

Explanation of the Form 1042-S Foreign Person's U.S. Source Income Subject to Withholding

Multiple Statements: Recipients will receive three copies of Form 1042-S for each type of income (box 1) subject to reporting on Form 1042-S, from each withholding agent. Tax filers must attach Copy C of each unique 1042-S to their federal return, Copy D to their state tax return and Copy B is for the recipient's records. The recipient should retain a copy of their tax return and 1042-S forms for a minimum of 3 years after the due date for filing the income tax return.

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|--|---|--|----------------------------------|---|---|---|--|--|--|--|--|--|--|--|
| Form 1042-S Department of the Treasury Internal Revenue Service | | Foreign Person's U.S. Source Income Subject to Withholding ▶ Go to www.irs.gov/Form1042S for instructions and the latest information. | | | 2020 | OMB No. 1545-0096 Copy B for Recipient | | | | | | | | |
| | | UNIQUE FORM IDENTIFIER <input type="checkbox"/> AMENDED <input type="checkbox"/> AMENDMENT NO. | | | | | | | | | | | | |
| 1 Income code | 2 Gross income | 3 Chapter indicator. Enter "3" or "4" | 13e Recipient's U.S. TIN, if any | | 13f Ch. 3 status code | | | | | | | | | |
| | | 3a Exemption code | 4a Exemption code | 13g Ch. 4 status code | | | | | | | | | | |
| | | 3b Tax rate | 4b Tax rate | 13h Recipient's GIIN | 13i Recipient's foreign tax identification number, if any | 13j LOB code | | | | | | | | |
| 5 Withholding allowance | | | | 13k Recipient's account number | | | | | | | | | | |
| 6 Net income | | | | 13l Recipient's date of birth (YYYYMMDD) | | | | | | | | | | |
| 7a Federal tax withheld | | | | <table border="1" style="width: 100%; height: 20px;"> <tr> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> <td style="width: 12.5%;"></td> </tr> </table> | | | | | | | | | | |
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| 7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions) <input type="checkbox"/> | | | | | | | | | | | | | | |
| 7c Check if withholding occurred in subsequent year with respect to a partnership interest <input type="checkbox"/> | | | | | | | | | | | | | | |
| 8 Tax withheld by other agents | | | | 14a Primary Withholding Agent's Name (if applicable) | | | | | | | | | | |
| 9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions) () | | | | 14b Primary Withholding Agent's EIN | | 15 Check if pro-rata basis reporting <input type="checkbox"/> | | | | | | | | |
| 10 Total withholding credit (combine boxes 7a, 8, and 9) | | | | 15a Intermediary or flow-through entity's EIN, if any | | 15b Ch. 3 status code | | | | | | | | |
| 11 Tax paid by withholding agent (amounts not withheld) (see instructions) | | | | 15c Ch. 4 status code | | | | | | | | | | |
| 12a Withholding agent's EIN | 12b Ch. 3 status code | 12c Ch. 4 status code | | 15d Intermediary or flow-through entity's name | | | | | | | | | | |
| 12d Withholding agent's name | | | | 15e Intermediary or flow-through entity's GIIN | | | | | | | | | | |
| 12e Withholding agent's Global Intermediary Identification Number (GIIN) | | | | 15f Country code | 15g Foreign tax identification number, if any | | | | | | | | | |
| 12f Country code | 12g Foreign tax identification number, if any | | 15h Address (number and street) | | | | | | | | | | | |
| 12h Address (number and street) | | | | 15i City or town, state or province, country, ZIP or foreign postal code | | | | | | | | | | |
| 12i City or town, state or province, country, ZIP or foreign postal code | | | | 16a Payer's name | | 16b Payer's TIN | | | | | | | | |
| 13a Recipient's name | | 13b Recipient's country code | | 16c Payer's GIIN | | 16d Ch. 3 status code | | | | | | | | |
| 13c Address (number and street) | | | | 16e Ch. 4 status code | | | | | | | | | | |
| 13d City or town, state or province, country, ZIP or foreign postal code | | | | 17a State income tax withheld | 17b Payer's state tax no. | 17c Name of state | | | | | | | | |

(keep for your records)

Form **1042-S** (2020)

Statement Description

- Box 1 Income Code.** This two digit income code identifies the appropriate income source:
- 12 – Other Royalties (i.e. copyright, recording, publishing)
 - 16 – Scholarship or Fellowship Grants
 - 17 – Compensation for Independent Personal Services
 - 19 – Pay for Individuals whose immigration purpose is Teaching and/or Research
 - 20 – Pay for Individuals whose immigration purpose is Studying and Training
 - 23 – Other Income

See IRS *Publication 515* for a detailed explanation of the income codes: <https://www.irs.gov/pub/irs-pdf/p515.pdf>

Box 2 Gross Income. For the corresponding income code, the gross amount paid to you or on your behalf during calendar year, including withheld tax.

Box 3a Exemption Code. If the tax rate entered into box 3b is "00.00", the exemption code "04" is used to indicate "Exempt under tax treaty". Exempt Code "00" **may** be used to indicate that a tax rate greater than zero has been applied.

Box 3b Tax Rate. The correct rate of withholding as applied to the income in box 2 (gross income) or box 6 (net income), as applicable.

Valid Tax Rate Table: (04.00 equals 4%, 04.90 equals 4.9%, etc.)

| | | | | | |
|--------|-------|-------|-------|-------|-------|
| 00.00* | 04.95 | 10.00 | 15.00 | 25.00 | 37.00 |
| 02.00 | 05.00 | 12.00 | 17.50 | 27.50 | |
| 04.00 | 07.00 | 12.50 | 20.00 | 28.00 | |
| 04.90 | 08.00 | 14.00 | 21.00 | 30.00 | |

*If the income is exempt from tax under a U.S. tax treaty or the IRS Code, the amount entered is "00.00".

Box 5 Withholding Allowance. Not applicable. The 2020 annual personal allowance is \$0, so there is no reduction to taxable income.

Box 6 Net Income. This amount is the result of box 2 (gross income) minus box 5 (withholding allowance). This box is only used if there is an amount entered in box 5; otherwise, this box will be blank.

Box 7a Federal Tax Withheld. This is the total amount of U.S. federal tax actually withheld; if no tax was withheld, the amount is "0". The tax amount withheld can be calculated by multiplying box 6 (net income) by box 3b (tax rate).

Box 13b Recipient's Country Code. The country code must be for the country of which the recipient claims residency under that country's tax law. "OC" (other country) is used when the country of residence does not appear in the Country Codes table. The Country Codes table for 2019 can be found on the IRS website: <https://www.irs.gov/e-file-providers/foreign-country-code-listing-for-modernized-e-file>

Box 13f Ch. 3 Recipient Status Code. Code "16" is used to indicate an Individual.

Note You **may** receive a W-2, 1042-S, and/or a Reportable Fellowship Letter reporting income or taxes withheld for the applicable calendar year. If you receive one or more of these forms, you will need them to prepare your tax returns. **Do not throw them away.**

U.S. Income Tax Filing Requirements

Generally, 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, there are exceptions. To determine whether you are required to file a federal tax return, see the IRS guidelines at <https://www.irs.gov/publications/p519>

Federal and State Tax Information

Internal Revenue Service

How to Contact the IRS:

<https://www.irs.gov/>

Forms and Publications:

<https://www.irs.gov/help/telephone-assistance>

Assistance for Individuals:

<https://www.irs.gov/forms-instructions>

International Services for Individuals:

(800) 829-1040, TTY/TTD (800) 829-4059; M-F, 7 a.m. to 7 p.m. (local time)

(267) 941-1000 (not toll-free); M-F, 5 a.m. to 10 p.m. (Central Time)

Wisconsin Department of Revenue

How to Contact the WI DOR:

<https://www.revenue.wi.gov/>

Forms and Publications:

<https://www.revenue.wi.gov/Pages/ContactUs/home.aspx>

Assistance for Individuals:

<https://www.revenue.wi.gov/Pages/HTML/formpub.aspx>

(608) 266-2486