

**SCHEDULE Q
(Form 1042)**

Tax Liability of Qualified Derivatives Dealer (QDD)

OMB No. 1545-0096

2021

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1042.

▶ Go to www.irs.gov/Form1042 for the latest information.

Name of taxpayer	Employer identification number
Name of QDD	QI-EIN
QDD Tax Year (enter month, day, and year for beginning and ending dates) Beginning _____, 20____, and ending _____, 20____.	Schedule _____ of _____
Indicate the year or portion of the year to which the schedule relates (enter month, day, and year beginning and ending dates) Beginning _____, 20____, and ending _____, 20____.	

Summary of QDD Tax Liability		(a) Gross Amount	(b) Withholding Tax Rate	(c) Amount of Tax Liability (column (a) x column (b))
1 Total section 871(m) amount	1			
2 Total dividends received in equity derivatives dealer capacity	2			
3 Total QDD tax liability pursuant to section 3.09(A) of the Qualified Intermediary Agreement	3			
4 Total QDD tax liability pursuant to section 3.09(B) of the Qualified Intermediary Agreement	4			
5 Total QDD tax liability pursuant to section 3.09(C) of the Qualified Intermediary Agreement:				
a Income Type ▶ _____	5a			
b Income Type ▶ _____	5b			
c Income Type ▶ _____	5c			
d Income Type ▶ _____	5d			
6 Total of line 5 amounts	6			

Who Must File

If the taxpayer or any branch of the taxpayer was a qualified derivatives dealer (QDD) (defined below) during the tax year, Schedule Q must be completed and filed for each of those QDDs. The taxpayer must file Schedule Q as an attachment to Form 1042 even if the QDD has zero tax liability.

Qualified derivatives dealer (QDD). A QDD is a home office or branch that, in accordance with the qualified intermediary agreement (QIA) (defined below), qualifies and has been approved for QDD status and satisfies the requirements of the QIA. See the QIA for additional information.

Qualified intermediary agreement (QIA). The QIA is section 6 of Rev. Proc. 2017-15.

General Instructions

A separate Schedule Q is required for each QDD. In addition, if a taxpayer has a fiscal year rather than a calendar year, the taxpayer must provide a separate Schedule Q for each QDD for each portion of the fiscal year that falls within the calendar year.

Example. A QDD with a fiscal year beginning September 1 and ending August 31 would complete 2 schedules. One for the period of January 1, 2021, through August 31, 2021, and one for the period of September 1, 2021, through December 31, 2021.

Specific Instructions

Name of QDD. The name of the QDD should follow the naming protocol used for applying to be a QDD.

Number of schedules filed. A QDD may be required to file multiple Schedules Q, for example, if it has multiple branches that are QDDs or if it is a fiscal year taxpayer (as explained in *General Instructions* above). Indicate the number of each Schedule Q filed, as well as the total number of Schedules Q being filed by the taxpayer in the entry spaces provided.

Column (c), Amount of Tax Liability. Except as provided in the Note immediately below, the amount in column (c) is determined by multiplying column (a) by column (b). This column is not reduced by any withholding that has occurred.

Note: For calendar years 2018 through 2022, certain information is not required, as indicated in the line instructions below. However, if the taxpayer has a fiscal year rather than a calendar year, that begins in 2022, information is required for any amounts paid or accrued on or after January 1, 2023.

Line 1. The gross amount to be entered in column (a) is the sum of each section 871(m) amount for the QDD for the relevant period. See section 2.73 of the QIA for the definition of section 871(m) amount.

Note: For calendar years 2019 through 2022, this information is not required.

Line 2. For calendar years 2019 through 2022, only the gross amount (column (a)) and tax rate (column (b)) are required.

Line 3. Column (c) is the sum of each section 3.09(A) amount for the QDD for the relevant period.

Note: For calendar years 2019 through 2022, this information is not required.

Line 4. Enter the information requested in columns (a), (b), and (c).

Line 5. In addition to specifying the type of income (for example, dividends or interest), enter the information requested in columns (a), (b), and (c) separately for each income type. For dividends, include all dividends, including dividends separately stated on line 2.

Note: For calendar years 2019 through 2022, do not include dividends included in line 2.