

MEMO# 12266

July 17, 2000

IRS RELEASES DRAFT OF REVISED FORM 1042-S FOR YEAR 2001 INFORMATION REPORTING

[12266] July 17, 2000 TO: BANK AND TRUST ADVISORY COMMITTEE No. 16-00
BROKER/DEALER ADVISORY COMMITTEE No. 14-00 OPERATIONS COMMITTEE No. 15-00 TAX
COMMITTEE No. 29-00 TRANSFER AGENT ADVISORY COMMITTEE No. 31-00 RE: IRS
RELEASES DRAFT OF REVISED FORM 1042-S FOR YEAR 2001 INFORMATION REPORTING The
Internal Revenue Service has released a revised draft of 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. As summarized below, the draft
Form 1042-S includes significant changes that reflect the new nonresident alien withholding
regulations which will become effective as of January 1, 2001.¹ In particular, the attached
draft 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 reimbursed 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 allocation information, if required ("pro rata basis reporting" box).
In addition, the draft Form 1042-S includes only one income line (unlike the three income
lines on the Form 1042-S for 2000). Finally, the draft Form 1042-S adds new income,
exemption and recipient codes. Deanna J. Flores Assistant Counsel Attachments
Attachment no. 1 (in .pdf format) 1 See Institute Memorandum to Bank and Trust Advisory
Committee No. 13-00; Broker/Dealer Advisory Committee No. 11-00; International
Committee No. 16-00; Operations Committee No. 12-00, Tax Committee No. 24-00; Transfer
Agent Advisory Committee No. 24-00, dated May 24, 2000.