

MEMO# 13063

January 19, 2001

IRS RELEASES FORM 1042-S FOR YEAR 2001 INFORMATION REPORTING

[13063] January 19, 2001 TO: BROKER/DEALER ADVISORY COMMITTEE No. 2-01 OPERATIONS MEMBERS No. 3-01 PENSION COMMITTEE No. 6-01 PENSION OPERATIONS ADVISORY COMMITTEE No. 5-01 TAX MEMBERS No. 4-01 TRANSFER AGENT ADVISORY COMMITTEE No. 5-01 UNIT INVESTMENT TRUST COMMITTEE No. 3-01 RE: IRS RELEASES FORM 1042-S FOR YEAR 2001 INFORMATION REPORTING The Internal Revenue Service ("IRS") has released the Form 1042-S to be used by US withholding agents, including regulated investment companies ("RICs"), to report payments of certain US source income ("reportable payments") made to foreign persons during 2001 and any US tax withheld from such reportable payments. The attached 2001 Form 1042-S includes significant changes that were necessary to accommodate the new nonresident alien withholding regulations which became effective as of January 1, 2001.¹ In particular, the 2001 Form 1042-S requires a US withholding agent to (1) separately identify a "non-qualified" intermediary or flow-through entity through which payments are made to a recipient (boxes 17 - 20); (2) report withheld amounts that were repaid to a recipient (box 8); (3) report a recipient's "qualified intermediary" employer identification number ("QI- EIN"), if any (box 14); and (4) report whether a "non-qualified" intermediary failed to provide certain payment information, if required ("pro-rata basis reporting" box). In addition, the 2001 Form 1042-S includes only one income line (unlike the three income lines on the 2000 Form 1042-S). Finally, the 2001 Form 1042-S adds new income, exemption and recipient codes. Deanna J. Flores Associate Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment to which this memo refers, please call the ICI Library at (202) 326-8304 and request the attachment for memo 13063. ICI Members may retrieve this memo and its attachment from ICINet (<http://members.ici.org>). 1 See, among others, Institute Memorandum to Broker/Dealer Advisory Committee No. 28-00, Operations Members No. 28-00, Pension Members No. 58-00, Pension Operations Advisory Committee No. 90-00, Tax Members No. 36-00, Transfer Agent Advisory Committee No. 64-00, and Unit Investment Trust Members No. 32-00, dated December 12, 2000. 2Attachment (in .pdf format)