

Requirements Definitions  
Form 1042-S – 2004 Tax Year  
Service Request 16940

University of California  
Payroll Coordination  
December 14, 2004

Requirements for Forms 1042-S

Table of Contents

	Page
I. Overview	1
II. Form 1042-S	1
III. 1042-S Reporting File Changes	1
IV. Magnetic Media	1
V. Implementation	6

## **I. Overview**

The purpose of this document is to request modifications to the Form 1042-S (Foreign Person's U.S. Source Income Subject to Withholding) process and the magnetic media for the 2004 tax year.

## **II. Form 1042-S**

The following change should be made to the Form 1042-S:

The laser printed Form 1042-S should be modified to change the year from 2003 to 2004.

## **III. 1042-S Reporting File Changes**

### Income Code 15

Currently income code 15 is only passed from the Accounts Payable System (APS) into the 1042-S Reporting File. Beginning in January 2005 income code 15 will be a valid value in the Payroll Personnel System (PPS). The 1042-S Reporting File should be modified to allow income code 15 from either the APS or PPS. Please note that income code 15 was added to the list of valid values for Data Element 1170 in Release 1605.

### Nonresident Exempt Alien Report

Release 1612 added a separate gross (Data Element 5555) to collect the nonresident alien's taxable fellowship/scholarship gross and a separate Gross-To-Net (GTN) number 636 was established to collect the Federal tax. Since the Postdoctoral fellows paid through the PPS is effective January 1, 2005. The changes to the Nonresident Exempt Alien Report, PPP6008 will be done for the 2005 tax reporting year.

## **IV. Magnetic Media**

The Internal Revenue Service (IRS) Publication 1187 "Specifications for Filing Form 1042-S, Foreign Persons U.S. Source Income Subject to Withholding, Magnetically or Electronically" announced the following changes for the tax year 2004. A hard copy of the publication is available at the IRS web site <http://www.irs.ustreas.gov/pub/irs-irbs/irb04-45.pdf> beginning with page 795.

Transmitter “T” Record Layout Changes

1. The tax year should be changed from 2003 to 2004 in the Transmitter “T” record.
2. The Field Title and Description in Field Position 199-778 should be modified. Currently the information listed in this field is as follows:

Field Position	Field Title	Length	Description	EDB Element
199-778	Reserved	580	Blank fill	

The information should be modified as follows:

Field Position	Field Title	Length	Description	EDB Element
199	Prior Year Indicator	1	Required. Enter a “P” only if reporting prior year data; otherwise, enter blank. Do not enter a “P” for current year information.	
200-770	Reserved	571	Blank fill	
771-778	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the “T” record will always be “1” (one), since it is the first record on your file and you can have only one “T” record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the “T” record sequence number would appear as “00000001” in the field, the first “W” record would be “00000002”, the first “Q” record, “00000003”, the second “Q” record, “00000004” and so on until you reach the final record of the file, the “F” record.	

Withholding Agent “W” Record Changes

1. The tax year should be changed from 2003 to 2004 in the Withholding “W” record.
2. The Field Title and Description in Field Position 13 should be modified. Currently the information listed in this field is as follows:

Field Position	Field Title	Length	Description	EDB Element
13	Withholding Agent’s EIN Indicator	1	Required. Enter the withholding agent’s EIN indicator from the following values: <ul style="list-style-type: none"> <li>• 1=EIN</li> <li>• 2= QI-EIN</li> </ul>	Enter “1”
294-778	Reserved	485	Blank fill	Blank fill

The information should be modified as follows:

Field Position	Field Title	Length	Description	EDB Element
13	Withholding Agent’s EIN Indicator	1	Required. Enter the withholding agent’s EIN indicator from the following values: <ul style="list-style-type: none"> <li>• 0 (zero) =EIN</li> <li>• 1= QI-EIN, WP-EIN, WT-EIN</li> <li>• 2= NQI-EIN</li> </ul>	Enter “0”
294-770	Reserved	477	Blank fill	Blank fill
771-778	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the “T” record will always be “1” (one), since it is the first record on your file and you can have only one “T” record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the “T” record sequence number would appear as “00000001” in the field, the first “W” record would be “00000002”, the first “Q” record, “00000003”, the second “Q” record, “00000004” and so on until you reach the final record of the file, the “F” record.	

Recipient "Q" Record Layout

The Field Title and Description in Field Position 761-778 should be modified.

Currently the information listed in this field is as follows:

Field Position	Field Title	Length	Description	EDB Element
761-778	Reserved	18	Enter blanks	Blank fill

The information should be modified as follows:

Field Position	Field Title	Length	Description	EDB Element
761-770	Reserved	10	Enter blanks	Blank fill
771-778	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "W" record would be "00000002", the first "Q" record, "00000003", the second "Q" record, "00000004" and so on until you reach the final record of the file, the "F" record.	

In addition to the above changes to the "Q" record the following change should be made. Currently the information listed in this field is as follows:

Field Position	Field Title	Length	Description	EDB Element
338-339	Recipient's Country Code	2	Required. Enter two-character Country Code abbreviation, if applicable.	0143

The information should be modified as follows:

Field Position	Field Title	Length	Description	EDB Element
338-339	Recipient's Country Code	2	Required if the recipient has a foreign address. Enter the two-character Country Code abbreviation. If a state code is entered in positions 334-335, leave this field blank.	1118

Service Request 16940

Reconciliation "C" Record

The information in Field Position, Field Title and Description should be modified.

Currently the information listed in this field is as follows:

Field Position	Field Title	Length	Description	EDB Element
46-778	Reserved	733		Blank fill

A new field Record Sequence Number was added in positions 771-778. The information for this field is listed below:

Field Position	Field Title	Length	Description	EDB Element
46-770	Reserved	725	Blank fill	
771-778	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "W" record would be "00000002", the first "Q" record, "00000003", the second "Q" record, "00000004" and so on until you reach the final record of the file, the "F" record.	

End of Transmission 'F' Record

The information in Field Position, Field Title and Description should be modified.

Currently the information listed in these fields is as follows:

Field	Field Title	Length	Description	EDB
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Service Request 16940

Position		h	Element
8-778	Reserved	771	Blank fill

A new field Record Sequence Number was added in positions 771-778. The information for this field is listed below:

Field Position	Field Title	Length	Description	EDB Element
771-778	Record Sequence Number	8	Required. Enter the number of the record as it appears within your file. The record sequence number for the "T" record will always be "1" (one), since it is the first record on your file and you can have only one "T" record in a file. Each record, thereafter, must be incremented by one in ascending numerical sequence, i.e., 2, 3, 4, etc. Right-justify numbers with leading zeroes in the field. For example, the "T" record sequence number would appear as "00000001" in the field, the first "W" record would be "00000002", the first "Q" record, "00000003", the second "Q" record, "00000004" and so on until you reach the final record of the file, the "F" record.	

**V. Implementation**

The due date for filing Forms 1042-S, whether filed on paper, electronically, or on magnetic media, with the IRS must be postmarked on or before March 15, 2005. We are required to furnish Form 1042-S to the recipient on or before March 15, 2005.