See instructions.

2003

If this is an amended return, check here . . . . . ☐

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

If you will not be liable for returns in the future, check here ☐ Enter date final income paid

Check here if you made quarter-monthly deposits using the 90% rule (see Deposit Requirements in the instructions) . . . ☐

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

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

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

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

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

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

71 Apply overpayment on line 69 to (check one): ☐ Credit on 2004 Form 1042 or ☐ Refund

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than withholding agent) is based on all information o f which preparer has any knowledge.

Your signature | Date | Capacity in which acting

Daytime phone number

**Paid Preparer's Use Only**

PreparerÕs signature | Date | Check if self-employed ☐ | PreparerÕs SSN or PTIN

FirmÕs name (or yours if self-employed), address, and ZIP code | EIN | Phone no.

For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Cat. No. 11384V Form 1042 (2003)

# General Instructions

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

## Purpose of Form

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

## Who Must File

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

You must file Form 1042 if:

You are required to file Form(s) 1042-S (whether or not any tax was withheld or was required to be withheld). File Form 1042 even if you file Forms 1042-S only on magnetic media or electronically.

You pay gross investment income to foreign private foundations that are subject to tax under section 4948(a).

## Withholding Agent

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

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

## Intermediary

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

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

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.

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

## Where and When To File

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

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

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

## Additional Information

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

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

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

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

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

For more information, see the instructions for these forms.

## Deposit Requirements

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

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

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

The deposit rules are considered met if:

You deposit at least 90% of the actual tax liability for the deposit period and

If the quarter-monthly period is in a month other than December, you deposit any underpayment with your first deposit that is required to be made after the 15th day of the following month.

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

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

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

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

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

The total deposits of such taxes in 2002 were more than $200,000, or

You were required to use EFTPS in 2003.

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

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

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

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

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

## Interest and Penalties

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

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

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

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

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

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

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

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

# Specific Instructions

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

Employer identification number (EIN). You are generally required to enter your EIN. However, if you are filing Form 1042 as a QI, withholding foreign partnership, or withholding foreign trust, enter your QI-EIN, WP-EIN, or WT-EIN. Also, be sure to check the ÒQI/Withholding foreign partnership or trustÓbox. See QI and NQI checkboxes below.

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

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

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

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

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

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

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

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

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

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

The sum of all Forms 1042-S, box 7, less

The sum of all Forms 1042-S, box 8, plus

The tax assumed from Forms 1000.

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

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

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

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

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

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

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

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

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

## Amended Return

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

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

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

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

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

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

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