Proposed Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding

#### Announcement 99-24

The Internal Revenue Service announces that it is requesting comments from the public on proposed revisions to

Form 1042-S. The form is being revised as a result of final regulations (T.D. 8734, 62 F.R. 53387; 1997–2 C.B. 109) published on October 14, 1997, relating to the withholding of income tax under sections 1441, 1442, and 1443 on certain U.S. source income paid to foreign persons.

Form 1042-S is used by U.S. withholding agents to report the withholding of U.S. income tax on certain U.S. source income paid to foreign persons.

This announcement provides a draft copy of proposed revisions to Form 1042-S. The form is being issued so that withholding agents can adapt their systems to comply with the regulations. Filers and recipients of the form are advised that the form may be revised based on further developments and comments. The form, together with instructions, will be re-issued for further comment as part of the OMB approval process.

The IRS would like to receive comments on this proposed draft form from all interested persons by May 5, 1999. Please send comments to Chairman, Tax Forms Coordinating Committee, Internal Revenue Service, OP:FS:FP, Room 5577, 1111 Constitution Avenue, NW, Washington, DC 20224. Alternatively, you may email your comments to tfpmail@publish.no.irs.gov.



From 1042-S

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CORRECTED

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

OMB No. 1545-0098

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Form 1042-S (2000)

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#### Form 1042-S Department of the Treasury Marks, Fernance Barries

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

**2000** 

OMB No. 1545-0086

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#### U.S. Income Tax Filing Requirements

Every nonresident allen incividual, nonresident allen fiduciary, and foreign corporation with United States income, including income that is effectively connected with the conduct of a trade or business in the United States, must be a United States income tax return. However, no return is required to be filled by a nonresident allen individual, nonvesident allen fiduciary, or a foreign corporation if such person was not engaged in a trade or business in the United States at any time during the tax year and if the tax liability of such person was fully easisfied by the withholding of United States fax at the source (Corporations file Form 1120-F; all others file Form 1040NR for Form 1040NR-EZ if eligible).) You may get the return forms and instructions at any United States Embasey or consulate or by writing to: Eastern Area Olaribution Genter, P.O. Box 25686, Richmond, VA 23266-St07, U.S.A.

Tout étranger nor-régident, tout organisme fidélogramissage . étranger non-réaldant et toute société étrangère percevent les revenu aux Etats-Unia, y compris tout revenu dérivé, en faill du 🔨 function/rement d'un commerce ou d'une affirm sux Étals-Unie, doit 🗽 sourrettre eux Etats-Unis, une déclaration d'agodt sur la revenu. 🚕 Generalant aucuna déclaration d'impôt sur la jevenu n'est exigés; d'un étranger non-résident, d'un progrisme lidéicommissaire étrateur non-résident, qui d'una sociába átrangara s'ila g'ont president à augun commerce ou affaire aux Etats-Unis à aucun appriliet pendant l'ennée fiscale et si les impûts dont lis sont r학(화영환)종, ont ené entièrement acquittés par une referale à la source de leur montant. (Les sociétés doivent faire leur déclaration d'impôt en rempliazant le formulaire 1120-9; taus les autres redevables doivent rempir la formulaire 1040NR (ou 1040NR-EZ si éty blet.) On paut se producer formulaires de déclarations d'impôts et Instructions dans toutes les Ambassades et tous les Conquiers des Etats-Unts, L'on peut egelement s'advesser dour tous renseignements a: Eastern Arga Distribution Center, P.O. Box 25866, Richmond, VA 23288-8507. U.9.A.

Todo extranjero no residente, todo organismo fideicomiserio. extranjero no rasidante y toda sociadad anônima extranjera que reciba ingresos en los Estados Unidos, incluyendo ingresos relacionados con la conducción de un necrocio o comercio dentro de les Estados Unidos, deberá presentar una declaración. estadounidanse de impuestos sobre Ingreso. Sin embargo, no se requiero declaración alguna a un Individuo extranigro, una sociedad anonima extranjera y organismo tidelcomisento extrantoro no residente, al tal persona no ha ofectuado comercio o negocio en los Estados Unidas durante el año fiscal y el la responsabilidad con los Impuestos de tal persona ha sido estisfecha pieramente mediante retencion de l'Épuesto de los Estados Unidos en la fuenta, illas sociedades allontras envian la Forma 1120-F; todos los damás. gentribuyentes envisatita Forma 1040NR (o la Forma 1040NR-EZ si la caresponde).) Se podois obtener formas e instrucciones en Formagular Embelade o Cobsulado de los Estacos Unidos o escribiondo directamente a: Eastern Arga Distribution Contor, P.O. Box 25888, Michenord, VA 23288-8107, U.S.A.

Jech sustandische Einzelperson, jeder auständische Bevollnischtigte und jede ausländische Gesellschaft mit Einkommen. ... in den Vereinigten Staaten, einschliesslich das Enkommens, welches direkt mit der Ausübung von Hande loder Gewerte Innerhalb der Steaten verbunden ist, müssen eine Einkommensteuerenklarung der Veremigten Staaten abgeben. Eine Erkfaung, muss jedoch nicht von Ausländern, ausländischen Bewollmachtigten oder ausländischen Gasellschaften in den Vereinigten Staaten eingereicht werden, felb oine so one Person während des Steuerjahres kain Gewerbe oder Handel in den Vereinigten Staaten ausgeübt hat und die Staverschuld durch Einbehaltung der Steuers der Voreinigten Staaten durch die Einkommenaguelle abgegotten ist. (Gesallschaften reichen den Vordruck 1120-F ein; alle auderen reichen des Formblett 1040NR order wann passaand das Formblatt 1040NR-EZ ein.) Einkommensteuerendanungen und Instruktionen köngen bei den Bolachaften und Konsulaten der Vereinungen Staalen eingeholt. worden. Um weltere informationen wende man sich bitte an: Eastern Area Distribution Center, P.O. Box 25865, Richmond, VA 23285-8107, U.S.A.

# Form 1042-S Department of the Treasury

Internal Revenue Service

# Foreign Person's U.S. Source Income Subject to Wittholding

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QMB No. 1546-0095

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1 Income   2 Pocifient   3 Gross   4 Witholding   5 d	K-indurine 6 Text rate 7 Exemption 8 Text withhold 9 Amount Windursed to volpie to
50 RECIPENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (inclui- postal code)	
	12 Recipient's country of peldence for tex purposes 13 Country code
15 WITHHOLDING AGENT'S name and address (postding: ZIF	14 Ascount at imper (optional) ►  code) 17 #GNQLABLETED INTERMEDIARY'S/ 18 Country code  FLOWNTHROUGH ENTITY'S name  18 Country code
	19 Nonqualified intermediary's/Flow-birough entity's 7(N
	20 PAYER'S name and TIN (# different from withholding agent's)
	21 State income tax withheld
19 Withholding agent's texpeyer klentification number (TIN) ►	22 Payer's state tex number 23 Name of state

#### Explanation of Codes

Line 1. Income code.

	. Income babe.
Code	Type of Income
01	Interest paid by U.S. obligore—general
02	Interest on real property mortgages
03	Interest pold to controlling foreign corporations
<b>Ú</b> 4	Interest paid by foreign conperations
ÓŌ	Interest on tax-bea covenant bonds
06	Deposit merest
07	Original issue discount (OIO)
8.0	Short-term OID
<b>D8</b>	Dividends paid by U.S. corporations—genoral
10	Dividends paid by U.S. supplication to foreign parent exponetions
	(including consert dividends)
11	Dividencia paid by foreign <del>corporations</del>
12	Capital paris
13	Industrial regultips
14	Motion picture or television copyright royalties
15	Other royalties (e.g., copyright, recording, publishing)
1₽	Real property income and natural resources revallies. X
17	Penerans, arnutties, alimony, and/or insurance oranitates.
18	Scholarship or felicieship grants '+
19	Componentian for independent personal estables. 5.
20	Compensation for dependent paraonal sengence
25	Companisation for teaching
22	Companisation during studying and trasper
23	Earnings as an artist or athletor
24	Real estate Vivestment Inst (REIT) distributions of cholist pains
25	Trust plat buttons subject to IRO section/1448 ( 🛠 💚
26	Unsavered growing crops and differ distributions by a frust
	aubject to IRC eachur 1446
27	Publicly traded partnership distributions subject to IRC
	section 1448

Line 2. Recipient code.

	Code	Type of Recipient
	마	Individual <sup>®</sup>
	02	Artist or athlete <sup>2</sup>
	03	Partnership other then withholding foreign pertnership?
	04	Withholding foreign partnership
	DG-	Trust
	Ď6	Fatebe
	07	Corporation <sup>a</sup>
	90	Governifight or Injurietional Organization
	9	Tex-Examps Organization (IRC section bD1(a))
	10	Prigate Chundation
	11	U.S. boench tracted ps U.S. person
	<b>52</b> 9	Qualified Interpretigry
	13 🖎	Private Arrangement Memedian
	10	Cualifiag Intervieway Withholding Pool
٤	-15	Uplanoville Polisipiania
•		Byemptice code (applies if the tex rate entered in line 6
	la.0%	is resident to the property of
	Code	
	1	Procine effectively connected with a U.S. trade or business
ì	. 2	Exempt under an Internal Revenue Code section [ricoma cthe/
		then portraio interest)
	3	Income is not from U.B. sources*
	4	Exempt under tax treaty
	5	Portfolio Interess exempl under an Internal Revenue Code section
	₽.	Qualified intermed any that assumes primary withholding
	_	tesponsibility
	7	Withholding tore on partnership

U.S. branch treated as a U.S. person

Qualified intermed any represents income is exampt

26 Gembling winnings

29 Notional principal contract Income

60 Other income

"Il compartement that otherwise equid be covered under income Codes 19-22 in effectly attributable to the recipient's coordinate as an exist or all hister, may income Code 23 makes.

If Income Code 23 is used, Perto ant Code 08 juntary or exhibits should be used hazess of Recount Code 01 (Individual), OT (corporation), or 63 (payments)).

"Use appropriate interest income Dean for embedded interest in a notional principal contract."

"May be used only by a qualified intermediany.

<sup>&</sup>quot;Non-U.S. source arrante received by a nonresident after is not subject to U.S. box. Use bramption Dode 8 when entering an amount for intermeter reporting purposes only

#### Form 1042-S Department of the Treasury Internal Payonus 80-year

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

CORRECTED (if checked)

2000

OMB No. 1945-0098

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Form 1042-8 (2000)

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## Form 1042-S

Department of the Tristating Internal Persons Service

#### Foreign Person's U.S. Source income Subject to Withholding

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**2000** 

QMB No. 1545-0096

Copy E for Withholding Agent

7 Samption 8 Tax withheld 4 Withholding Nat hoome. € Tex rate 9 Amount reimbursed 2 Restart 3 Gross псати % recipient Income a lowerses code code: ceds. 10 RECIPIENT'S name (first name, Initial, and last name), street 11 Aecipiant's U.S. texpeyer eadings, city or town, province or state, and country (including Identificator sounder, if any 🕨 postal code! ☐ 98N omth □ EIN OH-EIN 12 Pecipiant's country of peridence for tax purposes 18 Country čode ... 14 Account ruitable (potional) > 15 WITHHOLDING AGENT'S name and address (Induding ZIP code) NONCOUNLY IED INTERVEDIARY'S/ 18 Country code F\_CNV-THROUGH ENTITY'S name 19 Nonqualified intermediary's/Flow-through entity's TIN 20 PAYER'S name and TIN (if different from withhording agent's)

21 State Income tax withheld

! 22 Payer's state tax number

For Paparwork Particular Act Notice, use page 1 of the paparate Larbycklons.

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dentification number (TIN) ➤

SSN or (TIN)

C: EIN

18 Withholding agent's texpayor

23 Name of state