

# Publication 1187

**Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically or Magnetically**

Including IBM 3480, 3490, 3590, compatible tape cartridges, or 3½-inch diskette



**Rev. Proc. 2004-63**

Reprinted from IR Bulletin 2004-45, dated November 8, 2004 (and including copies of Forms 4419, 4804, 8508, 8809, Notice 210, and Instructions for Form 1042-S for taxpayers' use)



## **NOTE:**

Following is a list of related instructions and forms for filing Form 1042-S Electronically/Magnetically:

- **Current Instructions for Form 1042-S**
- **Form 4419 - Application for Filing Information Returns Electronically/Magnetically**
- **Form 4804 - Transmittal of Information Returns Reported Magnetically**
- **Form 8508 - Request for Waiver From Filing Information Returns Magnetically**
- **Form 8809 - Application for Extension of Time To File Information Returns**
- **Notice 210 - Preparation Instructions for Media Labels**
- **Publication 515 - Withholding of Tax on Nonresident Aliens and Foreign Corporations (for general information and explanation of tax law associated with Form 1042-S)**
- **Publication 901 - U.S. Tax Treaties**

The Internal Revenue Service Enterprise Computing Center at Martinsburg (ECC-MTB) encourages filers to make copies of the blank forms in the back of this publication for future use. These forms can also be obtained by calling 1-800-TAX-FORM (1-800-829-3676). You can also download forms and publications from the IRS Web Site at [www.irs.gov](http://www.irs.gov).

### **IMPORTANT NOTES:**

IRS/ECC-MTB now offers an Internet connection at <http://fire.irs.gov> for electronic filing. The FIRE System will be down from Dec. 23, 2004, through Jan. 4, 2005, for upgrading. It is not operational during this time for submissions.

Beginning in Tax Year 2006, processing year 2007, IRS/ECC-MTB will no longer accept 3½-inch diskettes for filing information returns.

Rev. Proc. 2004-63

Use this Revenue Procedure to prepare Tax Year 2004 and prior year information returns for submission to Internal Revenue Service (IRS) using any of the following:

- Electronic Filing
- Tape Cartridge
- 3½-Inch Diskette

**This Revenue Procedure is not revised every year. Updates will be printed as needed in the Internal Revenue Bulletin. General Instructions for Form 1042-S are revised every year. Be sure to consult current instructions when preparing Form 1042-S.**

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## Part A. General

Revenue Procedures are generally revised annually to reflect legislative and form changes. Comments concerning this Revenue Procedure, or suggestions for making it more helpful, can be addressed to:

Internal Revenue Service  
Enterprise Computing Center at Martinsburg  
Attn: Information Reporting Program  
230 Murall Drive  
Kearneysville, WV 25430

### Sec. 1. Purpose

- .01 The purpose of this Revenue Procedure is to provide the specifications for filing Form 1042-S with IRS electronically through the FIRE (Filing Information Returns Electronically) System or magnetically, using IBM 3480, 3490, 3490E, 3590, or 3590E compatible tape cartridges or 3½-inch diskette. This Revenue Procedure must be used to prepare current and prior year information returns **filed beginning January 1, 2005, and received by IRS/ECC-MTB or postmarked by December 31, 2005.**
- .02 Generally, the box names on the paper Form 1042-S correspond with the fields used to file electronically/magnetically; however, if discrepancies occur, the instructions in this Revenue Procedure govern.
- .03 This Revenue Procedure supersedes Rev. Proc. 2003-83 published as Publication 1187, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically or Magnetically.
- .04 Refer to Part A, Sec.16, for definitions of terms used in this publication.
- .05 Specifications for filing Forms W-2 , Wage and Tax Statements, electronically/magnetically are available from the Social Security Administration (SSA) **only**. Filers can call 1-800-SSA-6270 to obtain the phone number of the SSA Employer Service Liaison Officer for their area.
- .06 IRS/ECC-MTB does **not** process Forms W-2. Paper **and/or** magnetic media for Forms W-2 must be sent to SSA. IRS/ECC-MTB does, however, process waiver requests (Form 8508) and extension of time to file requests (Form 8809) for Forms W-2 and requests for an extension of time to provide the employee copies of Forms W-2.
- .07 The following Revenue Procedures and publications provide more detailed filing procedures for certain information returns:
  - (a) 2004 Instructions for Form 1042-S.
  - (b) Publication 1179, Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 1042-S, 5498, and W-2G.
  - (c) Publication 1239, Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, Electronically or Magnetically.
  - (d) Publication 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G, Electronically or Magnetically.
  - (e) Publication 1245, Specifications for Filing Form W-4, Employee's Withholding Allowance Certificate, Electronically or Magnetically.

### Sec. 2. Nature of Changes-Current Year (Tax Year 2004)

- .01 Part B, Electronic Filing Specifications, was completely revised. Please read carefully. We now offer an internet connection at <http://fire.irs.gov>.
- .02 The following changes were made to the Transmitter 'T' Record:
  - (a) In position 199 a new field, Prior Year Data Indicator, was added.
  - (b) In position 771-778 a new field, Record Sequence Number, was added.
- .03 The following changes were made to Withholding Agent 'W' Record:

- (a) In position 13, Withholding Agent's EIN Indicator, the indicators were renumbered and a new indicator for NQI-EIN was added.
  - (b) In position 771-778 a new field, Record Sequence Number, was added.
- .04 The following change was made to the Recipient 'Q' Record:
- (a) In position 771-778 a new field, Record Sequence Number, was added.
- .05 The following change was made to Reconciliation 'C' Record:
- (a) In position 771-778 a new field, Record Sequence Number, was added.
- .06 The following change was made to the End of Transmission 'F' Record:
- (a) In position 771-778 a new field, Record Sequence Number, was added.
- .07 Additional editorial changes of a clarifying nature have been made throughout this publication. Please read the entire publication carefully.

### **Sec. 3. Where To File and How to Contact the IRS, Enterprise Computing Center at Martinsburg**

- .01 All information returns filed electronically or magnetically are processed at IRS/ECC-MTB. Files containing information returns and requests for IRS electronic filing and magnetic media information should be sent to the following address:
- IRS-Enterprise Computing Center at Martinsburg  
Attn: 1042-S Reporting  
230 Murall Drive  
Kearneysville, WV 25430
- .02 All requests for an extension of time to file information returns with IRS/ECC-MTB or to the recipients, and requests for undue hardship waivers filed on Form 8508, should be sent to the following address:
- IRS-Enterprise Computing Center at Martinsburg  
Information Reporting Program  
Attn: Extension of Time Coordinator  
240 Murall Drive  
Kearneysville, WV 25430
- .03 The telephone numbers for electronic or magnetic media inquiry submissions are:

### **Information Reporting Program Customer Service Section**

**TOLL-FREE 1-866-455-7438 or  
Outside the U.S. 304-263-8700  
email at [mccirp@irs.gov](mailto:mccirp@irs.gov)**


**304-267-3367 - TDD  
(Telecommunication Device for the Deaf)  
304-264-5602 - Fax Machine**

**Electronic Filing - FIRE System  
<http://fire.irs.gov>**




**TO OBTAIN FORMS:  
1-800-TAX-FORM (1-800-829-3676)**

**www.irs.gov - IRS Web Site access to forms**

- .04 Current Instructions for Form 1042-S have been included in the Publication 1187 for your convenience. The Form 1042-S is used only to transmit Copy A of **paper** Form 1042-S. If filing paper returns, follow the mailing instructions on Form 1042-T and submit the paper returns to the Internal Revenue Service Center, Philadelphia, PA 19255.
  - .05 Requests for paper Form 1042-S and publications relating to electronic/magnetic media filing should be made by calling the IRS toll-free number **1-800-TAX-FORM (1-800-829-3676)** or via the IRS Web Site at **www.irs.gov**.
  - .06 Questions pertaining to magnetic media filing of Forms W-2 **must** be directed to the Social Security Administration (SSA). Filers can call 1-800-SSA-6270 to obtain the phone number of the SSA Employer Service Liaison Officer for their area.
  - .07 Filers **should not** contact IRS/ECC-MTB if they have received a penalty notice and need additional information or are requesting an abatement of the penalty. A penalty notice contains an IRS representative's name and/or phone number for contact purposes; or, the filer may be instructed to respond in writing to the address provided. IRS/ECC-MTB does **not** issue penalty notices and does **not** have the authority to abate penalties. For penalty information, refer to the Penalty section of the current Instructions for Form 1042-S.
  - .08 A taxpayer or authorized representative may request a copy of a tax return, including Form W-2 filed with a return, by submitting Form 4506, Request for Copy or Transcript of Tax Form, to IRS. This form may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**. For any questions regarding this form, call 215-516-2000 and select option one. This is not a toll-free number.
  - .09 The Information Reporting Program Customer Service Section (IRP/CSS), located at IRS/ECC-MTB, answers electronic/magnetic media, paper filing and tax law questions from the payer community relating to the filing of business information returns (Forms 1096, 1098, 1099, 5498, 8027, W-2G, and W-4). IRP/CSS also answers questions relating to the **electronic/magnetic media filing** of Form 1042-S. Inquiries dealing with backup withholding and reasonable cause requirements due to missing and incorrect taxpayer identification numbers are also addressed by IRP/CSS. Assistance is available year-round to payers, transmitters, and employers nationwide, Monday through Friday, 8:30 a.m. to 4:30 p.m. Eastern time, by calling toll-free **1-866-455-7438** or via email at [mccirp@irs.gov](mailto:mccirp@irs.gov). Do not include SSNs or EINs on emails since this is not a secure line. The Telecommunications Device for the Deaf (**TDD**) toll number is **304-267-3367**. Call as soon as questions arise to avoid the busy filing seasons at the end of January and February. Recipients of information returns (payees) should continue to contact 1-800-829-1040 with any questions on how to report the information returns data on their tax returns.
-  **Note:** The Customer Service Section 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 and select option 1 (not a toll-free number) or write to: Philadelphia Internal Revenue Service, International Section, P.O. Box 920, Bensalem, PA 19020-8518.

#### **Sec. 4. Filing Requirements**

- .01 The regulations under section 6011(e)(2)(A) of the Internal Revenue Code provide that any person, including a corporation, partnership, individual, estate, and trust, who is required to file 250 or more information returns must file such returns electronically/magnetically. Withholding agents who meet the threshold of 250 or more Forms 1042-S are required to submit their information electronically or magnetically.

 **Note:** Even though filers with less than 250 information returns are not required to submit the information returns electronically or magnetically and may submit them on paper, IRS encourages filers to transmit those information returns electronically or magnetically.

- .02 These requirements apply separately to both originals and corrections filed electronically/magnetically.
- .03 All filing requirements that follow apply individually to each reporting entity as defined by its separate Taxpayer Identification Number (TIN), [Social Security Number (SSN), Employer Identification Number (EIN), Individual Taxpayer Identification Number (ITIN), or Qualified Intermediary Employer Identification Number (QI-EIN), Withholding Foreign Partnership Employer Identification Number (WP-EIN), or Withholding Foreign Trust Employer Identification Number (WT-EIN)]. For example, if a corporation with several branches or locations uses the same EIN, the corporation must aggregate the total volume of returns to be filed for that EIN and apply the filing requirements to each type of return accordingly.
- .04 Filers who are required to submit their information returns on magnetic media may choose to submit their documents by electronic filing. IRS/ECC-MTB has one method for filing information returns electronically; see Part B.
- .05 The above requirements do not apply if the filer establishes hardship (see Part D, Sec. 5).

### Sec. 5. Vendor List

- .01 IRS/ECC-MTB prepares a list of vendors who support electronic filing or magnetic media. The Vendor List (Pub. 1582) contains the names of service bureaus that will produce files on the prescribed types of magnetic media or via electronic filing. It also contains the names of vendors who provide software packages for filers who wish to produce electronic or magnetic media files on their own computer systems. This list is compiled as a courtesy and in no way implies IRS/ECC-MTB approval or endorsement.
- .02 If filers meeting the filing requirements engage a service bureau to prepare media on their behalf, the filers should be careful not to report duplicate data, which may cause penalty notices to be generated.
- .03 The Vendor List, Publication 1582, is updated periodically. The most current revision will be available on the IRS website at [www.irs.gov](http://www.irs.gov).
- .04 A vendor who offers a software package and has the ability to produce magnetic media for customers, or has the capability to electronically file information returns and would like to be included on the list, must submit a written request to IRS/ECC-MTB. The request should include:
  - (a) Company name,
  - (b) Address (include city, state, and ZIP code),
  - (c) Telephone number (include area code),
  - (d) Email address,
  - (e) Contact person,
  - (f) Type(s) of service provided (e.g., service bureau and/or software),
  - (g) Type(s) of media offered (e.g., tape cartridge, 3½-inch diskette, or electronic filing),
  - (h) Type(s) of return(s)

### Sec. 6. Form 4419, Application for Filing Information Returns Electronically/Magnetically


- .01 Transmitters are required to submit Form 4419, Application for Filing Information Returns Electronically/Magnetically, to request authorization to file information returns with IRS/ECC-MTB. A single Form 4419 may be filed. IRS/ECC-MTB encourages transmitters who file for multiple withholding agents or qualified intermediaries to submit one application and to use the assigned Transmitter Control Code (TCC) for all. Please make sure you submit your electronic/magnetic files using the correct TCC.

## EXCEPTIONS

**An additional Form 4419 is required for filing each of the following types of returns:**

**Forms 1098, 1099, 5498, W-2G, 8027 and Questionable W-4.**

FORM	TITLE	EXPLANATION
1098, 1099, 5498 W-2G	Various type information returns	Payments subject to reporting requirements under Code Section 6011(e)(2)(A), including interest, dividends, royalties, pensions and annuities, gambling winnings and compensation for personal services.
8027	Employer's Annual information Return of Tip Income and Allocated Tips	Receipts from operations where tipping is customary. Used by employers to report employees' tips or allocated tips.
Questionable W-4 (See Note)	Employee's Withholding Allowance Certificate	Forms received during the quarter from employees still employed at the end of the quarter who claim <b>(a)</b> More than 10 withholding allowances, or <b>(b)</b> Exempt status and wages normally would be more than \$200 a week.


 **Note:** Employers are not required to send other Forms W-4 unless notified to do so by the IRS.

- .02 Tape cartridge, diskette, and electronically-filed returns may not be submitted to IRS/ECC-MTB until the application has been approved. Please read the instructions on the back of Form 4419 carefully. A Form 4419 is included in the Publication 1187 for the filer's use. This form may be photocopied. Additional forms may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**. The form is also available at [www.irs.gov](http://www.irs.gov).
- .03 Upon approval, a five-character alpha/numeric Transmitter Control Code (TCC) beginning with the digits "22" will be assigned and included in an approval letter. The TCC **must** be coded in the Transmitter "T" Record. If a transmitter uses more than one TCC to file, each TCC must be reported on separate media or in separate transmissions if filing electronically.
- .04 When revisions occur, a Publication 1187 containing the current Revenue Procedure, forms, and instructions will be sent to the attention of the contact person indicated on Form 4419.
- .05 If **any** of the information (name, TIN or address) on the Form 4419 changes, please notify IRS/ECC-MTB in writing so the IRS/ECC-MTB database can be updated. However, a change in the method by which information returns are being submitted is not information which needs to be updated (e.g., diskette to electronic). The transmitter should include the TCC in all correspondence.
- .06 Form 4419 may be submitted anytime during the year; however, it **must** be submitted to IRS/ECC-MTB at least 30 days before the due date of the return(s) for current year processing. This will allow IRS/ECC-MTB the minimum amount of time necessary to process and respond to applications. In the event that computer equipment or software is not compatible with IRS/ECC-MTB, a waiver may be requested to file returns on paper documents.
- .07 IRS/ECC-MTB encourages a transmitter who files for multiple withholding agents to submit one application and to use the assigned TCC for all withholding agents.
- .08 If a withholding agent's files are prepared by a service bureau, it may not be necessary for the withholding agent to submit an application to obtain a TCC. Some service bureaus will produce files, code their own TCC on the

media, and send it to IRS/ECC-MTB for the withholding agent. Other service bureaus will prepare magnetic media and return the media to the withholding agent for submission to IRS/ECC-MTB. These service bureaus may require the withholding agent to obtain a TCC to be coded in the Transmitter “T” Record. Withholding agents should contact their service bureaus for further information.

- .09 Once a transmitter is approved to file electronically or magnetically, it is not necessary to reapply each year **unless**:
  - (a) The withholding agent has discontinued filing electronically or magnetically for two consecutive years; the withholding agent’s TCC may have been reassigned by IRS/ECC-MTB. Withholding agents who are aware that the TCC assigned will no longer be used are requested to notify IRS/ECC-MTB so these numbers may be reassigned; **or**
  - (b) The withholding agent’s magnetic media files were transmitted in the past by a service bureau using the service bureau’s TCC, but now the withholding agent has computer equipment compatible with that of IRS/ECC-MTB and wishes to prepare his or her own files. The withholding agent must request a TCC by filing Form 4419.
- .10 One Form 4419 may be submitted regardless of how many types of media or methods are used to file the return. Multiple TCCs will only be issued to withholding agents with multiple TINs. Only one TCC will be issued per TIN unless the filer has checked the application for the following forms in addition to the Form 1042-S: Forms 1098, 1099, 5498, W-2G, 8027, and/or Questionable W-4. A separate TCC will be assigned for these forms.
- .11 Approval to file does not imply endorsement by IRS/ECC-MTB of any computer software or of the quality of tax preparation services provided by a service bureau or software vendor.

## Sec. 7. Test Files

- .01 IRS/ECC-MTB strongly encourages all electronic or magnetic media filers to submit a test. The test file must consist of a sample of each type of record:
  - (a) Transmitter “T” Record
  - (b) Withholding Agent “W” Record
  - (c) Multiple Recipient “Q” Records (**at least 20**)
  - (d) Reconciliation “C” Record
  - (e) End of Transmission “F” Record
- .02 Use the Test Indicator “**TEST**” (upper case) in Field Positions 195-198 of the “T” Record to show this is a test file.
- .03 IRS/ECC-MTB will check the file to ensure it meets the specifications of this Revenue Procedure. For current filers, sending a test file will provide the opportunity to ensure their software reflects all required programming changes. Filers are reminded that no validity, consistency, or math error tests will be conducted.
- .04 Tests should be sent to IRS/ECC-MTB between November 1 and December 15. Tests must be received at ECC-MTB by December 15 in order to be processed.
- .05 For tests filed on tape cartridge, and 3 1/2-inch diskette, the transmitter must include the signed Form 4804 in the same package with the corresponding magnetic media. Mark the “TEST” box in Block 1 on the form. Also, mark “TEST” on the external media label.
- .06 IRS/ECC-MTB will send a letter of acknowledgment to indicate the test results for magnetic media with documentation identifying the fatal errors. Resubmission of magnetic media test files must be received by IRS/ECC-MTB no later than December 15. See Part B, Sec. 4.03 for information on electronic test results.
- .07 Magnetic media will not be returned to filers.
  -  **Note: Most validity, consistency and related math error checks within individual “Q” Records will no longer be conducted as part of ECC-MTB’s testing procedures.**

## Sec. 8. Filing of Information Returns Magnetically and Retention Requirements

- .01 Form 4804, Transmittal of Information Returns Reported Magnetically, or a computer-generated substitute, must accompany **all** magnetic media shipments.
- .02 IRS/ECC-MTB allows for the use of computer-generated substitutes for Form 4804. The substitutes must contain all information requested on the original forms including the affidavit and signature line. Photocopies are acceptable but an original signature is required. When using computer-generated forms, be sure to mark very clearly which tax year is being reported. This will eliminate phone communication from IRS/ECC-MTB to question the tax year.
- .03 Multiple types of media may be submitted in a shipment. However, submit a separate Form 4804 for each type of media.
- .04 Current and prior year data may be submitted in the same shipment; however, each tax year must be on separate media, and a separate Form 4804 must be prepared to clearly indicate each tax year.
- .05 Filers who have prepared their information returns in advance of the due date should to submit this information to IRS/ECC-MTB no earlier than January 1 of the year the return is due.
- .06 Do not report duplicate information. If a filer submits returns electronically/magnetically, identical paper documents must not be filed. This may result in erroneous penalty notices.
- .07 Form 4804 may be signed by the withholding agent or the transmitter, service bureau, paying agent, or disbursing agent (all hereafter referred to as agent) on behalf of the payer. Failure to sign the affidavit on Form 4804 may delay processing or could result in IRS/ECC-MTB requesting a replacement file. An agent may sign the Form 4804 if the agent has the authority to sign the affidavit under an agency agreement (either oral, written, or implied) that is valid under state law and adds the caption "FOR: (name of withholding agent/payer)."
- .08 Although an authorized agent may sign the affidavit, the withholding agent is responsible for the accuracy of the Form 4804 and the returns filed. The withholding agent will be liable for tax and interest penalties for failure to comply with filing requirements.
- .09 A self-adhesive external media label, created by the filer, must be affixed to each piece of magnetic media. For instructions on how to prepare an external media label, refer to Notice 210 in the forms section of this publication.
- .10 On the outside of the shipping container, affix or attach a label which reads "**IRB Box \_\_\_of\_\_\_**" reflecting the number of containers in the shipment. (Filers can create a label with this information or cut out one of the labels on the special label page provided in this publication.) If there is only one container, mark the outside as Box 1 of 1. For multiple containers, include the sequence (for example, Box 1 of 3, 2 of 3, 3 of 3).
- .11 When submitting magnetic files include the following:
  - (a) A **signed** Form 4804;
  - (b) External media label (created by filer) affixed to magnetic media;
  - (c) IRB Box \_\_\_\_\_ of \_\_\_\_\_ outside label.
- .12 IRS/ECC-MTB will not pay for or accept "Cash-on-Delivery" or "Charge to IRS" shipments of tax information that an individual or organization is legally required to submit.
- .13 Withholding agents should retain a copy of the information returns filed with IRS or have the ability to reconstruct the data for at least 3 years from the due date of the returns.

## Sec. 9. Due Dates

- .01 The due dates for filing paper returns with IRS also apply to magnetic media. Filing of Form 1042-S is on a calendar year basis.
- .02 Form 1042-S filed magnetically must be submitted to IRS/ECC-MTB postmarked on or before March 15.
- .03 If any due date falls on a Saturday, Sunday or legal holiday, the return or statement is considered timely if filed or furnished on the next day that is not a Saturday, Sunday, or legal holiday.

- .04 Magnetic media returns postmarked by the United States Postal Service (USPS) on or before March 15, and delivered by United States mail to IRS/ECC-MTB after the due date, are treated as timely under the “timely mailing as timely filing” rule. Notice 97-26, 1997-1 C.B. 413, provides rules for determining the date that is treated as the postmark date. A similar rule applies to items delivered by private delivery services (PDSs) designated by the IRS. A PDS must be designated by the IRS before it will qualify for the timely mailing rule. (See **Note**.) Notice 99-41, provides the list of designated PDSs. Designation is effective until the IRS issues a revised list. For items delivered by a non-designated PDS, the actual date of receipt by IRS/ECC-MTB will be used as the filing date. For items delivered by a designated PDS, but through a type of service not designated in Notice 99-41, the actual date of receipt by IRS/ECC-MTB will be used as the filing date.

 **Note:** Due to security regulations at ECC-MTB, the Internal Revenue police officers will only accept media from PDSs or couriers from 7:00 a.m. to 5:00 p.m., Monday through Friday.

- .05 Statements to recipients must be mailed on or before March 15.

## Sec. 10. Processing of Information Returns Magnetically at IRS/ECC-MTB


- .01 All data received at IRS/ECC-MTB for processing will be given the same protection as individual income tax returns (Form 1040). IRS/ECC-MTB will process the data and determine if the records are formatted and coded according to this Revenue Procedure.
- .02 **If the data is formatted incorrectly, IRS/ECC-MTB will request a replacement file in writing. When IRS/ECC-MTB requests a replacement file, it is because we encountered errors and were unable to process the media. Filers will receive a Media Tracking Slip (Form 9267) and letter detailing the reason(s) their media could not be processed. It is imperative that filers maintain backup copies and/or recreate capabilities for their information return files.**
- A **replacement** is an information return file sent by the filer **at the request of IRS/ECC-MTB** because of errors encountered while processing the filer’s original submission. After necessary changes have been made, the file must be resubmitted for processing along with the Media Tracking Slip (Form 9267) which was included in the correspondence from IRS/ECC-MTB. Filers should never send anything to IRS/ECC-MTB marked “Replacement” unless IRS/ECC-MTB has requested a replacement file in writing or via the FIRE System.
- .03 All fields indicated as “Required” in the record layouts in Part C **must** contain valid information. If information is not valid, IRS/ECC-MTB will request a replacement file. For example: In the Recipient “Q” Record, position 2, Return Type Indicator, the only valid characters are 0, 1, or 2. If any other character is entered, a replacement file will be requested.
- .04 Magnetic media files must be corrected and returned with the Media Tracking Slip (Form 9267) to IRS/ECC-MTB within 45 days from the date of the letter. Refer to Part B, Section 6, for procedures for correcting files submitted electronically. A penalty for failure to file correct information returns by the due date will be assessed if the files are not corrected and replaced within the 45 days or **if IRS/ECC-MTB requests replacement files more than two times**. A penalty for intentional disregard of the filing requirements will be assessed if a replacement file is not received. (For penalty information, refer to the Penalty section of the current Instructions for Form 1042-S.)
- .05 A letter identifying errors encountered will be provided. It is the responsibility of the transmitter to check the entire replacement file for errors before resubmitting.
- .06 IRS/ECC-MTB will not return magnetic media. Therefore, if the transmitter wants proof that IRS/ECC-MTB received a shipment, the transmitter should select a service with tracking capabilities or one that will provide proof of delivery.
- .07 IRS/ECC-MTB will work with filers as much as possible to assist with processing problems.

## Sec. 11. Validation of Information Returns at IRS Service Center

- .01 The accuracy of data reported on Form 1042-S will now be reviewed and validated at the IRS Service Center. All fields indicated as “**Required**” in the record layouts in Part C **must** contain valid information. If the Service identifies an error, you will be notified and required to provide correct information.
- .02 **Know your recipient!**
- .03 The tax rate entered must be a valid tax rate based on the Internal Revenue Code or on a valid treaty article. The valid treaty rate is based on the recipient’s country of residence for tax purposes. The rate selected must be justified by the appropriate treaty. A valid Tax Rate Table can be found in the Instructions for Forms 1042-S
- .04 The Gross Income amount field must reflect pretax income. The Gross Income amount is the total income paid before any deduction of tax at source.
- .05 If a qualified intermediary is acting as such, either as a withholding agent or as a recipient, the TIN reported must be a QI-EIN, Withholding Foreign Partnership EIN (WP-EIN) or Withholding Foreign Trust EIN (WT-EIN) and must begin with “98”. See definition of QI in the Instructions for Form 1042-S.
- .06 Country Codes used must be valid codes taken from the Country Code Table. Generally, the use of “OC” or “UC” will generate an error condition. If a recipient is claiming treaty benefits, the Country Code can never be “OC” or “UC”.
- .07 If a recipient is an “Unknown Recipient” or “Withholding Rate Pool”, no address should be present. These are the only two situations where a street address is not required.
- .08 A U.S. TIN for a recipient is now generally required, particularly for most treaty benefits. The exceptions are very limited and are listed in the current Instructions for Form 1042-S.
- .09 Apply the following formula to determine U.S. Federal Tax Withheld (field positions 48-59 of the “Q” Record). All field positions described below are in the “Q” Record.

<u>Income Codes (15-19)</u>	<u>All other Income Codes</u>
Gross Income Paid (6-17)	Gross Income Paid (6-17)
<u>- Withholding Allowance (18-29)</u>	<u>X Tax Rate (42-45)</u>
= Net Income Amount (30-41)	= U.S. Federal Tax Withheld (48-59)
<u>X Tax Rate (42-45)</u>	
= U.S. Federal Tax Withheld (48-59)	

- .10 If the Recipient Code is 20 (Unknown Recipient), the tax rate **must** be 30%.
- .11 When making a payment to an international organization (e.g., United Nations) or a tax-exempt organization under IRC 501(a), use Country Code “OC”. Use “UC” only when you have an “Unknown Recipient”.
- .12 When using Exemption Code 4, the Recipient Country of Residence Code for Tax Purposes **MUST** be a VALID treaty country (e.g., tax resident of Northern Ireland uses United Kingdom). Do not use Exemption Code 4 unless a reduction or exemption of tax is based on a treaty claim.
- .13 Generally, payments under Income Codes 06 and 08 are not exempt from withholding, however, certain exceptions apply. See the current Instructions for Form 1042-S.
- .14 If income is from gambling winnings (Income Code 28) or is not specified (Income Code 50), the tax rate must generally be 30%. This type of income is only exempt from withholding at source if the exemption is based on a tax treaty that has an “Other Income” article.
- .15 If Income Code 20 (Earnings as Artist or Athlete) is used, the Recipient Code must be 09. Do not use Recipient Code 01 (Individual), 02 (Corporation), or 03 (Partnership). Generally, the tax rate cannot be reduced even if a treaty may apply.
- .16 When paying scholarship and fellowship grants (Income Code 15), the Recipient’s Country of Residence for Tax Purposes must be identified and cannot be “OC” or “UC”. Grants that are exempt under Code Section 117 are no longer required to be reported on Form 1042-S.

 **Note:** Grants that are exempt under Code 117 include only amounts provided for tuition, fees, books, and supplies to a qualified student. Amounts provided for room and board can only be exempted under a tax treaty and must be reported on Form 1042-S whether exempt from tax or not.

- .17 If a student is receiving compensation (Income Code 19) or a teacher or a researcher is receiving compensation (Income Code 18), all or part of which is exempted from tax under a tax treaty, the Country of Residence for Tax Purposes must be identified and cannot be “OC” or “UC”.

## Sec. 12. Common Submission Problems

- .01 Publication 1187 is a format document, **not** a tax law document. Therefore, this publication cannot provide for all possible reporting situations. For any given record entry, it is the responsibility of the filer to make sure that the relevant tax law is applied to the record entry being made.

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### 1. Incorrect TIN indicator in the “W” Record

Be careful that the correct TIN Indicator is used. A U.S. withholding agent always has an EIN. Only a foreign withholding agent that has entered into a Qualified Intermediary agreement with the IRS can have a QI-EIN. If the withholding agent is a foreign company, then a foreign address must be entered in the withholding agent address fields.

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### 2. Blank or invalid information in the Withholding Agent’s name and address fields

The IRS error correction process requires that the “W” Record be checked for validity before the “Q” Record can be corrected. Please ensure that the withholding agent’s Name, EIN, Street Address, City and State or Country is present along with the appropriate Postal or ZIP Code. Withholding Agent’s Name Line-1 **must** contain the withholding agent’s name.

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### 3. Missing Recipient TIN in the “Q” Record

A Recipient TIN **must** be present in order to allow a reduction or exemption from withholding at 30% tax rate. The only major exceptions to this rule involve payments of portfolio interest, dividends, and certain royalty payments. If the recipient doesn’t have a TIN, one must be applied for and provided to the withholding agent before a reduction or exemption of withholding is allowed.

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### 4. Invalid recipient name and address information

The recipient name entered in Recipient’s Name Line-1 must be the same name shown on the withholding certification document provided to and retained by the withholding agent. Recipient’s Street Line-1 should only show the official street address. Use Recipient’s Street Line-2 for additional internal distribution information such as mail stop numbers or attention information. Follow the instructions for entry of foreign postal codes, cities and countries. Do not input all information in the City field. Use the appropriate fields and codes.

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### 5. Incorrect use of Recipient Code 20 (Unknown Recipient)

This Recipient Code may be used **only** if no withholding certification document has been provided to and retained by the withholding agent, or the withholding certification document provided to and retained has been determined by the withholding agent to be incomplete or otherwise unreliable. If Recipient Code 20 is used then Recipient Name Line-1 must contain the words Unknown Recipient and the other name and address fields must be blank.

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### 6. Incorrect use of Recipient Code 20 and the Tax Rate and U. S. Tax Withheld fields

If Recipient Code 20 is used, the Tax Rate and the U.S. Tax Withheld must always be 30%. Exemption Code 04 (treaty exemption) **CANNOT BE USED**.



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## 7. Incorrect use of Country Codes in the “Q” Record

There are 3 places in the “Q” Record where country information must be entered. Generally, the information entered in these three fields should be consistent. The country list in the Instructions for Form 1042-S is comprehensive. **Do not** use any code that isn’t on the list. Read the instructions for Form 1042-S regarding the use of “OC” and “UC”. **Do not** use these two codes under any circumstance other than those specifically indicated in the Instructions for Form 1042-S.

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## 8. Incorrect reporting of Tax Rates in the “Q” Record

A valid Tax Rate Table can be found in the Instructions for Form 1042-S. Please refer to the table and only use the tax rates listed. “Blended rates” are not allowed. If a tax rate for a given recipient changes during the year, two “Q” Records must be submitted.

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## 9. Total amounts reported in the “C” Record do not equal the total amounts reported in the “Q” Records.

The total Gross Income and U.S. Tax Withheld reported in the “Q” Record must equal the total Gross Income and Total U.S. Tax Withheld reported in the corresponding “C” Record.


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## .02 Problems relating specifically to filing Form 1042-S electronically can be found in Part B, Sec. 12.

## Sec. 13. Voided and Corrected Returns

- .01 A corrected record must always have a corresponding voided record submitted prior to or in association with the corrected record.
- .02 To provide clarification of the correction process for Form 1042-S, the following definitions have been provided:
- (a) A void record is an information return (Form 1042-S) submitted by the transmitter to delete a previously filed incorrect original return. A void record must be a duplicate of the original successfully processed return with the exception of a Return Type Indicator of “1” (1 = Void) in field position 2 of the “W” and “Q” Records. The voided “Q” Record can be filed with or without a corresponding correction record. For example, a Form 1042-S was submitted, and it should have been prepared as a Form 1099. A “Q” Record with the original Form 1042-S information would be filed with a Return Type Indicator of “1” (1 = Void) in field position 2. In this instance, a corresponding “Q” Record coded as a correction would NOT be necessary and should not be submitted.
  - (b) A correction is an information return (Form 1042-S) submitted by the transmitter to correct a return that was successfully processed by IRS/ECC-MTB, but contained erroneous information. A Return Type Indicator of “2” (2 = Corrected) in field position 2 of the “W” and “Q” Records identifies a correction record. **A corrected record must always have a corresponding voided record submitted prior to or in association with the corrected record.**
- .03 The magnetic media filing requirement of information returns of 250 or more applies separately to both original and corrected returns.
- |   |   |
|---|---|
| E | If a withholding agent has 100 Forms 1042-S to be corrected, they can be filed on paper because they fall under the 250 threshold. However, |
| X | if the withholding agent has 300 Forms 1042-S to be corrected, they must be   |
| A | filed electronically or magnetically because they exceed the 250 threshold.   |
| M | If for some reason a withholding agent cannot file the 300 corrections on   |
| P | magnetic media, to avoid penalties, a request for a waiver must be submitted  |
| L | before filing on paper. If a waiver is approved for original documents, any   |
| E | corrections for the same type of return will be covered under this waiver.  |
- .04 Corrections should be filed **as soon as possible**. Corrections filed after August 1 may be subject to the maximum penalty of \$50 per return. Corrections filed by August 1 may be subject to a lesser penalty. For information on penalties, refer to the Penalty section of the current Instructions for Form 1042-S. However, if a withholding agent discovers errors after August 1, the withholding agent is still required to file corrections or be subject to

a penalty for intentional disregard of the filing requirements. If a record is incorrect, all fields on that record must be completed with the correct information. Submit corrections only for the returns filed in error. Do not submit the entire file. Furnish corrected statements to recipients as soon as possible.

- .05 Corrected returns must be identified on the Form 4804 and the external media label by indicating "Correction".
-  **Note:** Do not include original returns and corrected returns on the same media or in the same electronic file.
- .06 If filers discover that certain information returns were omitted on their original file, they must **not** code these documents as corrections. The file must be coded and submitted as an original file.
- .07 Prior year data, original and corrected, **must** be filed according to the requirements of this Revenue Procedure. If submitting prior year corrections, use the record format for the current year and submit on separate media. However, use the actual year designation of the correction in Field Positions 2-5 of the "T" Record. If filing electronically, a separate transmission must be made for each tax year.
- .08 In general, filers should submit corrections for returns filed within the last 3 calendar years.
- .09 All paper returns, whether original or corrected, must be filed with IRS Philadelphia Service Center.
- .10 Form 4804 must be submitted with corrected files submitted magnetically.
- .11 The "Q" Record provides a 20-position field (positions 72-91) for the recipient's account number assigned by the withholding agent. This number will help identify the appropriate incorrect return if more than one return is filed for a particular payee. This number should appear on the initial return and on the corrected return in order to identify and process the correction properly. **Do not enter a TIN in this field.**
- .12 The record sequence for filing corrections is the same as for original returns.
- .13 Following is a chart showing the steps to be taken for voiding and correcting Form 1042-S:

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### Guidelines for Filing Corrected Returns Electronically/Magnetically

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#### Transaction 1: Identify incorrect returns (void process)

The record sequence for filing corrections is the same as for original returns. Create the file in the following order exactly the same as the original transmission:

- (a) Transmitter "T" Record
- (b) Withholding Agent "W" Record with a Return Type Indicator of "1" (1 = Void) in field position 2
- (c) Recipient "Q" Record(s) with the exact information as submitted originally; however, place a Return Type Indicator of "1" (1 = Void) in field position 2 of the "Q" Record (See **Note**)
- (d) Prepare a Reconciliation "C" Record summarizing the preceding voided "Q" Records. (See sample format below.)

 **Note:** A voided "Q" Record may or may not have a corresponding corrected "Q" Record.


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#### Transaction 2: Report the correct information (correction process)

If possible, on the same media or electronic submission prepare:

- (a) Withholding Agent "W" Record with a Return Type Indicator of "2" (2 = Corrected) in field position 2.
- (b) Recipient "Q" Record(s) with the correct information. Place a "2" (2 = Corrected) in field position 2 of the "Q" Record.
- (c) Prepare a Reconciliation "C" Record summarizing the preceding corrected "Q" Records

(d) Prepare an End of Transmission “F” Record.

 **Note:** Each corrected “Q” Record MUST have a corresponding voided “Q” Record submitted prior to or in association with the corresponding correction record.

**Sample data sequence for void/correction records submitted in the same file:**

“T” Record  
 “W” Record coded for voided records  
 “Q” Record coded as void  
 “Q” Record coded as void  
 “Q” Record coded as void  
 “Q” Record coded as void  
 “Q” Record coded as void  
 “C” Record to summarize voided records  
 “W” Record coded for corrected records  
 “Q” Record coded as corrected records  
 “Q” Record coded as corrected  
 “Q” Record coded as corrected  
 “C” Record to summarize corrected records  
 “F” Record

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.14 For information on when an amended Form 1042 is required, refer to Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

**Sec. 14. Taxpayer Identification Number (TIN)**

- .01 Section 6109 of the Internal Revenue Code establishes the general requirements under which a person is required to furnish a TIN to the person obligated to file the information return.
- .02 The Withholding Agent must provide its EIN, QI-EIN, WP-EIN or WT-EIN as appropriate, in the “W” Record and “T” Record if the Withholding Agent is also the transmitter.
- .03 A recipient TIN (SSN, ITIN, EIN, QI-EIN, WP-EIN or WT-EIN) must be provided on every “Q” Record when:
- (a) Tax rate is less than 30% (See the current Instructions for Form 1042-S for exceptions)
  - (b) Income is effectively connected with the conduct of a trade or business in the United States
  - (c) Recipient claims tax treaty benefits (generally)
  - (d) Recipient is a Qualified Intermediary
  - (e) An NRA individual is claiming exemption from withholding on independent personal services
  - (f) Other situations may apply, see Publication 515
- .04 In the event the recipient does not have a TIN, the withholding agent should advise the recipient to take the necessary steps to apply for one.
- .05 The recipient’s TIN and name combination are used to associate information returns reported to IRS/ECC-MTB with corresponding information on recipients’ tax returns. It is imperative that **correct** Taxpayer Identification Numbers (TINs) for recipients be provided to IRS/ECC-MTB. **Do not enter hyphens or alpha characters.** Entering all zeros, ones, twos, etc., will have the effect of an incorrect TIN.
- .06 The withholding agent and recipient names with associated TINs should be consistent with the names and TINs used on other tax returns.

 **Note:** A withholding agent must have valid a EIN, QI-EIN, WP-EIN and/or WT-EIN. It is no longer valid for a withholding agent to use SSNs and ITINs.

## Sec. 15. Effect on Paper Returns and Statements to Recipients

- .01 Electronic/magnetic reporting of Form 1042-S eliminates the need to submit paper documents to the IRS. **CAUTION: Do not send Copy A of the paper forms to IRS for any forms filed electronically or on magnetic media.** This will result in duplicate filing.
- .02 Withholding agents are responsible for providing statements to the recipients as outlined in the current Instructions for Form 1042-S. Refer to those instructions for filing Form 1042-S on paper with the IRS and furnishing statements to recipients.
- .03 Statements to recipients should be clear and legible. If the official IRS form is not used, the filer must adhere to the specifications and guidelines in Publication 1179, Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 1042-S, 5498, and W-2G.
- .04 The address for filing paper Forms 1042-S and Form 1042 is: Internal Revenue Service Center, Philadelphia, PA 19255. Do **NOT** send paper Forms 1042-S or 1042 to IRS/ECC-MTB.

## Sec. 16. Definition of Terms

Element	Description
Beneficial Owner	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. For additional information and special conditions see Definitions in the current Instructions for Form 1042-S.
Correction	A correction is an information return submitted by the transmitter to correct an information return that was previously submitted to and processed by IRS/ECC-MTB, but contained erroneous information. A corrected record must always have a corresponding voided record submitted prior to or in association with the corrected record.
Employer Identification Number (EIN)	A nine-digit number assigned by IRS for Federal tax reporting purposes.
Electronic Filing	Submission of information returns electronically via the internet. See Parts B of this publication for specific information on electronic filing.
File	For purposes of this Revenue Procedure, a file consists of one Transmitter "T" Record at the beginning of the file, a Withholding Agent "W" Record, followed by the Recipient "Q" Record(s), a Reconciliation "C" Record summarizing the number of preceding "Q" Records and total of preceding money fields. Follow with any additional "W", "Q", and "C" Record sequences as needed. The last record on the file will be the End of Transmission "F" Record. Nothing should be reported after the End of Transmission "F" Record. A file format diagram is located at the end of Part D.
Filer	Person (may be withholding agent and/or transmitter) submitting information returns to IRS.

Element	Description
FIRE	Filing Information Returns Electronically (FIRE) System is the method for submitting Forms 1042-S electronically to IRS/ECC-MTB. See Part B.
Filing Year	The calendar year in which the information returns are being submitted to IRS.
Flow-Through Entity	A flow-through entity is a foreign partnership (other than a withholding foreign partnership), or a foreign simple or grantor trust (other than a withholding foreign trust). For any payments for which a reduced rate of withholding under an income tax treaty is claimed, any entity is considered to be a flow-through entity if it is considered to be fiscally transparent under IRC 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 Qualified Intermediary. Generally, a payment to a U.S. branch of a foreign person is a payment to a foreign person.
Gross Income	Gross income includes income from all sources, except certain items expressly excluded by statute. Gross income is the starting point for computing adjusted gross income and taxable income.
Individual Taxpayer Identification Number (ITIN)	A nine-digit number issued by IRS to individuals who are required to have a U.S. Taxpayer Identification Number for tax purposes but are not eligible to obtain a Social Security Number (SSN). ITIN may be used for tax purposes only.
Information Return	The vehicle for withholding agents to submit required tax information about a recipient to IRS. For this Revenue Procedure, it is information about a foreign person's U.S. source income subject to withholding, and the information return is Form 1042-S.
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.
Magnetic Media	For this Revenue Procedure, the term magnetic media refers to IBM 3480, 3490, 3490E, 3590, or 3590E compatible tape cartridge; or 3½-inch diskette.
Media Tracking Slip	Form 9267 accompanies correspondence sent by IRS/ECC-MTB requesting a replacement file due to incorrect format or certain errors encountered when trying to process the media. <b>This form must be returned with the replacement file.</b>

Element	Description
Nonqualified Intermediary (NQI)	A Nonqualified Intermediary is a foreign intermediary that is not a U.S. person and that is not a Qualified Intermediary.
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 Internal Revenue Code that a withholding agent must follow to determine the status of a beneficial owner as a U.S. or foreign person when it cannot reliably associate a payment with valid documentation.
Pro-Rata Basis Reporting	If the withholding agent has agreed that an NQI may provide information allocating a payment to its account holders under the provisions of Regulations section 1.1441-1(e)(3)(iv)(D), and the NQI fails to allocate the payment in a withholding rate pool to the specific recipients in the pool, the withholding agent must file a Form 1042-S for each recipient on a pro-rata basis.
Qualified Intermediary (QI)	A Qualified Intermediary is a foreign intermediary that is a party to a withholding agreement with the IRS, in which it agrees to comply with the relevant terms of Chapters 3 and 61 of the Internal Revenue Code.
Qualified Intermediary Employer Identification Number (QI-EIN)	A nine-digit number assigned by IRS to a QI for Federal tax reporting purposes. A QI-EIN may be used only when the QI is not acting on its own behalf.
Recipient	Person (nonresident alien individual, fiduciary, foreign partnership, foreign corporation, Qualified Intermediary, Withholding Rate Pool, or other foreign entity) that receives payments from a withholding agent as a beneficial owner or as a qualified intermediary acting on behalf of a beneficial owner. A non-qualified intermediary cannot be a recipient.
Replacement File	A replacement file is an information return file sent by the filer <b>at the request of IRS/ECC-MTB</b> because of certain errors encountered while processing the filer's original submission.
Service Bureau	Person or organization with whom the withholding agent has a contract to prepare and/or submit information return files to IRS/ECC-MTB. A parent company submitting data for a subsidiary is not considered a service bureau.
Social Security Number (SSN)	A nine-digit number assigned by Social Security Administration to an individual for wage and tax reporting purposes.
Special Character	Any character that is <b>not</b> a numeric, an alpha, or a blank.

Element	Description
Taxpayer Identification Number (TIN)	Refers to either an Employer Identification Number (EIN), Social Security Number (SSN), Individual Taxpayer Identification Number (ITIN), or a Qualified Intermediary Employer Identification Number (QI-EIN).
Tax Year	The year in which payments were made by a withholding agent to a recipient.
Transmitter	Refers to the person or organization submitting file(s) electronically/magnetically. The transmitter may be the payer, agent of the payer, or withholding agent.
Transmitter Control Code (TCC)	A five-character alpha/numeric number assigned by IRS/ECC-MTB to the transmitter prior to filing electronically or magnetically. An application Form 4419 must be filed with IRS/ECC-MTB to receive this number. This number is inserted in the Transmitter “T” Record (field positions 190-194) of the file and must be present before the file can be processed. Transmitter Control Codes assigned to 1042-S filers will always begin with “22”.
Unknown Recipient	For this Revenue Procedure, an unknown recipient is a recipient for which no documentation has been received by a withholding agent or intermediary or for which documentation received cannot be reliably associated. This includes incomplete documentation. An unknown recipient is always subject to withholding at the maximum applicable rate. No reduction of or exemption from tax may be applied <b><u>under any circumstances.</u></b>
Vendor	Vendors include service bureaus that produce information return files on the prescribed types of magnetic media or via electronic filing for withholding agents. Vendors also include companies that provide software for those who wish to produce their own media or electronic files.
Void	A void record is used in the correction process of Form 1042-S. For purposes of this Revenue Procedure, a void record is submitted by the transmitter to delete a previously filed incorrect original Form 1042-S. A void record must be a duplicate of the original successfully processed record with the exception of a “1” in field position 2 of the “W” and “Q” Records.
Withholding Agent	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, a nonqualified intermediary, a withholding foreign partnership, a withholding foreign trust, 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 under U.S. law 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.

Element	Description
Withholding Foreign Partnership (WP) or Withholding Foreign Trust (WT)	A foreign partnership or trust that has entered into a withholding or Withholding Foreign Trust 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.

## Sec. 17. State Abbreviations

.01 The following state and U.S. territory abbreviations are to be used when developing the state code portion of address fields. This table provides state and territory abbreviations.

State	Code	State	Code	State	Code
Alabama	AL	Kansas	KS	No. Mariana Islands	MP
Alaska	AK	Kentucky	KY	Ohio	OH
American Samoa	AS	Louisiana	LA	Oklahoma	OK
Arizona	AZ	Maine	ME	Oregon	OR
Arkansas	AR	Maryland	MD	Pennsylvania	PA
California	CA	Massachusetts	MA	Puerto Rico	PR
Colorado	CO	Michigan	MI	Rhode Island	RI
Connecticut	CT	Minnesota	MN	South Carolina	SC
Delaware	DE	Mississippi	MS	South Dakota	SD
District of Columbia	DC	Missouri	MO	Tennessee	TN
Federated States of Micronesia	FM	Montana	MT	Texas	TX
Florida	FL	Nebraska	NE	Utah	UT
Georgia	GA	Nevada	NV	Vermont	VT
Guam	GU	New Hampshire	NH	Virginia	VA
Hawaii	HI	New Jersey	NJ	(U.S.) Virgin Islands	VI
Idaho	ID	New Mexico	NM	Washington	WA
Illinois	IL	New York	NY	West Virginia	WV
Indiana	IN	North Carolina	NC	Wisconsin	WI
Iowa	IA	North Dakota	ND	Wyoming	WY

.02 When reporting APO/FPO addresses use the following format:

**EXAMPLE:**

Payee Name           PVT Willard J. Doe  
Mailing Address      Company F, PSC Box 100  
                              167 Infantry REGT  
Payee City            APO (or FPO)  
Payee State          AE, AA, or AP\*  
Payee ZIP Code      098010100

\*AE is the designation for ZIPs beginning with 090-098, AA for ZIP 340, and AP for ZIPs 962-966.



## Part B. Electronic Filing Specifications

**Note:** The FIRE System is now on the Internet at <http://fire.irs.gov>. It is no longer a dial-up connection.

### Sec. 1. General

- .01 Electronic filing of Form 1042-S (originals, corrections, and replacements) is offered as an alternative to magnetic media (tape cartridge or diskette) or paper filing. Filing electronically will fulfill the magnetic media requirements for those withholding agents who are required to file magnetically. Withholding agents who are under the filing threshold requirement are encouraged to file electronically. If the original file was sent magnetically, but IRS/ECC-MTB has requested a replacement file, the replacement may be transmitted electronically. Also, if the original file was submitted via magnetic media, any corrections may be transmitted electronically.
- .02 All electronic filing of information returns are received at IRS/ECC-MTB via the FIRE (Filing Information Returns Electronically) System. To connect to the FIRE System, point your browser to <http://fire.irs.gov>. The systems is designed to support the electronic filing of information returns only.
- .03 The electronic filing of information returns is not affiliated with any other IRS electronic filing programs. Filers must obtain separate approval to participate in each of them. Only inquires concerning electronic filing of information returns should be directed to IRS/ECC-MTB.
- .04 Files submitted to IRS/ECC-MTB electronically must be in standard ASCII code. Do not send magnetic media or paper forms with the same information as electronically submitted files. This would create duplicate reporting resulting in penalty notices.
- .05 The formats of the "T", "W", "Q", "C" and "F" Records are the same for both electronically or magnetically filed records. See Part C, Record Format Specifications and Record Layouts.

### Sec. 2. Advantages of Filing Electronically

- .01 Some of the advantages of filing electronically are as follows:
  - (a) Paperless, no Form 4804 requirements.
  - (b) Security - Secure Socket Layer (SSL) 128-bit encryption.
  - (c) Results available within 20 workdays regarding the acceptability of the data transmitted. It is the filer's responsibility to log into the system and check results.
  - (d) Better customer service due to on-line availability of transmitter's files for research purposes.

### Sec. 3. Electronic Filing Approval Procedure

- .01 Filers must obtain, or already have, a Transmitter Control Code (TCC) assigned prior to submitting their files electronically. (Filers who currently have a TCC for magnetic media filing of Form 1042-S, beginning with "22", will not be assigned a second TCC for electronic filing.) Refer to Part A, Sec. 6, for information on how to obtain a TCC.
- .02 Once a TCC is obtained, electronic filers assign their own user ID, password and PIN (Personal Identification Number) and do not need prior or special approval. See Part B, Sec. 7.
- .03 If a filer is submitting files for more than one TCC, it is not necessary to create a separate logon and password for each TCC.
- .04 For all passwords, it is the user's responsibility to remember the password and not allow the password to be compromised. Passwords are user assigned at first logon and must be 8 alpha/numerics containing at least 1 uppercase, 1 lowercase, and 1 numeric. However, filers who forget their password or PIN, can call **toll-free 1-866-455-7438** for assistance. The FIRE System will require users to change their passwords on a yearly basis.

## Sec. 4. Test Files

- .01 Filers are not required to submit a test file; however, the submission of a test file is encouraged for all new electronic filers to test hardware and software. If filers wish to submit an electronic test file for Tax Year 2004 (returns to be filed in 2005), it **must** be submitted to IRS/ECC-MTB **no earlier than** November 1, 2004, and **no later than** December 15, 2004.
- .02 Filers who encounter problems while transmitting the electronic test file can contact IRS/ECC-MTB **toll-free 1-866-455-7438** for assistance.
- .03 Filers must verify the status of the transmitted test data by going to <http://fire.irs.gov> and verifying the status of their file by clicking on CHECK FILE STATUS. This information will be available within 20 workdays after the transmission is received by IRS/ECC-MTB.
- .04 Form 4804 is not required for test files submitted electronically. See Part B, Sec.6.

## Sec. 5. Electronic Submissions

- .01 Electronically filed information may be submitted to IRS/ECC-MTB 24 hours a day, 7 days a week. Technical assistance will be available Monday through Friday between 8:30 a.m. and 4:30 p.m. Eastern time by calling **toll-free 1-866-455-7438**.
- .02 **The FIRE System will be down from December 23, 2004, through January 4, 2005.** This allows IRS/ECC-MTB to update its system to reflect current year changes.
- .03 If you are sending files larger than 10,000 records electronically, data compression is encouraged. If you are considering sending files larger than 5 million records, please contact IRS/ECC-MTB for specifics. WinZip and PKZip are the only acceptable compression packages. IRS/ECC-MTB cannot accept self-extracting zip files or compressed files containing multiple files. The time required to transmit information returns electronically will vary depending upon the type of connection to the internet and if data compression is used. The time required to transmit a file can be reduced by as much as 95 percent by using compression.
- .04 Transmitters may create files using self assigned files name(s). Files submitted electronically will be assigned a new unique file name by the FIRE System. The filename assigned by the FIRE System will consist of submission type (TEST, ORIG [original], CORR [correction], and REPL [replacement]), the filer's TCC and a four- digit number sequence. The sequence number will be incremented for every file sent. For example, if it is your first original file for the calendar year and your TCC is 22000, the IRS assigned filename would be ORIG.22000.0001. **Record the filename.**

This information will be needed by ECC-MTB to identify the file, if assistance is required.

- .05 The following definitions have been provided to help distinguish between a correction and a replacement:
  - A **correction** is an information return submitted by the transmitter to correct an information return that was previously submitted to and processed by IRS/ECC-MTB but contained erroneous information. **(See Note.)**
  - **Note:** Corrections should only be made to records that have been submitted incorrectly not the entire file.
  - A **replacement** is an information return file sent by the filer because the CHECK FILE STATUS option on the FIRE System indicated the original file was bad. After the necessary changes have been made, the file must be transmitted through the FIRE System. **(See Note.)**
  - **Note:** Filers should never transmit anything to IRS/ECC-MTB as a "Replacement" file unless the CHECK FILE STATUS option on the FIRE System indicates the file is bad.
- .06 The TCC in the Transmitter "T" Record must be the TCC used to transmit the file; otherwise, the file will be considered an error.

## Sec. 6. PIN Requirements

- .01 Form 4804 is not required for electronic files. Instead, the user will be prompted to create a PIN consisting of 10 numerics when establishing their initial logon name and password.
- .02 The PIN is required each time an ORIGINAL, CORRECTION, or REPLACEMENT file is sent electronically and is permission to release the file. It is not needed for a TEST file. An authorized agent may enter their PIN, however, the payer is responsible for the accuracy of the returns. The payer will be liable for penalties for failure to comply with filing requirements. If you forget your PIN, please call toll-free 1-866-455-7438 for assistance.

## Sec. 7. Electronic Filing Specifications

- .01 The FIRE System is designed exclusively for the filing of Forms 1042-S, 1098, 1099, 5498, 8027, W-2G and Questionable W-4.
- .02 A transmitter must have a TCC (see Part A, Sec. 6) before a file can be transmitted. A TCC assigned for 1042-S magnetic media filing should also be used for electronic filing.
- .03 The results of the electronic transmission will be available in the CHECK FILE STATUS area of the FIRE System within 20 business days. It is the filer's responsibility to verify the acceptability of files submitted by selecting the CHECK FILE STATUS option.

## Sec. 8. Connecting to the FIRE System

- .01 Point your browser to <http://fire.irs.gov> to connect to the FIRE System.
- .02 Before connecting, have your TCC and EIN available.
- .03 Your browser must support SSL 128-bit encryption.
- .04 Your browser must be set to receive "cookies". Cookies are used to preserve your User ID status.

**First time connection to the FIRE System** (If you have logged on previously, skip to Subsequent Connections to the FIRE System.)

Click "**Create New Account**".

Fill out the registration form and click "**Submit**".

Enter your **User ID** (most users logon with their first and last name).

Enter and verify your **password** (the password is user assigned and must be 8 alpha/numerics, containing at least 1 uppercase, 1 lowercase and 1 numeric). FIRE may require you to change the password once a year.

Click "**Create**".

If you receive the message "**Account Created**", click "**OK**".

Enter and verify your 10-digit self-assigned PIN (Personal Identification Number).

Click "**Submit**".

If you receive the message "**Your PIN has been successfully created!**", click "**OK**".

Read the bulletin(s) and/or click "**Start the FIRE application**".

### **Subsequent connections to the FIRE System**

Click "**Log On**".

Enter your **User ID** (most users logon with their first and last name).

Enter your **password** (the password is user assigned and case sensitive).

### **Uploading your file to the FIRE System**

At Menu Options:

Click "**Send Information Returns**".

Enter your **TCC**:

Enter your **EIN**:

Click "**Submit**".

The system will then display the company name, address, city, state, ZIP code, phone number, contact and email address. This information will be used to contact or send correspondence (if necessary) regarding this transmission. Update as appropriate and/or Click **“Accept”**.

Click one of the following:

**Original File**

**Correction File**

**Test File**

**Replacement File** (if you select this option, select one of the following):

**FIRE Replacement** (file was originally transmitted on this system)

Click file to be replaced.

**Magnetic Media Replacement File**

Enter the alpha character from Form 9267, Media Tracking Slip, that was sent with the request for a replacement file.

Click **“Submit”**.

Enter your 10-digit PIN.

Click **“Submit”**.

Click **“Browse”** to locate the file and open it.

Click **“Upload”**.

**When the upload is complete, the screen will display the total bytes received and tell you the name of the file you just uploaded.**

If you have more files to upload for that TCC:

Click **“File Another?”**; otherwise,

Click **“Main Menu”**.

**It is your responsibility to check the acceptability of your file; therefore, be sure to check back into the system in 20 business days using the CHECK FILE STATUS option.**

### **Checking your File Status**

At the Main Menu:

Click **“Check File Status”**.

Enter your **TCC**:

Enter your **EIN**:

Click **“Search”**.

If “Results” indicate:

**“Good, Released”** - File has been released to our mainline processing.

**“Bad”** - Correct the errors and timely resubmit the file as a “replacement”.

**“Not Yet Processed”** - File has been received, but we do not have results available yet. Please check back in a few days.

Click on the desired file for a detailed report of your transmission.

When you are finished, click on **Main Menu**.

Click **“Log Out”**.

Close your Web Browser.

## Sec. 9. Common Problems and Questions Associated with Electronic Filing

.01 Refer to Part A, Sec. 12 Common Submission Problems for common format errors.

.02 The following are the major errors associated with electronic filing:

### NON-FORMAT ERRORS

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#### 1. **Transmitter does not check the FIRE System to determine file acceptability.**

The results of your file transfer are posted to the FIRE System within 20 business days. It is your responsibility to verify file acceptability and, if the file contains errors, you can get an online listing of the errors. Date received and number of recipient records are also displayed.

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#### 2. **Transmitter uses the TCC assigned for filing 1098, 1099, 5498 or W-2G Forms.**

Use your 1042-S TCC which begins with '22' to transmit your 1042-S file, otherwise, it will be automatically considered an error.

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#### 3. **Incorrect file is not replaced timely.**

If we have advised you your file is bad, correct the file and timely resubmit as a replacement.

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#### 4. **Transmitter compresses several files into one.**

Only compress one file at a time. For example, if you have 10 uncompressed files to send, compress each file separately and send 10 separate compressed files.

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#### 5. **Transmitter sends a file and CHECK FILE STATUS indicates that the file is good, but the transmitter wants to send a replacement or correction file to replace the original/correction/replacement file.**

Once a file has been transmitted, you cannot send a replacement file unless CHECK FILE STATUS indicates the file is bad (20 business days after file was transmitted). If you do not want us to process the file, you must first contact us **toll-free 1-866-455-7438** to see if this is a possibility.

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#### 6. **Transmitter sends an original file that is good, and then sends a correction file for the entire file even though there are only a few changes.**

The correction file, containing the proper coding, should only contain the records needing correction not the entire file.

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#### 7. **File is formatted as EBCDIC.**

All files submitted electronically must be in standard ASCII code.

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#### 8. **Transmitter has one TCC number, but is filing for multiple companies, which EIN should be used when logging into the system to send the file?**

When sending the file electronically, you will need to enter the EIN of the company assigned to the TCC. When you upload the file, it will contain the EINs for the other companies that you are filing for. This is the information that will be passed forward.

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#### 9. **Transmitter sent the wrong file, what should be done?**

Call us as soon as possible **toll-free 1-866-455-7438**. We may be able to stop the file before it has been processed. **Please do not send a replacement for a file that is marked as a good file.**

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## Part C. Magnetic Media Specifications

### Sec. 1. General


- .01 The specifications contained in this part of the Revenue Procedure define the **required** format and content of the records to be included in the electronic/magnetic media file. Do not deviate from this format.
- .02 Transmitters must be consistent in the use of recording modes and density on files. If the media does not meet these specifications, IRS/ECC-MTB will request a replacement file. Filers are encouraged to submit a test prior to submitting the actual file. Contact IRS/ECC-MTB for further information **toll-free 1-866-455-7438**.
- .03 Regardless of the type of media used or if returns are filed electronically, the record length must be 780 positions.

### Sec. 2. Tape Cartridge Specifications

- .01 In most instances, IRS/ECC-MTB can process tape cartridges that meet the following specifications:
  - (a) Must be IBM 3480, 3490, 3490E, 3590, or 3590E compatible.
  - (b) Must meet American National Standard Institute (ANSI) standards and have the following characteristics:
    - (1) Tape cartridges will be ½-inch tape contained in plastic cartridges which are approximately 4-inches by 5-inches by 1-inch in dimension.
    - (2) Magnetic tape will be chromium dioxide particle based ½-inch tape.
    - (3) Cartridges must be 18-track, 36-track, 128-track, or 256-track parallel (See **Note**).
    - (4) Cartridges will contain 37,871 CPI or 75,742 CPI (characters per inch).
    - (5) Mode will be full function.
    - (6) The data may be compressed using EDRC (Memorex) or IDRC (IBM) compression.
    - (7) Either EBCDIC (Extended Binary Coded Decimal Interchange Code) or ASCII (American Standard Coded Information Interchange) may be used.
- .02 The tape cartridge records defined in this Revenue Procedure may be blocked subject to the following:
  - (a) A block **must not** exceed 23,400 tape positions.
  - (b) All records, except the header and trailer labels, may be blocked or unblocked. A record may not contain any control fields or block descriptor fields which describe the length of the block or the logical records within the block. The number of logical records within a block (the blocking factor) must be constant in every block with the exception of the last block which may be shorter (see item (b) above). The block length must be evenly divisible by 780.
  - (c) **Records may not span blocks.**
- .03 Tape cartridges may be labeled or unlabeled.
- .04 For the purposes of this Revenue Procedure, the following must be used:

Tape Mark:

- (a) Signifies the physical end of the recording on tape.
- (b) For even parity, use BCD configuration 001111 (8421).
- (c) May follow the header label and precede and/or follow the trailer label.

 **Note:** Filers should indicate on the external media label and transmittal Form 4804 whether the cartridge is 18-track, 36-track, 128-track or 256-track.

### Sec. 3. 3½-Inch Diskette Specifications

.01 To be compatible, a diskette file must meet the following specifications:

- (a) 3½-inches in diameter.
- (b) Data must be recorded in standard ASCII code.
- (c) Records must be a fixed length of 780 bytes per record.
- (d) Delimiter character commas (,) must not be used.
- (e) Positions 779 and 780 of each record have been reserved for use as carriage return/line feed (cr/lf) characters, if applicable.
- (f) Filename of 1042TAX must be used. Do not enter any other data in this field. If a file will consist of more than one diskette, the filename 1042TAX will contain a three-digit extension. This extension will indicate the sequence of the diskettes within the file. For example, if the file consists of three diskettes, the first diskette will be named 1042TAX.001, the second will be 1042TAX.002, and the third will be 1042TAX.003. The first diskette, 1042TAX.001, will begin with a "T" Record and the third diskette, 1042TAX.003, will have an "F" Record at the end of the file.
- (g) A diskette will not contain multiple files as defined in Part A, Section 16. A file may have only ONE Transmitter "T" Record.
- (h) Failure to comply with instructions will result in IRS/ECC-MTB requesting a replacement file.
- (i) Diskettes must meet one of the following specifications:

Capacity	Tracks	Sides/Density	Sector Size
1.44 mb	96tpi	hd	512
1.44 mb	135tpi	hd	512

.02 IRS/ECC-MTB encourages transmitters to use blank or currently formatted diskettes when preparing files. If extraneous data follows the End of Transmission "F" Record, IRS/ECC-MTB will request a replacement file.

.03 IRS/ECC-MTB will **only** accept 3½-inch diskettes created using MS-DOS.

🔑 **Note:** IRS no longer has the capability to process non-MS-DOS compatible diskettes. 3½-inch diskettes created on a System 36 or AS400 are **not** acceptable.

.04 Transmitters should check diskettes for viruses before submitting it to IRS/ECC-MTB.

### Sec. 4. Transmitter "T" Record

.01 This record identifies the entity preparing and transmitting the file. The transmitter and the withholding agent may be the same, but they need not be.

.02 The first record of a file **MUST** be a Transmitter "T" Record (preceded only by header labels). The "T" Record must appear on each tape and cartridge; otherwise a replacement file may be requested.

.03 The "T" Record is a fixed length of 780 positions.

.04 All alpha characters entered in the "T" Record must be upper case.

🔑 **Note 1: FOR ALL FIELDS MARKED "REQUIRED", THE TRANSMITTER MUST PROVIDE THE INFORMATION DESCRIBED UNDER DESCRIPTION AND REMARKS. IF REQUIRED FIELDS ARE NOT COMPLETED IN ACCORDANCE WITH THESE INSTRUCTIONS, IRS WILL CONTACT YOU TO REQUEST CORRECT INFORMATION. FOR THOSE FIELDS NOT MARKED "REQUIRED", A TRANSMITTER MUST ALLOW FOR THE FIELD, BUT MAY BE INSTRUCTED TO ENTER BLANKS OR ZEROES IN THE INDICATED MEDIA POSITION(S) AND FOR THE INDICATED LENGTH. ALL RECORDS HAVE A FIXED LENGTH OF 780 POSITIONS.**


🔑 **Note 2: A copy of the current Instructions for Form 1042-S for this revision of the Publication 1187 is included at the end of this publication. These instructions should be used for the proper coding of each field in this record where applicable. The instructions are updated each year as required. Since Publication 1187 may not be revised every year, be sure to use the most current instructions.**



## Record Name: Transmitter “T” Record

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “T”.
2-5	Tax Year	4	<b>Required.</b> Enter year for which income and withholding are being reported.
6-14	Transmitter’s Taxpayer Identification Number (TIN)	9	<b>Required.</b> Enter the Taxpayer Identification Number of the Transmitter. This can be a Social Security Number (SSN), Individual Taxpayer Identification Number (ITIN), Employer Identification Number (EIN) or Qualified Intermediary Number (QI-EIN). <b>DO NOT ENTER blanks, hyphens or alpha characters.</b> A TIN consisting of all the same digits (e.g., 111111111) is not acceptable.
15-54	Transmitter’s Name	40	<b>Required.</b> Enter name of transmitter of file. Abbreviate if necessary to fit 40-character limit. Omit punctuation if possible. Left-justify and blank fill.
<p>⇒ <b>Note:</b> Do not use special characters in names or addresses that are unique to a language other than English.  <i>For example: â = A, æ = A, ü = U, Ò = O, ñ = N, etc.</i></p>			
55-94	Transmitter’s Address	40	<b>Required.</b> Enter full mailing address of the transmitter. This will include number, street, and apartment or suite number (P.O. Box can be used if mail is not delivered to street address). Abbreviate as needed to fit 40-character limit. Omit punctuation if possible. Left-justify and blank fill.
95-114	City	20	<b>Required.</b> Enter the city or town (or other locality name) of transmitter. If applicable, enter APO or FPO only. Left-justify and blank fill.
115-116	State Code	2	<b>Required if U.S. Transmitter.</b> Enter only the two-alpha State Code. DO NOT spell out the state name. See State Code Table, Part A, Sec. 17.
117-118	Province Code	2	<b>Required if Foreign Country Code is “CA” (Canada).</b> Enter only the two-alpha character Province Code as shown in the Province Code table. <b>DO NOT spell out the Province Name.</b> If foreign country other than Canada, blank fill.

## Record Name: Transmitter “T” Record (Cont’d)

Field Positions	Field Title	Length	Description and Remarks
	<b>Province Code</b>	<b>Province</b>	
	AB	Alberta	
	BC	British Columbia	
	LB	Labrador	
	MB	Manitoba	
	NB	New Brunswick	
	NF	Newfoundland	
	NS	Nova Scotia	
	NT	Northwest Territories	
	NU	Nunavut	
	ON	Ontario	
	PE	Prince Edward Island	
	QC	Quebec	
	SK	Saskatchewan	
	YK	Yukon Territory	
119-120	Country Code	2	<b>Required if Foreign Transmitter. If Country Code is present, State Code field MUST be blank.</b> Enter only the two-alpha Country Code from the Country Code table. <b>DO NOT spell out the Country Name.</b>
	<p> <b>Note 1: COUNTRY CODES:</b> The list of country codes provided in the current Instructions for Form 1042-S includes all internationally recognized country codes and must be used to ensure the proper coding of the Country Code field. This list is updated each year as required. Do not enter U.S. in the Country Code field.</p>		
121-129	Postal or ZIP Code	9	<b>Required if U.S. address. Enter up to nine numeric characters for all U.S. addresses (including territories, possessions and APO/FPO).</b>
			<b>Conditional for foreign addresses.</b> Enter the alpha/numeric foreign postal code. Left-justify and blank fill the remaining positions. <b>DO NOT</b> use hyphens.
130-169	Contact’s Name	40	<b>Required.</b> Enter the name of the person to contact if any questions should arise with the transmission.
170-189	Contact’s Telephone Number	20	<b>Required.</b> Enter the contact person’s telephone number, and extension, if applicable. If foreign, provide appropriate codes for overseas calls. Left-justify.

**Record Name: Transmitter “T” Record (Cont’d)**

<b>Field Positions</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
190-194	Transmitter Control Code (TCC)	5	<b>Required.</b> Enter the five-character alpha/numeric TCC assigned ONLY for Form 1042-S reporting. (The first two numbers will always be “22”).
195-198	Test Indicator	4	<b>Required if this is a test file.</b> Enter the word “TEST”. Otherwise enter blanks.
199	<i>Prior Year Indicator</i>	1	<b>Required</b> Enter a ‘P’ only if reporting prior year data, otherwise, enter blank. Do not enter a ‘P’ for current year information.
200-770	Reserved	571	Blank fill.
771-778	<i>Record Sequence Nmber</i>	8	<b>Required.</b> Enter the number of the record as it appears within your file. The record sequence number for the “T” record will always be “1” (one), since it is the first record on your file and you can have only one “T” record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the “T” record sequence number would appear as “00000001” in the field, the first “W” record would be “00000002”, the first “Q” record, “00000003”, the second “Q” record, “00000004” and so on until you reach the final record of the file, the “F” record.
779-780	Blank or Carriage Return Line Feed	2	<b>Enter</b> blanks or carriage return line feed (CR/LF) characters.

**Transmitter “T” Record Layout**


Record Type	Tax Year	Transmitter’s TIN	Transmitter’s Name	Transmitter’s Address	City	State Code	Province Code
1	2-5	6-14	15-54	55-94	95-114	115-116	117-118


  

Country Code	Postal or ZIP Code	Contact’s Name	Contact’s Telephone Number	TCC	Test Indicator	<i>Prior Year Indicator</i>	<i>Reserved</i>	<i>Record Sequence Number</i>	Blank or Carriage Return Line Feed
119-120	121-129	130-169	170-189	190-194	195-198	199	200-770	771-778	779-780

## Sec. 5. Withholding Agent “W” Record


- .01 The “W” Record identifies the Withholding Agent.
- .02 Enter a “W” Record after the initial “T” Record on the file, followed by the Recipient “Q” Records, and a Reconciliation “C” Record. *Do not report for a withholding agent if there are no corresponding Recipient “Q” records.*
- .03 Several “W” Records for different Withholding Agents may appear on the same Transmitter’s File.
- .04 Each “W” Record is a fixed length of 780 positions.
- .05 All alpha characters entered in the “W” Record must be upper case.

 **Note 1: FOR ALL FIELDS MARKED “REQUIRED”, THE TRANSMITTER MUST PROVIDE THE INFORMATION DESCRIBED UNDER DESCRIPTION AND REMARKS. IF REQUIRED FIELDS ARE NOT COMPLETED IN ACCORDANCE WITH THESE INSTRUCTIONS, YOUR FILE MAY NOT PROCESS CORRECTLY. FOR THOSE FIELDS NOT MARKED “REQUIRED”, A TRANSMITTER MUST ALLOW FOR THE FIELD, BUT MAY BE INSTRUCTED TO ENTER BLANKS OR ZEROES IN THE INDICATED MEDIA POSITION(S) AND FOR THE INDICATED LENGTH. ALL RECORDS HAVE A FIXED LENGTH OF 780 POSITIONS.**

 **Note 2: A copy of the current Instructions for Form 1042-S for this revision of the Publication 1187 is included at the end of this publication. These instructions should be used for the proper coding of each field in this record where applicable. The list of country codes in the instructions includes all recognized country codes and MUST be used for coding. *The instructions are updated each year as required. Since Publication 1187 may not be revised every year, be sure to use the most current instructions.***

### Record Name: Withholding Agent “W” Record

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “W”.
2	Return Type Indicator	1	<b>Required.</b> Enter the one position value below to identify whether the record is Original, Void or Corrected. Do not enter a blank or alpha character. Acceptable Values are: <ul style="list-style-type: none"> <li>• 0 (Zero) = Original</li> <li>• 1 = Void</li> <li>• 2 = Corrected</li> </ul>
3	Pro Rata Basis Reporting	1	<b>Required.</b> Enter the one position value below to identify if reporting on a Pro Rata Basis. Acceptable Values are: <ul style="list-style-type: none"> <li>• 0 (Zero) = Not Pro Rata</li> <li>• 1 = Pro Rata Basis Reporting</li> </ul>
4-12	Withholding Agent’s EIN	9	<b>Required.</b> Enter the nine-digit Employer Identification Number of the Withholding Agent. Do <b>NOT</b> enter blanks, hyphens or alpha characters. An EIN consisting of all the same digits (e.g., 11111111) is not acceptable. Do <b>NOT</b> enter the recipient’s TIN in this field.

 **Note: See current Instructions for Form 1042-S to determine when a Qualified Intermediary, must provide its QI-EIN, WP-EIN or WT-EIN in this field.**

## Record Name: Withholding Agent “W” Record (Cont’d)

Field Positions	Field Title	Length	Description and Remarks
13	Withholding Agent’s EIN Indicator	1	<p><b>Required.</b> Enter the Withholding Agent’s EIN indicator from the following values:</p> <ul style="list-style-type: none"> <li>• 0 (Zero) = EIN</li> <li>• 1 = QI-EIN, WP-EIN, WT-EIN</li> <li>• 2 = NQI-EIN</li> </ul> <p>⚠ <b>Note:</b> Use EIN indicator 2 only if the Withholding Agent’s EIN begins with “98” <u>AND</u> the Withholding Agent’s City, State and Country Code fields indicate that the Withholding Agent is <u>not</u> a U.S. withholding agent.</p>
14-53	Withholding Agent’s Name Line-1	40	<p><b>Required.</b> Enter the Withholding Agent’s Name as established when filing for the EIN or QI-EIN which appears in position 4-12 of the “W” Record. Left-justify and blank fill.</p> <p>⚠ <b>Note:</b> Do not use special characters in names or addresses that are unique to a language other than English. For example: å = A, æ = A, ü = U, Õ = O, ñ = N, etc.</p>
54-93	Withholding Agent’s Name Line-2	40	<p>Enter supplementary withholding agent’s name information; otherwise enter blanks. Use this line for additional names (e.g., partners or joint owners), for trade names, stage names, aliases or titles. Also use this line for “care of” or “via”. Valid characters are alpha, numeric, blank, ampersand (&amp;), hyphen (-), comma (,) and the percent (%). The percent [% (used as “in care of”)] is valid in the first position only.</p>
94-133	Withholding Agent’s Name Line-3	40	<p>See above.</p>
134-173	Withholding Agent’s Street Line-1	40	<p><b>Required.</b> Enter the mailing address of the withholding agent. Street address should include number, street, and apartment or suite number (or P.O. Box if mail is not delivered to street address). Abbreviate as needed. Left-justify and blank fill.</p>
174-213	Withholding Agent’s Street Line-2	40	<p>Enter supplementary withholding agent street address information. Otherwise blank fill.</p>
214-253	Withholding Agent’s City	40	<p><b>Required.</b> Enter the city or town (or other locality name). Enter APO or FPO only if applicable. <b>Do not</b> enter a foreign postal code in the city field. Left-justify and blank fill.</p>
254-255	Withholding Agent’s State Code	2	<p><b>Required if Withholding Agent has a U.S. address.</b> Enter the two-character State Code abbreviation. If not a U.S. state, territory or APO/FPO identifiers, blank fill. <b>Do not use any of the two-character Country Codes in the State Code Field.</b></p> <p>⚠ <b>Note:</b> If the withholding agent has a U.S. address, leave the country code in positions 258-259 blank.</p>

**Record Name: Withholding Agent “W” Record (Cont’d)**

<b>Field Positions</b>	<b>Field Title</b>	<b>Length</b>	<b>Description and Remarks</b>
256-257	Withholding Agent’s Province Code	2	<b>Required if Foreign Country Code is “CA” (Canada).</b> Enter only the two-alpha character Province Code as shown in the Province Code Table. See “T” record positions 117-118 for Province Code Table. <b>DO NOT spell out the Province Name. If foreign country other than Canada, blank fill.</b>
258-259	Withholding Agent’s Country Code	2	<b>Required if QI or NQI or other foreign withholding agent.</b> Enter only the two-alpha Country Code from the Country Code Table. <b>DO NOT spell out the Country Name.</b>
<p><b>Note: COUNTRY CODES: The list of country codes provided in the current Instructions for Form 1042-S includes all internationally recognized country codes and MUST be used to ensure the proper coding of the Country Code field. This list is updated each year as required. Do not enter U.S. in the Country Code field.</b></p>			
260-268	Postal or ZIP Code	9	<b>Required if U.S. address.</b> Enter up to nine numeric characters for all U.S. addresses (including territories, possessions and APO/FPO). <b>Conditional for foreign addresses.</b> Enter the alpha/numeric foreign postal code. DO NOT use hyphens or blanks within the Postal Code. Left-justify and blank fill the remaining positions.
269-272	Tax Year	4	<b>Required.</b> Enter the four-digit year of the current tax year unless you entered a ‘P’ in the Prior Year Indicator Field of the ‘T’ Record. All recipient “Q” Records must report payments for this year only. Different tax years may not appear on the same file.
273-292	Contact’s Phone Number and Extension	20	<b>Required.</b> Enter the telephone number of a person to contact regarding electronic or magnetic files. Omit hyphens. If no extension is available, left-justify and fill unused positions with blanks. If foreign, provide appropriate codes for overseas call.
293	Final Return Indicator	1	<b>Required.</b> Enter the one position value below to indicate whether you will be filing Forms 1042-S in the future. <ul style="list-style-type: none"> <li>• 0 (Zero) = will be filing</li> <li>• 1 = will not be filing</li> </ul>
294-770	<i>Reserved</i>	477	<i>Blank fill.</i>

## Record Name: Withholding Agent “W” Record (Cont’d)

Field Positions	Field Title	Length	Description and Remarks
771-778	Record Sequence Number	8	<b>Required.</b> Enter the number of the record as it appears within your file. The record sequence number for the “T” record will always be “1” (one), since it is the first record on your file and you can have only one “T” record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the “T” record sequence number would appear as “00000001” in the field, the first “W” record would be “00000002”, the first “Q” record, “00000003”, the second “Q” record, “00000004” and so on until you reach the final record of the file, the “F” record.
779-780	Blank or Carriage Return Line Feed	2	Enter blanks or carriage return line feed characters (CR/LF).


### Withholding Agent “W” Record Layout


Record Type	Return Type Indicator	Pro Rata Basis Reporting	Withholding Agent’s EIN	Withholding Agent’s EIN Indicator	Withholding Agent’s Name Line-1	Withholding Agent’s Name Line-2
1	2	3	4-12	13	14-53	54-93
Withholding Agent’s Name Line-3	Withholding Agent’s Street-Line-1	Withholding Agent’s Street-Line-2	Withholding Agent’s City	Withholding Agent’s State Code	Withholding Agent’s Province Code	Withholding Agent’s Country Code
94-133	134-173	174-213	214-253	254-255	256-257	258-259
Postal or ZIP Code	Tax Year	Contact’s Phone Number and Extension	Final Return Indicator	<i>Reserved</i>	<i>Record Sequence Number</i>	Blank or Carriage Return Line Feed
260-268	269-272	273-292	293	294-770	771-778	779-780

### Sec. 6. Recipient “Q” Record

- .01 The “Q” Record contains name and address information for the Recipient of Income, Non-Qualified Intermediary or Flow-Through Entity if appropriate, Payer, and all data concerning the income paid and tax withheld that is required to be reported under U.S. law. Each Recipient “Q” Record is treated as if it were a separate Form 1042-S.
- .02 Since the “Q” Record is restricted to one type of income and one tax rate, under certain circumstances it may be necessary to submit more than one “Q” Record for the same recipient. Failure to provide multiple Recipient “Q” Records when necessary may generate math computation errors during processing. This will result in IRS contacting you for correct information.

- .03 Following are some of the circumstances when more than one “Q” Record for a recipient would be required:
  - (a) Different types of income. For example, Recipient X derived income from Capital Gains (Income Code 09) and Industrial Royalties (Income Code 10). A separate “Q” Record must be reported for each Income Code, providing Gross Income Paid and U.S. Federal Tax Withheld pertaining to that Income Code.
  - (b) Change in Country Code during the year. For example, the Withholding Agent received notification via Form W-8BEN that the recipient’s country of residence for tax purposes changed from country X to country Y. A separate “Q” Record must be reported for each Country Code providing Gross Income Paid, Tax Rate, U.S. Federal Tax Withheld and Exemption Code, if any. The amounts reported must be based on each country.
  - (c) Change in a country’s tax treaty rate during the year. For example, effective April 1, country X changes its tax treaty rate from 10% to 20%. A separate “Q” Record must be reported for each of the tax rates. Provide the Gross Income Paid, Tax Rate, and U.S. Federal Tax Withheld under each tax rate.
- .04 All recipient “Q” Records for a particular Withholding Agent must be written after the corresponding Withholding Agent “W” Record, followed by a Reconciliation “C” Record, and before the “W” Record for another Withholding Agent begins.
- .05 All alpha characters entered in the “Q” Record must be upper case.
- .06 Report income and tax withheld in whole dollars only. Round up or down as appropriate. **DO NOT** enter cents.

 **Note 1: FOR ALL FIELDS MARKED “REQUIRED”, THE TRANSMITTER MUST PROVIDE THE INFORMATION DESCRIBED UNDER DESCRIPTION AND REMARKS. IF REQUIRED FIELDS ARE NOT COMPLETED IN ACCORDANCE WITH THESE INSTRUCTIONS, IRS WILL CONTACT YOU TO REQUEST THE CORRECT INFORMATION. FOR THOSE FIELDS NOT MARKED “REQUIRED”, A TRANSMITTER MUST ALLOW FOR THE FIELD, BUT MAY BE INSTRUCTED TO ENTER BLANKS OR ZEROES IN THE INDICATED MEDIA POSITION(S) AND FOR THE INDICATED LENGTH. ALL RECORDS HAVE A FIXED LENGTH OF 780 POSITIONS.**





 **Note 2: A copy of the current Instructions for Form 1042-S for this revision of the Publication 1187 is included at the end of this publication. These instructions should be used for the proper coding of each field in this record where applicable. The list of country codes in the instructions includes all recognized country codes and MUST be used for coding. The instructions are updated each year as required. *Since Publication 1187 may not be revised every year, be sure to use the most current instructions.***

**Record Name: Recipient “Q” Record**

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “Q”.
2	Return Type Indicator	1	<b>Required.</b> Enter the one position value below to identify whether the record is Original, Void or Corrected. Must be the same value as in the “W” Record. Values are: <ul style="list-style-type: none"> <li>• 0 (Zero) = Original</li> <li>• 1 = Void</li> <li>• 2 = Corrected</li> </ul>
3	Pro Rata Basis Reporting	1	<b>Required.</b> Enter the one position value below to identify whether reporting Pro Rata Basis. Values are: <ul style="list-style-type: none"> <li>• 0 (Zero) = Not Pro Rata</li> <li>• 1 = Pro Rata Basis Reporting</li> </ul>







## Record Name: Recipient “Q” Record (Cont’d)

Field Positions	Field Title	Length	Description and Remarks
4-5	Income Code	2	<b>Required.</b> Enter the two-position value EXACTLY as it appears from the income code table. The Income Code must accurately reflect the type of income paid. <b>DO NOT</b> enter blanks or 00 (zeroes).
<p> <b>Note:</b> Refer to the current Instructions for Form 1042-S for more information.</p>			
6-17	Gross Income	12	<b>Required.</b> Enter the gross income amount in whole dollars only , rounding to the nearest dollar ( <b>do not enter cents</b> ). For example report \$600.75 as 000000000601. An income amount of zero cannot be shown. Numeric only, right-justify and zero fill.
<p> <b>Note:</b> Do Not report negative amounts in any amount field.</p>			
18-29	Withholding Allowance	12	<b>Used with Income Codes 15 through 19 ONLY.</b> Enter the withholding allowance amount in whole dollars only, rounding to the nearest dollar ( <b>do not enter cents</b> ). Numeric only, right-justify and zero fill. Otherwise enter blanks.
30-41	Net Income	12	<b>Required if Dollar Amount is Entered in Withholding Allowance Field.</b> Enter the net income in whole dollars only, rounding to the nearest dollar ( <b>do not enter cents</b> ). An amount other than zero <b>must</b> be shown. Numeric only, right-justify and zero fill. Otherwise enter blanks.
42-45	Tax Rate	4	<b>Required.</b> Enter the correct Tax Rate applicable to the income in gross income field or net income field, as appropriate. Enter the Tax Rate as a 2-digit whole number and 2-digit decimal (e.g. , enter 39.6% as 3960, 15% as 1500 or 6% as 0600). See Note below.
<p> <b>Note:</b> The correct Tax Rate must be entered, even if withholding was at a lesser rate. See the current Instructions for Form 1042-S.</p>			
46-47	Exemption Code	2	<p><b>Required. Read Carefully.</b></p> <ul style="list-style-type: none"> <li>• If the tax rate entered is 0%, enter the appropriate exemption code “01”through “09” from the current Instructions for Form 1042-S.</li> <li>• If the tax rate entered is 1% through 30%, enter “00”.</li> <li>• If the tax rate entered is 31% or higher, blank fill. <b>DO NOT</b> enter “00”.</li> </ul> <p>See the current Instructions for Form 1042-S for circumstances under which Exemption Code “99” must be used.</p>
<p> <b>Note:</b> If an incorrect amount of tax was withheld, report the amount that was actually withheld and use the correct tax rate in field positions 42-45.</p>			



## Record Name: Recipient “Q” Record (Cont’d)

Field Positions	Field Title	Length	Description and Remarks
48-59	U. S. Tax Withheld	12	<b>Required.</b> Enter the U.S. Federal tax withheld amount in whole dollars, rounding to the nearest dollar ( <b>do not enter cents</b> ). For example, report \$600.25 as 000000000600). Right-justify and zero fill.
60-71	Amount Repaid	12	This field should be completed <b>only</b> if you repaid a recipient an amount that was over-withheld 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 calendar year of withholding. Otherwise, enter blanks.
72-91	Recipient’s Account Number	20	Enter the account number assigned by the withholding agent to the recipient. <b>Do not</b> enter the recipient’s U.S. or foreign TIN. If account numbers are NOT assigned, then blank fill. This field may contain numeric, alpha characters, blanks or hyphens. Left-justify and blank fill.
92-93	Recipient Code	2	<b>Required.</b> Enter the appropriate Recipient Code. Refer to the list of appropriate codes in the current Instructions for Form 1042-S. No other codes or values are valid.
<p>🔑 <b>Note:</b> If recipient code “20” is used, then Recipient’s Name Line-1 must be “Unknown” and Recipient’s Name Lines-2 and 3 must be BLANK. The tax rate must be 30%.</p>			
94-133	Recipient’s Name Line-1	40	<b>Required.</b> Provide the complete name of the recipient. If the recipient has a U.S. TIN, enter the name as established when applying for the TIN. If recipient code “20” is used then “UNKNOWN” must be entered and Recipient’s Name Lines 2 and 3 must be blank. See current Instructions for Form 1042-S for specifics on “Unknown Recipient” and “Withholding Rate Pool”. Valid characters are alpha, numeric, ampersand (&), hyphen (-), comma (,), or blank. Left-justify and blank fill.
<p>🔑 <b>Note 1:</b> A Non-Qualified Intermediary (NQI) can NEVER be entered as the recipient.</p> <p>🔑 <b>Note 2:</b> Do not use special characters in names or addresses that are unique to a language other than English. For example: å = A, æ = A, ü = U, Õ = O, ñ = N, etc.)</p>			
134-173	Recipient’s Name Line-2	40	Enter supplementary recipient name information including titles; otherwise enter blanks. Use this line for additional names (e.g., partners or joint owners), for trade names, stage names, aliases or titles. Also use this line for “care of”, “Attn.” or “via”. Valid characters are alpha, numeric, blank, ampersand (&), hyphen (-), comma (,), and the percent (%). The percent [% (use as “in care of”)] is valid in the first position only.
174-213	Recipient’s Name Line-3	40	See above.


## Record Name: Recipient “Q” Record (Cont'd)

Field Positions	Field Title	Length	Description and Remarks
214-253	Recipient’s Street Line-1	40	<b>Required.</b> Enter the mailing address of the recipient. Street address should include number, street, apartment, or suite number (or P.O. Box if mail is not delivered to street address). Abbreviate as needed. Valid characters are alpha, numeric, blank, ampersand (&), hyphen (-), comma (,), and the percent (%). Do not use street address fields for “Attn” lines; use name line fields. Left-justify and blank fill.
254-293	Recipient’s Street Line-2	40	Enter supplementary recipient street address information. If a P.O. Box is used in addition to a street address, enter it here; otherwise blank fill.
294-333	Recipient’s City	40	<b>Required.</b> Enter the city or town (or other locality name). Enter APO or FPO only, if applicable. Do not enter a foreign postal code in the city field. Left-justify and blank fill.
334-335	Recipient’s State	2	<b>Required if U.S. address.</b> Enter the two-character State Code abbreviation. If no U.S. state, territory or APO/FPO identifier is applicable then blank fill. <b>Do not use any of the two character Country Codes in the State Code Field.</b>
<p> <b>Note:</b> If the recipient has a U.S. address, leave the country code in positions 338-339 blank.</p>			
336-337	Recipient’s Province Code	2	<b>Required if Foreign Country Code is “CA” (Canada).</b> Enter only the two-alpha character Province Code as shown in the Province Code Table. See “T” record positions 117-118 for Province Code Table. <b>DO NOT spell out the Province Name. If foreign country other than Canada, blank fill.</b>
338-339	Recipient’s Country Code	2	<b>Required if the recipient has a foreign address.</b> Enter the two-character Country Code abbreviation.
<p> <b>Note 1:</b> If the state code is entered in positions 334-335, leave this field blank.</p>			
<p> <b>Note 2:</b> COUNTRY CODES: The list of country codes provided in the current Instructions for Form 1042-S includes all internationally recognized country codes and <b>MUST</b> be used to ensure the proper coding of the Country Code field. This list is updated each year as required.</p>			
<p> <b>Note 3:</b> Enter “UC” (unknown country) <u>only</u> if the payment is to an unknown recipient. If you are making a payment to a QI or QI withholding rate pool, enter the country code of the QI.</p>			
340-348	Postal or ZIP Code	9	Enter up to nine numeric characters for all U.S. addresses (including territories, possessions and APO/FPO). For foreign addresses enter the alpha/numeric foreign postal code, if applicable. Enter this code in the left most position and blank fill the remaining positions. <b>DO NOT</b> use hyphens or blanks between numbers or letters (e.g. if the postal code is written as A6B 3C5 input as A6B3C5). Left-justify.

## Record Name: Recipient “Q” Record (Cont’d)

Field Positions	Field Title	Length	Description and Remarks
349-357	Recipient’s U.S. TIN	9	Enter the recipient’s nine-digit U.S. Taxpayer Identification Number (TIN). <b>DO NOT</b> enter hyphens or alpha characters. If TIN is not required under regulations, blank fill.
<p> <b>Note: U.S. TINs are now required for most recipients. See current Instructions for Form 1042-S.</b></p>			
358	Recipient’s U.S. TIN Type	1	<p><b>Required.</b> Enter the recipient’s U.S. TIN type indicator from the following values:</p> <ul style="list-style-type: none"> <li>• 0 (Zero) = No TIN required</li> <li>• 1 = SSN/ITIN</li> <li>• 2 = EIN</li> <li>• 3 = QI-EIN, WP-EIN, WT-EIN</li> </ul> <p>See current Instructions for Form 1042-S for when a TIN is not required.</p>
359-398	Recipient’s Country of Residence for Tax Purposes	40	<b>Required.</b> Enter the complete name of the recipient’s country of residence for tax purposes in which the recipient claims residency under that country’s tax law, whether or not you are applying a tax treaty benefit to this payment.
399-400	Recipient’s Country of Residence Code for Tax Purposes	2	<b>Required.</b> Enter the two-character Country Code for which the recipient is a resident for tax purposes and on which the tax treaty benefits are based, whether or not you are applying a tax treaty benefit to this payment. The rate of tax withheld is determined by this code.
<p> <b>Note: Do not enter U.S. in the Country Code field. 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.</b></p>			
401-440	NQI/FLW-THR Name Line-1	40	Provide the complete name of the NQI/FLW-THR Entity. It is very important that the complete name of the NQI/FLW-THR entity be provided. Valid characters are alpha, numeric, ampersand (&), hyphen (-), comma (,), or blank. Left-justify and blank fill.
441-480	NQI/FLW-THR Name Line-2	40	Enter supplementary information; otherwise enter blanks. Use this line for additional names (e.g., partners or joint owners), for trade names, stage names, aliases or titles. Also use this line for “care of” or “via”. Valid characters are alpha, numeric, blank, ampersand (&), hyphen (-), comma (,), and the percent (%). The percent [% (used as “in care of”)] is valid in the first position only.
481-520	NQI/FLW-THR Name Line-3	40	See above.
521-522	Reserved	2	Enter blanks.

## Record Name: Recipient “Q” Record (Cont’d)

Field Positions	Field Title	Length	Description and Remarks
523-562	NQI/FLW-THR Street Line 1	40	Enter the mailing address of the NQI/FLW-THR entity. Street address should include number, street, apartment, or suite number (or P.O. Box if mail is not delivered to street address). Abbreviate as needed. Left-justify and blank fill.
563-602	NQI/FLW-THR Street Line 2	40	Enter supplementary NQI/FLW-THR entity street address information; otherwise, blank fill.
603-642	NQI/FLW-THR City	40	Enter the city or town (or other locality name). Left-justify and blank fill.
643-644	Reserved	2	Enter blanks.
645-646	NQI/FLW-THR Province Code	2	Enter the two-alpha character Province Code abbreviation, if applicable. See “T” record positions 117-118.
647-648	NQI/FLW-THR Country Code	2	Enter the two-character Country Code abbreviation, where the NQI/FLW-THR is located.
649-657	NQI/FLW-THR Postal Code	9	Enter the alpha/numeric foreign postal code. Enter this code in the left most position and blank fill the remaining positions. <b>DO NOT</b> use hyphens or blanks between numbers or letters (e.g., if the postal code written as A6B 3C5 input as A6B3C5). Left-justify.
658-666	NQI/FLW-THR U.S. TIN	9	Enter the NQI/FLW-THR nine-digit U.S. Taxpayer Identification Number (TIN). Do NOT enter hyphens or alpha characters.
<p> <b>Note:</b> All NQI/FLW-THR fields are REQUIRED if the NQI/FLW-THR entity is involved in the payment structure.</p>			
667-706	Payer’s Name	40	Enter the name of the Payer of Income if different from the Withholding Agent. Abbreviate as needed. If Withholding Agent and Payer are the same, blank fill.
707-715	Payer’s U.S. TIN	9	Enter the Payer’s U.S. Taxpayer Identification Number if there is an entry in the Payer Name Field; otherwise leave blank.
716-727	State Income Tax Withheld	12	If State Tax has been withheld, enter that amount, in whole dollars (do not enter cents). Right-justify and zero fill. If no entry, zero fill.
728-737	Payer’s State Tax Number	10	Enter the employer’s state I.D. number assigned by the state.
738-739	State Code	2	Enter the two-character State Code abbreviation.
740-760	Special Data Entries	21	This field may be used for the filer’s own purposes (e.g., Do Not Mail). If this field is not used, enter blanks.
761-770	Reserved	10	Enter blanks.

### Record Name: Recipient "Q" Record (Cont'd)

Field Positions	Field Title	Length	Description and Remarks
771-778	Record Sequence Number	8	<b>Required.</b> Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "W" record would be "00000002", the first "Q" record, "00000003", the second "Q" record, "00000004" and so on until you reach the final record of the file, the "F" record.
779-780	Blank or Carriage Return Line Feed	2	Enter blanks or carriage return line feed (CR/LF) characters.

### Recipient "Q" Record Layout

Record Type 1	Return Type Indicator 2	Pro Rata Basis Reporting 3	Income Code 4-5	Gross Income 6-17	Withholding Allowance 18-29	Net Income 30-41	Tax Rate 42-45	Exemption Code 46-47
U.S. Tax Withheld 48-59	Amount Repaid 60-71	Recipient's Account Number 72-91	Recipient Code 92-93	Recipient's Name Line-1 94-133	Recipient's Name Line-2 134-173	Recipient's Name Line-3 174-213	Recipient's Street Line-1 214-253	
Recipient's Street Line-2 254-293	Recipient's City 294-333	Recipient's State 334-335	Recipient's Province Code 336-337	Recipient's Country Code 338-339	Postal or ZIP Code 340-348	Recipient's U. S. TIN 349-357	Recipient's U. S. TIN Type 358	
Recipient's Country of Residence for Tax Purposes 359-398	Recipient's Country of Residence Code for Tax Purposes 399-400	NQI/FLW-THR Name Line-1 401-440		NQI/FLW-THR Name Line-2 441-480		NQI/FLW-THR Name Line-3 481-520		Reserved 521-522
NQI/FLW-THR Street Line-1 523-562	NQI/FLW-THR Street Line-2 563-602	NQI/FLW-THR City 603-642		Reserved 643-644		NQI/FLW-THR Province Code 645-646		

NQI/FLW-THR Country Code	NQI/FLW-THR Postal Code	NQI/FLW-THR U.S. TIN	Payer's Name	Payer's U.S. TIN	State Income Tax Withheld	Payer's State Tax Number
647-648	649-657	658-666	667-706	707-715	716-727	728-737

State Code	Special Data Entries	<i>Reserved</i>	<i>Record Sequence Number</i>	Blank or Carriage Return Line Feed
738-739	740-760	761-770	771-778	779-780

## Sec. 7. Reconciliation "C" Record

- .01 The "C" Record is a fixed record length of 780 positions and all positions listed are required. The "C" Record is a summary of the number of "Q" Records for each Withholding Agent, Gross Amount Paid, and Total U.S. Tax Withheld.
- .02 This record will be written after the last "Q" Record filed for a given withholding agent. For each "W" Record and group of "Q" Records on the file, there must be a corresponding "C" Record.
- .03 All alpha characters entered in the "C" Record must be upper case.

### Record Name: Reconciliation "C" Record

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter "C".
2-9	Total "Q" Records	8	<b>Required.</b> Enter the total number of "Q" Records for this withholding agent. Right-justify and zero fill. <b>Do not enter all zeros.</b> For example, 53 "Q" records are entered as 00000053. See Part A, Sec. 4, Filing Requirements.
10-15	Blank	6	Enter blanks.
16-30	Total Gross Amount Paid	15	<b>Required.</b> Enter the total gross income amount in whole dollars ( <b>do not enter cents.</b> ) For example report \$600.00 as 00000000600. An income amount other than zero must be shown. Right-justify and zero fill.
31-45	Total U. S. Tax Withheld	15	<b>Required.</b> Enter the total U.S. Federal tax withheld amount in whole dollars ( <b>do not enter cents.</b> ) For example report \$600.00 as 00000000600. Right-justify and zero fill.
46-770	<i>Reserved</i>	725	<i>Blank fill.</i>

## Record Name: Reconciliation “C” Record (Cont’d)

Field Positions	Field Title	Length	Description and Remarks
771-778	Record Sequence Number	8	<b>Required.</b> Enter the number of the record as it appears within your file. The record sequence number for the “T” record will always be “1” (one), since it is the first record on your file and you can have only one “T” record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the “T” record sequence number would appear as “00000001” in the field, the first “W” record would be “00000002”, the first “Q” record, “00000003”, the second “Q” record, “00000004” and so on until you reach the final record of the file, the “F” record.
779-780	Blank or Carriage Return Line Feed	2	Enter blanks or carriage return line feed (CR/LF) characters.

### Reconciliation “C” Record Layout

Record Type	Total “Q” Records	Blank	Total Gross Amount Paid	Total U. S. Tax Withheld	Reserved	Record Sequence Number	Blank or Carriage Return Line Feed
1	2-9	10-15	16-30	31-45	46-770	771-778	779-780

### Sec. 8. End of Transmission “F” Record

- .01 The “F” Record is a fixed record length of 780 positions and all positions listed are required. The “F” Record is a summary of the number of withholding agents and media count in the entire file.
- .02 This record will be written after the last “C” Record of the entire file. End the file with an End of Transmission “F” Record. No data will be read after the “F” Record. Only a “C” Record may precede the “F” Record. The “F” Record may only be followed by a tape mark, a trailer label or a combination of both.
- .03 All alpha characters entered in the “F” Record must be upper case.

## Record Name: End of Transmission “F” Record

Field Positions	Field Title	Length	Description and Remarks
1	Record Type	1	<b>Required.</b> Enter “F”.
2-4	Withholding Agent Count	3	<b>Required.</b> Enter the total number of withholding agents on this file. This count must be the same as the total number of “W” records. Right-justify and zero fill.
5-7	Media Count	3	<b>Required.</b> Enter the total number of media for this transmission. Right-justify and zero fill.



### Record Name: End of Transmission “F” Record

Field Positions	Field Title	Length	Description and Remarks
8-770	<i>Reserved</i>	763	<i>Blank fill.</i>
771-778	<i>Record Sequence Nmber</i>	8	<b>Required.</b> Enter the number of the record as it appears within your file. The record sequence number for the “T” record will always be “1” (one), since it is the first record on your file and you can have only one “T” record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the “T” record sequence number would appear as “00000001” in the field, the first “W” record would be “00000002”, the first “Q” record, “00000003”, the second “Q” record, “00000004” and so on until you reach the final record of the file, the “F” record.
779-780	Blank or Carriage Return Line Feed	2	Enter blanks or carriage return line feed characters (CR/LF).

### End of Transmission “F” Record Layout

Record Type	Withholding Agent Count	Media Count	<i>Reserved</i>	<i>Record Sequence Number</i>	Blank or Carriage Return Line Feed
1	2-4	5-7	8-770	771-778	779-780


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## Part D. Extensions of Time and Waivers

### Sec. 1 General - Extensions

- .01 An extension of time to file may be requested for Form 1042-S.
- .02 Submit Form 8809, Request for Extension of Time To File Information Returns to IRS/ECC-MTB at the address listed in .08 of this section. This form may be used to request an extension of time to file Form 1042-S submitted on paper, electronically or magnetically to the IRS. Use a separate Form 8809 for each method of filing information returns you intend to use, i.e., electronically and/or magnetically.
- .03 To be considered, an extension request must be postmarked or transmitted by the due date of the returns; otherwise, the request will be denied. (See Part A, Sec. 9.) If requesting an extension of time to file several types of forms, use one Form 8809; however, Form 8809 or file must be postmarked no later than the earliest due date. For example, if requesting an extension of time to file both Forms 1099-INT and 1042-S, submit Form 8809 on or before February 28, 2005.
- .04 **As soon as it is apparent** that a 30-day extension of time to file is needed, an extension request should be submitted. It will take a minimum of 30 days for IRS/ECC-MTB to respond to an extension request. Generally, IRS/ECC-MTB does not begin processing extension requests until January. Extension requests received prior to January are input on a first come, first serve basis.
- .05 Under certain circumstances, a request for an extension of time may be denied. When a denial letter is received, any additional or necessary information may be resubmitted within 20 days.
- .06 Requesting an extension of time for multiple withholding agents (50 or less) may be done by submitting Form 8809 and attaching a list of the withholding agents names and associated TINs. **The listing must be attached to ensure an extension is recorded for all withholding agents.** Form 8809 may be computer-generated or photocopied. Be sure to use the most recently updated version and include all the pertinent information.
- .07 Requests for an extension of time to file for more than 50 withholding agents are **required** to be submitted electronically or magnetically. IRS encourages requests for 10 to 50 withholding agents to be filed electronically or magnetically. (See Sec. 3, for the record layout.) The request may be filed electronically, on tape cartridges, and 3½-inch diskettes.
- .08 All requests for an extension of time filed on Form 8809 or magnetic media should be sent using the following address:

IRS-Enterprise Computing Center at Martinsburg  
Information Reporting Program  
**Attn: Extension of Time Coordinator**  
240 Murall Drive  
Kearneysville, WV 25430

 **Note:** Due to the large volume of mail received by IRS/ECC-MTB and the time factor involved in processing Extension of Time (EOT) requests, it is imperative that the attention line be present on all envelopes or packages containing Form 8809.

- .09 Requests for extensions of time to file postmarked by the United States Postal Service on or before the due date of the returns, and delivered by United States mail to IRS/ECC-MTB after the due date, are treated as timely under the “timely mailing as timely filing” rule. A similar rule applies to designated private delivery services (PDSs). See Part A, Sec.9, for more information on PDSs. For requests delivered by a designated PDS, but through a non-designated service, the actual date of receipt by IRS/ECC-MTB will be used as the filing date.
- .10 Transmitters requesting an extension of time for multiple withholding agents will receive one approval letter, accompanied by a list of withholding agents covered under that approval.
- .11 If an additional extension of time is needed, a second Form 8809 or file must be filed by the initial extended due date. Check line 7 on the form to indicate that an additional extension is being requested. A second 30-day extension will be approved only in cases of extreme hardship or catastrophic event. **If requesting a second 30-day extension of time, submit the information return files as soon as prepared. Do not wait for ECC-MTB’s response to your second extension request.**

- .12 If an extension request is approved, the approval letter should be kept on file. **DO NOT** send the approval letter or copy of the approval letter to IRS/ECC-MTB with the magnetic media file or to the Philadelphia Service Center where the paper Forms 1042-S are filed.
- .13 Request an extension for only one tax year.
- .14 A signature is not required when requesting a 30-day extension. If a second 30-day extension is requested, the Form 8809 **must** be signed.
- .15 Failure to properly complete and sign Form 8809 may cause delays in processing the request or result in a denial. Carefully read and follow the instructions on the back of Form 8809.
- .16 Form 8809 may be obtained by calling **1-800-TAX-FORM (1-800-829-3676)**. The form is also available on the **IRS Website at [www.irs.gov](http://www.irs.gov)**. A copy of Form 8809 is also provided in the back of Publication 1187.

## Sec. 2. Specifications for Electronic Filing or Magnetic Media Extensions of Time

- .01 The specifications in Sec. 3 include the required 200-byte record layout for extensions of time to file requests submitted electronically or magnetically. Also included are the instructions for the information that is to be entered in the record. **Filers are advised to read this section in its entirety to ensure proper filing.**
- .02 If a filer does not have an IRS/ECC-MTB assigned Transmitter Control Code (TCC), Form 4419, Application for Filing Information Returns Electronically/Magnetically, **must** be submitted to obtain a TCC. This number **must** be used to submit an extension request electronically/magnetically. (See Part A, Sec. 6.)
- .03 For extension requests filed on magnetic media, the transmitter must mail the completed, signed Form 8809, Request for Extension of Time To File Information Returns, in the same package as the corresponding media or fax it to 304-264-5602. For extension requests filed electronically, the transmitter must fax Form 8809 the same day the transmission is made.
- .04 **Transmitters submitting an extension of time electronically or magnetically should not submit a list of withholding agents names and TINs with Form 8809 since this information is included on the electronic or magnetic file. However, Line 6 of Form 8809 must be completed with the total number of records included on the electronic file or magnetic media.**
- .05 Do not submit extension requests filed on magnetic media before *January 1*, or electronically before *January 6*.
- .06 Each piece of magnetic media **must** have an external media label containing the following information:
  - (a) Transmitter name
  - (b) Transmitter Control Code (TCC)
  - (c) Tax year
  - (d) The words “Extension of Time”
  - (e) Record count
- .07 Electronic Filing, Tape Cartridge, and 3½-inch Diskette specifications for extensions are the same as the specifications for filing of information returns. (See Part B, or C for specific technical information.)

### Sec. 3. Record Layout - Extension of Time

- .01 Positions 6 through 188 of the following record should contain information about the withholding agent for whom the extension of time to file is being requested. Do not enter transmitter information in these fields. **Only one TCC may be present in a file.**

#### Record Layout for Extension of Time

Field Position	Field Title	Length	Description and Remarks				
1-5	Transmitter Control Code	5	<b>Required.</b> Enter the five-digit Transmitter Control Code (TCC) issued by IRS. <b>Only one TCC per file is acceptable.</b>				
6-14	Withholding Agent's TIN	9	<b>Required.</b> Must be the valid nine-digit TIN assigned to the withholding agent. <b>Do not enter blanks, hyphens or alpha characters.</b> All zeros, ones, twos, etc., will have the effect of an incorrect TIN. For foreign entities that are not required to have a TIN, this field may be blank; however, the Foreign Entity Indicator, position 187, <b>must</b> be set to "X."				
15-54	Withholding Agent's Name	40	<b>Required.</b> Enter the name of the payer whose TIN appears in positions 6-14. Left-justify information and fill unused positions with blanks.				
55-94	Second Withholding Agent's Name	40	If additional space is needed this field may be used to continue name line information (e.g., c/o First National Bank); otherwise, enter blanks.				
95-134	Withholding Agent's Address	40	<b>Required.</b> Enter the payer's address. Street address should include number, street, apartment or suite number (or PO Box if mail is not delivered to a street address).				
135-174	Withholding Agent's City	40	<b>Required.</b> Enter payer city, town, or post office.				
	<p><b>Note:</b> For foreign addresses, filers may use the payer city, state, and ZIP Code as a continuous 51-position field. Enter information in the following order: city, province or state, postal code, and the name of the country.</p>						
175-176	Withholding Agent's State	2	<b>Required.</b> Enter the payer valid U.S. Postal Service state abbreviation. (Refer to Part A, Sec. 17.)				
177-185	Withholding Agent's ZIP Code	9	<b>Required.</b> Enter payer ZIP Code. If using a five-digit ZIP Code, left-justify information and fill unused positions with blanks.				
186	Document Indicator	1	<b>Required.</b> Enter the document code that indicates the form for which you are requesting an extension of time. <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;"><u>Code</u></td> <td style="text-align: center;"><u>Document</u></td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">1042-S</td> </tr> </table>	<u>Code</u>	<u>Document</u>	4	1042-S
<u>Code</u>	<u>Document</u>						
4	1042-S						
187	Foreign Entity Indicator	1	Enter "X" if the payer is a foreign entity.				

**Note:** A foreign entity is not required to have a TIN.

## Record Layout for Extension of Time (Cont'd)

Field Position	Field Title	Length	Description and Remarks
188	Recipient Request Indicator	1	Enter "X" if the extension request is to furnish statements to the recipients of the information return.
<b>Note: A separate file is required for this type of extension request. A file must either contain all blanks or all X's in this field.</b>			
189-198	Blank	10	Enter blanks.
199-200	Blank or carriage return/line feed	2	Enter blanks or carriage return/line feed (CR/LF) characters.

### Extension of Time Record Layout

Transmitter Control Code	Withholding Agent's TIN	Withholding Agent's Name	Second Withholding Agent's Name	Withholding Agent's Address	Withholding Agent's City	
1-5	6-14	15-54	55-94	95-134	135-174	
Withholding Agent's State	Withholding Agent's ZIP Code	Document Indicator	Foreign Entity Indicator	Recipient Request Indicator	Blank	Blank or CR/LF
175-176	177-185	186	187	188	189-198	199-200

#### Sec. 4. Extension of Time for Recipient Copies of Information Returns

- .01** Request an **extension of time to furnish the statements to recipients** of Form1042-S by submitting a letter to IRS/ECC-MTB at the address listed in Part D, Sec 1.08. The letter should contain the following information:
- (a) Withholding Agent's name
  - (b) TIN
  - (c) Address
  - (d) Type of return
  - (e) Specify that the extension request is to provide statements to recipients
  - (f) Reason for delay
  - (g) Signature of withholding agent or duly authorized person.
- .02** Requests for an extension of time to furnish statements to recipients of Form1042-S are not automatically approved; however, if approved, generally an extension will allow a maximum of 30 additional days from the due date. The request must be postmarked by the date on which the statements are due to the recipients.
- .03** Generally, only the withholding agent may sign the letter requesting the extension for recipient copies. A transmitter must have a contractual agreement with the withholding agents to submit extension requests on their behalf. This should be stated in your letter of request for recipient copy extensions. If you are requesting an extension for multiple withholding agents electronically or magnetically, you must use the format specifications in Sec. 3.
- .04** *Requests for a recipient extension of time to file for more than 50 withholding agents are required to be submitted electronically or magnetically. IRS encourages requests for 10 to 50 withholding agents to be filed electronically*

or magnetically. (See Sec. 3, for record layout.) The request may be filed electronically, on cartridges, or 3½-inch diskettes.

## Sec. 5. Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media

- .01 If a withholding agent is required to file on magnetic media but fails to do so (or fails to file electronically in lieu of magnetic media filing) and does not have an approved waiver on record, the withholding agent will be subject to a penalty of \$50 per return in excess of 250. (For penalty information, refer to the Penalty Section of the *Instructions for Form 1042-S*.)
- .02 If withholding agents are required to file original or corrected returns on magnetic media, but such filing would create an undue hardship, they may request a waiver from these filing requirements by submitting Form 8508, Request for Waiver From Filing Information Returns on Magnetic Media, to IRS/ECC-MTB. Form 8508 can be obtained on the IRS Website at [www.irs.gov](http://www.irs.gov) or by calling toll-free 1-800-829-3676.
- .03 Even though a withholding agent may submit as many as 249 corrections on paper, IRS encourages electronic or magnetic filing of corrections. Once the 250 threshold has been met, filers are required to submit any returns of 250 or more electronically or magnetically. However, if a waiver for original documents is approved, any corrections for the same type of returns will be covered under this waiver.
- .04 Generally, only the withholding agent may sign Form 8508. A transmitter may sign if given power of attorney; however, a letter signed by the payer stating this fact must be attached to Form 8508.
- .05 A transmitter must submit a separate Form 8508 for each withholding agent. Do not submit a list of withholding agents.
- .06 All information requested on Form 8508 must be provided to IRS for the request to be processed.
- .07 The waiver, if approved, will provide exemption from the magnetic media filing requirement for the current tax year only. Withholding agents may not apply for a waiver for more than one tax year at a time; application must be made each year a waiver is necessary.
- .08 Form 8508 may be photocopied or computer-generated as long as it contains all the information requested on the original form.
- .09 Filers are encouraged to submit Form 8508 to IRS/ECC-MTB at least 45 days before the due date of the returns. Generally, IRS/ECC-MTB does not process waiver requests until January. Waiver requests received prior to January are processed on a first come, first serve basis.
- .10 All requests for a waiver should be sent using the following address:
  - IRS-Enterprise Computing Center at Martinsburg
  - Information Reporting Program
  - 240 Murall Drive
  - Kearneysville, WV 25430
- .11 Waivers are evaluated on a case-by-case basis and are approved or denied based on criteria set forth in the regulations under section 6011(e) of the Internal Revenue Code. The transmitter must allow a minimum of 30 days for IRS/ECC-MTB to respond to a waiver request.
- .12 If a waiver request is approved, keep the approval letter on file. **DO NOT** send a copy of the approved waiver to the Philadelphia Service Center.
- .13 An approved waiver only applies to the requirement for filing Form 1042-S electronically/magnetically. The payer must still timely file information returns on the official IRS paper forms or an acceptable substitute form with the Philadelphia Service Center.

# File Format

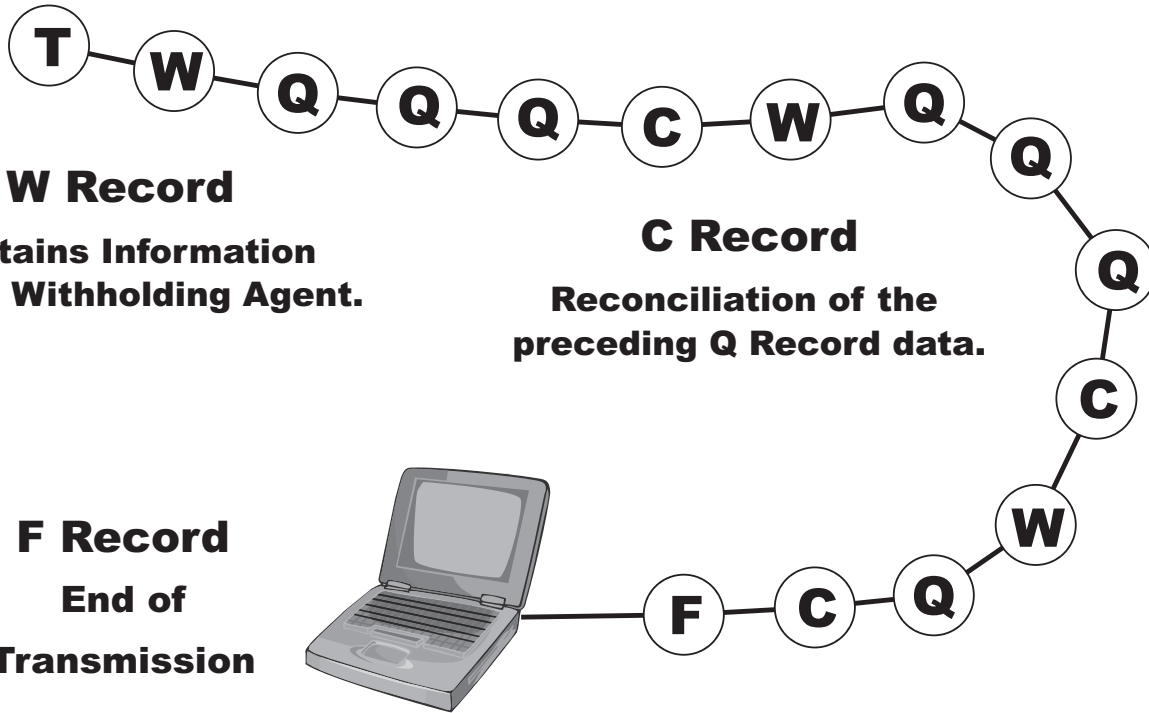
Each record must be 780 positions.

## T Record

Identifies the transmitter of the electronic/magnetic media file.

## Q Record

Contains information for the Recipient of Income.



## W Record

Contains Information for the Withholding Agent.

## C Record

Reconciliation of the preceding Q Record data.

## F Record

End of Transmission



**IRB**

**Special Projects**  
Box \_\_\_\_ of \_\_\_\_

**IRB**

**Special Projects**  
Box \_\_\_\_ of \_\_\_\_

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Box \_\_\_\_ of \_\_\_\_

**IRB**

**Special Projects**  
Box \_\_\_\_ of \_\_\_\_

**Internal Revenue Service  
Enterprise Computing Center -  
Martinsburg  
Special Projects  
240 Murall Drive  
Kearneysville WV 25430**

**Internal Revenue Service  
Enterprise Computing Center -  
Martinsburg  
Special Projects  
240 Murall Drive  
Kearneysville WV 25430**

*(Reproduce as needed)*

To expedite handling, please affix this label, or a substitute label, to your  
OUTSIDE shipping container.

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# 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.



**CAUTION** 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 give 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

<b>Armenia</b> <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	Burma	BY	Cote D'Ivoire (Ivory Coast)	IV
Bahrain	BA	Cambodia (Kampuchea)	CB	Croatia	HR
Baker Island	FQ	Cameroon	CM	Cuba	CU
Balearic Islands (Mallorca, etc.)	SP	<b>Canada</b>	CA	Curacao	NT
Bangladesh	BG	Canary Islands	SP	<b>Cyprus</b>	CY
<b>Barbados</b>	BB	Cape Verde	CV	<b>Czech Republic</b>	EZ
Bassas da India	BS	Cayman Islands	CJ	<b>Denmark</b>	DA
<b>Belarus</b> <sup>1</sup>	BO	Central African Republic	CT	Djibouti	DJ
<b>Belgium</b>	BE	Chad	CD	Dominica	DO
Belize	BH	Chile	CI	Dominican Republic	DR
Benin (Dahomey)	BN	<b>China, People's Republic of (including Inner Mongolia, Tibet, and Manchuria)</b>	CH	Dubai	TC
Bermuda	BD	<b>Christmas Island (Indian Ocean)</b> <sup>2</sup>	KT	East Timor	TT
Bhutan	BT	Clipperton Island	IP	Ecuador	EC
Bolivia	BL	<b>Cocos (Keeling) Islands</b> <sup>2</sup>	CK	<b>Egypt</b>	EG
Bonaire	NT	Colombia	CO	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 Antarctic Lands . . . . .	FS	Kurile Islands . . . . .	RS	Peru . . . . .	PE	<b>Turkey</b> . . . . .	TU
Gabon . . . . .	GB	Kuwait . . . . .	KU	<b>Philippines</b> . . . . .	RP	<b>Turkmenistan</b> <sup>1</sup> . . . . .	TX
Gambia, The . . . . .	GA	<b>Kyrgyzstan</b> <sup>1</sup> . . . . .	KG	Pitcairn Island . . . . .	PC	Turks and Caicos Islands	TK
Gaza Strip . . . . .	GZ	Laos . . . . .	LA	<b>Poland</b> . . . . .	PL	Tuvalu . . . . .	TV
<b>Georgia</b> <sup>1</sup> . . . . .	GG	<b>Latvia</b> . . . . .	LG	<b>Portugal</b> . . . . .	PO	Uganda . . . . .	UG
<b>Germany</b> . . . . .	GM	Lebanon . . . . .	LE	Puerto Rico . . . . .	RQ	<b>Ukraine</b> . . . . .	UP
Ghana . . . . .	GH	Lesotho . . . . .	LT	Qatar (Katar) . . . . .	QA	United Arab Emirates . . . . .	TC
Gibraltar . . . . .	GI	Liberia . . . . .	LI	Redonda . . . . .	VI	<b>United Kingdom</b>	
Glorioso Islands . . . . .	GO	Libya . . . . .	LY	<b>Reunion</b> <sup>3</sup> . . . . .	RE	(England, Wales, Scotland, No. Ireland)	UK
<b>Great Britain (United Kingdom)</b> . . . . .	UK	Liechtenstein . . . . .	LS	<b>Romania</b> . . . . .	RO	Uruguay . . . . .	UY
<b>Greece</b> . . . . .	GR	<b>Lithuania</b> . . . . .	LH	<b>Russia</b> . . . . .	RS	<b>Uzbekistan</b> <sup>1</sup> . . . . .	UZ
Greenland . . . . .	GL	<b>Luxembourg</b> . . . . .	LU	Rwanda . . . . .	RW	Vanuatu . . . . .	NH
Grenada (Southern Grenadines) . . . . .	GJ	Macau . . . . .	MC	Ryukyu Islands . . . . .	JA	Vatican City . . . . .	VT
<b>Guadeloupe</b> <sup>3</sup> . . . . .	GP	Macedonia (former Yugoslav Republic of)	MK	St. Helena (Ascension Island and Tristan de Cunha Island Group) . . . . .	SH	<b>Venezuela</b> . . . . .	VE
Guam . . . . .	GQ	Madagascar (Malagasy Republic) . . . . .	MA	St. Kitts (St. Christopher and Nevis) . . . . .	SC	Vietnam . . . . .	VM
Guatemala . . . . .	GT	Malawi . . . . .	MI	St. Lucia . . . . .	ST	Virgin Islands (British) . . . . .	VI
Guernsey . . . . .	GK	Malaysia . . . . .	MY	St. Pierre and Miquelon	SB	Virgin Islands (U.S.) . . . . .	VQ
Guinea . . . . .	GV	Maldives . . . . .	MV	St. Vincent and the Grenadines (Northern Grenadines) . . . . .	VC	Wake Island . . . . .	WQ
Guinea-Bissau . . . . .	PU	Mali . . . . .	ML	San Marino . . . . .	SM	Wallis and Futuna . . . . .	WF
Guyana . . . . .	GY	Malta . . . . .	MT	Sao Tome and Principe	TP	West Bank . . . . .	WE
Haiti . . . . .	HA	Marshall Islands . . . . .	RM	Sarawak . . . . .	MY	Western Sahara . . . . .	WI
Heard Island and McDonald Islands . . . . .	HM	<b>Martinique</b> <sup>3</sup> . . . . .	MB	Saudi Arabia . . . . .	SA	Western Samoa . . . . .	WS
Honduras . . . . .	HO	Mauritania . . . . .	MR	Senegal . . . . .	SG	Windward Islands . . . . .	VC
Hong Kong <sup>5</sup> . . . . .	HK	Mauritius . . . . .	MP	Serbia . . . . .	YO	Yemen (Aden) . . . . .	YM
Howland Island . . . . .	HQ	Mayotte . . . . .	MF	Seychelles . . . . .	SE	Yugoslavia (Kosovo, Montenegro, Serbia) . . . . .	YO
<b>Hungary</b> . . . . .	HU	<b>Mexico</b> . . . . .	MX	Sierra Leone . . . . .	SL	Zaire (Democratic Republic of Congo) . . . . .	CG
<b>Iceland</b> . . . . .	IC	Micronesia, Federated States of . . . . .	FM	Singapore . . . . .	SN	Zambia . . . . .	ZA
<b>India</b> . . . . .	IN	Midway Islands . . . . .	MQ	<b>Slovak Republic</b> (Slovakia) . . . . .	LO	Zimbabwe . . . . .	ZI
<b>Indonesia (including Bali, Belitung, Flores, Java, Moluccas, Sumatra, Timor, etc.)</b>	ID	<b>Moldova</b> <sup>1</sup> . . . . .	MD	<b>Slovenia</b> . . . . .	SI	Other Country . . . . .	OC
Iran . . . . .	IR	Monaco . . . . .	MN	Solomon Islands . . . . .	BP	Unknown Country . . . . .	UC
Iraq . . . . .	IZ	Mongolia . . . . .	MG	Somalia . . . . .	SO		
<b>Ireland, Republic of (Eire)</b> . . . . .	EI	Montenegro . . . . .	YO	<b>South Africa</b> . . . . .	SF		
Isle of Man . . . . .	IM	Montserrat . . . . .	MH	South Georgia and the South Sandwich Islands	SX		
<b>Israel</b> . . . . .	IS	<b>Morocco</b> . . . . .	MO	<b>Spain</b> . . . . .	SP		
<b>Italy</b> . . . . .	IT	Mozambique . . . . .	MZ	Sprattly Islands . . . . .	PG		
<b>Jamaica</b> . . . . .	JM	Namibia . . . . .	WA	Sri Lanka . . . . .	CE		
Jan Mayen . . . . .	JN	Nauru . . . . .	NR	Sudan . . . . .	SU		
<b>Japan</b> . . . . .	JA	Navassa Island . . . . .	BQ	Suriname . . . . .	NS		
Jarvis Island . . . . .	DQ	Nepal . . . . .	NP	Svalbard (Spitsbergen) . . . . .	SV		
Jersey . . . . .	JE	<b>Netherlands</b> . . . . .	NL	Swaziland . . . . .	WZ		
Johnston Atoll . . . . .	JQ	Netherlands Antilles . . . . .	NT	<b>Sweden</b> . . . . .	SW		
Jordan . . . . .	JO	New Caledonia . . . . .	NC	<b>Switzerland</b> . . . . .	SZ		
Juan de Nova Island . . . . .	JU	<b>New Zealand</b> . . . . .	NZ	Syria . . . . .	SY		
		Nicaragua . . . . .	NU	Taiwan . . . . .	TW		
		Niger . . . . .	NG				
		Nigeria . . . . .	NI				
		Niue . . . . .	NE				
		<b>Norfolk Island</b> <sup>2</sup> . . . . .	NF				
		<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.

(See Instructions on back)

Form <b>4419</b> (Rev. May 2002)	Department of the Treasury – Internal Revenue Service	IRS Use Only	OMB No. 1545-0387
	<b>Application for Filing Information Returns Electronically/Magnetically</b> Please type or print in <b>BLACK</b> ink.		

**1. Transmitter information**

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**2. Person to contact about this request**

Name \_\_\_\_\_

Title \_\_\_\_\_

Email address \_\_\_\_\_

Telephone number (        ) \_\_\_\_\_

**3. Employer Identification Number (EIN)**

**4. Foreign Transmitter  
without an EIN**

Yes

**5. Tax year** you wish to begin  
filing electronically/magnetically

**6. Will you be using your TCC only for transmitting requests for extension of time to file?**  Yes  No

**7. Type of Return To Be Reported**

(Check all forms you wish to file)

**Important:** Form W-2 information is sent to the Social Security Administration only. Do not use Form 4419 to request authorization to file this information electronically/magnetically. Contact SSA for W-2 magnetic/electronic filing information.

Forms 1098 and 1099, 5498 and  
W-2G

(Electronic, Tape Cartridge, 3 ½ " Diskette)

1042-S (Electronic, Tape Cartridge, 3 ½"Diskette)

8027 (Electronic, Tape Cartridge, 3 ½" Diskette)

W-4 (Electronic, Tape Cartridge, 3 ½" Diskette)

**8. Type of Filing**

Electronic Filing

Tape cartridge

3 ½ "Diskette

**9. Person  
responsible for  
preparation of tax  
reports**

Name (type or print)

Title

Signature

Date

**General Instructions**

**Paperwork Reduction Act Notice.** We ask for the information on these forms to carry out the Internal Revenue Laws of the United States. 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 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 provide this information would vary depending on individual circumstances. The estimated average time is:

**Preparing Form 4419 . . . . . 20 min.**

If you have comments concerning the accuracy of this time estimate 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 OFFICE.** Instead, see the instructions below on where to file. **When completing this form, please type or print clearly in BLACK ink.**

**Purpose of Form.** File Form 4419 to request authorization to file any of the forms shown in Block 6 electronically or magnetically. Please be sure to complete all appropriate blocks. If your application is approved, a five-character alpha-numeric Transmitter Control Code (TCC) will be assigned to your organization. If any information on the form should change, please write to IRS/Martinsburg Computing Center so we can update our database. It is not necessary to submit a new Form 4419. **NOTE: Do NOT use Form 4419 to request authorization to file Forms W-2 on magnetic media, since Form W-2 information is sent to the Social Security Administration (SSA) ONLY. Contact SSA if you have any questions concerning the filing of Forms W-2 on magnetic media.**

**Specific Instructions**

**Block 1**

Enter the name and complete address of the person or organization that will submit the electronic or magnetic media files (*transmitter*).

**Block 2**

Enter the name, title, email address (if available) and telephone number (*with area code*) of the person to contact about this application if IRS needs additional information. This should be a person who is knowledgeable about electronic/magnetic filing of information returns.

**Block 3**

Enter the employer identification number (*EIN*) of the organization transmitting the electronic and/or magnetic media files.

**Block 4**

If you are a foreign transmitter who does not have a nine-digit taxpayer identification number, check this box.

**Block 5**

Enter the tax year that you wish to start filing electronically and/or magnetically.

**Block 6**

Indicate if you are requesting this transmitter control code solely for filing electronic and/or magnetic requests for an extension of time to file information returns.

**Block 7**

Check the box next to all of the returns you will file with IRS electronically and/or magnetically. A separate TCC will be assigned for each form(s) identified in Block 7. Please make sure you submit your magnetic media files using the correct TCC. Thereafter, if you need to add any of the forms identified in Block 7, it will be necessary to submit another Form 4419 to IRS so another TCC can be assigned.

**Block 8**

Check which method you will use to file your information returns. 3 1/2-inch diskettes must be MS/DOS, ASCII recording mode. Tape cartridges must be 18, 36, 128, or 256-track.

**Block 9**

The form must be signed and dated by an official of the company or organization requesting authorization to report electronically and/or magnetically.

**Mailing Address:**

Send your Form 4419 to the address below:

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
230 Murall Drive  
Kearneysville, WV 25430

In order to ensure timely filing, submit Form 4419 at least 30 days before the due date of the return.

If your application is approved, IRS will assign a TCC to your organization. We will not issue your TCC without a signed Form 4419 from you, and we will not issue a TCC over the phone. If you do not receive a reply from IRS within 30 days, contact us at the telephone number shown below. Do not submit any files until you receive your TCC.

For further information concerning the filing of information returns with IRS either electronically or magnetically, contact the IRS Martinsburg Computing Center toll-free at (866) 455-7438 between 8:30 a.m. and 4:30 p.m. Eastern Standard Time.

(See Instructions on back)

Form <b>4804</b> (Rev. May 2002)	Department of the Treasury – Internal Revenue Service <b>Transmittal of Information Returns Reported Magnetically</b> Please type or print in <b>BLACK</b> ink  (Use a separate Form 4804 for each file.)	IRS Use Only	OMB No. 1545-0367

1. Type of file represented by this transmittal <input type="checkbox"/> Original <input type="checkbox"/> Test <input type="checkbox"/> Replacement <input type="checkbox"/> Correction	2. Tax year for which media is submitted
--	--

3. Transmitter Control Code (TCC) (Required)	4. Name of transmitter (Owner of TCC)
--	---------------------------------------

5. Name/address of company and name/title of person who should receive correspondence on problem files (should be the same information as in 'T' record)

Company Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Contact Person \_\_\_\_\_ Telephone Number (\_\_\_\_) \_\_\_\_\_

E-mail Address \_\_\_\_\_

6. Forms 1098, 1099, 5498, W-2G Combined total of payee 'B' records	7. Form 1042-S Total number of 'Q' records	8. Form 8027 Total number of establishment(s) reported	9. Transmitter in-house media number(s)
---	--	--	---

**Affidavit**

**Under penalties of perjury, I declare that I have examined this transmittal, including accompanying documents, and, to the best of my knowledge and belief, it is correct and complete. (Normally, the payer must sign the affidavit above. The authorized agent of the payer may sign if all conditions are met as stated on the back.)**

<b>SIGNATURE (Required)</b>		IRS Use Only
Title	Date	

**General Instructions**

**Paperwork Reduction Act Notice.** We ask for the information on these forms to carry out the Internal Revenue Laws of the United States. 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 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 provide this information would vary depending on individual circumstances. The estimated average time is:

**Preparing Form 4804 . . . . . 15 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 FORMS TO THIS OFFICE. Instead, see the instructions below on where to file. **When completing this form, please type or print clearly in BLACK ink.**

**Purpose of Form.** Use Form 4804 when submitting the following types of information returns magnetically: Form 1098, 1099, 5498, W-2G, 1042-S, and 8027. You must include Form 4804 with all magnetic media you submit to the Internal Revenue Service.

**NOTE: A separate Form 4804 must be submitted for each file.**

**Specific Instructions**

**Block 1**

Indicate whether the data in this shipment is an original, correction, replacement or test file by checking the appropriate box. Check 'Replacement' only if you are sending media in response to a specific request from IRS/MCC and you have a Form 9267 attached.

**Definitions**

**Correction:** A correction is an information return submitted by the payer to correct erroneous information previously sent to and processed by IRS/MCC.

**Replacement:** A replacement is an information return file sent by the filer at the request of IRS/MCC because of errors encountered while processing the filer's original return. Your replacement file may be submitted electronically even if the original file was sent on magnetic media.

**Block 2**

Indicate the tax year for which media is being submitted.

**Block 3**

Enter the five-character alpha/numeric Transmitter Control Code assigned by IRS. TCCs for Form 1042-S filing begin with the numbers 22. TCCs for Form 8027 filing begin with the numbers 21.

**Block 4**

Enter the name of the transmitter. (Reference Affidavit Requirements below.)

**Block 5**

Enter the name and address of the company, along with the name/title of the person to whom correspondence concerning problem media in need of replacement should be sent. This information should match the information that appears in the Transmitter 'T' Record in your file. Please include an email address if available

**NOTE: IRS no longer returns media in need of replacement.**

**Block 6,7,8**

Use only the boxes appropriate to the forms you are reporting. A separate Form 4804 is required for the information returns in box 6, 1042-S Forms in box 7, and 8027 Forms in box 8.

**Block 6**

Enter the combined number of all payee 'B' records on the media sent with this Form 4804.

**Block 7**

If reporting Form 1042-S, enter the total number Recipient 'Q' records.

**Block 8**

If reporting Form 8027, enter the number of establishments reported.

**Block 9**

If your organization uses an in-house numbering system to identify media, indicate the media number(s) in the appropriate block.

**Mailing Address:**

Send your media with transmittal Form(s) 4804 to the address below:

IRS, Martinsburg Computing Center  
Information Reporting Program  
230 Murall Drive  
Kearneysville, WV 25430

**NOTE: Form 4802, Transmittal of Information Returns Reported Magnetically/Electronically (Continuation) is obsolete.**

**Affidavit Requirement**

A transmitter, service bureau, paying agent, or disbursing agent (all hereafter referred to as "agent") may sign Form 4804 on behalf of the payer (or other person required to file), if the conditions in items 1 and 2 are met:

1. The agent has the authority to sign the form under an agency agreement (oral, written, or implied) that is valid under state law.
  2. The agent signs the form and adds the caption "For: (Name of payer or other person required to file)".
- he authorized agent's signing of the affidavit on the payer's behalf does not relieve the payer of the responsibility for filing a correct, complete, and timely Form 4804, with attachments, and will not relieve the payer of any penalties for not complying with those requirements.

**Form 8508**

(Rev. 8-2003)  
Internal Revenue Service  
Department of the Treasury

**Request for Waiver From Filing  
Information Returns Magnetically  
(Forms W-2, W-2G, 1042-S, 1098, 1099 Series, 5498, 5498-MSA, and 8027)**  
*(Please type or print in black ink when completing this form - see instructions on back.)*

OMB Number  
1545-0957

**Note:** Only the person required to file on magnetic media can file Form 8508. A transmitter cannot file Form 8508 for the payer, unless he or she has a power of attorney. If you have a power of attorney, attach a letter to the Form 8508 stating this fact.

**1. Type of submission**       Original       Reconsideration

2. Waiver requested for tax year (Enter one year only)  <div style="font-size: 2em; font-weight: bold; margin-left: 20px;">20</div>	3. Payer name, <b>complete</b> address, and contact person. (A <b>separate</b> Form 8508 must be filed for <b>each payer</b> requesting a waiver.)  Name _____  Address _____  City _____ State _____ ZIP _____  Contact Name _____	4. Taxpayer Identification Number (9-digit EIN/SSN) _____  5. Telephone number (      ) _____  Email Address _____
---	---	--

6. Waiver Requested for	Enter the Number of Returns That:		Waiver Requested for	Enter the Number of Returns That:	
	(a) You wish to file on paper	(b) You expect to file next tax year		(a) You wish to file on paper	(b) You expect to file next tax year
<input type="checkbox"/> 1042-S			<input type="checkbox"/> 1099-OID		
<input type="checkbox"/> 1098			<input type="checkbox"/> 1099- PATR		
<input type="checkbox"/> 1098-E			<input type="checkbox"/> 1099- Q		
<input type="checkbox"/> 1098-T			<input type="checkbox"/> 1099-R		
<input type="checkbox"/> 1099-A			<input type="checkbox"/> 1099-S		
<input type="checkbox"/> 1099-B			<input type="checkbox"/> 5498		
<input type="checkbox"/> 1099-C			<input type="checkbox"/> 5498-ESA		
<input type="checkbox"/> 1099-CAP			<input type="checkbox"/> 5498-MSA		
<input type="checkbox"/> 1099-DIV			<input type="checkbox"/> 8027		
<input type="checkbox"/> 1099-G			<input type="checkbox"/> W-2		
<input type="checkbox"/> 1099-H			<input type="checkbox"/> W-2AS		
<input type="checkbox"/> 1099-INT			<input type="checkbox"/> W-2G		
<input type="checkbox"/> 1099-LTC			<input type="checkbox"/> W-2GU		
<input type="checkbox"/> 1099-MISC			<input type="checkbox"/> W-2PR		
<input type="checkbox"/> 1099-MSA			<input type="checkbox"/> W-2VI		

7. Is this waiver requested for corrections ONLY?     Yes     No
8. Is this the first time you have requested a waiver from the magnetic media filing requirements for any of the forms listed in Block 6?  
 Yes (*Skip to signature line*)       No (*Complete Block 9 if your request is due to undue hardship*)

9. Enter <b>two current cost estimates</b> given to you by third parties for software, software upgrades or programming for your current system, or costs for preparing your files for you.  Cost estimates for any reason other than the preparation of electronic/magnetic media files will not be acceptable  Attach these <b>two written cost estimates</b> to the Form 8508. Failure to provide <b>current cost estimates and/or signature</b> will result in denial of your waiver request.	\$ _____        \$ _____
---	--

**Under penalties of perjury, I declare that I have examined this document, including any accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete.**

10. Signature _____	Title _____	Date _____
---------------------	-------------	------------

**General Instructions**

**Paperwork Reduction Act Notice.** We ask for the information on these forms to carry out the Internal Revenue Laws of the United States. 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 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 provide this information would vary depending on individual circumstances. The estimated average time is:

**Preparing Form 8508 . . . . . 15 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 FORMS TO THIS OFFICE. Instead, see the instructions below on where to file. **When completing this form, please type or print clearly in BLACK ink.**

**Purpose of Form.** Use this form to request a waiver from filing Forms W-2, W-2AS, W-2G, W-2GU, W-2PR, W-2VI, 1042-S, 1098, 1099 Series, 5498, 5498-MSA, or 8027 magnetically for the tax year indicated in Block 2 of this form. Complete a Form 8508 for each Taxpayer Identification Number (TIN). You may use one Form 8508 for multiple types of forms. After evaluating your request, IRS will notify you as to whether your request is approved or denied. The chart below contains volume requirements and the acceptable media for each form.

**Specific Instructions**

**Block 1.** --Indicate the type of submission by checking the appropriate box. An original submission is your first request for a waiver for the current year. A reconsideration indicates that you are submitting additional information to IRS that you feel may reverse a denial of an originally submitted request.

**Block 2.** --Enter the tax year for which you are requesting a waiver. Only waiver requests for the current tax year can be processed. If this block is not completed, the IRS will assume the request is for the current tax year.

**Block 3.** --Enter the name and complete address of the payer and person to contact if additional information is needed by IRS.

**Block 4.** --Enter the Taxpayer Identification Number (TIN) [Employer Identification Number (EIN) or the Social Security Number (SSN)] of the payer. The number must contain 9-digits.

**Block 5.** --Enter the telephone number and Email address of the contact person.

**Block 6.** --Check the box(es) beside the form(s) for which the waiver is being requested.

**Block 6a.** -For each type of information return checked, enter the total number of forms you plan to file.

**Block 6b.** --Provide an estimate of the total number of information returns you plan to file for the following tax year.

**Block 7.** --Indicate whether or not this waiver is requested for corrections only. If you request a waiver for original documents and it is approved, you will automatically receive a waiver for corrections. However, if you can submit your original returns magnetically, but not your corrections, a waiver must be requested for corrections only.

**Block 8.** --If this is the first time you have requested a waiver for any of the forms listed in Block 6, for any tax year, check "YES" and skip to Block 10. However, if you have requested a waiver in the past and check "NO," complete Block 9 to establish undue hardship. Waivers, after the first year, are granted only in case of undue hardship or catastrophic event. **Note: Under Regulations Section 301.6011-2(c)(2), "The principal factor in determining hardship will be the amount, if any, by which the cost of filing the information returns in accordance with this section exceeds the cost of filing the returns on other media."**

**Block 9.** --Enter the cost estimates from two service bureaus or other third parties. These cost estimates must reflect the total amount that each service bureau will charge for software, software upgrades or programming for your current system, or costs to produce your electronic/magnetic media file only. **If you do not provide two written cost estimates from service bureaus or other third parties, we will automatically deny your request. Cost estimates from prior years will not be accepted. Note: If your request is not due to undue hardship, as defined above, attach a detailed explanation of why you need a waiver.**

**Block 10.** --The waiver request must be signed by the payer or a person duly authorized to sign a return or other document on his behalf.

**Filing Instructions**

**When to File.** -- You should file Form 8508 at least 45 days before the due date of the returns for which you are requesting a waiver. See Publication 1220, Part A for the due dates. Waiver requests will be processed beginning January 1st of the calendar year the returns are due.

**Where to File. --**

Internal Revenue Service  
Martinsburg Computing Center  
Information Reporting Program  
240 Murall Drive  
Kearneysville, WV 25430

For further information concerning the filing of information returns to IRS electronically/magnetically, contact the IRS Martinsburg Computing Center at the address given above or by telephone toll-free at **866-455-7438** between 8:30 a.m. and 4:30 p.m. Eastern Standard Time.

**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 penalty of \$50 per return unless you establish reasonable cause.

**Filing Requirements and Acceptable Methods**

*If the total number of documents to be filed is below the 250 threshold, you are not required to file magnetically, and you do not need to submit Form 8508 to IRS.*

Type of Documents	Acceptable Methods
Forms 1098-series, 1099-series, W-2G, 5498-series	Electronic Filing, Cartridges, and 3-1/2" Diskette
Forms W-2, W-2AS, W-2GU, W-2PR, W-2VI *	Electronic Filing, Tape, Cartridges, and 3-1/2" Diskette
Form 1042-S	Electronic Filing, Cartridges, and 3-1/2" Diskette
Form 8027	Electronic Filing, Cartridges, and 3-1/2" Diskette

\* To file these Forms electronically/magnetically, contact the Social Security Administration (SSA) at **1-800-772-6270**. For all other forms listed, contact IRS.



## Application for Extension of Time To File Information Returns

(Rev. July 2004)

(For Forms W-2 series, W-2G, 1042-S, 1098 series, 1099 series, 5498 series, and 8027)

Department of the Treasury  
Internal Revenue Service

▶ **Send to IRS—Martinsburg Computing Center. See Where to file below.**

**Caution: Do not use this form to request an extension of time to (1) provide statements to recipients, (2) file Form 1042 (instead use Form 2758), or (3) file Form 1040 (instead use Form 4868).**

<p><b>Extension Requested for Tax Year 20</b>  (Enter one year only.)</p>	<p><b>1</b> Filer or transmitter information. <b>Type or print clearly in black ink.</b></p> <p>Filer/Transmitter Name _____</p> <p>Address _____</p> <p>City _____ State _____ ZIP Code _____</p> <p>Contact Name _____ Telephone number (____) _____</p> <p>Email address _____</p>	<p><b>2 Taxpayer identification number</b> (Enter your nine-digit number. Do not enter hyphens.)</p> <p>_____</p> <p><b>3</b> Transmitter Control Code (TCC)</p> <p>_____</p>
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<p><b>4</b> Check your method of filing information returns (check only one box). Use a separate Form 8809 for each method.</p> <p><input type="checkbox"/> electronic    <input type="checkbox"/> magnetic media    <input type="checkbox"/> paper</p>	<p><b>5</b> If you are requesting an extension for more than one filer, enter the total number of filers and attach a list of names and taxpayer identification numbers. Requests for more than 50 filers must be filed electronically or magnetically. See <b>How to file</b> below for details. ▶</p>	<p><b>6</b> For extension requests sent electronically/magnetically only, enter the total number of records in your extension file. <b>Do not</b> attach a list. ▶</p>
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**7** Check this box only if you already received the automatic extension and you now need an additional extension. See instructions. ▶

**8** Check the box(es) that apply. **Do not** enter the number of returns.

Form	✓ here	Form	✓ here	Form	✓ here
W-2 series		5498		8027	
1098 series, 1099 series, W-2G		5498-ESA		1099-INT/OID for REMIC	
1042-S		5498-SA			

**9** If you checked the box on line 7, state in detail why you need an additional extension of time. You must give a reason or your request will be denied. If you need more space, attach additional sheets.

Under penalties of perjury, I declare that I have examined this form, including any accompanying statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

**Signature** ▶ \_\_\_\_\_ **Title** ▶ \_\_\_\_\_ **Date** ▶ \_\_\_\_\_

### General Instructions

**Purpose of form.** Use this form to request an extension of time to file any forms shown in line 8.

**Who may file.** Filers of returns submitted on paper, on magnetic media, or electronically may request an extension of time to file on this form.

**Where to file.** Send Form 8809 to IRS—Martinsburg Computing Center, Information Reporting Program, Attn: Extension of Time Coordinator, 240 Murall Dr., Kearneysville, WV 25430. To avoid delays, be sure the attention line is included on all envelopes and packages containing Form 8809.

**How to file.** When you request extensions of time to file for more than 50 filers for the forms shown in line 8, except Form 8027, you must submit the extension requests magnetically or electronically. For 10–50 filers, you are encouraged to submit the extension request magnetically or electronically.

If filing on paper with 50 or less filers, you must attach a list of the filers' names and taxpayer identification numbers. If you are filing the extension request magnetically or electronically, you do not have to provide a list.

Also, see Pub. 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically or Magnetically and Pub. 1187, Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically or Magnetically.

**Note.** Specifications for filing Forms W-2, Wage and Tax Statements, magnetically or electronically, are only available from the Social Security Administration (SSA). Call 1-800-SSA-6270 for more information.

**When to file.** File Form 8809 as soon as you know an extension of time to file is necessary. However, Form 8809 must be filed

by the due date of the returns. See the chart below that shows the due dates for filing this form on paper, magnetically, or electronically. IRS will respond in writing beginning in January. Filers and transmitters of Form W-2, Wage and Tax Statement, whose business has terminated, should follow the procedures in the 2004 Instructions for Forms W-2 and W-3 to request an extension.

If you are requesting an extension of time to file several types of forms, you may use one Form 8809, but you must file Form 8809 by the earliest due date. For example, if you are requesting an extension of time to file both 1099 series and 5498 series forms, you must file Form 8809 by February 28 (March 31 if you file electronically). You may complete more than one Form 8809 to avoid this problem. An extension cannot be granted if a request is filed after the due date of the original returns.

The due dates for filing Form 8809 are shown below.

IF you file Form . . .	MAGNETICALLY or on PAPER, then the due date is . . .	ELECTRONICALLY, then the due date is . . .
W-2 Series	Last day of February	March 31
W-2G	February 28	March 31
1042-S	March 15	March 15
1098 Series	February 28	March 31
1099 Series	February 28	March 31
5498 Series	May 31	May 31
8027	Last day of February	March 31

If any due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

**Caution:** You do not have to wait for a response before filing your returns. File your returns as soon as they are ready. For all forms shown in line 8, except Form 8027, if you have received a response, do not send a copy of the letter or Form 8809 with your returns. If you have not received a response by the end of the extension period, file your returns. When filing Form 8027 on paper **only**, attach a copy of your approval letter. If an approval letter has not been received, attach a copy of your timely filed Form 8809.

**Extension period.** The automatic extension is 30 days from the original due date. You may request one additional extension of not more than 30 days by submitting a second Form 8809 before the end of the first extension period (see Line 7 below). Requests for an additional extension of time to file information returns are **not** automatically granted. Generally requests for additional time are granted only in cases of extreme hardship or catastrophic event. The IRS will send you a letter of explanation approving or denying your request for an additional extension only.

**Note.** The automatic and any approved additional request will only extend the due date for filing the returns. It will not extend the due date for furnishing statements to recipients.

**Penalty.** If you file required information returns late and you have not applied for and received an approved extension of time to file, you may be subject to a late filing penalty. The amount of the penalty is based on when you file the correct information return. For more information on penalties, see the General Instructions for Forms 1099, 1098, 5498, and W-2G.

**Specific Instructions**

**Tax year.** You may request an extension for only 1 tax year on this form. If no tax year is shown, the IRS will assume you are requesting an extension for the returns currently due to be filed.

**Line 1.** Enter the name and complete mailing address, including room or suite number of the filer or transmitter requesting the extension of time. Use the name and address where you want the response sent. For example, if you are a preparer and want to receive the response, enter your client's complete name, care of (c/o) your firm, and your complete mailing address. Enter the name of someone who is familiar with this request whom the IRS

can contact if additional information is required. Please provide your telephone number and e-mail address. If you act as transmitter for a group of filers, enter your name and address here, and see *How to file* on page 1.

**Note.** Approval or denial notification will be sent only to the person who requested the extension (filer or transmitter).

**Line 2.** Enter your nine-digit employer identification number (EIN) or qualified intermediary employer identification number (QI-EIN). If you are not required to have an EIN or QI-EIN, enter your social security number. Do not enter hyphens. Failure to provide this number, and the list of numbers if you are acting as a transmitter as explained under Line 1, will result in automatic denial of the extension request.

**Line 3.** For electronic or magnetic media only. If you filed Form 4419, Application for Filing Information Returns Electronically/ Magnetically, to file Forms 1042-S, 1098, 1099, 5498, W-2G, or 8027, and it was approved, the IRS-Martinsburg Computing Center assigned you a five-character Transmitter Control Code (TCC). Enter that TCC here. Leave this line blank if you (1) are requesting an extension to file any Forms W-2, (2) are requesting an extension to file forms on paper, or (3) have not yet received your TCC.

**Line 7.** Check this box if you have already received the automatic 30-day extension, but you need an additional extension for the same year and for the same forms. Do not check this box unless you received an original extension.

If you check this box, be sure to complete line 9. Then, sign and date the request.

**Signature.** No signature is required for the automatic 30-day extension. For an additional extension, Form 8809 must be signed by you or a person who is duly authorized to sign a return, statement, or other document.

**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. Form 8809 is provided by the IRS to request an extension of time to file information returns. Regulations section 1.6081-1 requires you to provide the requested information if you desire an extension of time for filing an information return. If you do not provide the requested information, an extension of time for filing an information return may not be granted. Section 6109 requires you to provide your taxpayer identification number (TIN). 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 also disclose this information to other countries under a tax treaty, or Federal, state, or local agencies to enforce Federal nontax criminal laws and to combat terrorism. The authority to disclose information to combat terrorism expired on December 31, 2003. Legislation is pending that would reinstate this authority.

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, 2 hrs., 10 min.; Learning about the law or the form, 36 min.; Preparing and sending the form to the IRS, 28 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 to file* on page 1.

Media label, Form 5064, has been obsoleted. It is no longer necessary to use special labels from IRS for your media. Any pressure sensitive label can now be used as long as it contains the following information:

**Type of filing:** Indicate whether data is **Original**, **Replacement**, **Test** or **Correction**.

**Tax Year:** Indicate tax year for which media is submitted.

**IRS TCC:** (*Transmitter Control Code*): Provide TCC assigned to the transmitter.

**Transmitter's name**

**Operating system/Hardware:**

For 3-1/2 inch diskette files, indicate the type of personal computer operating system, and software package used to create the media (for example: IBM.PC/AT-MSD/DOS, Apple MacIntosh/MacWrite V2.2).

**Recommended label format:**

Type of filing \_\_\_\_\_  
Tax Year \_\_\_\_\_ IRS TCC \_\_\_\_\_  
Transmitter name \_\_\_\_\_  
Operating system/Hardware \_\_\_\_\_  
Number of payees \_\_\_\_\_  
Transmitter number for media \_\_\_\_\_  
Media sequence \_\_\_\_\_ of \_\_\_\_\_

For tape cartridge, indicate operating system, either EBCDIC or ASCII, and either 18, 36, 128 or 256-track.

**Number of payees:** Indicate the total number of Payee "B" Records, Recipient "Q" Records for Form 1042S, or total number of establishments for Form 8027 reported on the media.

**Transmitter number for media:** If available, provide the in-house number assigned by your organization to the tapes, tape cartridges or diskettes.

**Media sequence:** Indicate sequence number of media and total number of media in file (*for example: Media sequence 1 or 3, 2 of 3, 3 of 3*).

**Please affix external label to appropriate area on magnetic media. Do not hinder the ability to process media when affixing label.**

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**Paperwork Reduction Act Notice**

We ask for the information in Notice 210 to carry out the Internal Revenue laws of the United States. You are required to give us the information. 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 provide this information would vary depending on individual circumstances. The estimated average time is 5 minutes. If you have comments concerning the accuracy of this time estimate 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.

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IRS-Enterprise Computing Center - MTB  
Information Reporting Program  
230 Murall Drive  
Kearneysville, WV 25430

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