

2019

Instructions for Form 1042-S

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

Volume 3 of 3



Department of the Treasury
Internal Revenue Service

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- The exemption code you report in Box 3a must correctly identify the proper tax status for the type of income you pay to the recipient. The exemption code you report in Box 4a must correctly identify the proper tax status for the type of income you pay to the recipient or if exemption code 15 is used (payee not subject to chapter 4 withholding), the chapter 4 status code of the recipient must correctly reflect this exemption.

Note. If you use exemption code 04 (exempt under tax treaty), the country code that you report in Box 13b must be a valid treaty country. Countries with which the United States has a tax treaty are listed at [IRS.gov/Businesses/ International-Businesses/United-States-Income-Tax-Treaties-A-to-Z](https://www.irs.gov/Businesses/International-Businesses/United-States-Income-Tax-Treaties-A-to-Z).



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



All amounts must be reported in U.S. dollars.

Rounding Off to Whole Dollars

You must round off cents 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. For example, \$1.39 becomes \$1 and \$2.50 becomes \$3. 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.

Unique Form Identifier

A withholding agent must provide a unique form identifier number on each Form 1042-S that it files in the Box provided at the top of the form. The unique form identifier must:

- Be numeric (for example, 1234567891),
- Be exactly 10 digits, and

- Not be the recipient's U.S. or foreign TIN.

If a withholding agent is filing an amended Form 1042-S, it must include the same unique form identifier that was reported by the withholding agent on the original Form 1042-S that is being amended. The unique form identifier will be used to identify which information return is being corrected or amended when multiple information returns are filed by a withholding agent with respect to the same recipient. The identifying number must be unique to each original Form 1042-S filed for the current year. The identifying number can be used on a new original form in a subsequent year.

Amended Checkbox

See *Amended Forms*, later.

Amendment Number

If you are filing an amended Form 1042-S, you must provide an amendment number. The amendment number must be numeric and the length must be exactly one digit. Each time that you amend the same form (as

determined by the unique form identifier), you must provide the amendment number in the box provided on the form (using "1" for the first amendment and increasing sequentially for each subsequent amendment).

Box 1, Income Code

All filers must enter the appropriate two-digit income code from the list in Appendix A, later. Use the income code that is the most specific. See Pub. 515 for further explanation of the income codes. Below are examples on how to use some of the income codes.

1. Use code 06 for dividends, including any deemed dividends (such as deemed dividends arising under section 305(c)). However, use other codes for dividends (including deemed dividends) paid on actively traded securities.
2. Use code 09 for the following types of capital gain.

- a. Gains on disposal of timber, coal, or domestic iron ore with a retained economic interest, unless an election is made to treat those gains as income effectively connected with a U.S. trade or business.
 - b. Gains on contingent payments received from the sale or exchange after October 4, 1966, of patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and other like property.
 - c. Gains on certain transfers of all substantial rights to, or an undivided interest in, patents if the transfers were made before October 5, 1966.
3. Certain gains from the sale or exchange of original issue discount obligations issued after March 31, 1972.

4. Use code 17 for payments for personal services performed by an independent contractor as contrasted with those performed by an employee. This includes payments that are subject to the business profits article of a treaty.
5. Use code 29 (deposit interest) if you are paying bank deposit interest, not code 01 (interest paid by U.S. obligors-general).
6. Use code 24 (qualified investment entity (QIE) distributions of capital gains) for distributions of capital gains from a QIE. Use code 36 (capital gains distributions) for capital gain distributions (dividends) paid or credited by mutual funds (or other regulated investment companies). Include long-term and short-term capital gain dividends (use exemption code 02 (exempt under IRC (other than portfolio interest)) in Box 3a).

Note. Exempt-interest dividends and interest-related dividends should be reported under income code 01 (interest paid by U.S.

obligors-general) (use exemption code 02 (exempt under IRC (other than portfolio interest)) in Box 3a).

7. Use code 28 for gambling winnings. These are proceeds from a game other than blackjack, baccarat, craps, roulette, or big-6 wheel. For more information, see Pub. 515.
1. Use code 33, 34, 35, 53, or 54 for all substitute payment transactions. For more information, see Regulations sections 1.861-2(a)(7) and 1.861-3(a)(6). For payments of interest or substitute interest made by a withholding agent to a QI that assumes primary withholding responsibilities for substitute interest, the withholding agent and the QI should use code 33 or 54. For payments of dividend equivalent payments made by a withholding agent to a QI acting as a QDD, a withholding agent and a QI should use code 34 or 53. See Rev. Proc. 2017-15 for more information on when a QI

assumes primary withholding responsibilities for substitute interest or dividend equivalent payments.

8. Use code 37 (return of capital) for a nondividend distribution. This is a distribution that is not paid out of the earnings and profits of a corporation. It represents a distribution in part or full payment in exchange for stock.
9. Use codes 38 and 39 for payments to covered expatriates. Use code 38 for a payment of eligible deferred compensation subject to section 877A(d)(1) and use code 39 for a distribution from a nongrantor trust subject to section 877A(f)(1). For more information, see Notice 2009-85.
10. Use code 40 (other dividend equivalents under IRC section 871(m) (formerly 871(l))) for other U.S.-source dividend equivalents. These are dividend equivalent payments under section 871(m) that are not substitute dividend payments identified with income code 34 or 53.

11. Use code 41 (guarantee of indebtedness) for certain guarantee of indebtedness payments. These are amounts paid for the provision of a guarantee of indebtedness that was issued after September 27, 2010.
12. Use either code 42 (earnings as an artist or athlete – no central withholding agreement) or 43 (earnings as an artist or athlete – central withholding agreement) for payments to an artist or athlete. A central withholding agreement is Form 13930, Application for Central Withholding Agreement, plus additional information specified in the instructions to such form, that is entered into by the artist or athlete, a designated withholding agent, and the IRS. For more details, see Pub. 515.
13. Use code 50 (income previously reported under escrow procedure) with respect to a recalcitrant account holder of a dormant account for which a participating FFI reported the income

on Form 1042-S in a prior calendar year but for which the participating FFI was not required to deposit the tax withheld or determined that withholding was not required until the current calendar year under an applicable escrow procedure. For additional information on the escrow procedure for dormant accounts, see Regulations section 1.1471-4(b)(6). Also use code 50 for income reported on a Form 1042-S in a prior calendar year for which tax withheld was not deposited pursuant to the escrow procedure for undetermined amounts of income and such withheld tax is now required to be deposited in the current calendar year. For additional information on the escrow procedure for undetermined amounts of income, see Regulations section 1.1441-3(d)(1). For instructions on reporting amounts withheld during the current calendar year that you are not depositing pursuant to the escrow

procedure, see the instructions for Box Z, later.

14. Use code 52 (dividends paid on certain actively traded or publicly offered securities), 53 (substitute payments-dividends paid from certain actively traded or publicly offered securities), 51 (interest paid on certain actively traded or publicly offered securities), 54 (substitute payments-interest from certain actively traded or publicly offered securities), and 13 (royalties paid on certain publicly offered securities) if the income paid is described in Regulations section 1.1441-6(c)(2) and you have reduced the rate of withholding under an income tax treaty without the recipient providing a U.S. or foreign TIN.
15. Use code 55 (taxable death benefits on life insurance contracts) to report taxable death benefits, such as benefits paid on an insurance contract that was acquired on a transfer for valuable consideration. See section

101 for when death benefits are taxable.

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.

Note. Although income codes are provided for short-term OID and notional principal contract income, those items are not always subject to reporting on Form 1042-S. For example, short-term OID 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. Notional principal contract income is reportable if it is effectively connected with the conduct of a trade or business in the United States or results in the payment of interest under Regulations section 1.446-3(g)(4) or a dividend equivalent under section 871(m) and the regulations thereunder (for which a Form 1042-S is required). For more information, see the regulations under chapter 3 and Pub. 515.

Box 2, Gross Income

For each income type, enter the gross amount you paid (in whole dollars) to or on behalf of the recipient during the calendar year, 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 part of the distribution is nontaxable or represents a capital gain dividend.
- 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.

- If you applied the escrow procedure under chapters 3 and 4, report the entire amount of a payment that you previously reported in a prior calendar year for which you withheld tax but did not deposit such tax under the escrow procedure if the liability is due in the current calendar year.
- 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 sale or exchange of patents, copyrights, and similar intangible property.
- You must report only the amount of cash paid on notional principal contracts.
- If reporting payments to artists or athletes who have signed a central withholding agreement (income code 43), you must report the gross amount paid to the artist or athlete in Box 2 (without any consideration to the expenses to be taken into account for purposes of determining

the amount of withholding tax pursuant to the central withholding agreement).

Box 3

Chapter indicator. If you are reporting amounts in Boxes 7 through 9, enter either a "3" or "4" to indicate whether the amounts were withheld (or paid by the withholding agent) pursuant to chapter 3 or chapter 4. If you are reporting tax withheld under section 5000C, or backup withholding was applied under the presumption rules, enter "3" as if the tax were a chapter 3 tax.

Note. Either a "3" or "4" (but not both) must be entered on each Form 1042-S. If you are not reporting amounts in Boxes 7 through 9 because you did not withhold under chapter 3 or 4, you should enter "3."

If you are reporting payments to U.S. payees, enter "3" and leave Boxes 3a and 3b blank.

Boxes 3a and 4a, Chapter 3 and Chapter 4 Exemption Codes

In most cases, if the tax rate you entered in Box 3b or 4b is 00.00, you may be required to

enter the appropriate exemption code (01 through 23) from Appendix B, later, as applicable for chapter 3 and 4 purposes. In certain cases, more than one exemption code will apply. See the instructions below for the applicable codes to determine which code to use.

If an amount was withheld under chapter 4 (the tax rate you entered in Box 4b is greater than zero and is not due to backup withholding), enter "00" in Box 4a. If the tax rate you entered in Box 4b is 00.00, you must enter the applicable exemption code (13 through 21) in Box 4a. If an amount was withheld under chapter 3 (the tax rate you entered in Box 3b is greater than zero and is not due to backup withholding), enter "00" in Box 3a. If the tax rate you entered in Box 3b is due to backup withholding, leave Box 3a blank.

If exemption code 01 or 14 (effectively connected income) applies, you must enter the recipient's U.S. TIN in Box 13e if you report the income as effectively connected with a U.S. trade or business. If the

recipient's U.S. TIN is unknown or unavailable, you must withhold tax at the rate of 30% (30.00) and enter "00" in Boxes 3a and 4a.

A withholding agent should use exemption code 06 (QI 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 chapters 3 and 4. However, if the payment is made to a QI that is acting as a QDD with respect to the payment, the withholding agent should instead use exemption code 22 (QDD that assumes primary withholding responsibility).

A withholding agent should use exemption code 07 (WP or WT) only if it is making a payment to a foreign partnership or trust that has represented on its Form W-8IMY that it is a withholding foreign partnership or trust.

A withholding agent should use exemption code 08 (U.S. branch treated as U.S. person) or 09 (territory FI treated as U.S. person) (as applicable) for chapter 3 purposes only if it is making a payment to a U.S. branch or to a

territory FI and it has represented on its Form W-8IMY that it agrees to be treated as a U.S. person.

A withholding agent should use exemption code 10 (QI represents that income is exempt) for chapter 3 purposes only if it makes a payment to a QI that has not assumed primary withholding responsibility under chapters 3 and 4 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.

A withholding agent should use exemption code 11 (QSL that assumes primary withholding responsibility) for chapter 3 purposes only if the withholding agent makes a substitute dividend payment to a financial institution (including a QI) that represented on its Form W-8IMY that it is acting as a QSL for the account associated with the form.

A withholding agent should use exemption code 12 (payee subjected to chapter 4 withholding) for chapter 3 purposes if the recipient has been withheld upon under

chapter 4 and thus chapter 3 withholding does not apply. See Special instructions for use of chapter 3 exemption codes, later.

A withholding agent should use chapter 3 exemption code 23 for distributions made by a real estate investment trust (REIT) to a qualified foreign pension fund (or an entity all of the interests of which are held by a qualified foreign pension fund) that are exempt under section 897(l).

Chapter 4 Exemption Codes

A withholding agent should use exemption code 13 (grandfathered payment) for chapter 4 purposes only if the withholding agent makes a payment under a grandfathered obligation (as defined in Regulations section 1.1471-2(b)(2)) and exemption code 13 is the only exemption code that applies. If another exemption code applies, it should be used instead of exemption code 13.

A withholding agent should use exemption code 15 (payee not subject to chapter 4 withholding) for chapter 4 purposes if the payment is a withholdable payment (as

defined in Regulations section 1.1473-1(a)), but has not been withheld upon under chapter 4 because of the payee's chapter 4 status. Also, if the withholding agent applies the 90-day grace period for a withholdable payment following a change in circumstances, use exemption code 15 (payee not subject to chapter 4 withholding).

A withholding agent should use exemption code 16 (excluded nonfinancial payment) for chapter 4 purposes for payments described in Regulations section 1.1473-1(a)(4)(iii). However, the withholding agent should only use exemption code 16 if it is the only exemption code that applies. If another exemption code applies, it should be used instead of exemption code 16.

A withholding agent should use exemption code 17 (foreign entity that assumes primary withholding responsibility) for chapter 4 purposes only if it makes a payment to a QI that assumes primary withholding responsibility, a WP, or a WT.

A withholding agent should use exemption code 18 (U.S. payees – of participating FFI or

registered deemed-compliant FFI) for chapter 4 purposes only if it makes a payment to a participating FFI or registered deemed-compliant FFI and only to the extent represented on such FFI's withholding statement associated with its Form W-8IMY that the payment is allocable to a chapter 4 withholding rate pool of U.S. payees and FFI certifies on its withholding certificate that the FFI meets the requirements to include the account holder in a withholding rate pool of U.S. payees.

A withholding agent should use exemption code 20 (dormant account) for chapter 4 purposes only if it makes a withholdable payment to a participating FFI or registered deemed-compliant FFI that represented on its withholding statement associated with its Form W-8IMY that the payment is allocable to a dormant account holder for which the escrow procedure of Regulations section 1.1471-4(b)(6) applies.

A withholding agent should use exemption code 21 (Other-payment not subject to chapter 4 withholding) for chapter 4 purposes

if the payment is exempt from chapter 4 withholding and no other chapter 4 exemption code applies. A withholding agent should also use exemption code 21 (Other-payment not subject to chapter 4 withholding) when using income code 37 (return of capital) to report nondividend payments.

If you have failed to provide a 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 or subject to a reduced rate of withholding, and the account holder requests a corrected form, you must submit a Form 1042-S providing the correct information. In this situation, you must:

- Indicate the correct rate of withholding that should have been applied to the income in Boxes 3b or 4b;
- Enter the appropriate exemption codes, if any, in Boxes 3a and 4a;

- Enter the actual amount of U.S. federal tax withheld by the other withholding agent in Box 8;
- Provide the name and address of the actual recipient in Boxes 13a–d along with the other required information for the recipient; and
- Provide the name and EIN of the other withholding agent that actually withheld and deposited the tax (primary withholding agent) in Boxes 14a and b.



If you submit Form 1042-S as described above, you must also submit Form 1042 and issue Form 1042-S to each recipient (including any unknown recipient or U.S. payee) of the income to which withholding was applied.

Special instructions for use of chapter 3 exemption codes. If an amount was withheld under chapter 4, you may also include a chapter 3 exemption code and tax rate in Boxes 3a and 3b to show the rate that would otherwise apply as if the payment had been later determined to be exempt from

withholding under chapter 4. This may be done, for example, to assist the beneficial owner in pursuing a claim for refund. In such a case, enter "4" as the chapter indicator in Box 3 to show that withholding was applied under chapter 4.

Boxes 3b and 4b, Chapter 3 and Chapter 4 Tax Rates

Enter the correct rate of withholding that applies to the income in Box 2 (gross income) or Box 6 (net income), as appropriate. In the case of a payment subject to chapter 4 withholding, the correct rate of withholding is "30.00." If the amount reported in Box 2 is not subject to chapter 4 withholding or is not a withholdable payment, you must enter "00.00" in Box 4b and provide the applicable exemption code in Box 4a. For purposes of chapter 3 withholding, see *Valid Tax Rate Table*. The correct tax rate should be included even if you withheld at a different rate. For example, if an NQI that is a participating FFI is reporting dividends paid to a beneficial owner who is exempt from withholding under chapter 4 and 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 incorrectly withheld only 15% under chapter 3 (rather than the required 30%) and the NQI withholds an additional 15% under chapter 3, the NQI should report "30.00" in Box 3b. See *Example 18*, earlier, under *Multiple Withholding Agent Rule*. The tax rate on dividends paid to a corporation created or organized in, or under the law of, the Commonwealth of Puerto Rico may be 10%, rather than 30%. See Pub. 515 for more information.

In the case of a specified federal procurement payment subject to section 5000C withholding, the correct rate of withholding is 2% or "02.00." For Form 1042-S purposes, report tax withheld under section 5000C in Box 3b as if the tax were a chapter 3 tax.

Enter the tax rate using the following format: two digits, a decimal, and two digits (for example, "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 (for example, "04.00" for 4%).



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	20.00
02.00	10.00	21.00
04.00	12.00	25.00
04.90	12.50	27.50
04.95	14.00	28.00
05.00	15.00	30.00
07.00	17.50	37.00

Exception for central withholding agreements. If you are the designated withholding agent who has entered into a central withholding agreement and you report an amount in Box 2 using income code 43

(earnings as an artist or athlete—central withholding agreement), you must enter a tax rate in Box 3b and you must include a chapter 4 exemption code 16 (excluded nonfinancial payment) in Box 4a.

Box 5, Withholding Allowance

This box should be completed only if the income code reported in Box 1 is 16 (scholarship or fellowship grants), 17 (compensation for independent personal services), 18 (compensation for dependent personal services), 19 (compensation for teaching), 20 (compensation during studying and training), or 42 (earnings as an artist or athlete-no central withholding agreement). If you are a designated withholding agent that has entered into a central withholding agreement with the IRS, leave this box blank and report the gross amount paid to the recipient in Box 2. See Pub. 515 for more information.

Box 6, Net Income

Complete this box only if you entered an amount in Box 5. Otherwise, leave it blank.

Boxes 7a Through 11, Federal Tax Withheld

Box 7a. Enter the total amount of U.S. federal tax you actually withheld in Box 7a under chapter 3 or 4. If you did not withhold any tax, enter "-0-."



Box 7a must be completed in all cases, even if no tax has been deposited.

Box 7b. A withholding agent that withheld tax during the calendar year and that was not required to deposit with the IRS the tax withheld during the calendar year pursuant to the escrow procedure under Regulations sections 1.1471-2(a)(5)(ii) and/or 1.1441-3(d) must check Box 7b (federal tax withheld was not deposited with the IRS because escrow procedures were applied). A withholding agent reporting payments pursuant to the escrow procedure must report such payments on separate Forms 1042-S. Box 7b must only be checked when using the escrow procedures as specified above.

If you are a participating FFI or registered deemed-compliant FFI that, for chapter 4 purposes, applied the escrow procedure for dormant accounts, if the payment is also an amount subject to chapter 3 withholding and tax is withheld and deposited under chapter 3, do not check Box 7b. Instead, enter “3” in Box 3 and complete Box 3b to report the tax withheld under chapter 3.

Box 7c. Check box 7c if you are a partnership that received an amount subject to withholding during the calendar year (preceding year) and you are withholding on the amount includible in a foreign partner’s distributive share in the subsequent year. Only check this box if you designated the deposit as attributable to the preceding year. For more information on the requirement for a partnership to withhold with respect to its foreign partners and when it may satisfy this withholding obligation, see Regulations section 1.1441-5.

Box 8. 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 amount actually withheld by the other agent(s) in Box 8.

Box 9, Overwithheld tax repaid to recipient pursuant to adjustment procedures. This box should be completed only if you repaid a recipient under the reimbursement or set-off procedures during the 2020 calendar year in accordance with the requirements of Regulations section 1.1462-2(a)(2) or (3) (for withholding under chapter 3), or Regulations section 1.1474-2(a)(3) or (4) (for withholding under chapter 4).

If you repaid the recipient under the reimbursement or set-off procedure during the calendar year, do not complete Box 9. Instead, reduce the amount of withholding reported in Box 7a.

In most cases, an intermediary or flow-through entity should not enter an amount in Box 9 unless it is a QI that represented on its Form W-8IMY that it is assuming primary withholding responsibility or is a WP or WT.



The adjustment for amounts overwithheld does not apply to partnerships or nominees required to withhold under section 1446.

Box 10. Enter in Box 10 the combined amounts reported in Box 7a (federal tax withheld), Box 8 (tax withheld by other agents), and Box 9 (overwithheld tax repaid to recipient pursuant to adjustment procedures).

Example. If the box 7a amount is \$600, the box 8 amount is \$120, and the box 9 amount is (\$50), the box 10 amount will equal \$670.



Box 10 must be completed in all cases, even if no tax has been deposited.

Box 11, Tax paid by withholding agent (amounts not withheld). Enter the total amount of tax paid by you and not withheld from the payment to the recipient. The amounts reported in Box 11 should be the amounts paid by the withholding agent from its own funds rather than through withholding from the payment to the recipient. Any

amount reported in this box must not be included in Box 10.

Box 12a, Withholding Agent's Employer Identification Number (EIN)

You are required to enter your EIN. However, if you are filing Form 1042-S as a QI, WP, or WT, enter your QI-EIN, WP-EIN, or WT-EIN. The Withholding Agent's EIN cannot be truncated.

If you don't have an EIN, you may apply for one online by visiting [IRS.gov/EIN](https://www.irs.gov/ein). If you are outside the United States, you may also apply for an EIN by calling 267-941-1099 (not a toll-free number). You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. File amended 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 (QI) and Withholding foreign partnership (WP) or withholding foreign trust

(*WT*) under *Definitions*, earlier, for more information.)

Boxes 12b and 12c, Withholding Agent's Chapter 3 and Chapter 4 Status Code

Enter the withholding agent status code(s) from the list of Exemption Codes and Recipient Status Codes in *Appendix B*, later. You must enter both a chapter 3 and a chapter 4 withholding agent status code regardless of the type of payment being made. You should not use code 01 (U.S. Withholding Agent FI) or code 02 (U.S. Withholding Agent Other) as your withholding agent's chapter 3 status code. For example, if you are a U.S. partnership, use chapter 3 status code 08 (Partnership other than Withholding Foreign Partnership).

On the Form 1042-S issued with respect to payments made by a foreign branch of a U.S. financial institution, use chapter 3 status code 34 (U.S. Withholding Agent Foreign branch of FI) instead of chapter 3 status code 01 (U.S. Withholding Agent FI) and use chapter 4

status code 50 (U.S. Withholding Agent Foreign branch of FI) instead of chapter 4 status code 01 (U.S. Withholding Agent FI).

**Boxes 12d Through 12i,
Withholding Agent's Name, GIIN,
Country Code, Foreign TIN (if
any), and Address**

Enter your name and address in the appropriate boxes. 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.

If you are a nominee that is the withholding agent under section 1446, enter the PTP's name and other information in Boxes 15a through 15i.

Note. On statements furnished to individual 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 electronically filed forms.

Box 12e, Withholding agent's GIIN. The GIIN provided, if any, should be the GIIN issued to the branch of, or disregarded entity owned by, the participating FFI or registered deemed-compliant FFI that is making the payment.

Box 12f, Country code. You must enter the code (from the list at [IRS.gov/CountryCodes](https://www.irs.gov/CountryCodes)) for the country for which you are resident under that country's tax laws. Enter "OC" (other country) only when the country of residence does not appear on the list. However, if the withholding agent is a U.S. person or a foreign branch of a U.S. person, leave Box 12f blank.

Boxes 13a Through 13d, Recipient's Name, Country Code, and Address

Box 13a, Recipient's name. Enter the complete name of the recipient in Box 13a.

- If you do not know the name of the recipient or are required to use the recipient status codes for an unknown recipient, enter "Unknown Recipient."
- If Form 1042-S is being completed by a QI, WP, or WT for a chapter 3 withholding rate pool or chapter 4 withholding pool, enter "Withholding rate pool" if withholding under chapter 3 was applied, or if chapter 4 withholding was applied, a description of the chapter 4 reporting pool (for example, "Nonparticipating FFI Pool") in Box 13a.
- A withholding agent reporting payments made to a participating FFI or registered deemed-compliant FFI with respect to a chapter 4 reporting pool must include the name and address of the FFI in Boxes 13a through 13g as well as the FFI's GIIN and country code. The GIIN reported must be the GIIN of the branch to whom the withholding agent is making the payment.
- A QI reporting payments made to a PAI on a withholding rate pool basis must include

the name and address of the PAI in Boxes 13a through 13g.

- In the case of foreign joint owners, Form 1042-S can only list one of the owners as the recipient in Box 13a. Form 1042-S must not be completed with more than one of the joint owners as the recipient.
- If the recipient is a QI acting as a QDD with respect to the payment, enter the name of the QDD (including any branch identifier included on the Form W-8IMY provided by the QDD).
- If a disregarded entity (or a branch) that is required to provide a TIN on Form W-8IMY is identified in Part II of the Form W-8BEN-E, include the name of the disregarded entity (or the jurisdiction of the branch) in a parenthetical after the name of the recipient.

Box 13b, Recipient's country code. You must enter the code (from the list at [IRS.gov/CountryCodes](https://www.irs.gov/CountryCodes)) 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 (for example, the United Nations). If the recipient is unknown, leave Box 13b blank and enter "Unknown Recipient" in Box 13a, Recipient's name. If you are making a payment to a QI, QSL, WP, or WT, or if you are a QI, QSL, WP, or WT and are making a payment to a QI, WP, or WT withholding rate pool, enter the country code of the QI, QSL, WP, or WT. Also, if you are making a payment to a participating FFI or registered deemed-compliant FFI's chapter 4 reporting pool, enter the country code of the participating FFI or registered deemed-compliant FFI or branch of or disregarded entity owned by such FFI receiving the withholdable payment and that was listed on Part II of either the Form W-8BEN-E or W-8IMY.



If exemption code 04 (exempt under tax treaty) appears in Box 3a or if a reduced rate of withholding based on a tax treaty is entered in Box 3b, the country code entered in Box 13b must be a country

with which the United States has entered into an income tax treaty.

Boxes 13c and 13d, Recipient's address.

In most cases, you must enter a foreign address in Boxes 13c and 13d. However, there are limited exceptions. For example, you may enter a U.S. address when reporting payments of scholarship or fellowship grants (income code 16).

For addresses outside the United States or its commonwealths and possessions, follow the foreign country's practice for entering the postal code.

For addresses within the United States, use the U.S. Postal Service 2-letter abbreviation for the state name. Do not enter "United States" or "U.S."

If you want to enter the recipient's account number, use Box 13k.

Boxes 13e and 13h, Recipient's U.S. TIN and GIIN

You must obtain and enter a U.S. TIN for any of the following recipients.

- Any recipient whose income is effectively connected with the conduct of a trade or business in the United States. For these recipients, enter exemption code 01 in Box 3a or exemption code 14 in Box 4a.
- 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 recipient provides a foreign TIN (in such case, use Box 13i), or 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. In the latter case, you must use income code 13, 51, 52, 53, or 54.

- 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 U.S. branch of an FFI or territory FI that is treated as a U.S. person.
- Any QSL that was paid a substitute dividend.

In all other cases, if you know the recipient's TIN or if a foreign person provides a TIN on Form W-8, but is not required to do so, you must include the TIN on Form 1042-S.

You must include a GIIN if you are required to collect a GIIN for the recipient under the requirements documenting the payee under chapter 4. If you make a payment to a disregarded entity or branch that is identified in Part II of Form W-8BEN-E, then report the GIIN of the disregarded entity or branch provided in that section.

Boxes 13f and 13g, Recipient's Chapter 3 and Chapter 4 Status Codes

Enter the recipient status code from the list of Recipient Status Codes in *Appendix B*, later. The following special instructions apply for chapter 3 status codes.

- If income code 42 (earnings as an artist or athlete no central withholding agreement) or 43 (earnings as an artist or athlete central withholding agreement) is used in Box 1, use recipient code 22 (artist or

athlete) instead of recipient code 16 (individual), 15 (corporation), or 08 (partnership other than withholding foreign partnership).

- If you are making a payment to an NQI or flow-through entity, in most cases you 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 08 (partnership other than 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. You may, however, use recipient code 08 as the chapter 3 status code if you are using a chapter 4 pooled reporting code with respect to a payment made to a nonwithholding foreign partnership. See the instructions later on use of recipient codes when reporting pools. Otherwise, follow the rules that

apply to payments to flow-through entities.

- Use recipient code 21 (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 provide rules on how to determine a recipient's status when a withholding agent does not have the necessary information.
- Use recipient code 13 (qualified securities lender – qualified intermediary) or 14 (qualified securities lender – other) if you make a payment to a QSL.
- Only a QI may use recipient codes 29 (PAI withholding rate pool – general) and 30 (PAI withholding rate pool – exempt organizations). Only a QI, WP, or WT that made a pooled reporting election for chapter 3 purposes may use recipient

codes 31 (agency withholding rate pool – general), 32 (agency withholding rate pool – exempt organization), 27 (withholding rate pool – general), and 28 (withholding rate pool – exempt organization) for chapter 3 purposes. Recipient code 28 or 30 should be used only for pooled account holders that have claimed an exemption based on their tax-exempt status and not some other exemption (for example, treaty or other Code exception). A QI acting as a QDD should only use pooled reporting codes 27 and 28. If you are a QI (including a QI acting as a QDD), WP, WT, or QSL using a chapter 3 pooled reporting code with respect to a payment, do not include a chapter 4 status code unless making such payment to a PAI or certain partnerships or trusts. See *Amounts Paid to Private Arrangement Intermediaries* and *Amounts Paid to Certain Partnerships and Trusts*, earlier.

- Use recipient code 35 (qualified derivatives dealer) if you make a payment to a QI that is acting as a QDD with respect to the payment (or recipient code

13 if you make a payment to a QI that is acting as a QSL).

- A U.S. withholding agent making a payment to a QI should use recipient code 12 and recipient code 09 or 11 if it is making a payment to a WP or WT, respectively.

A **chapter 4 status code** is required only if the payment is a withholdable payment or when a participating FFI or registered deemed-compliant FFI provides a chapter 4 withholding rate pool of U.S. payees. The chapter 4 status code may be determined under the applicable intergovernmental agreement (IGA) by a withholding agent that is an FFI subject to such an agreement. The following special instructions apply for chapter 4 status codes.

- If you are making a withholdable payment to a U.S. branch of an FFI, use the applicable chapter 4 status code for the country of residence for an entity that is a participating FFI or registered deemed-compliant FFI. Otherwise, use the chapter 4 status code for any other foreign branch

of the entity that is a participating FFI or registered deemed-compliant FFI.

- Only use recipient code 15 (nonparticipating FFI) or 30 (recalcitrant account holder) if you are reporting directly to the recipient. See *Amounts paid to a nonqualified intermediary or flow-through entity*, earlier. If you are reporting the chapter 4 reporting pools of recalcitrant account holders of a participating FFI, registered deemed-compliant FFI, or QI, use codes 42 through 49. Only use chapter 4 reporting pool code 48 (U.S. payees pool) if a participating FFI or registered deemed-compliant FFI has provided a Form W-8IMY certifying that it meets the requirements to include the account holder in a withholding rate pool of U.S. payees and that is associated with a withholding statement allocating the payment or a portion of the payment to a chapter 4 withholding rate pool of U.S. payees. Only use chapter 4 reporting pool code 49 (QI-Recalcitrant Pool-General) if

you are reporting recalcitrant account holders of a QI.

- Use recipient code 17 (U.S. branch treated as a U.S. person) if you are making a payment to a U.S. branch treated as a U.S. person.
- Use recipient code 26 (excepted NFFE – other) if you are reporting to an NFFE treated as a U.S. person.
- Only use recipient code 29 (unknown recipient) if you have not received a withholding certificate or other documentation with respect to a withholdable payment from an intermediary or flow-through entity. Only use this code if you also used recipient code 21 (unknown recipient) as the chapter 3 status code. If you have not received a withholding certificate or other documentation from an intermediary or flow-through entity, you must include the entity's information in Boxes 15a through 15i. You may also use recipient code 29 if you are reporting a withholdable payment to a recipient that is not subject to

withholding under the terms of an IGA and the recipient's account is not required to be reported as a U.S. account or nonconsenting U.S. account (for example, an undocumented individual with no U.S. indicia).

- Use recipient code 33 (U.S. reportable account) if you are reporting the recipient's account as a U.S. reportable account under the terms of a Model 1 IGA and the recipient does not meet the applicable requirements to be included in a pool of U.S. payees because the account holder is subject to chapter 3 withholding.
- Use recipient code 34 (Nonconsenting U.S. account) if you are reporting the recipient's account as a nonconsenting U.S. account under the terms of a Model 2 IGA and the recipient does not meet the applicable requirements to be included in a pool of U.S. payees because the account holder is subject to chapter 3 withholding.
- Use recipient code 37 (undocumented preexisting obligation) for an obligation that a withholding agent has not

documented and the payment being reported was made before the expiration of the time period allowed for documenting the obligation and thus the withholding agent was not required to apply the presumption rules to determine the payee's chapter 4 status.

- Use recipient code 39 (account holder of excluded financial account) if you are reporting amounts paid with respect to an obligation that is excluded from the definition of financial account for chapter 4 purposes (see Regulations section 1.1471-5(b)(2)).
- Use recipient code 41 (NFFE subject to 1472 withholding) if you are reporting amounts paid to a specific recipient that is an NFFE that you (or another withholding agent) withheld upon under section 1472 (that is, you are reporting amounts in Boxes 7 through 9) unless the NFFE is treated as a recalcitrant account holder under Regulations section 1.1471-5(g), in which case, use code 30 (recalcitrant account holder).

- If you received a withholding certificate or other documentation with respect to a withholdable payment from an intermediary or flow-through entity that is a participating FFI or deemed-compliant FFI (other than a WP, WT, or QI that assumes primary withholding responsibility) and cannot reliably associate the payment with documentation to determine the payee's chapter 4 status (or with a chapter 4 withholding rate pool), you must report the recipient as "Unknown Recipient" and include the entity's information in Boxes 15a through 15i (to the extent provided).
- If you are reporting a chapter 4 pooled reporting code with respect to a withholdable payment to an intermediary or flow-through entity, use the chapter 3 status code for the intermediary or flow-through entity as the recipient code.
- If you are a QI, WP, or WT reporting direct account holders, do not include a chapter 3 status code for the recipient if you are

using a chapter 4 reporting pool code as the recipient's chapter 4 status code.

- If you are making a withholdable payment to a recipient that is a restricted distributor (as defined in Regulations section 1.1471-5(f)(4)), use recipient code 10 (certified deemed-compliant FFI other).

Box 13i, Recipient's Foreign Tax Identification Number

Use Box 13i to enter the recipient's identification number used in the recipient's country of residence for tax purposes.

You must obtain and enter an FTIN for any of the following recipients.

- Any foreign person claiming a reduced rate of, or exemption from, tax under a tax treaty between a foreign country and the United States if such person did not provide a U.S. TIN and the income is not the type for which an exemption from the TIN requirement applies (see instructions for *Boxes 13e and 13h*, earlier).

- Any recipient of a payment made with respect to a financial account (as defined in Regulations section 1.1471-5(b)) maintained at your U.S. office or branch, if you are a financial institution, to the extent that such recipient has furnished a withholding certificate that provides an FTIN, or you obtain the FTIN under the alternative procedures described in Notice 2017-46, 2017-41 I.R.B. 275, or the recipient's FTIN is identified in any of your electronically searchable information. See Notice 2017-46, as supplemented by Notice 2018-20, for more information regarding a withholding agent's obligation to obtain and report a recipient's FTIN.

Box 13j, LOB Code

- If you are making a payment for which a beneficial owner that is an entity has claimed a reduced rate of withholding under an income tax treaty and has provided documentation that establishes the limitation on benefits (LOB) article under which the beneficial owner qualifies, enter the applicable LOB code from

Appendix B, later. See the instructions for Form W-8BEN-E for a description of each of the LOB codes. If you are a QI, WP, or WT reporting a chapter 3 pool for which a reduced rate of withholding under an income tax treaty applies, do not include an LOB code.

Box 13k, Recipient's Account Number

If you are a financial institution reporting amounts paid to your direct account holder with respect to an account maintained by you at your U.S. office or U.S. branch, you must report the recipient's account number in Box 13k. If the amount is paid through a nonqualified intermediary or flow-through entity, you are not required to use this box.

Note. A U.S. financial institution or a U.S. branch of an FFI is required to report payments of the same type of income (as determined by the income code in Box 1) made to multiple financial accounts held by the same beneficial owner at a U.S. office of such institution on a separate Form 1042-S

for each account. For this purpose, a financial account is an account described in Regulations section 1.1471-5(b)(1). Report the identifying number assigned to such account (or its functional equivalent in the absence of an account number for the recipient).

Box 13I, Recipient's Date of Birth

Use Box 13I to enter the recipient's date of birth. The correct format if entered is YYYYMMDD (for example, enter "20001205" for a date of birth of December 5, 2000). A financial institution making a payment with respect to a financial account (as defined in Regulations section 1.1471-5(b)) maintained at its U.S. office or U.S. branch must report the recipient's date of birth (if the recipient is an individual) to the extent that such recipient has furnished documentation that provides a date of birth or the recipient's date of birth is identified in any of the withholding agent's files. See Notice 2017-46, as supplemented by Notice 2018-20, for more information regarding a withholding agent's

obligation to obtain and report a recipient's date of birth.

Boxes 14a and 14b, Primary Withholding Agent's Name and EIN

If you are an intermediary or flow-through entity reporting amounts withheld by another withholding agent (the primary withholding agent) in Box 8, you **must** provide the name and EIN of the withholding agent that withheld the tax. If multiple withholding agents withheld amounts reported on the same Form 1042-S, report the name of any one of the withholding agents that withheld amounts. Otherwise, leave blank.

Box 15, Pro-Rata Basis Reporting Checkbox

Withholding agents must check Box 15 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*, earlier, for additional information.

Boxes 15a Through 15i, Intermediary/Flow-Through Entity's Name, Status Code, Country Code, Address, EIN, GIIN, and Foreign Tax Identification Number

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

You must also include the intermediary or flow-through entity's chapter 3 and chapter 4 status codes and, if any, the TIN and GIIN of the intermediary or flow-through entity when provided or required to be collected by the withholding agent. If the intermediary or flow-through completed Part II of Form W-8IMY, then report the GIIN provided in that

section. If you are making a payment to a U.S. branch not treated as a U.S. person that has certified that it is applying the rules in Regulations section 1.1471-4(d)(2)(iii) (C) (in order to avoid being withheld upon under chapter 4), use chapter 4 intermediary code 18 (U.S. branch not treated as a U.S. person (reporting under section 1471)).

Note. A withholding agent that is an intermediary or flow-through entity will leave these boxes blank unless it is making the payment to an intermediary or flow-through entity.

Box 15f, Country code. You must enter the country code (from the list at [IRS.gov/CountryCodes](https://www.irs.gov/CountryCodes) for the country where the intermediary or flow-through entity is located.

Box 15g, Intermediary or flow-through entity's foreign tax identification number. Use Box 15g to enter the intermediary or flow-through entity's identifying number used in the country of residence for tax purposes. Box 15g is optional.

If you are a nominee that is the withholding agent under section 1446, enter the PTP's name and other information in these boxes.

Boxes 16a Through 16e, Payer's Name, TIN, GIIN, and Status Code

See the definition of *Authorized agent*, earlier, under *Definitions*. Include the payer's name, TIN, and GIIN if different from the withholding agent shown in Boxes 12a, 12d, and 12e.

If payment is being made by a transfer agent or a paying agent acting as a withholding agent on behalf of a payer, enter the chapter 3 and 4 status codes applicable to the status of the payer in Boxes 16d and 16e.

Boxes 17a Through 17c, State Income Tax Withheld and Related Information

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

Amended Forms

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 an amended Form 1042-S. The amended form must have the same unique form identifier as the original form that is being amended. You must check the "Amended" box and provide the amendment number. The amendment number must be numeric and the length must be exactly one digit. Each time that you amend the same form (as determined by the unique form identifier), you must provide the amendment number in the box provided on the form (using "1" for the first amendment and increasing sequentially for each subsequent amendment).



recipient, you must also file the amended form with the IRS.

Do not file an amended return if you provided Form 1042-S to the recipient (copies B, C, and D) and need to make corrections to such

form prior to filing with the IRS. In such a case, you should file an original Form 1042-S with the correct information. Do not check the Amended box or indicate any Amendment Number. Provide a copy of the corrected Form 1042-S to the recipient. Note that the copies of the Form 1042-S provided to the recipients (copies B, C, and D) must match the copy of the Form 1042-S that is filed with the IRS.

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

If you are not filing electronically, follow these steps to amend a previously filed Form 1042-S.

Step 1. Prepare a 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 amended box at the top of the form and enter the amendment number.

Amended checkbox. Enter an "X" in the amended checkbox of Copy A, B, C, D, and E only if you are amending a Form 1042-S you previously filed with the IRS. You must provide statements to recipients showing the corrections as soon as possible regardless of the change to the Form 1042-S.

Step 2. File the amended paper Form 1042-S with a Form 1042-T. See the Form 1042-T instructions for information on filing these forms.

If you fail to correct Form(s) 1042-S, you may be subject to a penalty. See Penalties, earlier.

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, 1446 (for PTPs), 1471, and 1472 require withholding agents to report and pay over to the IRS taxes withheld from certain U.S.

source income. 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 identification number.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S.

commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies 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 34 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 send us comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where, When, and How To File*, earlier.

Appendix A

Box 1 Income Codes			
Interest Income			
Code			
01	Interest paid by U.S. obligors – general	16	Scholarship or fellowship grants
02	Interest paid on real property mortgages	17	Compensation for independent personal services ²
03	Interest paid to controlling foreign corporations	18	Compensation for dependent personal services ²
04	Interest paid by foreign corporations	19	Compensation for teaching ²
05	Interest on tax-free covenant bonds	20	Compensation during studying and training ²
22	Interest paid on deposit with a foreign branch of a domestic corporation or partnership	23	Other income
29	Deposit interest	24	Qualified investment entity (QIE) distributions of capital gains
30	Original issue discount (OID)	25	Trust distributions subject to IRC section 1445
31	Short-term OID	26	Unsevered growing crops and timber distributions by a trust subject to IRC section 1445
33	Substitute payment – interest	27	Publicly traded partnership distributions subject to IRC section 1446
51	Interest paid on certain actively traded or publicly offered securities ¹	28	Gambling winnings ³
54	Substitute payments – interest from certain actively traded or publicly offered securities ¹	32	Notional principal contract income ⁴
Dividend Income		35	Substitute payment – other
Code		36	Capital gains distributions
06	Dividends paid by U.S. corporations – general	37	Return of capital
07	Dividends qualifying for direct dividend rate	38	Eligible deferred compensation items subject to IRC section 877A(d)(1)
08	Dividends paid by foreign corporations	39	Distributions from a nongrantor trust subject to IRC section 877A(f)(1)
34	Substitute payment–dividends	41	Guarantee of indebtedness
40	Other dividend equivalents under IRC section 871(m) (formerly 871(l))	42	Earnings as an artist or athlete – no central withholding agreement ⁵
52	Dividends paid on certain actively traded or publicly offered securities ¹	43	Earnings as an artist or athlete – central withholding agreement ⁵
53	Substitute payments–dividends from certain actively traded or publicly offered securities ¹	44	Specified federal procurement payments
Other Income		50	Income previously reported under escrow procedure ⁶
Code		55	Taxable death benefits on life insurance contracts
09	Capital gains		
10	Industrial royalties		
11	Motion picture or television copyright royalties		
12	Other royalties (for example, copyright, software, broadcasting, endorsement payments)		
13	Royalties paid on certain publicly offered securities ¹		
14	Real property income and natural resources royalties		
15	Pensions, annuities, alimony, and/or insurance premiums		

¹This code should only be used if the income paid is described in Regulations section 1.1441-6(c)(2) and withholding agent has reduced the rate of withholding under an income tax treaty without the recipient providing a U.S. or foreign TIN.

² If compensation that otherwise would be covered under Income Codes 17 through 20 is directly attributable to the recipient's occupation as an artist or athlete, use Income Code 42 or 43 instead.

³ Subject to 30% withholding rate unless the recipient is from one of the treaty countries listed under *Gambling winnings (Income Code 28)* in Pub. 515.

⁴ Use appropriate Interest Income Code for embedded interest in a notional principal contract.

⁵ Income Code 43 should only be used if Letter 4492, Venue Notification, has been issued by the IRS (otherwise, use Income Code 42 for earnings as an artist or athlete). If Income Code 42 or 43 is used, Recipient Code 22 (artist or athlete) should be used instead of Recipient Code 16 (individual), 15 (corporation), or 08 (partnership other than withholding foreign partnership).

⁶ Use only to report gross income the tax for which is being deposited in the current year because such tax was previously escrowed for chapters 3 and 4 and the withholding agent previously reported the gross income in a prior year and checked the box to report the tax as not deposited under the escrow procedure. See the instructions for this form for further explanation.

Appendix B

Exemption Codes, Recipient Status Codes, and Box 13j LOB Codes			
Boxes 3a and 4a.	Exemption code (applies if the tax rate entered in Box 3b or 4b is 00.00).		
Code	Authority for Exemption		
Chapter 3			
01	Effectively connected income	11	Withholding Foreign Trust
02	Exempt under IRC (other than portfolio interest)	12	Qualified Intermediary
03	Income is not from U.S. sources	13	Qualified Securities Lender – Qualified Intermediary
04	Exempt under tax treaty	14	Qualified Securities Lender – Other
05	Portfolio interest exempt under IRC	15	Corporation
06	QI that assumes primary withholding responsibility	16	Individual
07	WFP or WFT	17	Estate
08	U.S. branch treated as U.S. Person	18	Private Foundation
09	Territory FI treated as U.S. Person	19	Government or International Organization
10	QI represents that income is exempt	20	Tax Exempt Organization (Section 501(c) entities)
11	QSL that assumes primary withholding responsibility	21	Unknown Recipient
12	Payee subjected to chapter 4 withholding	22	Artist or Athlete
22	QDD that assumes primary withholding responsibility	23	Pension
23	Exempt under section 897(l)	24	Foreign Central Bank of Issue
		25	Nonqualified Intermediary
		26	Hybrid entity making Treaty Claim
Chapter 4			
13	Grandfathered payment	34	U.S. Withholding Agent-Foreign branch of FI
14	Effectively connected income	35	Qualified Derivatives Dealer
15	Payee not subject to chapter 4 withholding		
16	Excluded nonfinancial payment		
17	Foreign Entity that assumes primary withholding responsibility		
18	U.S. Payees – of participating FFI or registered deemed-compliant FFI		
19	Exempt from withholding under IGA ⁷	27	Withholding Rate Pool – General
20	Dormant account ⁸	28	Withholding Rate Pool – Exempt Organization
21	Other – payment not subject to chapter 4 withholding	29	PAI Withholding Rate Pool – General
		30	PAI Withholding Rate Pool – Exempt Organization
		31	Agency Withholding Rate Pool – General
		32	Agency Withholding Rate Pool – Exempt Organization

⁷ Use only to report a U.S. reportable account or nonconsenting U.S. account that is receiving a payment subject to chapter 3 withholding.

⁸ Use only if applying the escrow procedure for dormant accounts under Regulations section 1.1471-4(b)(6).

⁹ Codes 27 through 32 should only be used by a QI, QSL, WP, or WT. A QI acting as a QDD may use code 27 or 28.

Appendix B (continued)

Recipient Status Codes (continued) and Box 13j LOB Codes			
Chapter 4 Status Codes		Pooled Reporting Codes	
01	U.S. Withholding Agent – FI	42	Recalcitrant Pool – No U.S. Indicia
02	U.S. Withholding Agent – Other	43	Recalcitrant Pool – U.S. Indicia
03	Territory FI – not treated as U.S. Person	44	Recalcitrant Pool – Dormant Account
04	Territory FI – treated as U.S. Person	45	Recalcitrant Pool – U.S. Persons
05	Participating FFI – Other	46	Recalcitrant Pool – Passive NFFEs
06	Participating FFI – Reporting Model 2 FFI	47	Nonparticipating FFI Pool
07	Registered Deemed-Compliant FFI – Reporting Model 1 FFI	48	U.S. Payees Pool
08	Registered Deemed-Compliant FFI – Sponsored Entity	49	QI-Recalcitrant Pool-General ¹²
09	Registered Deemed-Compliant FFI – Other	Box 13j.	LOB Code (enter the code that best describes the applicable limitation on benefits (LOB) category that qualifies the taxpayer for the requested treaty benefits).
10	Certified Deemed-Compliant FFI – Other		
11	Certified Deemed-Compliant FFI – FFI with Low Value Accounts	Code	LOB Treaty Category
12	Certified Deemed-Compliant FFI – Nonregistering Local Bank		
13	Certified Deemed-Compliant FFI – Sponsored Entity	02	Government – contracting state/political subdivision/local authority
14	Certified Deemed-Compliant FFI – Investment entity that does not maintain financial accounts	03	Tax exempt pension trust/Pension fund
15	Nonparticipating FFI	04	Tax exempt/Charitable organization
16	Owner-Documented FFI	05	Publicly traded corporation
17	U.S. Branch – treated as U.S. person	06	Subsidiary of publicly traded corporation
18	U.S. Branch – not treated as U.S. person (reporting under section 1471)	07	Company that meets the ownership and base erosion test
19	Passive NFFE identifying Substantial U.S. Owners	08	Company that meets the derivative benefits test
20	Passive NFFE with no Substantial U.S. Owners	09	Company with an item of income that meets the active trade or business test
21	Publicly Traded NFFE or Affiliate of Publicly Traded NFFE	10	Discretionary determination
22	Active NFFE	11	Other
23	Individual		
24	Section 501(c) Entities		
25	Excepted Territory NFFE		
26	Excepted NFFE – Other		
27	Exempt Beneficial Owner		
28	Entity Wholly Owned By Exempt Beneficial Owners		
29	Unknown Recipient		
30	Recalcitrant Account Holder		
31	Nonreporting IGA FFI		
32	Direct reporting NFFE		
33	U.S. reportable account		
34	Nonconsenting U.S. account		
35	Sponsored direct reporting NFFE		
36	Excepted Inter-affiliate FFI		
37	Undocumented Preexisting Obligation		
38	U.S. branch – ECI presumption applied		
39	Account Holder of Excluded Financial Account ¹⁰		
40	Passive NFFE reported by FFI ¹¹		
41	NFFE subject to 1472 withholding		
50	U.S. Withholding Agent–Foreign branch of FI		

¹⁰ This code should only be used if income is paid to an account that is excluded from the definition of financial account under Regulations section 1.1471-5(b)(2) or under Annex II of the applicable Model 1 IGA or Model 2 IGA.

¹¹ This code should only be used when the withholding agent has received a certification on the FFI withholding statement of a participating FFI or registered deemed-compliant FFI that maintains the account that the FFI has reported the account held by the passive NFFE as a U.S. account (or U.S. reportable account) under its FATCA requirements. The withholding agent must report the name and GIIN of such FFI in Boxes 15d and 15e.

¹² This code should only be used by a withholding agent that is reporting a payment (or portion of a payment) made to a QI with respect to the QI’s recalcitrant account holders.

Appendix C

Comprehensive analysis of *Example 1* in [Payments directly to beneficial owners](#).

DIRECT PAYMENT TO BENEFICIAL OWNER			
WA, a U.S. withholding agent who is an issuer of stock and not a financial institution, makes a \$1,000 payment of U.S. source dividends to A, a foreign individual who has provided a Form W-8BEN to WA and who is not eligible for a reduced rate of chapter 3 withholding under a treaty. Before completing Form 1042-S, WA takes the following steps:			
Step 1:	Because the payment is a payment described in Amounts Subject to Reporting on Form 1042-S , WA determines it has a Form 1042-S filing obligation.		
Step 2:	Because WA is making a payment of U.S. source FDAP income, WA determines the payment meets the definition of both a “withholdable payment” under chapter 4 and “an amount subject to withholding” under chapter 3.		
Step 3:	Because the payment is being made to an individual (and not a nonparticipating FFI or an NFFE that is not an excepted NFFE that has failed to disclose its substantial U.S. owners (or certify that it has no substantial U.S. owners) (see definitions of these terms)), WA determines that the payment is not subject to chapter 4 withholding. Because the payment is not subject to chapter 4 withholding but is an amount subject to withholding under chapter 3, WA determines that chapter 3 is the correct chapter indicator. WA will thus enter a “3” in Box 3 (chapter indicator).		
Note. Although the payment is properly classified as a chapter 3 payment, WA must complete certain Boxes on Form 1042-S that pertain to chapter 4 (see explanations for Boxes 4a, 4b, and 13g below).			
WA must file a Form 1042-S for A and complete it as follows.			
Caution: Be sure to read the instructions for each box or field in its entirety before completing a box or field on Form 1042-S.			
WA must provide a Unique Form Identifier (UFI) in the applicable entry field at the top of Form 1042-S. For additional information, including UFI requirements, see the instructions for Unique form identifier .			
Box	Description	Required Entry	Comments
1	Income code	“06”	WA enters “06” (dividends paid by U.S. corporations - general), which is the appropriate two-digit code from the list of Income Codes provided in Appendix A .
2	Gross income	“1000”	WA enters the gross amount paid (in whole dollars), including withheld tax.
3	Chapter indicator	“3”	WA enters “3” to indicate that amounts were withheld pursuant to chapter 3.
3a	Chapter 3 exemption code	“00”	WA enters “00” because an amount was withheld under chapter 3 and the tax rate is greater than zero and is not due to backup withholding (see the instructions for Boxes 3a and 4a , earlier).
3b	Chapter 3 tax rate	“30.00”	WA enters “30.00” consistent with the formatting specified in the instructions for Boxes 3b and 4b , earlier.
4a	Chapter 4 exemption code	“15”	WA enters “15” (payee not subject to chapter 4 withholding), which is the appropriate two-digit code from the list of Exemption Codes provided in these instructions. Note. WA uses exemption code 15 because the payment is a withholdable payment, but has not been withheld upon under chapter 4 because of the payee’s chapter 4 status (an individual and not a person subject to chapter 4 withholding as explained in the instructions for Boxes 3a and 4a , earlier).
4b	Chapter 4 tax rate	“00.00”	WA enters “00.00” because the amount reported in Box 2 is not subject to chapter 4 withholding. See the instructions for Boxes 3b and 4b , earlier.
5	Withholding allowance		WA leaves Box 5 blank because the income code it is reporting in Box 1 is not one of the codes specified in the instructions (see Box 5 , earlier) for which Box 5 reporting is required.
6	Net income		WA leaves Box 6 blank because it did not enter an amount in Box 5.
7a	Federal Tax Withheld	“300”	WA enters “300” (30% of \$1,000).
7b	Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied		WA does not check the box because it is not using an escrow procedure.
7c	Check if withholding occurred in subsequent year with respect to a partnership interest		WA does not check the box because it did not withhold in a subsequent year.
8	Tax withheld by other agents		WA leaves Box 8 blank because tax was not withheld by other withholding agents.
9	Overwithheld tax repaid to recipient pursuant to adjustment procedures		WA leaves Box 9 blank because it did not repay overwithheld tax to the recipient under the reimbursement procedure or the set-off procedure. For more information, see the instructions for Box 9 , earlier.
10	Total withholding credit	“300”	WA enters “300” (combining Boxes 7a, 8, and 9)
11	Tax paid by withholding agent (amounts not withheld)		WA leaves Box 11 blank because it withheld on the payment to the recipient (as opposed to paying the tax from its own funds). For more information, see the instructions for Box 11 , earlier.
12a	Withholding agent’s EIN	Specific information required	Although WA’s EIN is not specified in this example, this is a required field that WA would complete.

Appendix C (continued)

Box	Description	Required Entry	Comments
12b–c	Withholding agent's chapter 3 and chapter 4 status code	“02”	WA enters “02” in both Box 12b and 12c because it is a U.S. withholding agent that is not a financial institution. Note. WA must enter both a chapter 3 and a chapter 4 withholding agent status code regardless of the type of payment being reported.
12d	Withholding agent's name	“WA”	WA must enter its complete name.
12e	Withholding agent's GIIN		WA leaves this box blank because a U.S. withholding agent is generally not required to obtain a GIIN. See Global intermediary identification number and Box 12e , earlier, for details.
12f	Withholding agent's country code		WA leaves Box 12f blank because it is a U.S. withholding agent (see the instructions for Box 12f , earlier).
12g	Withholding agent's foreign tax identification number, if any		WA leaves this box blank because it is a U.S. withholding agent and it does not have an FTIN or a country of residence other than the United States.
12h–l	Withholding agent's address	Specific information required	Although WA's address is not specified in this example, this is a required field that WA would complete. See Boxes 12d Through 12i , earlier, for requirements.
13a	Recipient's name	“A”	WA enters the recipient's name.
13b	Recipient's country code	Specific information required	Although the recipient's country of residency is not specified in this example, this is a required field that WA would complete. See the instructions for Box 13b , earlier, for requirements.
13c–d	Recipient's address	Specific information required	Although the recipient's address is not specified in this example, this is a required field that WA would complete. See Boxes 13c and 13d for requirements.
13e	Recipient's U.S. TIN, if any		The recipient's U.S. TIN is not specified in this example. However, given the facts used in this example, the recipient's U.S. TIN is generally not required because A is not a type of recipient described in the instructions for Boxes 13e and 13h , earlier, for which this TIN is required (for example, A is not claiming a reduced rate of, or exemption from, tax under a tax treaty between the recipient's country of residence and the United States). However, WA must enter the recipient's U.S. TIN if WA knows it or if it was provided to WA on a Form W-8.
13f	Recipient's chapter 3 status code	“16”	WA enters chapter 3 status code “16” (individual), which is the appropriate two-digit code from the list of chapter 3 status codes provided in Appendix B . Note. A withholding agent must enter a chapter 3 status code for all “amounts subject to reporting under chapter 3.”
13g	Recipient's chapter 4 status code	“23”	WA enters chapter 4 status code “23” (individual), which is the appropriate two-digit code from the list of chapter 4 status codes provided in Appendix B . Note. A withholding agent must enter a chapter 4 status code for the recipient only if the payment is a withholdable payment (as is the case in this example) or when a participating FFI or registered deemed-compliant FFI is reporting a chapter 4 withholding rate pool of U.S. payees.
13h	Recipient's GIIN		WA leaves Box 13h blank because it only applies for chapter 4 reporting purposes. See Global intermediary identification number and the instructions for Boxes 13e and 13h .
13i	Recipient's foreign tax identification number, if any		The recipient's FTIN is not required because A is not a type of recipient described in the instructions for Box 13i for which the FTIN is required.
13j	LOB code		WA leaves Box 13j blank because the recipient is an individual (not an entity).
13k	Recipient's account number		WA leaves Box 13k blank because WA is not a financial institution.
13l	Recipient's date of birth		WA leaves Box 13l blank because WA is not a financial institution.
14a–b	Primary withholding agent's information		WA leaves these boxes blank because tax was not withheld by other withholding agents.
15a–l	Intermediary information		WA leaves these boxes blank because WA is making a direct payment to the recipient and there are no other withholding agents.
16a–e	Payer's information		WA leaves these boxes blank because WA is making a direct payment to the recipient and there are no other payers involved.
17a–c	State income taxes		Although not specified in this example, WA enters in these boxes any information relating to any state income tax withheld.

Appendix D

Comprehensive example of how to complete Form 1042-S for gambling winnings.

DIRECT PAYMENT TO BENEFICIAL OWNER			
ABC Casino ("WA"), a U.S. withholding agent that is not a financial institution, makes a \$10,000 payment of gambling winnings to A, a foreign individual who has provided a Form W-8BEN to WA establishing foreign status. The gambling winnings are subject to 30% withholding as there is no exemption available under the Code or applicable treaty. Before completing Form 1042-S, WA takes the following steps:			
Step 1: Because the payment is a payment described in Amounts Subject to Reporting on Form 1042-S , WA determines it has a Form 1042-S filing obligation.			
Step 2: Because WA is making a payment of U.S. source FDAP income, WA determines the payment meets the definition of "an amount subject to withholding" under chapter 3. Because gambling winnings are not treated as a "withholdable payment" under chapter 4 as it is an excluded nonfinancial payment under Regulations section 1.1473-1(a)(4)(iii), WA determines that the payment is not subject to chapter 4 withholding.			
Step 3: Because the payment is not subject to chapter 4 withholding but is an amount subject to withholding under chapter 3, WA determines that chapter 3 is the correct chapter indicator. WA will thus enter a "3" in Box 3 (chapter indicator).			
Note. Although the payment is properly classified as a chapter 3 payment, WA must complete certain boxes on Form 1042-S that pertain to chapter 4 (see explanations for Boxes 4a, 4b, and 13g below).			
WA must file a Form 1042-S for A, and complete it as follows.			
Caution: Be sure to read the instructions for each box or field in its entirety before completing a box or field on Form 1042-S.			
WA must provide a Unique Form Identifier (UFI) in the applicable entry field at the top of Form 1042-S. For additional information, including UFI requirements, see the instructions for Unique form identifier .			
Box	Description	Required Entry	Comments
1	Income code	"28"	WA enters "28" (Gambling winnings), which is the appropriate two-digit code from the list of income codes provided in Appendix A .
2	Gross income	"10,000"	WA enters the gross amount paid (in whole dollars), including withheld tax.
3	Chapter indicator	"3"	WA enters "3" to indicate that amounts were withheld pursuant to chapter 3.
3a	Chapter 3 exemption code	"00"	WA enters "00" because an amount was withheld under chapter 3 and the tax rate is greater than zero and is not due to backup withholding (see the instructions for Boxes 3a and 4a , earlier).
3b	Chapter 3 tax rate	"30.00"	WA enters "30.00" consistent with the formatting specified in the instructions for Boxes 3b and 4b , earlier.
4a	Chapter 4 exemption code	"16"	WA enters "16" (excluded nonfinancial payment), which is the appropriate two-digit code from the list of Exemption Codes provided in Appendix B .
4b	Chapter 4 tax rate	"00.00"	WA enters "00.00" because the amount reported in Box 2 is not subject to chapter 4 withholding. See the instructions for Boxes 3b and 4b .
5	Withholding allowance		WA leaves Box 5 blank because the income code it is reporting in Box 1 is not one of the codes specified in the instructions (see Box 5 , earlier) for which box 5 reporting is required.
6	Net income		WA leaves Box 6 blank because it did not enter an amount in Box 5.
7a	Federal Tax Withheld	"3,000"	WA enters "3,000" (30% of \$10,000).
7b	Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied		WA does not check the box because it is not using the escrow procedure.
7c	Check if withholding occurred in subsequent year with respect to a partnership interest		WA does not check the box because it did not withhold in a subsequent year.
8	Tax withheld by other agents		WA leaves Box 8 blank because tax was not withheld by other withholding agents.
9	Overwithheld tax repaid to recipient pursuant to adjustment procedures		WA leaves Box 9 blank because it did not repay overwithheld tax to the recipient under the reimbursement procedure or the set-off procedure. For more information, see the instructions for Box 9 .
10	Total withholding credit	"3,000"	WA enters "3,000" (combining Boxes 7a, 8, and 9)
11	Tax paid by withholding agent (amounts not withheld)		WA leaves Box 11 blank because it withheld on the payment to the recipient (as opposed to paying the tax from its own funds). For more information, see the instructions for Box 11, tax paid by withholding agent (amounts not withheld) .
12a	Withholding agent's EIN	Specific information required	Although WA's EIN is not specified in this example, this is a required field that WA would complete.
12b–c	Withholding agent's chapter 3 and chapter 4 status code	"02"	WA enters "02" in both Box 12b and 12c because it is a U.S. withholding agent that is not a financial institution. Note. WA must enter both a chapter 3 and a chapter 4 withholding agent status code regardless of the type of payment being reported.

Appendix D (continued)

Box	Description	Required Entry	Comments
12d	Withholding agent's name	"ABC Casino"	WA must enter its complete name.
12e	Withholding agent's GIIN		WA leaves this box blank because a U.S. withholding agent is generally not required to obtain a GIIN. See Global intermediary identification number and Box 12e for details.
12f	Withholding agent's country code		WA leaves Box 12f blank because it is a U.S. withholding agent. See the instructions for Box 12f , earlier.
12g	Withholding agent's foreign tax identification number, if any		WA leaves this box blank because it is a U.S. withholding agent and it does not have an FTIN or a country of residence other than the United States.
12h–l	Withholding agent's address	Specific information required	Although WA's address is not specified in this example, this is a required field that WA would complete. See Boxes 12d Through 12i for requirements.
13a	Recipient's name	"A"	WA enters the recipient's name.
13b	Recipient's country code	Specific information required	Although the recipient's country of residency is not specified in this example, this is a required field that WA would complete. See the instructions for Box 13b for requirements.
13c–d	Recipient's address	Specific information required	Although the recipient's address is not specified in this example, this is a required field that WA would complete. See Boxes 13c and 13d for requirements.
13e	Recipient's U.S. TIN, if any		The recipient's U.S. TIN is not specified in this example. However, given the facts used in this example, the recipient's U.S. TIN is generally not required because A is not a type of recipient described in the instructions for Boxes 13e and 13h for which this TIN is required (for example, A is not claiming a reduced rate of, or exemption from, tax under a tax treaty between the recipient's country of residence and the United States). However, WA must enter the recipient's U.S. TIN if WA knows it or if it was provided to WA on a Form W-8.
13f	Recipient's chapter 3 status code	"16"	WA enters chapter 3 status code "16" (individual), which is the appropriate two-digit code from the list of chapter 3 status codes provided in Appendix B . Note. A withholding agent must enter a chapter 3 status code for all "amounts subject to reporting under chapter 3."
13g	Recipient's chapter 4 status code		WA is not required to provide the chapter 4 status code of the recipient given that the payment being reported is not a withholdable payment. Note. A withholding agent must enter a chapter 4 status code for the recipient only if the payment is a withholdable payment or when a participating FFI or registered deemed-compliant FFI is reporting a chapter 4 withholding rate pool of U.S. payees.
13h	Recipient's GIIN		WA leaves Box 13h blank because it only applies for chapter 4 reporting purposes. See Global intermediary identification number and the instructions for Boxes 13e and 13h .
13i	Recipient's foreign tax identification number, if any		The recipient's FTIN is not required because A is not a type of recipient described in the instructions for Box 13i for which the FTIN is required.
13j	LOB code		WA leaves Box 13j blank because the recipient is an individual (not an entity).
13k	Recipient's account number		WA leaves Box 13k blank because WA is not a financial institution.
13l	Recipient's date of birth		WA leaves Box 13l blank because WA is not a financial institution.
14a–b	Primary withholding agent's information		WA leaves these boxes blank because tax was not withheld by other withholding agents.
15a–l	Intermediary information		WA leaves these boxes blank because WA is making a direct payment to the recipient and there are no other withholding agents.
16a–e	Payer's information		WA leaves these boxes blank because WA is making a direct payment to the recipient and there are no other payers involved.
17a–c	State income taxes		Although not specified in this example, WA enters in these boxes any information relating to any state income tax withheld.

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