

# 1996



Department of the Treasury  
Internal Revenue Service

extension is approved, you will have an additional 30 days to file. You may request an additional extension. Get Form 8809 for filing information.

**Note:** If you are a magnetic media transmitter requesting extensions of time to file for more than 50 withholding agents or payers, you must submit the extension requests magnetically or electronically. For instructions on submitting extension requests on magnetic media, see **Pub. 1187, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.**

## Magnetic Media/Electronic Reporting

You must use magnetic media if you are required to file 250 or more Forms 1042-S. Acceptable forms of magnetic media are magnetic tape, tape cartridge, and 3½- and 5¼-inch diskettes. Pub. 1187 is the revenue procedure for magnetic media and electronic reporting.

Electronic submissions are filed using the Information Reporting Program Bulletin Board System (IRP-BBS). The IRP-BBS operates 24 hours a day, 7 days a week, and is accessed using your personal computer and modem at 304-264-7070. For more information, see Pub. 1187.

**Note:** Filing electronically will satisfy the magnetic media filing requirements. Any reference to magnetic media in these instructions includes electronic filing.

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

Get Pub. 1187 for information and instructions on filing Forms 1042-S on magnetic media, extensions of time to file (Form 8809), and hardship waivers (Form 8508). You may also call the Martinsburg Computing Center Information Reporting Program at 304-263-8700 (not a toll-free number) Monday through Friday from 8:30 a.m. to 4:30 p.m. eastern time.

**Due date.**—Forms 1042-S submitted electronically or on magnetic media must be filed by March 17, 1997.

**Caution:** If you file on magnetic media, do not file the same returns on paper.

**Filing requirement applies separately to originals and corrections.**—The magnetic media filing requirements apply separately to original returns and corrected returns. Originals and corrections are not aggregated to determine whether you are required to file on magnetic media. For example, if you file 400 Forms 1042-S on magnetic media and you are making 50 corrections, your corrections can be filed on paper because the number of corrections for Form 1042-S is less than

# Instructions for Form 1042-S

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

## 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 Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 5 hr., 1 min.; **Learning about the law or the form**, 3 hr., 21 min.; **Preparing the form**, 4 hr., 31 min.; and **Copying, assembling, and sending the form to the IRS**, 16 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 Forms 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** below.

## General Instructions

### Purpose of Form

Complete Form 1042-S to report income subject to withholding under section 1441 or 1442 (and Regulations section 1.1445-8) paid to nonresident aliens, foreign partnerships, foreign corporations, or nonresident alien or foreign fiduciaries of estates or trusts. Form 1042-S is also used by publicly traded partnerships who must pay a tax under section 1446 by withholding from distributions to foreign partners.

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

### Who Must File

Every U.S. withholding agent who receives, controls, has custody of, disposes of, or pays a fixed or determinable annual or

periodic income, must file Form 1042-S to report all items of income described under **Income Subject to Withholding** on page 2, except income that is required to be reported on Form W-2.

You must file a Form 1042-S even if: (a) 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 effectively connected with conducting a trade or business in the United States; or (b) you released the tax withheld to the recipient. For exceptions, see the discussion under **Income Exempt From Withholding** on page 2.

**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.** Get Form 1042 for filing information.

### Who Is a Withholding Agent

Any person required to withhold the 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.

If you are a nominee, representative, fiduciary, or partnership in Canada and you receive dividends from sources in the United States for the account of any person who is not entitled to the reduced rate granted under the tax treaty between the United States and Canada, you are a withholding agent. You must withhold the additional tax due on the income. Send the additional U.S. tax withheld, in U.S. dollars, with Form 1042 to the Internal Revenue Service Center, Philadelphia, PA 19255, by March 17, 1997.

### Where and When To File

File any paper document Forms 1042-S with Form 1042 with the Internal Revenue Service Center, Philadelphia, PA 19255, by March 17, 1997. You are also required to furnish Form 1042-S to the recipient of the income.

If you have 250 or more Forms 1042-S to file, see **Magnetic Media/Electronic Reporting** on this page.

**Extension of time to file.**—To request an extension of time to file Forms 1042-S (paper, magnetic media, or electronically), send **Form 8809, Request for Extension of Time To File Information Returns**, to the address shown on Form 8809. You must request the extension by the due date of Form 1042-S for your request to be considered. If your request for an

the 250 forms filing requirement. However, if you are filing 250 or more Form 1042-S corrections, they have to be filed on magnetic media.

**Penalty.**—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.

## Additional Information

For more details on withholding of tax, get **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Corporations. To order this publication and other publications and forms, call 1-800-TAX-FORM (1-800-829-3676).

**Need assistance?**—The IRS operates a centralized call site to answer magnetic media and tax law questions relating to filing of information returns. Among the topics covered are Forms 1042-S, questionable Forms W-4, Forms 8027, and backup withholding due to missing or incorrect taxpayer identification numbers. For assistance, you may call 304-263-8700 (not a toll-free number) Monday through Friday from 8:30 a.m. to 4:30 p.m. eastern time, or Fax 304-264-5602.

For assistance concerning the requirements for withholding of tax on payments of U.S. source income to foreign persons, you may call or write the Internal Revenue Service, Attention, CP:IN:D:CS, 950 L'Enfant Plaza, SW, Washington, DC 20024. Telephone 202-874-1460 (not a toll-free number) or Fax 202-874-5440.

## Income Subject to Withholding

Generally, fixed or determinable annual or periodic income from sources in the United States is subject to withholding. This includes interest, dividends, rents, salaries, wages, premiums, annuities, or other gains, profits, or income unless specifically exempted under the Internal Revenue Code or a tax treaty.

Payers of income are required to withhold and deduct a tax from the income at the rate in effect when the payment is made.

You do not have to withhold tax on any of the above income (other than compensation for personal services) if: **(1)** the income is effectively connected with the conduct of a trade or business in the United States; **(2)** the income is includible in the recipient's gross income for the tax year under section 871(b)(2), 842, or 882(a)(2); and **(3)** the recipient has filed **Form 4224**, Exemption From Withholding of Tax on Income Effectively Connected With the Conduct of a Trade or Business in the United States, or a written statement giving the same information as that shown on Form 4224.

The tax paid at the source on tax-free covenant bond interest payable to a

domestic or resident fiduciary and allocable to any nonresident alien beneficiary under section 652 or 662 is allowable, pro rata, as a credit against the tax required to be withheld by the fiduciary from the income of the beneficiary.

**Nonresident alien artists and athletes.**—Nonresident alien entertainers, athletes, and similar individuals subject to U.S. income tax withholding for performances or participation in athletic events in the United States can request central withholding agreements and qualify for reduced rates of withholding. For more details, see Pub. 515.

**Pensions, annuities, and certain other deferred income.**—If income tax is withheld under section 3405 on a distribution to a nonresident alien individual, report the distribution and withholding using **Form 1099-R**, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. However, if the recipient has elected under section 3405(a)(2) or (b)(2) not to have withholding under section 3405, such payments are subject to withholding under section 1441 and the distribution and tax withheld is to be reported using Form 1042-S.

**Gambling winnings.**—Generally, gambling winnings paid to a nonresident alien are subject to 30% withholding. However, winnings of a nonresident alien from wagers on blackjack, baccarat, craps, roulette, or big-6 wheel are generally not subject to income tax or 30% withholding, but they are still reportable on Form 1042-S (or magnetic media).

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

## Income Exempt From Withholding

**Interest on deposits.**—No withholding (or reporting) is required on interest paid on deposits to nonresident aliens, foreign partnerships, or foreign corporations 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, or similar institution, and from certain deposits with an insurance company.

**Compensation of nonresident alien students, teachers, and researchers.**—These individuals must use Form 8233 to claim exemption from withholding on compensation for services that are exempt from taxation under a U.S. tax treaty. Students must provide the statement required by Revenue Procedure 87-8. Teachers and researchers must provide the information required by Revenue Procedure 87-9. (These Revenue Procedures have been modified by Revenue Procedures 93-22 and 93-22A.) Examples of statements for most countries can be found in **Pub. 519**, U.S. Tax Guide for Aliens. This publication is available by calling 1-800-TAX-FORM

(1-800-829-3676). All these individuals must also provide the information required by Form 8233, disregarding references to independent personal services, and then submit the form with the required statement to their withholding agent.

**Portfolio interest.**—Generally, for obligations issued after July 18, 1984, no withholding is required on interest paid on portfolio debt investments to nonresident aliens, foreign partnerships, or foreign corporations.

- For interest on a **registered obligation not targeted to foreign markets** to qualify as portfolio interest and not be subject to 30% withholding, you must receive from the beneficial owner of the obligation a **Form W-8**, Certificate of Foreign Status, or a substitute statement; or you must receive a statement from a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business that the institution has received a Form W-8 or substitute statement. The institution must also attach a copy of Form W-8 or the substitute statement.

Although the portfolio interest is not subject to 30% withholding, you must prepare a Form 1042-S (or magnetic media report) to report the interest payment. Attach a copy of the Form W-8 or the substitute you received to Form 1042.

- You may treat interest on a **registered obligation that is targeted to foreign markets** as portfolio interest if you do not have actual knowledge that the beneficial owner is a U.S. person and you receive the required certification from a payee that is a financial institution or a member of a clearing organization. (See Regulations section 35a.9999-5, A-12, A-14, and A-15.) If you pay the interest to a beneficial owner that is not a financial institution or a member of a clearing organization, you must receive a Form W-8 or substitute statement from the beneficial owner for the interest to be exempt from withholding. However, a U.S. withholding agent that is a foreign branch of a U.S. financial institution is not required to receive a Form W-8 if the beneficial owner provides the withholding agent with documentary evidence that the beneficial owner is not a U.S. person. Do not file Form 1042-S to report interest not subject to withholding on registered obligations targeted to foreign markets when a Form W-8 is not required.

- You need not receive Form W-8 or substitute for **bearer obligations targeted to foreign markets**. Treat the interest on a bearer obligation as portfolio interest not subject to 30% withholding if the obligation is considered targeted to foreign markets. Do not file Form 1042-S to report interest not subject to withholding on bearer obligations when a Form W-8 is not required.

For more details and information on the exceptions to the portfolio interest rules, including the exceptions for interest paid to 10% shareholders, contingent interest payments, interest paid to a controlled foreign corporation from a related person,

and certain interest received by a bank, see Pub. 515.

## 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 gain 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 and 1042-S 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.

The rules of Regulations section 1.1461-4 control how and when to obtain refunds of overwithheld amounts. Thus, the early refund procedure in Regulations section 1.1445-6(g) does not apply to persons whose payments were withheld under Regulations section 1.1445-8.

## Publicly Traded Partnerships (Section 1446 Withholding Tax)

The term "publicly traded partnership" means 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 under section 1446 from distributions to a foreign partner and file Form 1042-S, unless an election is made to pay a withholding tax based on effectively connected taxable income allocable to foreign partners. See Pub. 515 for details.

**Effectively connected income** from a nonpublicly traded partnership should be 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.

## Tax Treaties

Residents of certain foreign countries having tax treaties with the United States may be entitled to reduced rates of, or exemptions from, tax under the applicable tax treaty. See Pub. 515 for the procedures recipients must follow to establish that they qualify for a reduced rate of tax or an exemption from tax.

## Penalties

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

**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 most recent 3 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. For more information, see sections 6721 and 6724.

**Failure to furnish correct Form 1042-S to recipient.**— If you fail to provide correct recipient statements 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 failing to include all required information or 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. See sections 6722 and 6724 for more information.

**Failure to file on magnetic media.**—A penalty may be imposed if you are required to file on magnetic media but fail to do so. See **Penalty** under **Magnetic Media/Electronic Reporting** earlier.

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

## Specific Instructions for Withholding Agents

A separate Form 1042-S is required for each recipient of income to whom you made payments. You may use a separate Form 1042-S for each type of income that you paid to the same recipient; or you may report more than one specific type of income on the same Form 1042-S for the same recipient.

Be sure to enter the correct income code, exemption code, country code, country name, and recipient code on Form 1042-S. These items determine the correct rate of tax to be applied to the gross amount of income paid. The recipient's country of residence for tax purposes (the country in which the recipient is a resident for that country's tax laws) and the appropriate country code should be provided in all cases. It may be important in reconciling the tax per return for administrative purposes and in identifying the information required to be furnished to a foreign government under a mutual exchange of information agreement provided under a tax treaty. The country shown in box 8 should in most cases agree with the country shown in the address in box 7.

The income codes, exemption codes, and recipient codes are listed on page 5. These codes are also on the back of Copy C. The country code for the country of which the recipient is a resident for tax purposes is listed on pages 6 and 7 of these instructions.

You must obtain and enter a U.S. taxpayer identification number for (a) any recipient whose income is effectively connected with the conduct of a trade or

business in the United States (Exemption Code 1 should be entered in column (f)), and (b) any nonresident alien individual claiming exemption from withholding on compensation for independent personal services (Income Code 16 should be entered in column (a)).

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

## Lines 1 and 2

All filers must complete columns (a), (b), (e), and (h). Only complete columns (c), (d), (f), and (g), when applicable.

If you need more than two lines to report the income and tax rates for the same recipient, use a separate Form 1042-S for the additional information. When you have adjusted the amount of the tax withheld during the calendar year for overwithheld amounts, show the net amount of tax withheld in column (g) on the Form 1042-S.

Be sure to enter the correct income code, gross income paid, tax rate, U.S. Federal tax withheld, country code, and recipient's name to avoid unnecessary correspondence with the IRS.

**Column (a), Income code.**—Enter the appropriate two-digit income code from the list on page 5. For example, enter 09 for capital gains, 10 for industrial royalties, etc. If you paid more than one type of income to or on behalf of the same recipient during 1996, enter each income code on a separate line.

**Column (b), Gross income paid.**—Enter the gross amount you paid to or on behalf of the recipient during calendar year 1996 for each income code in column (a), including any withheld tax.

**Column (c), Withholding allowances (Income codes 15 and 16 only).**—Enter the allowable withholding allowances.

**Income Code 15 (Scholarship or fellowship grants).**—If the scholarship or fellowship grant is exempt from withholding of tax under a U.S. tax treaty, enter Income Code 15 in column (a), the gross scholarship or fellowship grant in column (b), 0% (-00-) in column (e), Exemption Code 4 in column (f), and the appropriate country code in column (h). See Pub. 515 for the procedures recipients must follow to establish that they qualify for an exemption from tax under a tax treaty.

If the scholarship or fellowship grant is only partly exempt from withholding of tax under a U.S. tax treaty or the Code, complete columns (a) through (h). Be sure to enter Income Code 15 in column (a), the gross scholarship or fellowship grant in column (b), the withholding allowance amount in column (c), and the net of column (b) minus column (c) in column (d). For more information, see **Scholarships and Fellowship Grants** in Pub. 515.

**Income Code 16 (Compensation for independent personal services).**—The amount of compensation for independent personal services that a nonresident alien performs in the United States may be

reduced by the applicable personal exemption amount if the alien gives you a properly completed Form 8233. Each allowable exemption is prorated based on the number of days during the tax year the alien performed the services in the United States. For more details, see Pub. 515.

**Column (d), Net income.**—Complete this column if you entered an amount in column (c). Otherwise, leave blank.

**Column (e), Tax rate (%).**—Enter the tax rate you used for the income in column (b) or (d), as applicable. Enter the tax rate as a two-digit number. If the income is exempt from tax under a U.S. tax treaty or the Code, enter -00-. If the tax rate is less than 10%, enter a 0 and the tax rate (e.g., enter -04- for 4%). If the tax rate is 10% or more, enter the tax rate (e.g., enter -30- for 30%). If the tax rate is other than a whole number, you can also enter the fraction or decimal (e.g., -27½- or -39.6-).

If you withheld at more than one tax rate for a specific type of income that you paid to the same recipient, enter the information for each tax rate on a separate line.

**Column (f), Exemption code.**—If the tax rate entered in column (e) is 0% (-00-), enter the appropriate exemption code from the list on page 5.

**Note:** If Exemption Code 1 applies, be sure to enter the recipient's U.S. taxpayer identification number on line 5.

**Column (g), U.S. Federal tax withheld.**—Enter any withheld tax minus any tax that has been released (repaid) to the recipient. Do not enter more than the gross income paid reported in column (b).

**Column (h), Country code.**—You must enter the code from the list on pages 6 and 7 for the country of which the recipient is a resident for tax purposes. Do not enter U.S. in this column. Enter OC, Other Countries, only when the country of residence cannot be determined. If the recipient's country of residence cannot be determined, withhold tax at the maximum applicable rate.

## Line 3

Add lines 1 and 2, and enter the result on line 3 in the appropriate columns. If line 2 is blank, enter on line 3 the amount(s) from line 1.

## Line 4

Enter the recipient code from the list on page 5. Enter both digits shown. Wherever appropriate, Recipient Code 09 (artist or athlete) should be used instead of Recipient Code 01 (individual), 02 (corporation), or 03 (partnership).

## Line 6

You may use this line to enter the recipient's account number assigned by you.

## Line 7

**Name.**—Enter the complete name of the recipient (nonresident alien individual, fiduciary, foreign partnership, or foreign corporation, or other foreign entity).

**Address.**—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. Do not abbreviate the country name. Include the postal code where applicable.

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 postal code two-letter abbreviation for the state name. You do not have to enter the country.

**Note:** Be careful to enter the recipient's and withholding agent's information in the proper boxes.

## Line 8

Generally, the recipient's country for both tax and mailing purposes will be the same. In some cases, however, two different countries are involved. Enter the unabbreviated name of the recipient's country of residence for tax purposes.

## Line 9

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.

## Lines 11 through 14

If appropriate, enter the requested information.

## 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 return, you will need to file two Forms 1042-S. See the **Step-by-Step Instructions** on page 5.

To determine whether you are required to submit corrections on magnetic media, see **Magnetic Media/Electronic 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 3.

**VOID box.**—Enter an "X" in the "VOID" box of a Form 1042-S that shows the same information, including errors, as the return you previously submitted to the IRS. This will identify the Form 1042-S you want the IRS to disregard. An "X" in the "VOID" box will not correct a previously filed return. See **Step-by-Step Instructions** on page 5.

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

## Step-by-Step Instructions

To correct a previously filed Form 1042-S, prepare two Forms 1042-S following the steps below.

**Step 1.**—To identify the Form 1042-S you want the IRS to disregard:

- Enter an "X" in the "VOID" box on a copy of the original Form 1042-S that you filed,

OR do the following—

- Prepare a Form 1042-S,
- Enter all the information exactly as it appeared on the original Form 1042-S, and

- Enter an "X" in the "VOID" box at the bottom of the form.

**Step 2.**—To correct Form 1042-S:

- Prepare a new 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 bottom of the form.

**Step 3.**—To submit the "VOID" and "CORRECTED" Forms 1042-S:

- Use a Form 1042 as a transmittal for the Forms 1042-S.

- Write "TRANSMITTAL" at the top of the Form 1042.

- Enter only your name, address, and taxpayer identification number on Form 1042, and enter on line 62b the number of Forms 1042-S being submitted.

- File the Form 1042 "transmittal" and Copy A of the Forms 1042-S with the Internal Revenue Service Center, Philadelphia, PA 19255.

## Instructions

**Column (a).**—Enter the appropriate income code.

Code	Type of Income
01	Interest paid by U.S. obligors—general
02	Interest on real property mortgages
03	Interest paid to controlling foreign corporations
04	Interest paid by foreign corporations
05	Interest on tax-free covenant bonds
06	Dividends paid by U.S. corporations—general
07	Dividends paid by U.S. subsidiaries to foreign parent corporations (including consent dividends)
08	Dividends paid by foreign corporations
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
- 50 Other income

**Column (f).**—If the tax rate entered in column (e) is 0%, enter the appropriate exemption code.

Code	Authority for Exemption
1	Income effectively connected with a U.S. trade or business
2	Exempt under an Internal Revenue Code section (other than portfolio interest)
3	Income is not from U.S. sources <sup>3</sup>
4	Exempt under tax treaty
5	Portfolio interest exempt under an Internal Revenue Code section

**Line 4.**—Enter the appropriate recipient code.

Code	Type of Recipient
01	Individual <sup>2</sup>
02	Corporation <sup>2</sup>
03	Partnership <sup>2</sup>
04	Fiduciary (trust)
05	Nominee
06	Government or International Organization
07	Tax-Exempt Organization (IRC section 501(a))
08	Private Foundation
09	Artist or athlete <sup>2</sup>
10	Fiduciary (estate)
11	Fiduciary (other)
19	Other
20	Type of recipient unknown

<sup>1</sup>If compensation otherwise 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, also use Recipient Code 09 (artist or athlete) instead of Recipient Code 01 (individual), 02 (corporation), or 03 (partnership).

<sup>3</sup>Non-U.S. source income paid to a nonresident alien is not subject to U.S. tax. Use Exemption Code 3 when entering an amount for information reporting purposes.

## Country Codes

Enter in column (h) the code from the list below.

Country	Code	Country	Code	Country	Code
Afghanistan . . . . .	AF	Christmas Island (Indian Ocean). . .	KT	Guinea-Bissau . . . . .	PU
Albania . . . . .	AL	Christmas Island (Pacific Ocean) . .	KR	Guyana . . . . .	GY
Algeria . . . . .	AG	Clipperton Island . . . . .	IP	Haiti . . . . .	HA
American Samoa . . . . .	AQ	Cocos (Keeling) Islands . . . . .	CK	Heard Island and McDonald Islands . . . . .	HM
Andorra . . . . .	AN	Colombia . . . . .	CO	Honduras . . . . .	HO
Angola . . . . .	AO	Comoros . . . . .	CN	Hong Kong . . . . .	HK
Anguilla . . . . .	AV	Congo . . . . .	CF	Howland Island . . . . .	HQ
Antarctica . . . . .	AY	Cook Islands . . . . .	CW	Hungary . . . . .	HU
Antigua and Barbuda . . . . .	AC	Coral Sea Islands Territory . . . . .	CR	Iceland . . . . .	IC
Argentina . . . . .	AR	Corsica . . . . .	VP	India . . . . .	IN
Armenia . . . . .	AM	Costa Rica . . . . .	CS	Indonesia . . . . .	ID
Aruba . . . . .	AA	Cote D'Ivoire (Ivory Coast) . . . . .	IV	Iran . . . . .	IR
Ashmore and Cartier Islands . . . . .	AT	Croatia . . . . .	HR	Iraq . . . . .	IZ
Australia . . . . .	AS	Cuba . . . . .	CU	Iraq-Saudi Arabia Neutral Zone . . . . .	IY
Austria . . . . .	AU	Cyprus . . . . .	CY	Ireland . . . . .	EI
Azerbaijan . . . . .	AJ	Czech Republic . . . . .	EZ	Isle of Man . . . . .	IM
Azores . . . . .	PO	Denmark . . . . .	DA	Israel . . . . .	IS
Bahamas, The . . . . .	BF	Djibouti . . . . .	DJ	Italy . . . . .	IT
Bahrain . . . . .	BA	Dominica . . . . .	DO	Jamaica . . . . .	JM
Baker Island . . . . .	FQ	Dominican Republic . . . . .	DR	Jan Mayen . . . . .	JN
Bangladesh . . . . .	BG	Ecuador . . . . .	EC	Japan . . . . .	JA
Barbados . . . . .	BB	Egypt . . . . .	EG	Jersey . . . . .	JE
Bassas da India . . . . .	BS	El Salvador . . . . .	ES	Johnston Atoll . . . . .	JQ
Belarus . . . . .	BO	Equatorial Guinea . . . . .	EK	Jordan . . . . .	JO
Belgium . . . . .	BE	Eritrea . . . . .	ER	Juan de Nova Island . . . . .	JU
Belize . . . . .	BH	Estonia . . . . .	EN	Kazakhstan . . . . .	KZ
Benin . . . . .	BN	Ethiopia . . . . .	ET	Kenya . . . . .	KE
Bermuda . . . . .	BD	Europa Island . . . . .	EU	Kingman Reef . . . . .	KQ
Bhutan . . . . .	BT	Falkland Islands (Islas Malvinas). . .	FK	Kiribati . . . . .	KR
Bolivia . . . . .	BL	Faroe Islands . . . . .	FO	Korea, Democratic People's Republic of (North). . . . .	KN
Bosnia-Herzegovina . . . . .	BK	Fiji . . . . .	FJ	Korea, Republic of (South). . . . .	KS
Botswana . . . . .	BC	Finland . . . . .	FI	Kuwait . . . . .	KU
Bouvet Island . . . . .	BV	France . . . . .	FR	Kyrgyzstan . . . . .	KG
Brazil . . . . .	BR	French Guiana . . . . .	FG	Laos . . . . .	LA
British Indian Ocean Territory. . . . .	IO	French Polynesia . . . . .	FP	Latvia . . . . .	LG
Brunei . . . . .	BX	French Southern and Antarctic Lands . . . . .	FS	Lebanon . . . . .	LE
Bulgaria . . . . .	BU	Gabon . . . . .	GB	Lesotho . . . . .	LT
Burkina Faso . . . . .	UV	Gambia, The . . . . .	GA	Liberia . . . . .	LI
Burma . . . . .	BM	Gaza Strip . . . . .	GZ	Libya . . . . .	LY
Burundi . . . . .	BY	Germany . . . . .	GM	Liechtenstein . . . . .	LS
Cambodia . . . . .	CB	Georgia . . . . .	GG	Lithuania . . . . .	LH
Cameroon . . . . .	CM	Ghana . . . . .	GH	Luxembourg . . . . .	LU
Canada . . . . .	CA	Gibraltar . . . . .	GI	Macau . . . . .	MC
Canary Islands . . . . .	SP	Glorioso Islands . . . . .	GO	Macedonia . . . . .	MK
Cape Verde . . . . .	CV	Greece . . . . .	GR	Madagascar . . . . .	MA
Cayman Islands . . . . .	CJ	Greenland . . . . .	GL	Malawi . . . . .	MI
Central African Republic . . . . .	CT	Grenada . . . . .	GJ	Malaysia . . . . .	MY
Chad . . . . .	CD	Guadeloupe . . . . .	GP	Maldives . . . . .	MV
Chile . . . . .	CI	Guam . . . . .	GQ	Mali . . . . .	ML
China, People's Republic of . . . . .	CH	Guatemala . . . . .	GT	Malta . . . . .	MT
		Guernsey . . . . .	GK		
		Guinea . . . . .	GV		

Country	Code				
Marshall Islands	.RM	Philippines	.RP	Syria	.SY
Martinique	.MB	Pitcairn Island	.PC	Taiwan	.TW
Mauritania	.MR	Poland	.PL	Tajikistan	.TI
Mauritius	.MP	Portugal	.PO	Tanzania, United Republic of	.TZ
Mayotte	.MF	Puerto Rico	.RQ	Thailand	.TH
Mexico	.MX	Qatar	.QA	Togo	.TO
Micronesia, Federated States of	.FM	Reunion	.RE	Tokelau	.TL
Midway Islands	.MQ	Romania	.RO	Tonga	.TN
Moldova	.MD	Russia	.RS	Trinidad and Tobago	.TD
Monaco	.MN	Rwanda	.RW	Tromelin Island	.TE
Mongolia	.MG	St. Kitts and Nevis	.SC	Trust Territory of the Pacific Islands	.PS
Montenegro	.MW	St. Helena	.SH	Tunisia	.TS
Montserrat	.MH	St. Lucia	.ST	Turkey	.TU
Morocco	.MO	St. Pierre and Miquelon	.SB	Turkmenistan	.TX
Mozambique	.MZ	St. Vincent and the Grenadines	.VC	Turks and Caicos Islands	.TK
Namibia	.WA	San Marino	.SM	Tuvalu	.TV
Nauru	.NR	Sao Tome and Principe	.TP	Uganda	.UG
Navassa Island	.BQ	Saudi Arabia	.SA	Ukraine	.UP
Nepal	.NP	Senegal	.SG	United Arab Emirates	.TC
Netherlands	.NL	Serbia	.SR	United Kingdom	.UK
Netherlands Antilles	.NT	Seychelles	.SE	Uruguay	.UY
New Caledonia	.NC	Sierra Leone	.SL	Uzbekistan	.UZ
New Zealand	.NZ	Singapore	.SN	Vanuatu	.NH
Nicaragua	.NU	Slovakia	.LO	Vatican City	.VT
Niger	.NG	Slovenia	.SI	Venezuela	.VE
Nigeria	.NI	Solomon Islands	.BP	Vietnam	.VM
Niue	.NE	Somalia	.SO	Virgin Islands (British)	.VI
Norfolk Island	.NF	South Africa	.SF	Virgin Islands (U.S.)	.VQ
Northern Ireland	.UK	South Georgia and the South Sandwich Islands	.SX	Wake Island	.WQ
Northern Mariana Islands	.CQ	Spain	.SP	Wallis and Futuna	.WF
Norway	.NO	Spratly Islands	.PG	West Bank	.WE
Oman	.MU	Sri Lanka	.CE	Western Sahara	.WI
Pakistan	.PK	Sudan	.SU	Western Samoa	.WS
Palmyra Atoll	.LQ	Suriname	.NS	Yemen	.YM
Panama	.PM	Svalbard	.SV	Zaire	.CG
Papua New Guinea	.PP	Swaziland	.WZ	Zambia	.ZA
Paracel Islands	.PF	Sweden	.SW	Zimbabwe	.ZI
Paraguay	.PA	Switzerland	.SZ	Other Countries	.OC
Peru	.PE				

