

## 1042S Explanation of Codes

### Box 1. Income code

Code	Types of Income
<b>Interest</b>	
01	Interest paid by U.S. obligors-general
02	Interest paid on real property mortgages
03	Interest paid to controlling foreign corporations
04	Interest paid by foreign corporations
05	Interest on tax-free covenant bonds
22	Interest paid on deposit with a foreign branch of a domestic corporation or partnership
29	Deposit interest
30	Original issue discount (OID)
31	Short-term OID
33	Substitute payment--interest
51	Interest paid on certain actively traded or publicly offered securities <sup>1</sup>
54	Substitute payments-interest from certain actively traded or publicly offered securities <sup>1</sup>
<b>Dividend</b>	
06	Dividends paid by U.S. corporations-general
07	Dividends qualifying for direct dividend rate
08	Dividends paid by foreign corporations
34	Substitute payment--dividends
40	Other dividend equivalents under Internal Revenue Code (IRC) section 871(m) (formerly 87(l))
52	Dividends paid on certain actively traded or publicly offered securities <sup>1</sup>
53	Substitute payments-dividends from certain actively traded or publicly offered securities <sup>1</sup>
<b>Other</b>	
09	Capital gains
10	Industrial royalties
11	Motion picture or television copyright royalties
12	Other royalties (for example, copyright, software, broadcasting, endorsement payments)
13	Royalties paid on certain publicly offered securities <sup>1</sup>
14	Real property income and natural resources royalties
15	Pensions, annuities, alimony, and/or insurance premiums
16	Scholarship or fellowship grants
17	Compensation for independent personal services <sup>2</sup>
18	Compensation for dependent personal services <sup>2</sup>
19	Compensation for teaching <sup>2</sup>
20	Compensation during studying and training <sup>2</sup>
23	Other income
24	Qualified investment entity (QIE) distributions of capital gains
25	Trust distributions subject to IRC section 1445
26	Unsevered growing crops and timber distributions by a trust subject to IRC section 1445
27	Publicly traded partnership distributions subject to IRC section 1446
28	Gambling winnings <sup>3</sup>
32	Notional principal contract income <sup>4</sup>
35	Substitute payment-- other
36	Capital gains distributions
37	Return of capital
38	Eligible deferred compensation items subject to IRC section 877A(d)(1)
39	Distributions from a nongrantor trust subject to IRC section 877A(f)(1)
41	Guarantee of indebtedness
42	Earnings as an artist or athlete--no central withholding agreement <sup>5</sup>
43	Earnings as an artist or athlete--central withholding agreement <sup>5</sup>
44	Specified Federal procurement payments
50	Income previously reported under escrow procedure <sup>6</sup>
55	Taxable death benefits on life insurance contracts

**Code Boxes 3a and 4a. Exemption Code (applies if the tax rate entered in box 3b or 4b is 00.00)**

**Chapter 3 Authority for Exemption**

01	Effectively connected income
02	Exempt under IRC <sup>7</sup>
03	Income is not from U.S. sources
04	Exempt under tax treaty
05	Portfolio interest exempt under IRC
06	Qualified intermediary that assumes primary withholding responsibility
07	Withholding foreign partnership or withholding foreign trust

- 08 U.S. branch treated as U.S. person
- 09 Territory financial institution treated as U.S. person
- 10 Qualified intermediary represents that income is exempt
- 11 Qualified securities lender that assumes primary withholding responsibility
- 12 Payee subjected to chapter 4 withholding
- 22 Qualified Derivatives Dealers that assumes primary withholding responsibilities
- 23 Exempt under section 897(l)
- 24 Exempt under section 892

**Chapter 4**

- 13 Grandfathered payment
- 14 Effectively connected income
- 15 Payee not subject to chapter 4 withholding
- 16 Excluded nonfinancial payment
- 17 Foreign Entity that assumes primary withholding responsibility
- 18 U.S. Payees-of participating FFI or registered deemed-compliant FFI
- 19 Exempt from withholding under Inter-Governmental Agreement (IGA)<sup>8</sup>
- 20 Dormant account<sup>9</sup>
- 21 Other-payment not subject to chapter 4 withholding

**Boxes 12b, 12c, 13f, 13g, 15b, 15c, 16d, & 16e. Withholding Agent, Recipient, Intermediary, & Payer Chapter 3 & Chapter 4 Status Codes**

**Code**

**Chapter 3 Type of Recipient, Withholding Agent, Payer of Intermediary Code**

- 03 Territory Financial Institution (FI) - treated as U.S. person
- 04 Territory FI - not treated as U.S. person
- 05 U.S. branch - treated as U.S. person
- 06 U.S. branch - not treated as U.S. person
- 07 U.S. branch - Effectively Connected Income (ECI) presumption applied
- 08 Partnership other than Withholding Foreign Partnership
- 09 Withholding Foreign Partnership
- 10 Trust other than Withholding Foreign Trust
- 11 Withholding Foreign Trust
- 12 Qualified Intermediary
- 13 Qualified Securities Lender—Qualified Intermediary
- 14 Qualified Securities Lender—Other
- 15 Corporation
- 16 Individual
- 17 Estate
- 18 Private Foundation
- 19 International Organization
- 20 Tax Exempt Organization (Section 501(c) entities)
- 21 Unknown Recipient
- 22 Artist or Athlete
- 23 Pension
- 24 Foreign Central Bank of Issue
- 25 Nonqualified Intermediary
- 26 Hybrid entity making Treaty Claim
- 35 Qualified Derivatives Dealers
- 36 Foreign Government – Integral Part
- 37 Foreign Government – Controlled Entity

**Pooled Reporting Codes<sup>10</sup>**

- 27 Withholding Rate Pool – General
- 28 Withholding Rate Pool – Exempt Organization
- 29 Private Arrangement Intermediary Withholding Rate Pool—General
- 30 Private Arrangement Intermediary Withholding Rate Pool—Exempt Organization
- 31 Agency Withholding Rate Pool—General
- 32 Agency Withholding Rate Pool—Exempt Organization

**Chapter 4 Status Codes**

- 01 U.S. Withholding Agent - FI
- 02 U.S. Withholding Agent - Other
- 03 Territory FI - not treated as U.S. person
- 04 Territory FI - treated as U.S. person
- 05 Participating Foreign Financial Institution (FFI) - Other
- 06 Participating FFI - Reporting Model 2 FFI
- 07 Registered Deemed-Compliant FFI - Reporting Model 1 FFI
- 08 Registered Deemed-Compliant FFI - Sponsored Entity

- 09 Registered Deemed-Compliant FFI - Other
- 10 Certified Deemed-Compliant FFI—Other
- 11 Certified Deemed-Compliant FFI— FFI with Low Value Accounts
- 12 Certified Deemed-Compliant FFI—Non-Registering Local Bank
- 13 Certified Deemed-Compliant FFI—Sponsored Entity
- 14 Certified Deemed-Compliant FFI—Investment entity that does not maintain financial accounts
- 15 Nonparticipating FFI
- 16 Owner-Documented FFI
- 17 U.S. Branch - treated as a U.S. person
- 18 U.S. Branch - not treated as a U.S. person (reporting under section 1471)
- 19 Passive Non-Financial Foreign Entity (NFFE) identifying Substantial US Owners
- 20 Passive NFFE with no Substantial US Owners
- 21 Publicly Traded NFFE or Affiliate of Publicly Traded NFFE
- 22 Active Non-Financial Foreign Entity
- 23 Individual
- 24 Section 501(c ) Entities
- 25 Excepted Territory NFFE
- 26 Excepted NFFE- Other
- 27 Exempt Beneficial Owner
- 28 Entity Wholly Owned by Exempt Beneficial Owners
- 29 Unknown Recipient
- 30 Recalcitrant Account Holder
- 31 Nonreporting IGA FFI
- 32 Direct reporting NFFE
- 33 U.S. reportable account
- 34 Nonconsenting U.S. account
- 35 Sponsored direct reporting NFFE
- 36 Excepted Inter-affiliate FFI
- 37 Undocumented Preexisting Obligation
- 38 U.S. Branch—ECI presumption applied
- 39 Account Holder of Excluded Financial Account<sup>11</sup>
- 40 Passive NFFE reported by FFI<sup>12</sup>
- 41 NFFE subject to 1472 withholding
- 50 U.S. Withholding Agent-Foreign branch of FI

**Pooled Reporting Codes**

- 42 Recalcitrant Pool - No U.S. Indicia
- 43 Recalcitrant Pool - U.S. Indicia
- 44 Recalcitrant Pool – Dormant Account
- 45 Recalcitrant Pool - U.S. Persons
- 46 Recalcitrant Pool - Passive NFFEs
- 47 Nonparticipating FFI Pool
- 48 U.S. Payees Pool
- 49 Qualified Intermediary-Recalcitrant Pool—General<sup>13</sup>

**Box 13j** LOB Code (enter the code that best describes the applicable limitation on benefits (LOB) category that qualifies the taxpayer for the requested treaty benefits).

Code	LOB Treaty Category
02	Government – contracting state/political subdivision/local authority
03	Tax exempt pension trust/Pension fund
04	Tax exempt/Charitable organization
05	Publicly traded corporation
06	Subsidiary of publicly traded corporation
07	Company that meets the ownership and base erosion test
08	Company that meets the derivative benefits test
09	Company with an item of income that meets the active trade or business test
10	Discretionary determination
11	Other

<sup>1</sup> This code should only be used if the income paid is described in Regulations section 1.1441-6(c)(2) and withholding agent has reduced the rate of withholding under an income tax treaty without the recipient providing a U.S. or foreign TIN.

<sup>2</sup> If compensation that otherwise would be covered under Income Codes 17 through 20 is directly attributable to the recipient’s occupation as an artist or athlete, use Income Code 42 or 43 instead.

<sup>3</sup> Subject to 30% withholding rate unless the recipient is from one of the treaty countries listed under Gambling winnings (Income Code 28) in Pub. 515.

<sup>4</sup> Use appropriate Interest Income Code for embedded interest in a notional principal contract.

- 5** Income Code 43 should only be used if Letter 4492, Venue Notification, has been issued by the Internal Revenue Service (otherwise use Income Code 42 for earnings as an artist or athlete). If Income Code 42 or 43 is used, Recipient Code 22 (artist or athlete) should be used instead of Recipient Code 16 (individual), 15 (corporation), or 08 (partnership other than withholding foreign partnership).
- 6** Use only to report gross income the tax for which is being deposited in the current year because such tax was previously escrowed for chapters 3 and 4 and the withholding agent previously reported the gross income in a prior year and checked the box to report the tax as not deposited under the escrow procedure. See the instructions to this form for further explanation.
- 7** This code should only be used if no other specific chapter 3 exemption code applies
- 8** Use only to report a U.S. reportable account or nonconsenting U.S. account that is receiving a payment subject to chapter 3 withholding.
- 9** Use only if applying the escrow procedure for dormant accounts under Regulations section 1.1471-4(b)(6). If tax was withheld and deposited under chapter 3, do not check box 7b ("tax not deposited with the IRS pursuant to escrow procedure"). You must instead enter "3" in box 3 and complete box 3b.
- 10** Codes 27 through 32 should only be used by a QI, QSL, WP, or WT. a QI acting as a QDD may use code 27 or 28.
- 11** This code should only be used if income is paid to an account that is excluded from the definition of financial account under Regulations section 1.1471-5(b)(2) or under Annex II of the applicable Model 1 IGA or Model 2 IGA.
- 12** This code should only be used when the withholding agent has received a certification on the FFI withholding statement of a participating FFI or registered deemed compliant FFI that maintains the account that the FFI has reported the account held by the passive NFFE as a U.S. account (or U.S. reportable account) under its FATCA requirements. The withholding agent must report the name and GIIN of such FFI in boxes 15d and 15e.
- 13** This code should only be used by a withholding agent that is reporting a payment (or portion of a payment) made to a QI with respect to the QI's recalcitrant account holders.