June 4, 2026

1042 ATS Scenario 2

Taxpayer: Withholding Agent Two

TIN: 00-50000002

Forms Included in the Scenario:

- Form 1042
- Form 1042-S
- Form 1099-DIV
- Form 1099-INT
- Form 1099-MISC
- Form 1099-NEC
- Form 1099-OID

Additional Information: You must select “Yes” in the Return Header for the

IRSResponsiblePrtyInfoCurrIn

BusinessOfficer Grp:

PersonNm = Kirk Hickory
PersonTitleTxt = President
PhoneNum = 555-555-5555

Signing Officer Group:

SSN = 400-00-1031
PersonFirstNm = Mel Oak

Form 1042 filed by a WA (that is a QI) claiming a line 67 credit that is substantiated by Form 1042-S, 1099-DIV, 1099-INT, 1099-MISC, 1099-NEC, and 1099-OID. This scenario also includes a credit claim.

TREASURY/IRS AND OMB USE ONLY DRAFT

Form **1042**
Department of the Treasury
Internal Revenue Service

Annual Withholding Tax Return for U.S. Source Income of Foreign Persons

Go to *www.irs.gov/Form1042* for instructions and the latest information.

OMB No. 1545-0096

2026

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

Name of withholding agent	Employer identification number
WITHHOLDING AGENT TWO	00-5000002

Ch. 3 status code	Ch. 4 status code
12	07

Number and street (if P.O. box, see instructions)	Room or suite no.
2 Fig Square	

City or town	State or province	Country	ZIP or foreign postal code
London		UK	W1A 1AE

For IRS Use Only

CC		FD	
RD		FF	
CAF		FP	
CR		I	
EDC		SIC	

If you do not expect to file this return in the future, check here ☐ Enter date final income paid

Section 1 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	25000
18		22		38		22		58		22	
19		30		39		31		59		31	
20	Apr. total			40	Aug. total			60	Dec. total		25000

Note: The totals from the above table are to be entered on lines 64b through 64d (as indicated in the instructions for those lines).

61	**No. of Forms 1042-S filed: a** On paper _____ **b** Electronically _____		
62	Total gross amounts reported on all Forms 1042-S and 1000:		
a	Total U.S. source FDAP income (other than U.S. source substitute payments) reported	62a	500,000
b	Total U.S. source substitute payments reported:		
	(1) Total U.S. source substitute dividend payments reported	62b(1)	
	(2) Total U.S. source substitute payments reported other than substitute dividend payments . . .	62b(2)	
c	**Total gross amounts reported** (add lines 62a–62b)	62c	500,000
d	Enter gross amounts actually paid if different from gross amounts reported	62d	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS? See instructions. ☐ Yes. Complete the following. ☐ No

Designee's name	Phone no.	Personal identification number (PIN)
Walter Orchid	222-111-1111	0 0 0 0 1

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 of which preparer has any knowledge.

Your signature	Date	Capacity in which acting / Daytime phone number

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Walter Orchid				P00000001

Firm's name	Firm's EIN
Walter Orchid Co.	00-0000079

Firm's address	Phone no.
Orchid Tax	221-111-1111

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63	Total tax reported as withheld or paid by withholding agent on all Forms 1042-S and 1000:		
a	Tax withheld by withholding agent	63a	20000
b	Tax withheld by other withholding agents:		
	(1) For payments other than substitute dividends	63b(1)	120270
	(2) For substitute dividends	63b(2)	
c	Adjustments to withholding:		
	(1) Adjustments to overwithholding	63c(1)	(10000)
	(2) Adjustments to underwithholding	63c(2)	
d	Tax paid by withholding agent	63d	
e	**Total tax reported as withheld or paid** (add lines 63a–63d)	63e	130270

Computation of Tax Due or Overpayment

64	Total net tax liability:		
a	Adjustments to total net tax liability	64a	
b	Total net tax liability under chapter 3	64b	120270
c	Total net tax liability under chapter 4	64c	
d	Excise tax on specified federal procurement payments (total payments made x 2% (0.02))	64d	
e	**Total net tax liability** (add lines 64a–64d)	64e	120270
65	Total paid by electronic funds transfer (or with a request for extension of time to file):		
a	Total paid during calendar year	65a	10000
b	Total paid during subsequent year	65b	
66	Enter overpayment applied as credit from 2025 Form 1042	66	
67	Credit for amounts withheld by other withholding agents:		
a	For payments other than substitute dividend payments	67a	120270
b	For substitute dividend payments	67b	
68	**Total payments.** Add lines 65 through 67	68	130270
69	If line 64e is larger than line 68, enter balance due here	69	
70a	Enter overpayment attributable to overwithholding on U.S. source income of foreign persons	70a	10000
b	Enter overpayment attributable to excise tax on specified federal procurement payments	70b	
71a	Apply overpayment (sum of lines 70a and 70b) to (**check one**): ☐ Credit on 2027 Form 1042 or ☐ Refund		
	Complete lines 71b, 71c, and 71d.		
b	Routing number _____ c Type: ☐ Checking ☐ Savings		
d	Account number _____		

Section 2 Reconciliation of Payments of U.S. Source FDAP Income

1	Total U.S. source FDAP income required to be withheld upon under chapter 4	1	
2	Total U.S. source FDAP income required to be reported under chapter 4 but not required to be withheld upon under chapter 4 because:		
a	Amount of income paid to recipients whose chapter 4 status established no withholding is required	2a	487070
b	Amount of excluded nonfinancial payments	2b	12930
c	Amount of income paid with respect to grandfathered obligations	2c	
d	Amount of income effectively connected with the conduct of a trade or business in the United States	2d	
e	Total U.S. source FDAP income required to be reported under chapter 4 but not required to be withheld upon under chapter 4 (add lines 2a–2d)	2e	500000
3	Total U.S. source FDAP income reportable under chapter 4 (add lines 1 and 2e)	3	500000
4	Total U.S. source FDAP income reported on all Forms 1042-S (from lines 62a, 62b(1), and 62b(2))	4	500000
5	Total variance, subtract line 3 from line 4; if amount other than zero, provide explanation on line 6	5	0
6			

Section 3 Potential Section 871(m) Transactions

Check here if any payments (including gross proceeds) were made by the withholding agent under a potential section 871(m) transaction, including a notional principal contract or other derivatives contract that references (in whole or in part) a U.S. stock or other underlying security. See instructions ☑

Section 4 Payments by a Qualified Derivatives Dealer (QDD)

Check here if any payments were made by a QDD ☐

If the box is checked, you must do the following.

(1) Attach Schedule(s) Q (Form 1042). See instructions.

(2) Enter your EIN (other than your QI-EIN)

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Form **1042-S**
Department of the Treasury
Internal Revenue Service

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

Go to *www.irs.gov/Form1042S* for instructions and the latest information.

2026

OMB No. 1545-0096

Copy C for Recipient
Attach to any federal tax return you file

0 0 0 0 0 0 0 0 0 1 **UNIQUE FORM IDENTIFIER** ☐ **AMENDED** ☐ **AMENDMENT NO.**

1 Income code: 06	**2** Gross income: 252,000	**3** Chapter indicator. Enter "3" or "4": 3		**13i** Recipient's U.S. TIN, if any: 00-5000002	**13j** Ch. 3 status code: 12
		3a Exemption code	**4a** Exemption code: 15		**13k** Ch. 4 status code: 07
		3b Tax rate: 30.00	**4b** Tax rate: 00.00	**13l** Recipient's GIIN: 01 XYZW.99999.SL.1	**13m** Recipient's FTIN, if any
5 Withholding allowance					
6 Net income					
7a Federal tax withheld: 75600				**13n** LOB code	**13o** Recipient's account number
7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions) ☐				**13p** Recipient's date of birth (YYYYMMDD)	
7c Check if withholding occurred in subsequent year with respect to a partnership interest ☐					
7d Check if you are a qualified intermediary, withholding foreign partnership, or withholding foreign trust revising its reporting on Form 1042-S to report to a specific recipient ☐				**14a** Primary withholding agent's name (if applicable)	
8 Tax withheld by other agents				**14b** Primary withholding agent's EIN	**15** Check if pro-rata basis reporting ☐
9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions) ( )	**10** Total withholding credit (combine boxes 7a, 8, and 9): 75600			**15a** Intermediary or flow-through entity's EIN, if any	**15b** Ch. 3 status code
					15c Ch. 4 status code
11 Tax paid by withholding agent (amounts not withheld) (see instructions)				**15d** Intermediary or flow-through entity's name	
12a Withholding agent's EIN: 00-5000000	**12b** Ch. 3 status code: 15			**15e** Intermediary or flow-through entity's GIIN	
	12c Ch. 4 status code: 01				
12d Withholding agent's name: PAYER A				**15f** Country code	**15g** FTIN, if any
12e Withholding agent's global intermediary identification number (GIIN)				**15h** Address (number and street)	
12f Country code: US	**12g** FTIN, if any			**15i** Room or suite no.	**15j** City or town
12h Address (number and street): 25 ROSE STREET				**15k** State or province	**15l** Country / **15m** ZIP or foreign postal code
12i Room or suite no.	**12j** City or town: New York			**16a** Payer's name	**16b** Payer's TIN
12k State or province: NY	**12l** Country: US	**12m** ZIP or foreign postal code: 10001		**16c** Payer's GIIN	**16d** Ch. 3 status code
					16e Ch. 4 status code
13a Recipient's name: WITHHOLDING AGENT TWO		**13b** Recipient's country code		**17a** State income tax withheld	**17b** Payer's state tax no. / **17c** Name of state
13c Address (number and street): 2 Fig Square					
13d Apt. no.	**13e** City or town				
13f State or province	**13g** Country: UK	**13h** ZIP or foreign postal code			

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1a Total ordinary dividends	OMB No. 1545-0110	**Dividends and Distributions**
PAYER B 123 ELM ST ATLANTA, GA 30304	$ 89285	Form **1099-DIV** (Rev. January 2024)	
	1b Qualified dividends $	For calendar year 2026	
	2a Total capital gain distr. $	2b Unrecap. Sec. 1250 gain $	**Copy B** **For Recipient**
PAYER'S TIN 00-5500000 / RECIPIENT'S TIN 00-5000002	2c Section 1202 gain $	2d Collectibles (28%) gain $	
	2e Section 897 ordinary dividends $	2f Section 897 capital gain $	
RECIPIENT'S name WITHHOLDING AGENT TWO	3 Nondividend distributions $	**4 Federal income tax withheld** $ 25,000	This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.) 2 Fig Square	5 Section 199A dividends $	6 Investment expenses $	
City or town, state or province, country, and ZIP or foreign postal code London W1A 1AE	7 Foreign tax paid $	8 Foreign country or U.S. possession	
	9 Cash liquidation distributions $	10 Noncash liquidation distributions $	
11 FATCA filing requirement ☐	12 Exempt-interest dividends $	13 Specified private activity bond interest dividends $	
Account number (see instructions)	14 State / 15 State identification no.	16 State tax withheld $ / $	

Form **1099-DIV** (Rev. 1-2024) (keep for your records) www.irs.gov/Form1099DIV Department of the Treasury - Internal Revenue Service

Version A, Cycle 5
Only Red copy is not fillable

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	Payer's RTN (optional)	OMB No. 1545-0112	**Interest Income**
Payer C 123 AVENUE NY, NY 10001	**1** Interest income $ 53,571	Form **1099-INT** (Rev. January 2024) For calendar year 2026	
	2 Early withdrawal penalty $		**Copy B** **For Recipient**
PAYER'S TIN 00-5550000 / RECIPIENT'S TIN 00-5000002	**3** Interest on U.S. Savings Bonds and Treasury obligations $		
RECIPIENT'S name WITHHOLDING AGENT 2 Street address (including apt. no.) 2 Fig Square City or town, state or province, country, and ZIP or foreign postal code London W1A 1AE	**4 Federal income tax withheld** $ 15,000	**5** Investment expenses $	This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
	6 Foreign tax paid $	**7** Foreign country or U.S. territory	
	8 Tax-exempt interest $	**9** Specified private activity bond interest $	
	10 Market discount $	**11** Bond premium $	
FATCA filing requirement ☐	**12** Bond premium on Treasury obligations $	**13** Bond premium on tax-exempt bond $	
Account number (see instructions)	**14** Tax-exempt and tax credit bond CUSIP no.	**15** State / **16** State identification no.	**17** State tax withheld $ $

Form **1099-INT** (Rev. 1-2024) (keep for your records) www.irs.gov/Form1099INT Department of the Treasury - Internal Revenue Service

TREASURY/IRS AND OMB USE ONLY DRAFT

Version A, Cycle 7
Dimensions: 7.3" x 5.5"
Only Red Copy is not fillable

☐ CORRECTED (if checked)

PAYER'S name			1 Rents	OMB No. 1545-0115	**Miscellaneous Information**
Payer D			$	Form **1099-MISC**	
Street address		Room or suite no.	2 Royalties	(Rev. December 2026)	
20 Anystreet			$	**For calendar year** _____	
City or town		Telephone number	3 Other income	4 Federal income tax withheld	**Copy B For Recipient**
ANYTOWN, ANYTOWN 10000			$ 8,930	$	
State or province	Country	ZIP or foreign postal code			
PAYER'S TIN	RECIPIENT'S TIN		5 Fishing boat proceeds	6 Medical and health care payments	
00-5555000	00-5000002		$	$	
RECIPIENT'S name			7 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐	8 Substitute payments in lieu of dividends or interest	
Withholding Agent Two				$	
Street address		Apt. no.	9 Crop insurance proceeds	10 Gross proceeds paid to an attorney	
2 Fig Square			$	$	
City or town			11 Fish purchased for resale	12 Section 409A deferrals	
London,			$	$	
State or province	Country	ZIP or foreign postal code	13a Cash tips	13b TTOC	
	UK	WA1 1AE	$		
		FATCA filing requirement ☐	14 Overtime compensation	15 Nonqualified deferred compensation	
			$	$	
Account number (see instructions)			16 State tax withheld	17 State/Payer's state no.	18 State income
			$		$
			$		$

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

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TREASURY/IRS AND OMB USE ONLY DRAFT

Version A, Cycle 8
Dimensions: 7.3" x 5"; .5" head margin to top rule
Only Copy A is non-fillable.

☐ CORRECTED (if checked)

PAYER'S name

PAYER E

Street address

123 AVE

Room or suite no.

City or town

WASHINGTON

Telephone number

State or province: DC

Country: US

ZIP or foreign postal code: 20013

PAYER'S TIN: 00-5555500

RECIPIENT'S TIN: 00-5000002

RECIPIENT'S name

Withholding agent Two

Street address

2 Fig Square

Apt. no.

City or town

London

State or province

Country: UK

ZIP or foreign postal code: W1A 1AE

Account number (see instructions)

OMB No. 1545-0116

Form **1099-NEC**

(Rev. December 2026)

For calendar year 2026

Nonemployee Compensation

1a Nonemployee compensation: $ 4,000

1b Cash tips: $

1c TTOC

1d Overtime compensation: $

2 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☑

3 Excess golden parachute payments: $

4 Federal income tax withheld: $ 1,120

5 State tax withheld: $ $

6 State/Payer's state no.

7 State income: $ $

Copy B

For Recipient

This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

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☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.	1 Original issue discount for the year*	OMB No. 1545-0117	**Original Issue Discount**
PAYER F 123 AVENUE NY, NY 10001	$ 5,357 * This may not be the correct figure to report on your income tax return. See instructions on the back.	Form **1099-OID** (Rev. January 2024)	
	2 Other periodic interest $	For calendar year 2026	

PAYER'S TIN	RECIPIENT'S TIN	3 Early withdrawal penalty	4 Federal income tax withheld	**Copy B**
00-5555550	00-5000002	$	$ 1,500	
RECIPIENT'S name Withholding Agent Two		5 Market discount $	6 Acquisition premium $	**For Recipient**
Street address (including apt. no.) 2 Fig Square		7 Description Gross Income REMIC		This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
City or town, state or province, country, and ZIP or foreign postal code London W1A 1AE		8 Original issue discount on U.S. Treasury obligations* $	9 Investment expenses $	
	FATCA filing requirement ☑	10 Bond premium $	11 Tax-exempt OID $	
Account number (see instructions)		12 State	13 State identification no.	14 State tax withheld $ $