

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 e-mail your comments to tfpmail@publish.no.irs.gov.

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****Foreign Person's U.S. Source Income
Subject to Withholding****2000**

OMB No. 1545-0048

Department of the Treasury
Internal Revenue Service

▶ For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

Copy A for
Internal Revenue Service

1 Income code	2 Recipient code	3 Gross income	4 Withholding allowances	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount reimbursed to recipient			
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				12 Recipient's country of residence for tax purposes	13 Country code		
15 WITHHOLDING AGENT'S name and address (including ZIP code)				14 Account number (optional) ▶				17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name		18 Country code	
				19 Nonqualified intermediary's/Flow-through entity's TIN				20 PAYER'S name and TIN (if different from withholding agent's)			
				21 State income tax withheld							
				18 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN				22 Payer's state tax number		23 Name of state	

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Cal. No. 1-386R

Form **1042-S** (2000)

Form **1042-S****Foreign Person's U.S. Source Income
Subject to Withholding****2000**

OMB No. 1545-0046

**Copy 8
for Recipient**Department of the Treasury
Internal Revenue Service

1 Income code	2 Recipient code	3 Gross income	4 Withholding allowances	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount returned to recipient
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)					11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
					12 Recipient's country of residence for tax purposes			13 Country code
15 WITHHOLDING AGENT'S name and address (including ZIP code)					14 Account number (optional) ▶			
					17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name			18 Country code
					18 Nonqualified intermediary's/Flow-through entity's TIN			
					20 PAYER'S name and TIN (if different from withholding agent's)			
					21 State income tax withheld			
16 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					22 Payer's state tax number		23 Name of state	

 CORRECTED (if checked)Form **1042-S** (2000)

U.S. Income Tax Filing Requirements

Every nonresident alien individual, nonresident alien 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 file a United States income tax return. However, no return is required to be filed by a nonresident alien individual, nonresident alien 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 satisfied by the withholding of United States tax 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 Embassy or consulate or by writing to: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

Tout étranger non-résident, tout organisme fiduciaire étranger non-résident et toute société étrangère percevant un revenu aux Etats-Unis, y compris tout revenu dérivé, en fait ou en droit, d'un commerce ou d'une affaire aux Etats-Unis, doit soumettre aux Etats-Unis, une déclaration d'impôt sur le revenu. Cependant aucune déclaration d'impôt sur le revenu n'est exigée d'un étranger non-résident, d'un organisme fiduciaire étranger non-résident, ou d'une société étrangère s'ils n'ont participé à aucun commerce ou affaire aux Etats-Unis à aucun moment pendant l'année fiscale et si les impôts dont ils sont redevables, ont été entièrement acquittés par une retenue à la source de leur montant. (Les sociétés doivent faire leur déclaration d'impôt en remplissant le formulaire 1120-F; tous les autres redevables doivent remplir le formulaire 1040NR (ou 1040NR-EZ si éligible).) On peut se procurer les formulaires de déclarations d'impôts et instructions dans toutes les Ambassades et tous les Consulsats des Etats-Unis. L'on peut également s'adresser pour tous renseignements à: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

Todo extranjero no residente, todo organismo fiduciario extranjero no residente y toda sociedad anónima extranjera que reciba ingresos en los Estados Unidos, incluyendo ingresos relacionados con la conducción de un negocio o comercio dentro de los Estados Unidos, deberá presentar una declaración estadounidense de impuestos sobre Ingresos. Sin embargo, no se requiere declaración alguna si un individuo extranjero, una sociedad anónima extranjera u organismo fiduciario extranjero no residente, si tal persona no ha efectuado comercio o negocio en los Estados Unidos durante el año fiscal y si la responsabilidad con los impuestos de tal persona ha sido satisfecha plenamente mediante retención de impuestos de los Estados Unidos en la fuente. (Las sociedades deben enviar la Forma 1120-F; todos los demás contribuyentes envían la Forma 1040NR o la Forma 1040NR-EZ si le corresponde.) Se pueden obtener formas e instrucciones en cualquier Embajada o Consulado de los Estados Unidos o escribiendo directamente a: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

Jede ausländische Einzelperson, oder ausländische Bevollmächtigte und jede ausländische Gesellschaft mit Einkommen in den Vereinigten Staaten, einschließlich des Einkommens, welches direkt mit der Ausübung von Handel oder Gewerbe innerhalb der Staaten verbunden ist, müssen eine Einkommensteuererklärung der Vereinigten Staaten abgeben. Eine Erklärung, muss jedoch nicht von Ausländern, ausländischen Bevollmächtigten oder ausländischen Gesellschaften in den Vereinigten Staaten eingereicht werden, falls eine solche Person während des Steuerjahres kein Gewerbe oder Handel in den Vereinigten Staaten ausgeübt hat und die Steuerschuld durch Einbehaltung der Steuern der Vereinigten Staaten durch die Einkommenquelle abgegolten ist. (Gesellschaften reichen den Vordruck 1120-F ein; alle anderen reichen das Formblatt 1040NR oder wenn passend das Formblatt 1040NR-EZ ein.) Einkommensteuererklärungen und Instruktionen können bei den Botschaften und Konsulaten der Vereinigten Staaten eingangt werden. Um weitere Informationen werden man sich bitte an: Eastern Area Distribution Center, P.O. Box 25866, Richmond, VA 23286-8107, U.S.A.

**Foreign Person's U.S. Source Income
Subject to Withholding****2000**

OMB No. 1545-0046

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

1 Income code	2 Recipient code	3 Gross income	4 Withholding allowances	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount reimbursed to recipient
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)				11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> Q-EIN				
15 WITHHOLDING AGENT'S name and address (including ZIP code)				12 Recipient's country of residence for tax purposes			13 Country code	
				14 Account number (optional) ▶				
				17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name			18 Country code	
16 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> Q-EIN				19 Nonqualified intermediary's/Flow-through entity's TIN				
				20 PAYER'S name and TIN (if different from withholding agent's)				
				21 State income tax withheld				
				22 Payer's state tax number		23 Name of state		

 CORRECTED (if checked)

Explanation of Codes

Line 1. Income code.

Code	Type of Income
01	Interest paid by U.S. obligors—general
02	Interest on real property mortgages
03	Interest paid to controlling foreign corporations
04	Interest paid by foreign corporations
05	Interest on tax-free covenant bonds
06	Deposit interest
07	Original issue discount (OID)
08	Short-term OIB
08	Dividends paid by U.S. corporations—general
10	Dividends paid by U.S. subsidiaries to foreign parent corporations (including consent dividends)
11	Dividends paid by foreign corporations
12	Capital gains
13	Industrial royalties
14	Motion picture or television copyright royalties
15	Other royalties (e.g., copyright, recording, publishing)
16	Real property (income and natural resource) royalties
17	Pensions, annuities, alimony, and/or insurance premiums
18	Scholarship or fellowship grants
19	Compensation for independent personal services
20	Compensation for dependent personal services
21	Compensation for teaching
22	Compensation during studying and training
23	Earnings as an artist or athlete
24	Real estate investment trust (REIT) distributions of capital gains
25	Trust distributions subject to IRC section 1446
26	Unsevered growing crops and timber distributions by a trust subject to IRC section 1446
27	Publicly traded partnership distributions subject to IRC section 1448
28	Gambling winnings
29	National principal contract income*
60	Other income

Line 2. Recipient code.

Code	Type of Recipient
01	Individual ¹
02	Artist or athlete ²
03	Partnership other than withholding foreign partnership ³
04	Withholding foreign partnership
05	Trust
06	Estate
07	Corporation ⁴
08	Government or International Organization
09	Tax-Exempt Organization (IRC section 501(c))
10	Private foundation
11	U.S. branch treated as U.S. person
12	Qualified intermediary
13	Private Arrangement Intermediary ⁵
14	Qualified Intermediary Withholding Pool ⁶
15	Upstream Recipient

Line 7. Exemption code (applies if the tax rate entered in line 5 is 0%).

Code	Authority for Exemption
1	Income effectively connected with a U.S. trade or business
2	Exempt under an Internal Revenue Code section (income other than portfolio interest)
3	Income is not from U.S. source ⁷
4	Exempt under tax treaty
5	Portfolio interest exempt under an Internal Revenue Code section
6	Qualified intermediary that assumes primary withholding responsibility
7	Withholding foreign partnership
8	U.S. branch treated as a U.S. person
9	Qualified intermediary represents income is exempt

¹ If compensation that otherwise would be covered under Income Codes 19–22 is directly attributable to the recipient's occupation as an artist or athlete, use Income Code 23 instead.

² If Income Code 23 is used, Recipient Code 02 (artist or athlete) should be used instead of Recipient Code 01 (individual), 07 (corporation), or 03 (partnership).

³ Use appropriate interest income Code for embedded interest in a national principal contract.

⁴ May be used only by a qualified intermediary.

⁵ Non-U.S. source income received by a nonresident alien is not subject to U.S. tax. Use exemption Code 3 when entering an amount for information reporting purposes only.

Department of the Treasury
Internal Revenue Service**Copy D** for Recipient
Attach to any ~~other~~ tax return you file

1 Payer code	2 Recipient code	3 Gross income	4 Withholding allowances	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount reimbursed to recipient
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)					11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN			
16 WITHHOLDING AGENT'S name and address (including ZIP code)					12 Recipient's country of residence for tax purposes			13 Country code
					14 Account number (optional) ▶			
17 NONQUALIFIED INTERMEDIARY'S/ FLOW-THROUGH ENTITY'S name					18 Country code			
					19 Nonqualified intermediary's/Flow-through entity's TIN			
20 PAYER'S name and TIN (if different from withholding agent's)					21 State income tax withheld			
18 Withholding agent's taxpayer identification number (TIN) ▶ <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN <input type="checkbox"/> QI-EIN					22 Payer's state tax number		23 Name of state	

 CORRECTED (if checked)

**Foreign Person's U.S. Source Income
Subject to Withholding****2000**

OMB No. 1545-0046

Department of the Treasury
Internal Revenue Service

▶ For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

Copy E
for Withholding Agent

1 Income code	2 Recipient code	3 Gross income	4 Withholding allowances	5 Net income	6 Tax rate	7 Exemption code	8 Tax withheld	9 Amount reimbursed to recipient				
10 RECIPIENT'S name (first name, initial, and last name), street address, city or town, province or state, and country (including postal code)					11 Recipient's U.S. taxpayer identification number, if any ▶ <input type="checkbox"/> SSN or TIN <input type="checkbox"/> EIN <input type="checkbox"/> OI-EIN							
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