment. See **Example 2** on this page.

**Example 1.** A foreign bank acts as a nonqualified intermediary (NQI) for four different foreign persons (A, B, C, and D) each of whom own securities from which they receive interest. The interest is paid by a U.S. withholding agent (WA) as custodian of the securities for NQI. A, B, C, and D each own a 25% interest in the securities. NQI has furnished WA a Form W-8IMY to which it has attached Forms

W-8BEN from A and B. NQI's Form W-8IMY contains an attachment stating that 25% of the securities are allocable to each of A and B, and 50% to undocumented owners. WA pays \$100 of interest during the calendar year. WA treats the \$25 of interest allocable to A and the \$25 of interest allocable to B as portfolio interest and completes a Form 1042-S for A and for B as the recipients. WA includes information relating to NQI in boxes 17 through 20 on the Forms 1042-S for A and B. WA subjects the remaining \$50 of interest to 30% withholding under the presumption rules and reports the interest on a Form 1042-S by entering "Unknown Recipient" in box 13 (and recipient code 20 in box 12), "30.00" in box 5 (tax rate), and \$15 as the amount withheld in box 7. WA also includes information relating to NQI in boxes 17 through 20 of the Form 1042-S and sends a copy of the form to NQI. Because NQI has not provided WA with beneficial owner information for C and D, NQI must report the interest paid to C and D on Forms 1042-S. (Note that under the multiple withholding agent rule, NQI is not required to file a Form 1042-S for A or B.) The Forms 1042-S for C and D should show \$25 in box 2 (gross income) and \$7.50 in box 7 (the actual U.S. Federal tax withheld). The rate of tax NQI includes on the Form 1042-S for C and D depends on the rate of withholding to which they should be subject. Thus, if C and D provided NQI with documentation prior to the payment of interest that would qualify the interest as portfolio interest, the rate entered in box 5 should be "00.00." If they do not qualify for a reduced rate of withholding, NQI should enter "30.00" in box 5. In any event, NQI must also enter "99" in box 6 (exemption code) of the Forms 1042-S it prepares for C and D. See the instructions for box 6 on page 13.

**Example 2.** A U.S. withholding agent (WA) makes a \$100 dividend payment to a foreign bank (NQI) that acts as a nonqualified intermediary. NQI receives the payment on behalf of A, a resident of a treaty country who is entitled to a 15% rate of withholding, and B, a resident of a country that does not have a tax treaty with the United States and who is subject to 30% withholding. NQI provides WA with its Form W-8IMY to which it associates the Forms W-8BEN from both A and B and a complete withholding statement that allocates 50% of the dividend to A and 50% to B. A's Form W-8BEN claims a 15% treaty rate of withholding. B's Form W-8BEN does not claim a reduced rate of withholding. WA, however, mistakenly withholds only 15%, \$15, from the entire \$100 payment. WA completes a Form 1042-S for each A and B as the recipients, showing on each form \$50 of dividends in box 2, a withholding rate of "15.00" in box 5 (tax rate), and \$7.50 as the amount withheld in box 7. Under the multiple withholding agent rule, NQI is not required to file a Form 1042-S for A. However, because NQI knows (or should know) that B is subject to a 30% rate of withholding, and assuming it knows that WA only withheld 15%, the

multiple withholding agent rule does not apply to the dividend paid to B and NQI must withhold an additional 15% from the payment to B. NQI must then file a Form 1042-S for B showing \$50 of dividends in box 2, "30.00" in box 5 (the correct tax rate), and \$15 withheld in box 7 (the combined amount withheld). NQI must also enter "00" in box 6 (exemption code). See the instructions for box 6 on page 13.

**Example 3.** A withholding agent (WA) receives a Form W-8IMY from a nonqualified intermediary (NQI). NQI's Form W-8IMY relates to payments of bank deposit interest. NQI collects the bank deposit interest on behalf of A, B, C, and D, but does not associate Forms W-8, W-9, or other documentary evidence with the Form W-8IMY that NQI provides WA. A, B, and C are foreign persons for whom NQI has valid documentation establishing their foreign status. D is a U.S. person and has provided NQI with a Form W-9. Under the presumption rules, WA must treat the bank deposit interest as being paid to an unknown U.S. person and apply backup withholding at 28%. WA must complete one Form 1099 for an unknown payee showing 28% backup withholding. A copy of the form must be sent to NQI. Because NQI failed to provide the requisite documentation to WA and because the amounts have been subject to withholding, NQI must report the amounts paid to A, B, C, and D. Accordingly, NQI must file a Form 1042-S for each A, B, and C showing deposit interest (income code 29) as the type of payment in box 1; "00.00" in box 5 (the correct tax rate); the actual amount withheld from the payment allocable to A, B, and C in box 7; and exemption code 99 in box 6. (See the instructions for box 6 on page 13.) NQI must also file a Form 1099 for D to report the actual amounts paid and withheld.

## Multiple Withholding Agent Rule

A withholding agent is not required to file Form 1042-S if a return is filed by another withholding agent reporting the same amount to the same recipient (the multiple withholding agent rule). If an NQI or flow-through entity has provided another withholding agent with the appropriate documentation and complete withholding statement, including information allocating the payment to each recipient, the NQI or flow-through entity may presume that the other withholding agent filed the required Forms 1042-S unless the NQI or flow-through entity knows, or has reason to know, that the required Form 1042-S reporting has not been done.

The multiple withholding agent rule does not relieve withholding agents from Form 1042-S reporting responsibility in the following circumstances.

- Any withholding agent making a payment to a QI, WP, or WT must report that payment as made to the QI, WP, or WT.
- Any U.S. withholding agent making a payment to an authorized foreign agent

must report that payment to the authorized foreign agent.

- Any withholding agent making a payment to a U.S. branch treated as a U.S. person must report the payment as made to that branch.
- Any withholding agent making a payment to a flow-through entity must report the payment as made to a beneficial owner, QI, WP, or WT that has a direct or indirect interest in that entity.
- Any withholding agent that withholds an amount from a payment under Chapter 3 of the Code must report that amount to the recipient from whom it was withheld, unless the payment is reportable on another IRS form.

Furthermore, the multiple withholding agent rule does not relieve the following from Form 1042-S reporting responsibility.

- Any QI, WP, or WT required to report an amount to a withholding rate pool and
- An NQI or flow-through entity that has not transmitted a valid Form W-8 or other valid documentation to another withholding agent together with the required withholding statement.

## Penalties

The following penalties apply to the person required to file Form 1042-S. The penalties apply to both paper filers and to electronic/magnetic media filers.

### 1. Late filing of correct Form 1042-S.

A penalty may be imposed for failure to file each correct and complete Form 1042-S when due (including extensions), unless you can show that the failure was due to reasonable cause and not willful neglect. The penalty, based on when you file a correct Form 1042-S, is:

- \$15 per Form 1042-S if you correctly file within 30 days; maximum penalty \$75,000 per year (\$25,000 for a small business). A small business, for this purpose, is defined as having average annual gross receipts of \$5 million or less for the 3 most recent tax years (or for the period of its existence, if shorter) ending before the calendar year in which the Forms 1042-S are due.
- \$30 per Form 1042-S if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$150,000 per year (\$50,000 for a small business).
- \$50 per Form 1042-S if you file after August 1 or you do not file correct Forms 1042-S; maximum penalty \$250,000 per year (\$100,000 for a small business).

If you intentionally disregard the requirement to report correct information, the penalty per Form 1042-S is increased to \$100 or, if greater, 10% of the total amount of items required to be reported, with no maximum penalty.

**2. Failure to furnish correct Form 1042-S to recipient.** If you fail to provide correct statements to recipients and cannot show reasonable cause, a penalty of \$50 may be imposed for each failure to furnish Form 1042-S to the recipient when due. The penalty may also be imposed for failure to include all required information or for furnishing incorrect information on

Form 1042-S. The maximum penalty is \$100,000 for all failures to furnish correct recipient statements during a calendar year. If you intentionally disregard the requirement to report correct information, each \$50 penalty is increased to \$100 or, if greater, 10% of the total amount of items required to be reported, and the \$100,000 maximum does not apply.

### 3. Failure to file on magnetic media.

If you are required to file on magnetic media but fail to do so, and you do not have an approved waiver on record, you may be subject to a \$50 penalty per return for failure to file information returns on magnetic media unless you establish reasonable cause. The penalty applies separately to original returns and corrected returns.

## Avoid Common Errors

To ensure that your Forms 1042-S can be correctly processed, be sure that you:

- Carefully read the information provided in Pub. 515 and these instructions.
- If you are an electronic or magnetic media filer, comply with the requirements in Pub. 1187.
- Complete all required fields. At a minimum, you must enter information in boxes 1, 2, 5, 6, 7, 9, 10, 12, 13, 15, and 16. Other boxes must be completed if the nature of the payment requires it.

**Note:** You may leave box 6 blank if you are applying backup withholding to the payment being reported.

- Use only income, recipient, exemption, and country codes specifically listed in these instructions.
- Use only tax rates that are allowed by statute, regulation, or treaty. Do not attempt to "blend" rates. Instead, if necessary, submit multiple Forms 1042-S to show changes in tax rate. Valid tax rates are listed on page 13 under **Box 5, Tax Rate**.

All information you enter when reporting the payment must correctly reflect the intent of statute and regulations. Generally, you should rely on the withholding documentation you have collected (Form W-8 series, Form 8233, etc.) to complete your Form 1042-S submissions.

Also note the following:

- The gross income you report in box 2 cannot be zero.
- The income code you report in box 1 must correctly reflect the type of income you pay to the recipient.
- The withholding agent's name, address, and EIN, QI-EIN, WP-EIN, or WT-EIN must be reported in boxes 9 and 10 in all cases.
- The recipient's name, address, and TIN, if any, must be reported in boxes 13 and 14. You must generally report a **foreign** address in box 13. See the instructions for box 13 on page 14.
- The recipient code you report in box 12 must correctly identify the recipient's status. Use recipient code 20 **only** if you do not know who the recipient is.

**Note:** If you cannot identify the recipient, the tax withheld must be 30%.

- The recipient's country of residence for tax purposes that you report in box 15 must be present and correctly coded and **cannot** be "US". Additionally, do not use "OC" or "UC" except as specifically allowed in these instructions.

- The exemption code you report in box 6 must correctly identify the proper tax status for the type of income you pay to the recipient.

**Note:** If you use exemption code 04 (exempt under tax treaty), the recipient's country of residence for tax purposes that you report in box 15 must be a valid treaty country. Countries with which the United States has a tax treaty are shown in bold italics in the Country Code list beginning on page 15.



You, the withholding agent, are liable for the tax if you know, or should have known, that underwithholding on a payment has occurred.

## Specific Instructions for Withholding Agents

**Note:** All amounts must be reported in U.S. dollars.

### Rounding Off to Whole Dollars

To round off amounts to the nearest whole dollar, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. If you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round off the total.

### VOID and CORRECTED Boxes at Top of Form

See **Correcting Paper Forms 1042-S** on page 15.

### PRO-RATA BASIS REPORTING Box

Withholding agents must check this box to notify the IRS that an NQI that used the alternative procedures of Regulations section 1.1441-1(e)(3)(iv)(D) failed to properly comply with those procedures. See **Pro-rata reporting** on page 7 for additional information and examples.

### Box 1, Income Code

All filers must enter the appropriate 2-digit income code from the list on page 12. Use the income code that is the most specific. For example, if you are paying bank deposit interest, you should use code 29 (deposit interest), not code 01 (interest paid by U.S. obligors—general). If you paid more than one type of income to or on behalf of the same recipient, you must complete a separate Form 1042-S for each income type.

Substitute payment income codes are to be used for all substitute payment transactions. For more information, see

Regulations sections 1.861-2(a)(7) and 1.861-3(a)(6) and Notice 97-66.

**Note:** Although income codes are provided for deposit interest, short-term OID, and notional principal contract income, those items are not always subject to reporting on Form 1042-S. For example, bank deposit interest is reportable if it is effectively connected with the conduct of a U.S. trade or business or is paid to a resident of Canada. Short-term OID or bank deposit interest may need to be reported by an NQI or flow-through entity if those amounts are paid to foreign persons and another withholding agent backup withheld on those amounts under the presumption rules. (See **Example 3** on

page 10.) Notional principal contract income is reportable if it is effectively connected with the conduct of a trade or business in the United States. For more information, see the regulations under Chapter 3 of the Code and Pub. 515.

## Box 2, Gross Income

For each income type, enter the gross amount you paid to or on behalf of the recipient during calendar year 2004, **including** withheld tax. The following special procedures apply to the reporting of gross income.

- You must report the entire amount of a corporate distribution made with respect to stock even if you elect to reduce the amount of withholding on the distribution

because all or a portion of the distribution is nontaxable or represents a capital gain dividend or exempt-interest dividend distributed by a regulated investment company.

- You must report the entire amount of a payment if you do not know at the time of payment the amount that is subject to withholding because the determination of the source of the income or the calculation of the amount of income subject to tax depends upon facts that are not known at the time of payment.
- You must report the entire amount of gains relating to the disposal of timber, coal, or domestic iron ore with a retained economic interest and gains relating to contingent payments received from the

## Income Codes, Exemption Codes, and Recipient Codes

**Box 1.** Enter the appropriate income code.

### Code Interest Income

- 01** Interest paid by U.S. obligors—general
- 02** Interest paid on real property mortgages
- 03** Interest paid to controlling foreign corporations
- 04** Interest paid by foreign corporations
- 05** Interest on tax-free covenant bonds
- 29** Deposit interest
- 30** Original issue discount (OID)
- 31** Short-term OID
- 33** Substitute payment—interest

### Code Dividend Income

- 06** Dividends paid by U.S. corporations—general
- 07** Dividends qualifying for direct dividend rate
- 08** Dividends paid by foreign corporations
- 34** Substitute payment—dividends

### Code Other Income

- 09** Capital gains
- 10** Industrial royalties
- 11** Motion picture or television copyright royalties
- 12** Other royalties (e.g., copyright, recording, publishing)
- 13** Real property income and natural resources royalties
- 14** Pensions, annuities, alimony, and/or insurance premiums
- 15** Scholarship or fellowship grants
- 16** Compensation for independent personal services<sup>1</sup>
- 17** Compensation for dependent personal services<sup>1</sup>
- 18** Compensation for teaching<sup>1</sup>
- 19** Compensation during studying and training<sup>1</sup>
- 20** Earnings as an artist or athlete<sup>2</sup>
- 24** Real estate investment trust (REIT) distributions of capital gains
- 25** Trust distributions subject to IRC section 1445
- 26** Unsevered growing crops and timber distributions by a trust subject to IRC section 1445
- 27** Publicly traded partnership distributions subject to IRC section 1446
- 28** Gambling winnings
- 32** Notional principal contract income<sup>3</sup>
- 35** Substitute payment—other
- 36** Capital gains distributions
- 50** Other income

**Box 6.** If the tax rate entered in box 5 is 00.00, you must generally enter the appropriate exemption code from the list below (but see the **Caution** below).

### Code Authority for Exemption

- 01** Income effectively connected with a U.S. trade or business
- 02** Exempt under an Internal Revenue Code section (income other than portfolio interest)
- 03** Income is not from U.S. sources<sup>4</sup>
- 04** Exempt under tax treaty
- 05** Portfolio interest exempt under an Internal Revenue Code section
- 06** Qualified intermediary that assumes primary withholding responsibility
- 07** Withholding foreign partnership or withholding foreign trust
- 08** U.S. branch treated as a U.S. person
- 09** Qualified intermediary represents income is exempt

**Caution:** See the instructions for box 6 on page 13 for information on additional codes (“00” and “99”) that may be required.

**Box 12.** Enter the appropriate recipient code.

### Code Type of Recipient

- 01** Individual<sup>2</sup>
- 02** Corporation<sup>2</sup>
- 03** Partnership other than a withholding foreign partnership<sup>2</sup>
- 04** Withholding foreign partnership or withholding foreign trust
- 05** Trust
- 06** Government or international organization
- 07** Tax-exempt organization (IRC section 501(a))
- 08** Private foundation
- 09** Artist or athlete<sup>2</sup>
- 10** Estate
- 11** U.S. branch treated as U.S. person
- 12** Qualified intermediary
- 13** Private arrangement intermediary withholding rate pool—general<sup>5</sup>
- 14** Private arrangement intermediary withholding rate pool—exempt organizations<sup>5</sup>
- 15** Qualified intermediary withholding rate pool—general<sup>5</sup>
- 16** Qualified intermediary withholding rate pool—exempt organizations<sup>5</sup>
- 17** Authorized foreign agent
- 18** Public pension fund
- 20** Unknown recipient

<sup>1</sup> If compensation that otherwise would be covered under Income Codes 16–19 is directly attributable to the recipient’s occupation as an artist or athlete, use Income Code 20 instead.

<sup>2</sup> If Income Code 20 is used, Recipient Code 09 (artist or athlete) should be used instead of Recipient Code 01 (individual), 02 (corporation), or 03 (partnership other than withholding foreign partnership).

<sup>3</sup> Use appropriate Interest Income Code for embedded interest in a notional principal contract.

<sup>4</sup> Non-U.S. source income paid to a nonresident alien is not subject to U.S. tax. Use Exemption Code 03 when entering an amount for information reporting purposes only.

<sup>5</sup> May be used only by a qualified intermediary.

sale or exchange of patents, copyrights, and similar intangible property.

- You must report only the amount of cash paid on notional principal contracts.

## Box 3, Withholding Allowances

This box should only be completed if the income code reported in box 1 is 15 (scholarship or fellowship grants) or 16 (compensation for independent personal services). See Pub. 515 for more information.

## Box 4, Net Income

Complete this box only if you entered an amount in box 3. Otherwise, leave it blank.

## Box 5, Tax Rate

Enter the correct rate of withholding that applies to the income in box 2 (gross income) or box 4 (net income), as appropriate. (See **Valid Tax Rate Table** below.) The correct tax rate should be included even if you withheld less than that rate. For example, if an NQI is reporting dividends paid to a beneficial owner who is a resident of a country with which the United States does **not** have a tax treaty and a U.S. withholding agent paid the dividend and withheld only 15% (rather than the required 30%) and the NQI withholds an additional 15%, the NQI should report "30.00" in box 5. See **Example 2** on page 10.

Enter the tax rate using the following format: two digits, a decimal, and two digits (e.g., "30.00" for 30%). However, if the income is exempt from tax under a U.S. tax treaty or the Code, enter "00.00". If the tax rate is less than 10%, enter a zero before the tax rate (e.g., enter "04.00" for 4%).

**Note:** If you withheld at more than one tax rate for a specific type of income that you paid to the same recipient, you **must** file a separate Form 1042-S for each amount to which a separate rate was applied.

**Valid Tax Rate Table**

00.00	08.00	17.50	30.00
04.00	10.00	20.00	30.50
04.90	12.00	25.00	31.00
04.95	12.50	27.00	33.00
05.00	14.00	27.50	35.00
07.00	15.00	28.00	

## Box 6, Exemption Code

**Note:** If you are filing a Form 1042-S to correct certain information already provided to you by another withholding agent on a Form 1099 or Form 1042-S (e.g., as required under **Amounts Paid by Nonqualified Intermediaries and Flow-Through Entities** on page 10), see item 5 below.

Generally, if the tax rate you entered in box 5 is 00.00, you should enter the appropriate exemption code (01 through 09) from the list on page 12.

If an amount was withheld under Chapter 3 of the Code (i.e., the tax rate you entered in box 5 is greater than zero and is not due to backup withholding), enter "00" in box 6. If the tax rate you entered in box 5 is due to backup withholding, leave box 6 blank.

1. If exemption code 01 (income effectively connected with a U.S. trade or business) may apply, you **must** enter the recipient's U.S. TIN in box 14. If the recipient's U.S. TIN is unknown or unavailable, you must withhold tax at the foreign-person rate of 30% (30.00) and enter "00" in box 6.

2. A withholding agent should use exemption code 06 (qualified intermediary that assumes primary withholding responsibility) **only** if it is making a payment to a QI that has represented on its Form W-8IMY that it is assuming primary withholding responsibility under Chapter 3 of the Code.

3. A withholding agent should use exemption code 07 (withholding foreign partnership or withholding foreign trust) **only** if it is making a payment to a foreign partnership or trust that has represented that it is a withholding foreign partnership or trust.

4. A withholding agent should use exemption code 09 (qualified intermediary represents income is exempt) **only** if it makes a payment to a QI that has **not** assumed primary withholding responsibility under Chapter 3 of the Code or primary backup withholding responsibility, but has represented on a withholding statement associated with its Form W-8IMY that the income is exempt from withholding.

5. If you have failed to provide another withholding agent with appropriate information regarding the status of the person to whom you are making a payment, the other withholding agent may be required to withhold on the payment based on the presumption rules. If the income is in fact exempt from withholding, you must submit a Form 1042-S providing the correct information. In this situation, you must:

- Indicate the correct rate at which the income should have been subject to withholding in box 5 (usually 00.00),
- Enter "99" in box 6, and
- Enter the actual amount of U.S. Federal tax withheld by the other withholding agent in box 7.

You must also provide the correct recipient code in box 12 and the name and address of the actual recipient in box 13.

## Box 7, U.S. Federal Tax Withheld

**Note:** Box 7 **must** be completed in all cases, even if no tax has actually been withheld.

Enter the total amount of U.S. Federal tax actually withheld. If no tax has been

withheld on the payment by any withholding agent, enter "-0-". If you are a withholding agent filing a Form 1042-S to report income that has already been subject to withholding by another withholding agent, enter the aggregate amount of tax withheld by you and any other withholding agent (see **Amounts Paid by Nonqualified Intermediaries and Flow-Through Entities** on page 10).

## Box 8, Amount Repaid to Recipient

This box should be completed only if:

- You repaid a recipient an amount that was overwithheld and
- You are going to reimburse yourself by reducing, by the amount of tax actually repaid, the amount of any deposit made for a payment period in the calendar year following the calendar year of withholding.

Generally, a QI should not enter an amount in box 8 unless it is a QI that has represented on its Form W-8IMY that it is assuming primary withholding responsibility under Chapter 3 of the Code.

You must also state on a timely filed Form 1042 for the calendar year of overwithholding that the filing of the Form 1042 constitutes a claim for refund.

## Box 9, Withholding Agent's Employer Identification Number (EIN)

You are generally required to enter your EIN. However, if you are filing Form 1042-S as a QI, withholding foreign partnership, or withholding foreign trust, enter your QI-EIN, WP-EIN, or WT-EIN. Enter the number and check the applicable box.

If you do not have an EIN, you can apply for one online at [www.irs.gov/business](http://www.irs.gov/business) or by telephone at 1-800-829-4933. Also, you can file **Form SS-4**, Application for Employer Identification Number, by fax or mail. File corrected Forms 1042-S when you receive your EIN.

To get a QI-EIN, WP-EIN, or WT-EIN, submit Form SS-4 with your application for that status. (See the definitions for **Qualified intermediary** and **Withholding foreign partnership (WP)** or **withholding foreign trust (WT)** on page 3 for more information.) **Do not** send an application for a QI-EIN, WP-EIN, or WT-EIN to the Philadelphia Service Center; it will not be processed.

## Box 10, Withholding Agent's Name and Address

Enter your name and address. Include the suite, room, or other unit number after the street address. If your post office does not deliver mail to the street address and you have a P.O. box, show the box number instead of the street address.

**Note:** On statements furnished to Canadian recipients of U.S. source deposit interest, in addition to your name

and address, you must include the telephone number of a person to contact. This number must provide direct access to an individual who can answer questions about the statement. The telephone number is not required on Copy A of paper forms or on magnetic media filed with the IRS. You must also include a statement that the information on the form is being furnished to the United States Internal Revenue Service and may be furnished to Canada.

## Box 11, Recipient's Account Number

You may use this box to enter the account number assigned by you to the recipient.

## Box 12, Recipient Code

Enter the recipient code from the list on page 12. The following special instructions apply.

- If applicable, use recipient code 09 (artist or athlete) instead of recipient code 01 (individual), 02 (corporation), or 03 (partnership other than a withholding foreign partnership).
- Use recipient code 12 if you are making a payment to a QI and 04 if you are making a payment to a WP or a WT.
- If you are making a payment to an NQI or flow-through entity, you generally must use the recipient code that applies to the type of recipient who receives the income from the NQI or flow-through entity.
- Use recipient code 03 (partnership other than a withholding foreign partnership) **only** if you are reporting a payment of income that is effectively connected with the conduct of a trade or business of a nonwithholding foreign partnership in the United States. Otherwise, follow the rules that apply to payments to flow-through entities.
- Use recipient code 20 (unknown recipient) **only** if you have not received a withholding certificate or other documentation for a recipient **or** you cannot determine how much of a payment is reliably associated with a specific recipient. Do not use this code because you cannot determine the recipient's status as an individual, corporation, etc. The regulations under Chapter 3 of the Code provide rules on how to determine a recipient's status when a withholding agent does not have the necessary information.
- Only QIs may use recipient codes 13 (private arrangement intermediary withholding rate pool—general), 14 (private arrangement intermediary withholding rate pool—exempt organizations), 15 (qualified intermediary withholding rate pool—general), and 16 (qualified intermediary withholding rate pool—exempt organizations). A QI should only use recipient code 14 or 16 for pooled account holders that have claimed an exemption based on their tax-exempt status and not some other exemption (e.g., treaty or other Code exception). A U.S. withholding agent making a payment to a QI should use recipient code 12.

## Box 13, Recipient's Name and Address

**Name.** Enter the complete name of the recipient.

- If you do not know the name of the recipient, enter "Unknown Recipient".
- If Form 1042-S is being completed by a QI, WP, or WT for a withholding rate pool, enter "Withholding rate pool" in box 13. No address is necessary.
- A QI reporting payments made to a PAI on a withholding rate pool basis must include the name and address of the PAI in box 13.

**Address.** You must generally enter a foreign address in box 13. However, there are limited exceptions. For example, you may enter a U.S. address when reporting payments of scholarship or fellowship grants (income code 15).

For addresses **outside** the United States or its possessions or territories, enter the complete address in the following order: street address, city or town, province or state, and country. Follow the foreign country's practice for entering the postal code. Do not abbreviate the country name.

For addresses **within** the United States, enter the address in the following order: street address (number, street, apartment number, or rural route), city or town, state, and ZIP code. Use the U.S. Postal Service 2-letter abbreviation for the state name. Do not enter "United States" or "U.S."

## Box 14, Recipient's U.S. Taxpayer Identification Number (TIN)

You must obtain and enter a U.S. taxpayer identification number (TIN) for:

- Any recipient whose income is effectively connected with the conduct of a trade or business in the United States.

**Note:** For these recipients, exemption code 01 should be entered in box 6.

- Any foreign person claiming a reduced rate of, or exemption from, tax under a tax treaty between a foreign country and the United States, unless the income is an unexpected payment (as described in Regulations section 1.1441-6(g)) or consists of dividends and interest from stocks and debt obligations that are actively traded; dividends from any redeemable security issued by an investment company registered under the Investment Company Act of 1940 (mutual fund); dividends, interest, or royalties from units of beneficial interest in a unit investment trust that are (or were, upon issuance) publicly offered and are registered with the Securities and Exchange Commission under the Securities Act of 1933; and amounts paid with respect to loans of any of the above securities.
- Any nonresident alien individual claiming exemption from tax under section 871(f) for certain annuities received under qualified plans.

- A foreign organization claiming an exemption from tax solely because of its status as a tax-exempt organization under section 501(c) or as a private foundation.
- Any QI.
- Any WP or WT.
- Any nonresident alien individual claiming exemption from withholding on compensation for independent personal services.
- Any foreign grantor trust with five or fewer grantors.
- Any U.S. branch of a foreign bank or foreign insurance company that is treated as a U.S. person.

If a foreign person provides a TIN on a Form W-8, but is not required to do so, the withholding agent **must** include the TIN on Form 1042-S.

## Box 15, Recipient's Country of Residence for Tax Purposes

Enter the unabbreviated name of the recipient's country of residence for tax purposes.

## Box 16, Recipient's Country Code

You must enter the code (from the list that begins on page 15) for the country of which the recipient claims residency under that country's tax laws. Enter "OC" (other country) **only** when the country of residence does not appear on the list or the payment is made to an international organization (e.g., the United Nations). Enter "UC" (unknown country) **only** if the payment is to an unknown recipient. If you are making a payment to a QI, WP, or WT or if you are a QI, WP, or WT and are making a payment to a QI, WP, or WT withholding rate pool, enter the country code of the QI, WP, or WT.

**Note:** If exemption code 04 (exempt under tax treaty) appears in box 6 or if a reduced rate of withholding based on a tax treaty is entered in box 5, the country code entered in box 16 **must** be a country with which the United States has entered into an income tax treaty.

## Boxes 17 Through 20, Nonqualified Intermediary's (NQI's)/ Flow-Through Entity's Name, Country Code, Address, and TIN

If you are reporting amounts paid to a recipient whose withholding certificates or other documentation has been submitted to you with a Form W-8IMY provided by an NQI or flow-through entity, you must include the name, address, and TIN, if any, of the NQI or flow-through entity with whose Form W-8IMY the recipient's Form W-8 or other documentation is associated.

**Note:** An NQI or flow-through entity will leave these boxes blank unless it is

making the payment to an NQI or flow-through entity.

For box 18, you must enter the country code from the list beginning on this page for the country where the NQI or flow-through entity is located.

## Box 21, Payer's Name and Taxpayer Identification Number (TIN)

See the definition of a payer on page 3. Include the payer's name and TIN if different from that in boxes 9 and 10.

## Boxes 22 Through 24, State Income Tax Withheld and Related Information

Include in these boxes information relating to any state income tax withheld.

## Correcting Paper Forms 1042-S

If you filed a Form 1042-S with the IRS and later discover you made an error on it, you must correct it as soon as possible. To correct a previously filed Form 1042-S, you will need to file two Forms 1042-S. See the **Step-by-Step Instructions** on this page.

To determine whether you are required to submit corrections electronically or on magnetic media, see **Electronic/Magnetic Media Reporting** on page 1 and Pub. 1187.

**Note:** If you fail to correct Form(s) 1042-S, you may be subject to a penalty. See **Penalties** on page 11.

If any information you correct on Form(s) 1042-S changes the information you previously reported on Form 1042, you must also correct the Form 1042 by filing an amended return. To do this, see the Form 1042 instructions.

## Step-by-Step Instructions

If you are not filing electronically or on magnetic media, follow these steps to correct a previously filed Form 1042-S.

**Step 1.** Void the previously filed Form 1042-S.

- Prepare a paper Form 1042-S entering all the information exactly as it appeared on the original Form 1042-S.

- Enter an "X" in the VOID box at the top of the form. (An "X" in the VOID box does not correct a previously filed Form 1042-S.)

**Step 2.** Prepare another paper Form 1042-S.

- Enter all the correct information on the form, including the recipient name and address, money amounts, and codes.

- Enter an "X" in the CORRECTED box at the top of the form.

**CORRECTED box.** Enter an "X" in the CORRECTED box of Copy A only if you are correcting a Form 1042-S you previously filed with the IRS. Enter an "X" in the CORRECTED box you give to the recipient only if you are correcting a Form 1042-S previously furnished to the recipient. You must provide statements to recipients showing the corrections as soon as possible.

**Step 3.** File the voided paper Forms 1042-S with a Form 1042-T. File the corrected paper Forms 1042-S with a separate Form 1042-T. See the Form 1042-T instructions for information on filing these forms.

## Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. Sections 1441, 1442, and 1446 require withholding agents to report and pay over to the IRS taxes withheld from certain U.S. source income of foreign persons. Form 1042-S is used to report the amount

of income and withholding to the payee. Form 1042 is used to report the amount of withholding that must be paid over to the IRS. Section 6109 requires you to provide your taxpayer identification number (SSN or EIN). Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, and the District of Columbia for use in administering their tax laws. We may give the information to foreign countries pursuant to tax treaties. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism. If you fail to provide this information in a timely manner, you may be liable for penalties and interest.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 25 minutes.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **Do not** send the form to this address. Instead, see **Where, When, and How To File** on page 1.

## Country Codes

Select the appropriate code from the following list and enter it in box 16 (country code of recipient). Also use the following codes to complete box 18 (country code of NQI), if applicable. See the instructions for box 16 (and box 18, if applicable) on page 14 before selecting a country code.

**Note:** Countries *bolded and italicized* are those with which the United States had entered into an income tax treaty at the time these instructions were printed.

Country	Code
Abu Dhabi	TC
Afghanistan	AF
Albania	AL
Algeria	AG
American Samoa	AQ
Andorra	AN
Angola	AO
Anguilla	AV
Antarctica	AY
Antigua and Barbuda	AC
Argentina	AR

<i>Armenia</i> <sup>1</sup>	AM	Brazil	BR	Comoros	CN
Aruba	AA	British Indian Ocean Territory	IO	Congo (Brazzaville)	CF
<b>Ashmore and Cartier Islands</b> <sup>2</sup>	AT	Brunei	BX	Congo, Democratic Republic of (Zaire)	CG
<b>Australia</b>	AS	Bulgaria	BU	Cook Islands	CW
<b>Austria</b>	AU	Burkina Faso (Upper Volta)	UV	<b>Coral Sea Islands Territory</b> <sup>2</sup>	CR
<b>Azerbaijan</b> <sup>1</sup>	AJ	Burma	BM	Corsica	VP
Azores	PO	Burundi	BY	Costa Rica	CS
Bahamas, The	BF	Cambodia (Kampuchea)	CB	Cote D'Ivoire (Ivory Coast)	IV
Bahrain	BA	Cameroon	CM	Croatia	HR
Baker Island	FQ	<b>Canada</b>	CA	Cuba	CU
Balearic Islands (Mallorca, etc.)	SP	Canary Islands	SP	Curacao	NT
Bangladesh	BG	Cape Verde	CV	<b>Cyprus</b>	CY
<b>Barbados</b>	BB	Cayman Islands	CJ	<b>Czech Republic</b>	EZ
Bassas da India	BS	Central African Republic	CT	<b>Denmark</b>	DA
<b>Belarus</b> <sup>1</sup>	BO	Chad	CD	Djibouti	DJ
<b>Belgium</b>	BE	Chile	CI	Dominica	DO
Belize	BH	<b>China, People's Republic of (including Inner Mongolia, Tibet, and Manchuria)</b>	CH	Dominican Republic	DR
Benin (Dahomey)	BN	<b>Christmas Island (Indian Ocean)</b> <sup>2</sup>	KT	Dubai	TC
Bermuda	BD	Clipperton Island	IP	East Timor	TT
Bhutan	BT	<b>Cocos (Keeling) Islands</b> <sup>2</sup>	CK	Ecuador	EC
Bolivia	BL	Colombia	CO	<b>Egypt</b>	EG
Bonaire	NT			Eleuthera Island	BF
Bosnia-Herzegovina	BK			El Salvador	ES
Botswana	BC			Equatorial Guinea	EK
Bouvet Island	BV			Eritrea	ER

<b>Estonia</b> . . . . .	EN	<b>Kazakhstan</b> . . . . .	KZ	Northern Mariana Islands	CQ	<b>Tajikistan</b> <sup>1</sup> . . . . .	TI
Ethiopia . . . . .	ET	Kenya . . . . .	KE	<b>Norway</b> . . . . .	NO	Tanzania . . . . .	TZ
Europa Island . . . . .	EU	Kingman Reef . . . . .	KQ	Oman . . . . .	MU	<b>Thailand</b> . . . . .	TH
Falkland Islands (Islas Malvinas) . . . . .	FK	Kiribati (Gilbert Islands)	KR	<b>Pakistan</b> . . . . .	PK	Togo . . . . .	TO
Faroe Islands . . . . .	FO	Korea, Democratic		Palau . . . . .	PS	Tokelau . . . . .	TL
Fiji . . . . .	FJ	People's Republic of		Palmyra Atoll . . . . .	LQ	Tonga . . . . .	TN
<b>Finland</b> . . . . .	FI	(North) . . . . .	KN	Panama . . . . .	PM	Tortola . . . . .	VI
<b>France</b> . . . . .	FR	<b>Korea, Republic of</b>		Papua New Guinea . . . . .	PP	<b>Trinidad and Tobago</b> . . . . .	TD
<b>French Guiana</b> <sup>3</sup> . . . . .	FG	(South) . . . . .	KS	Paracel Islands . . . . .	PF	Tromelin Island . . . . .	TE
French Polynesia (Tahiti)	FP	Kosovo . . . . .	YO	Paraguay . . . . .	PA	<b>Tunisia</b> . . . . .	TS
French Southern and		Kurile Islands . . . . .	RS	Peru . . . . .	PE	<b>Turkey</b> . . . . .	TU
Antarctic Lands . . . . .	FS	Kuwait . . . . .	KU	<b>Philippines</b> . . . . .	RP	<b>Turkmenistan</b> <sup>1</sup> . . . . .	TX
Gabon . . . . .	GB	<b>Kyrgyzstan</b> <sup>1</sup> . . . . .	KG	Pitcairn Island . . . . .	PC	Turks and Caicos Islands	TK
Gambia, The . . . . .	GA	Laos . . . . .	LA	<b>Poland</b> . . . . .	PL	Tuvalu . . . . .	TV
Gaza Strip . . . . .	GZ	<b>Latvia</b> . . . . .	LG	<b>Portugal</b> . . . . .	PO	Uganda . . . . .	UG
<b>Georgia</b> <sup>1</sup> . . . . .	GG	Lebanon . . . . .	LE	Puerto Rico . . . . .	RQ	<b>Ukraine</b> . . . . .	UP
<b>Germany</b> . . . . .	GM	Lesotho . . . . .	LT	Qatar (Katar) . . . . .	QA	United Arab Emirates . . . . .	TC
Ghana . . . . .	GH	Liberia . . . . .	LI	Redonda . . . . .	VI	<b>United Kingdom</b>	
Gibraltar . . . . .	GI	Libya . . . . .	LY	<b>Reunion</b> <sup>3</sup> . . . . .	RE	(England, Wales,	
Glorioso Islands . . . . .	GO	Liechtenstein . . . . .	LS	<b>Romania</b> . . . . .	RO	Scotland, No. Ireland)	UK
<b>Great Britain (United Kingdom)</b> . . . . .	UK	<b>Lithuania</b> . . . . .	LH	<b>Russia</b> . . . . .	RS	Uruguay . . . . .	UY
<b>Greece</b> . . . . .	GR	<b>Luxembourg</b> . . . . .	LU	Rwanda . . . . .	RW	<b>Uzbekistan</b> <sup>1</sup> . . . . .	UZ
Greenland . . . . .	GL	Macau . . . . .	MC	Ryukyu Islands . . . . .	JA	Vanuatu . . . . .	NH
Grenada (Southern		Macedonia (former		St. Helena (Ascension		Vatican City . . . . .	VT
Grenadines) . . . . .	GJ	Yugoslav Republic of)	MK	Island and Tristan de		<b>Venezuela</b> . . . . .	VE
<b>Guadeloupe</b> <sup>3</sup> . . . . .	GP	Madagascar (Malagasy		Cunha Island Group) . . . . .	SH	Vietnam . . . . .	VM
Guam . . . . .	GQ	Republic) . . . . .	MA	St. Kitts (St. Christopher		Virgin Islands (British) . . . . .	VI
Guatemala . . . . .	GT	Malawi . . . . .	MI	and Nevis) . . . . .	SC	Virgin Islands (U.S.) . . . . .	VQ
Guernsey . . . . .	GK	Malaysia . . . . .	MY	St. Lucia . . . . .	ST	Wake Island . . . . .	WQ
Guinea . . . . .	GV	Maldives . . . . .	MV	St. Pierre and Miquelon	SB	Wallis and Futuna . . . . .	WF
Guinea-Bissau . . . . .	PU	Mali . . . . .	ML	St. Vincent and the		West Bank . . . . .	WE
Guyana . . . . .	GY	Malta . . . . .	MT	Grenadines (Northern		Western Sahara . . . . .	WI
Haiti . . . . .	HA	Marshall Islands . . . . .	RM	Grenadines) . . . . .	VC	Western Samoa . . . . .	WS
Heard Island and		<b>Martinique</b> <sup>3</sup> . . . . .	MB	San Marino . . . . .	SM	Windward Islands . . . . .	VC
McDonald Islands . . . . .	HM	Mauritania . . . . .	MR	Sao Tome and Principe	TP	Yemen (Aden) . . . . .	YM
Honduras . . . . .	HO	Mauritius . . . . .	MP	Sarawak . . . . .	MY	Yugoslavia (Kosovo,	
Hong Kong <sup>5</sup> . . . . .	HK	Mayotte . . . . .	MF	Saudi Arabia . . . . .	SA	Montenegro, Serbia) . . . . .	YO
Howland Island . . . . .	HQ	<b>Mexico</b> . . . . .	MX	Senegal . . . . .	SG	Zaire (Democratic	
<b>Hungary</b> . . . . .	HU	Micronesia, Federated		Serbia . . . . .	YO	Republic of Congo) . . . . .	CG
<b>Iceland</b> . . . . .	IC	States of . . . . .	FM	Seychelles . . . . .	SE	Zambia . . . . .	ZA
<b>India</b> . . . . .	IN	Midway Islands . . . . .	MQ	Sierra Leone . . . . .	SL	Zimbabwe . . . . .	ZI
<b>Indonesia (including</b>		<b>Moldova</b> <sup>1</sup> . . . . .	MD	Singapore . . . . .	SN	Other Country . . . . .	OC
<b>Bali, Belitung, Flores,</b>		Monaco . . . . .	MN	<b>Slovak Republic</b>		Unknown Country . . . . .	UC
<b>Java, Moluccas,</b>		Mongolia . . . . .	MG	(Slovakia) . . . . .	LO		
<b>Sumatra, Timor, etc.)</b>	ID	Montenegro . . . . .	YO	<b>Slovenia</b> . . . . .	SI		
Iran . . . . .	IR	Montserrat . . . . .	MH	Solomon Islands . . . . .	BP		
Iraq . . . . .	IZ	<b>Morocco</b> . . . . .	MO	Somalia . . . . .	SO		
<b>Ireland, Republic of</b>		Mozambique . . . . .	MZ	<b>South Africa</b>	SF		
(Eire) . . . . .	EI	Namibia . . . . .	WA	South Georgia and the			
Isle of Man . . . . .	IM	Nauru . . . . .	NR	South Sandwich Islands	SX		
<b>Israel</b> . . . . .	IS	Navassa Island . . . . .	BQ	<b>Spain</b> . . . . .	SP		
<b>Italy</b> . . . . .	IT	Nepal . . . . .	NP	Spratly Islands . . . . .	PG		
<b>Jamaica</b> . . . . .	JM	<b>Netherlands</b> . . . . .	NL	Sri Lanka . . . . .	CE		
Jan Mayen . . . . .	JN	Netherlands Antilles . . . . .	NT	Sudan . . . . .	SU		
<b>Japan</b> . . . . .	JA	New Caledonia . . . . .	NC	Suriname . . . . .	NS		
Jarvis Island . . . . .	DQ	<b>New Zealand</b> . . . . .	NZ	Svalbard (Spitsbergen) . . . . .	SV		
Jersey . . . . .	JE	Nicaragua . . . . .	NU	Swaziland . . . . .	WZ		
Johnston Atoll . . . . .	JQ	Niger . . . . .	NG	<b>Sweden</b> . . . . .	SW		
Jordan . . . . .	JO	Nigeria . . . . .	NI	<b>Switzerland</b> . . . . .	SZ		
Juan de Nova Island . . . . .	JU	Niue . . . . .	NE	Syria . . . . .	SY		
		<b>Norfolk Island</b> <sup>2</sup> . . . . .	NF	Taiwan . . . . .	TW		
		<b>Northern Ireland</b> <sup>4</sup> . . . . .	UK				

<sup>1</sup> These countries are parties to the United States treaty with the Commonwealth of Independent States.

<sup>2</sup> These countries are covered under the United States treaty with Australia.

<sup>3</sup> These countries are covered under the United States treaty with France.

<sup>4</sup> Northern Ireland is covered under the United States treaty with the United Kingdom.

<sup>5</sup> Hong Kong is **not** covered under the United States treaty with China.

**Foreign Person's U.S. Source Income  
Subject to Withholding**

**2004**

**Copy A** for  
Internal Revenue Service

VOID  CORRECTED  **PRO-RATA BASIS REPORTING**

<b>1</b> Income code	<b>2</b> Gross income	<b>3</b> Withholding allowances	<b>4</b> Net income	<b>5</b> Tax rate	<b>6</b> Exemption code	<b>7</b> U.S. Federal tax withheld	<b>8</b> Amount repaid to recipient
<b>9</b> Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<b>14</b> Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
<b>10</b> WITHHOLDING AGENT'S name and address (including ZIP code)				<b>15</b> Recipient's country of residence for tax purposes		<b>16</b> Country code	
				<b>17</b> NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name		<b>18</b> Country code	
				<b>19</b> NQI's/Flow-through entity's address			
<b>11</b> Recipient's account number (optional)			<b>12</b> Recipient code				
<b>13</b> RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				<b>20</b> NQI's/Flow-through entity's TIN, if any ▶			
				<b>21</b> PAYER'S name and TIN (if different from withholding agent's)			
				<b>22</b> State income tax withheld	<b>23</b> Payer's state tax no.	<b>24</b> Name of state	



**Foreign Person's U.S. Source Income  
Subject to Withholding**

**2004**

**Copy B**  
for Recipient

VOID  CORRECTED  PRO-RATA BASIS REPORTING

<b>1</b> Income code	<b>2</b> Gross income	<b>3</b> Withholding allowances	<b>4</b> Net income	<b>5</b> Tax rate	<b>6</b> Exemption code	<b>7</b> U.S. Federal tax withheld	<b>8</b> Amount repaid to recipient
<b>9</b> Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<b>14</b> Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
<b>10</b> WITHHOLDING AGENT'S name and address (including ZIP code)				<b>15</b> Recipient's country of residence for tax purposes		<b>16</b> Country code	
				<b>17</b> NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name		<b>18</b> Country code	
				<b>19</b> NQI's/Flow-through entity's address			
<b>11</b> Recipient's account number (optional)			<b>12</b> Recipient code				
<b>13</b> RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				<b>20</b> NQI's/Flow-through entity's TIN, if any ▶			
				<b>21</b> PAYER'S name and TIN (if different from withholding agent's)			
				<b>22</b> State income tax withheld	<b>23</b> Payer's state tax no.	<b>24</b> Name of state	

## U.S. Income Tax Filing Requirements

Every nonresident alien individual, nonresident alien fiduciary, and foreign corporation with United States income, including income that is effectively connected with the conduct of a trade or business in the United States, must file a United States income tax return. However, no return is required to be filed by a nonresident alien individual, nonresident alien fiduciary, or a foreign corporation if such person was not engaged in a trade or business in the United States at any time during the tax year and if the tax liability of such person was fully satisfied by the withholding of United States tax at the source. (Corporations file Form 1120-F; all others file Form 1040NR (or Form 1040NR-EZ if eligible).) You may get the return forms and instructions at any United States Embassy or consulate or by writing to: Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074, U.S.A.

Tout étranger non-résident, tout organisme fidéicommissaire étranger non-résident et toute société étrangère percevant un revenu aux Etats-Unis, y compris tout revenu dérivé, en fait, du fonctionnement d'un commerce ou d'une affaire aux Etats-Unis, doit soumettre aux Etats-Unis, une déclaration d'impôt sur le revenu. Cependant aucune déclaration d'impôt sur le revenu n'est exigée d'un étranger non-résident, d'un organisme fidéicommissaire étranger non-résident, ou d'une société étrangère s'ils n'ont pris part à aucun commerce ou affaire aux Etats-Unis à aucun moment pendant l'année fiscale et si les impôts dont ils sont redevables, ont été entièrement acquittés par une retenue à la source, de leur montant. (Les sociétés doivent faire leur déclaration d'impôt en remplissant le formulaire 1120-F; tous les autres redevables doivent remplir le formulaire 1040NR (ou 1040NR-EZ si éligible).) On peut se procurer formulaires de déclarations d'impôts et instructions dans toutes les Ambassades et tous les Consultats des Etats-Unis. L'on peut également s'adresser pour tous renseignements a: Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074, U.S.A.

Todo extranjero no residente, todo organismo fideicomisario extranjero no residente y toda sociedad anónima extranjera que reciba ingresos en los Estados Unidos, incluyendo ingresos relacionados con la conducción de un negocio o comercio dentro de los Estados Unidos, deberá presentar una declaración estadounidense de impuestos sobre ingreso. Sin embargo, no se requiere declaración alguna a un individuo extranjero, una sociedad anónima extranjera u organismo fideicomisario extranjero no residente, si tal persona no ha efectuado comercio o negocio en los Estados Unidos durante el año fiscal y si la responsabilidad con los impuestos de tal persona ha sido satisfecha plenamente mediante retención del impuesto de los Estados Unidos en la fuente. (Las sociedades anónimas envían la Forma 1120-F; todos los demás contribuyentes envían la Forma 1040NR (o la Forma 1040NR-EZ si le corresponde).) Se podrán obtener formas e instrucciones en cualquier Embajada o Consulado de los Estados Unidos o escribiendo directamente a: Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074, U.S.A.

Jede ausländische Einzelperson, jeder ausländische Bevollmächtigte und jede ausländische Gesellschaft mit Einkommen in den Vereinigten Staaten, einschliesslich des Einkommens, welches direkt mit der Ausübung von Handel oder Gewerbe innerhalb der Staaten verbunden ist, müssen eine Einkommensteuererklärung der Vereinigten Staaten abgeben. Eine Erklärung, muss jedoch nicht von Ausländern, ausländischen Bevollmächtigten oder ausländischen Gesellschaften in den Vereinigten Staaten eingereicht werden, falls eine solche Person während des Steuerjahres kein Gewerbe oder Handel in den Vereinigten Staaten ausgeübt hat und die Steuerschuld durch Einbehaltung der Steuern der Vereinigten Staaten durch die Einkommensquelle abgegolten ist. (Gesellschaften reichen den Vordruck 1120-F ein; alle anderen reichen das Formblatt 1040NR oder wenn passend das Formblatt 1040NR-EZ ein.) Einkommensteuererklärungen und Instruktionen können bei den Botschaften und Konsulaten der Vereinigten Staaten eingeholt werden. Um weitere Informationen wende man sich bitte an: Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074, U.S.A.

**Foreign Person's U.S. Source Income  
Subject to Withholding**

VOID  CORRECTED  **PRO-RATA BASIS REPORTING**

**2004**

**Copy C** for Recipient

Attach to any Federal tax return you file

<b>1</b> Income code	<b>2</b> Gross income	<b>3</b> Withholding allowances	<b>4</b> Net income	<b>5</b> Tax rate	<b>6</b> Exemption code	<b>7</b> U.S. Federal tax withheld	<b>8</b> Amount repaid to recipient		
<b>9</b> Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<b>14</b> Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					
<b>10</b> WITHHOLDING AGENT'S name and address (including ZIP code)				<b>15</b> Recipient's country of residence for tax purposes		<b>16</b> Country code			
				<b>17</b> NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name		<b>18</b> Country code			
				<b>19</b> NQI's/Flow-through entity's address					
<b>11</b> Recipient's account number (optional)			<b>12</b> Recipient code						
<b>13</b> RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				<b>20</b> NQI's/Flow-through entity's TIN, if any ▶					
				<b>21</b> PAYER'S name and TIN (if different from withholding agent's)					
				<b>22</b> State income tax withheld		<b>23</b> Payer's state tax no.		<b>24</b> Name of state	

## Explanation of Codes

### Box 1. Income code.

	Code	Types of Income
Interest	01	Interest paid by U.S. obligors- general
	02	Interest paid on real property mortgages
	03	Interest paid to controlling foreign corporations
	04	Interest paid by foreign corporations
	05	Interest on tax-free covenant bonds
	29	Deposit interest
	30	Original issue discount (OID)
	31	Short-term OID
	33	Substitute payment- interest
Dividend	06	Dividends paid by U.S. corporations- general
	07	Dividends qualifying for direct dividend rate
	08	Dividends paid by foreign corporations
	34	Substitute payment- dividends
Other	09	Capital gains
	10	Industrial royalties
	11	Motion picture or television copyright royalties
	12	Other royalties (e.g., copyright, recording, publishing)
	13	Real property income and natural resources royalties
	14	Pensions, annuities, alimony, and/or insurance premiums
	15	Scholarship or fellowship grants
	16	Compensation for independent personal services <sup>1</sup>
	17	Compensation for dependent personal services <sup>1</sup>
	18	Compensation for teaching <sup>1</sup>
	19	Compensation during studying and training <sup>1</sup>
	20	Earnings as an artist or athlete <sup>2</sup>
	24	Real estate investment trust (REIT) distributions of capital gains
	25	Trust distributions subject to IRC section 1445
	26	Unsevered growing crops and timber distributions by a trust subject to IRC section 1445
	27	Publicly traded partnership distributions subject to IRC section 1446
	28	Gambling winnings
	32	Notional principal contract income <sup>3</sup>
	35	Substitute payment- other
	36	Capital gains distributions
50	Other income	

### Box 6. Exemption code (applies if the tax rate entered in box 5 is 0%).

Code	Authority for Exemption
01	Income effectively connected with a U.S. trade or business
02	Exempt under an Internal Revenue Code section (income other than portfolio interest)
03	Income is not from U.S. sources <sup>4</sup>
04	Exempt under tax treaty
05	Portfolio interest exempt under an Internal Revenue Code section
06	Qualified intermediary that assumes primary withholding responsibility
07	Withholding foreign partnership or withholding foreign trust
08	U.S. branch treated as a U.S. person
09	Qualified intermediary represents income is exempt

### Box 12. Recipient code.

Code	Type of Recipient
01	Individual <sup>2</sup>
02	Corporation <sup>2</sup>
03	Partnership other than withholding foreign partnership <sup>2</sup>
04	Withholding foreign partnership or withholding foreign trust
05	Trust
06	Government or international organization
07	Tax-exempt organization (IRC section 501(a))
08	Private foundation
09	Artist or athlete <sup>2</sup>
10	Estate
11	U.S. branch treated as U.S. person
12	Qualified intermediary
13	Private arrangement intermediary withholding rate pool- general <sup>5</sup>
14	Private arrangement intermediary withholding rate pool- exempt organizations <sup>5</sup>
15	Qualified intermediary withholding rate pool- general <sup>5</sup>
16	Qualified intermediary withholding rate pool- exempt organizations <sup>5</sup>
17	Authorized foreign agent
18	Public pension fund
20	Unknown recipient

<sup>1</sup>If compensation that otherwise would be covered under Income Codes 16-19 is directly attributable to the recipient's occupation as an artist or athlete, use Income Code 20 instead.

<sup>2</sup>If Income Code 20 is used, Recipient Code 09 (artist or athlete) should be used instead of Recipient Code 01 (individual), 02 (corporation), or 03 (partnership other than withholding foreign partnership).

<sup>3</sup>Use appropriate Interest Income Code for embedded interest in a notional principal contract.

<sup>4</sup>Non-U.S. source income received by a nonresident alien is not subject to U.S. tax. Use Exemption Code 03 when entering an amount for information reporting purposes only.

<sup>5</sup>May be used only by a qualified intermediary.

<b>1</b> Income code	<b>2</b> Gross income	<b>3</b> Withholding allowances	<b>4</b> Net income	<b>5</b> Tax rate	<b>6</b> Exemption code	<b>7</b> U.S. Federal tax withheld	<b>8</b> Amount repaid to recipient		
<b>9</b> Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<b>14</b> Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					
<b>10</b> WITHHOLDING AGENT'S name and address (including ZIP code)				<b>15</b> Recipient's country of residence for tax purposes		<b>16</b> Country code			
				<b>17</b> NONQUALIFIED INTERMEDIARY'S (NQI's)/ FLOW-THROUGH ENTITY'S name		<b>18</b> Country code			
				<b>19</b> NQI's/Flow-through entity's address					
<b>11</b> Recipient's account number (optional)			<b>12</b> Recipient code						
<b>13</b> RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				<b>20</b> NQI's/Flow-through entity's TIN, if any ▶					
				<b>21</b> PAYER'S name and TIN (if different from withholding agent's)					
				<b>22</b> State income tax withheld		<b>23</b> Payer's state tax no.		<b>24</b> Name of state	

**Foreign Person's U.S. Source Income  
Subject to Withholding**

**2004**

**Copy E**  
for Withholding Agent

VOID  CORRECTED  **PRO-RATA BASIS REPORTING**

<b>1</b> Income code	<b>2</b> Gross income	<b>3</b> Withholding allowances	<b>4</b> Net income	<b>5</b> Tax rate	<b>6</b> Exemption code	<b>7</b> U.S. Federal tax withheld	<b>8</b> Amount repaid to recipient
<b>9</b> Withholding agent's EIN ▶ <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				<b>14</b> Recipient's U.S. TIN, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
<b>10</b> WITHHOLDING AGENT'S name and address (including ZIP code)				<b>15</b> Recipient's country of residence for tax purposes		<b>16</b> Country code	
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				<b>21</b> PAYER'S name and TIN (if different from withholding agent's)			
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