

June 4, 2022

1042 ATS Scenario 3

Taxpayer: Withholding Agent Q

TIN: 00-50000003

Forms Included in the Scenario:

- Form 1042
- Form 1042-S
- Form 1042 Schedule Q (2)
- Form 1099-B

Additional Information:

BusinessOfficer Grp:

PersonNm = Kirk Hickory

PersonTitleTxt = President

PhoneNum = 555-555-5555

ForeignPhoneNum = 44-11-1111-1111

Signing Officer Group:

SSN = 400-00-1031

PersonFirstNm = Mel Oak

Form 1042 filed by a WA (that is a QDD) claiming a line 67 credit substantiated by a Form 1042-S and a Form 1099-B, and two Schedules Q attached (for two different branches).

**Annual Withholding Tax Return for U.S. Source
Income of Foreign Persons**

2022

Go to www.irs.gov/Form1042 for instructions and the latest information.

If this is an amended return, check here

Name of withholding agent WITHHOLDING AGENT Q		Employer identification number 00-5000003	For IRS Use Only	
Ch. 3 Status Code 35	Ch. 4 Status Code 06	CC	FD	
Number, street, and room or suite no. (If a P.O. box, see instructions.) 3 APPLE COURT		RD	FF	
City or town, state or province, country, and ZIP or foreign postal code LONDON, W1A 1AE		CAF	FP	
		CR	I	
		EDC	SIC	

If you do not expect to file this return in the future, check here Enter date final income paid

Section 1 Record of Federal Tax Liability (do not show federal tax deposits here)

Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)	Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)	Line No.	Period ending	Tax liability for period (including any taxes assumed on Form(s) 1000)
1	7		21	7		41	7	35000
2	Jan. 15		22	May 15		42	Sept. 15	
3	22	15000	23	22		43	22	
4	31		24	31		44	30	
5	Jan. total	15000	25	May total		45	Sept. total	35000
6	7		26	7		46	7	
7	Feb. 15		27	June 15		47	Oct. 15	
8	22		28	22		48	22	100000
9	28		29	30		49	31	
10	Feb. total		30	June total		50	Oct. total	100000
11	7		31	7		51	7	
12	Mar. 15		32	July 15		52	Nov. 15	150000
13	22		33	22		53	22	
14	31		34	31		54	30	
15	Mar. total		35	July total		55	Nov. total	150000
16	7		36	7		56	7	
17	Apr. 15		37	Aug. 15		57	Dec. 15	
18	22		38	22		58	22	150000
19	30	50000	39	31		59	31	
20	Apr. total	50000	40	Aug. total		60	Dec. total	150000

Note: The totals from the above table are to be entered on lines 64b through 64d (as indicated in the instructions for those lines).

61 No. of Forms 1042-S filed: a On paper _____ b Electronically **10**

62 Total gross amounts reported on all Forms 1042-S and 1000:

a Total U.S. source FDAP income (other than U.S. source substitute payments) reported	62a	2100050
b Total U.S. source substitute payments reported:		
(1) Total U.S. source substitute dividend payments reported g.	62b(1)	
(2) Total U.S. source substitute payments reported other than substitute dividend payments	62b(2)	
c Total gross amounts reported (add lines 62a-b)	62c	2100050
d Enter gross amounts actually paid if different from gross amounts reported	62d	0

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see instructions)? Yes. Complete the following. No

Designee's name	Phone no.	Personal identification number (PIN)
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Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.

Your signature	Date	Capacity in which acting Tax Director
		Daytime phone number 202-111-1111

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name			Firm's EIN	
Firm's address			Phone no.	

63	Total tax reported as withheld or paid by withholding agent on all Forms 1042-S and 1000:		
a	Tax withheld by withholding agent	63a	380000
b	Tax withheld by other withholding agents:		
(1)	For payments other than substitute dividends	63b(1)	80000
(2)	For substitute dividends	63b(2)	20000
c	Adjustments to withholding:		
(1)	Adjustments to overwithholding	63c(1)	()
(2)	Adjustments to underwithholding	63c(2)	10000
d	Tax paid by withholding agent	63d	10000
e	Total tax reported as withheld or paid (add lines 63a-d)	63e	500000

Computation of Tax Due or Overpayment

64	Total net tax liability		
a	Adjustments to total net tax liability	64a	
b	Total net tax liability under chapter 3	64b	500000
c	Total net tax liability under chapter 4	64c	
d	Excise tax on specified federal procurement payments (total payments made x 2% (0.02))	64d	
e	Total net tax liability (add lines 64a-d)	64e	500000
65	Total paid by electronic funds transfer (or with a request for extension of time to file):		
a	Total paid during calendar year	65a	380000
b	Total paid during subsequent year	65b	10000
66	Enter overpayment applied as credit from 2021 Form 1042	66	10000
67	Credit for amounts withheld by other withholding agents:		
a	For payments other than substitute dividend payments	67a	80000
b	For substitute dividend payments	67b	20000
68	Total payments. Add lines 65 through 67	68	500000
69	If line 64e is larger than line 68, enter balance due here	69	
70a	Enter overpayment attributable to overwithholding on U.S. source income of foreign persons	70a	
b	Enter overpayment attributable to excise tax on specified federal procurement payments	70b	
71	Apply overpayment (sum of lines 70a and 70b) to (check one) : <input type="checkbox"/> Credit on 2023 Form 1042 or <input type="checkbox"/> Refund C		

Section 2 Reconciliation of Payments of U.S. Source FDAP Income

1	Total U.S. source FDAP income required to be withheld upon under chapter 4	1	
2	Total U.S. source FDAP income required to be reported under chapter 4 but not required to be withheld upon under chapter 4 because:		
a	Amount of income paid to recipients whose chapter 4 status established no withholding is required	2a	2100050
b	Amount of excluded nonfinancial payments	2b	
c	Amount of income paid with respect to grandfathered obligations	2c	
d	Amount of income effectively connected with the conduct of a trade or business in the U.S.	2d	
e	Total U.S. source FDAP income required to be reported under chapter 4 but not required to be withheld upon under chapter 4 (add lines 2a-d)	2e	2100050
3	Total U.S. source FDAP income reportable under chapter 4 (add lines 1 and 2e)	3	2100050
4	Total U.S. source FDAP income reported on all Forms 1042-S (from line 62a, (b)(1), and (b)(2))	4	2100050
5	Total variance, subtract line 3 from line 4; if amount other than zero, provide explanation on line 6.	5	0
6			

Section 3 Potential Section 871(m) Transactions

Check here if any payments (including gross proceeds) were made by the withholding agent under a potential section 871(m) transaction, including a notional principal contract or other derivatives contract that references (in whole or in part) a U.S. stock or other underlying security. See instructions

Section 4 Dividend Equivalent Payments by a Qualified Derivatives Dealer (QDD)

Check here if any payments were made by a QDD

If box is checked, you must:

(1) Attach Schedule Q (Form 1042). See instructions.

(2) Enter the EIN (not the QI-EIN) of the QDD **98-0000321**

**SCHEDULE Q
(Form 1042)**

Tax Liability of Qualified Derivatives Dealer (QDD)

OMB No. 1545-0096

2021

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1042.

▶ Go to www.irs.gov/Form1042 for the latest information.

WITHHOLDING AGENT Q Name of QDD	Employer identification number 00-5000003
BRANCH A QDD Tax Year (enter month, day, and year for beginning and ending dates) Beginning JANUARY 1 , 20 22 , and ending DECEMBER 31 , 20 22 .	QI-EIN 00-5500000
Indicate the year or portion of the year to which the schedule relates (enter month, day, and year beginning and ending dates) Beginning JANUARY 1 , 20 22 , and ending DECEMBER 31 , 20 22 .	Schedule <u> 1 </u> of <u> 2 </u>

Summary of QDD Tax Liability		(a) Gross Amount	(b) Withholding Tax Rate	(c) Amount of Tax Liability (column (a) x column (b))
1	Total section 871(m) amount	0	0	0
2	Total dividends received in equity derivatives dealer capacity	15000	30.00	4500
3	Total QDD tax liability pursuant to section 3.09(A) of the Qualified Intermediary Agreement			
4	Total QDD tax liability pursuant to section 3.09(B) of the Qualified Intermediary Agreement			
5	Total QDD tax liability pursuant to section 3.09(C) of the Qualified Intermediary Agreement:			
a	Income Type ▶ _____			
b	Income Type ▶ _____			
c	Income Type ▶ _____			
d	Income Type ▶ _____			
6	Total of line 5 amounts			

Who Must File

If the taxpayer or any branch of the taxpayer was a qualified derivatives dealer (QDD) (defined below) during the tax year, Schedule Q must be completed and filed for each of those QDDs. The taxpayer must file Schedule Q as an attachment to Form 1042 even if the QDD has zero tax liability.

Qualified derivatives dealer (QDD). A QDD is a home office or branch that, in accordance with the qualified intermediary agreement (QIA) (defined below), qualifies and has been approved for QDD status and satisfies the requirements of the QIA. See the QIA for additional information.

Qualified intermediary agreement (QIA). The QIA is section 6 of Rev. Proc. 2017-15.

General Instructions

A separate Schedule Q is required for each QDD. In addition, if a taxpayer has a fiscal year rather than a calendar year, the taxpayer must provide a separate Schedule Q for each QDD for each portion of the fiscal year that falls within the calendar year.

Example. A QDD with a fiscal year beginning September 1 and ending August 31 would complete 2 schedules. One for the period of January 1, 2021, through August 31, 2021, and one for the period of September 1, 2021, through December 31, 2021.

Specific Instructions

Name of QDD. The name of the QDD should follow the naming protocol used for applying to be a QDD.

Number of schedules filed. A QDD may be required to file multiple Schedules Q, for example, if it has multiple branches that are QDDs or if it is a fiscal year taxpayer (as explained in *General Instructions* above). Indicate the number of each Schedule Q filed, as well as the total number of Schedules Q being filed by the taxpayer in the entry spaces provided.

Column (c), Amount of Tax Liability. Except as provided in the Note immediately below, the amount in column (c) is determined by multiplying column (a) by column (b). This column is not reduced by any withholding that has occurred.

Note: For calendar years 2018 through 2022, certain information is not required, as indicated in the line instructions below. However, if the taxpayer has a fiscal year rather than a calendar year, that begins in 2022, information is required for any amounts paid or accrued on or after January 1, 2023.

Line 1. The gross amount to be entered in column (a) is the sum of each section 871(m) amount for the QDD for the relevant period. See section 2.73 of the QIA for the definition of section 871(m) amount.

Note: For calendar years 2019 through 2022, this information is not required.

Line 2. For calendar years 2019 through 2022, only the gross amount (column (a)) and tax rate (column (b)) are required.

Line 3. Column (c) is the sum of each section 3.09(A) amount for the QDD for the relevant period.

Note: For calendar years 2019 through 2022, this information is not required.

Line 4. Enter the information requested in columns (a), (b), and (c).

Line 5. In addition to specifying the type of income (for example, dividends or interest), enter the information requested in columns (a), (b), and (c) separately for each income type. For dividends, include all dividends, including dividends separately stated on line 2.

Note: For calendar years 2019 through 2022, do not include dividends included in line 2.

**SCHEDULE Q
(Form 1042)**

Tax Liability of Qualified Derivatives Dealer (QDD)

OMB No. 1545-0096

2021

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1042.

▶ Go to www.irs.gov/Form1042 for the latest information.

Name of taxpayer		Employer identification number	
WITHHOLDING AGENT Q		00-5000003	
Name of QDD		QI-EIN	
BRANCH B		00-5550000	
QDD Tax Year (enter month, day, and year for beginning and ending dates)		Schedule <u>2</u> of <u>2</u>	
Beginning JANUARY 1 , 20 22 , and ending DECEMBER 31 , 20 22 .			
Indicate the year or portion of the year to which the schedule relates (enter month, day, and year beginning and ending dates)			
Beginning JANUARY 1 , 20 22 , and ending DECEMBER 31 , 20 22 .			

Summary of QDD Tax Liability		(a) Gross Amount	(b) Withholding Tax Rate	(c) Amount of Tax Liability (column (a) x column (b))
1	Total section 871(m) amount	0	0	0
2	Total dividends received in equity derivatives dealer capacity	200000	30.00	60000
3	Total QDD tax liability pursuant to section 3.09(A) of the Qualified Intermediary Agreement			
4	Total QDD tax liability pursuant to section 3.09(B) of the Qualified Intermediary Agreement			
5	Total QDD tax liability pursuant to section 3.09(C) of the Qualified Intermediary Agreement:			
a	Income Type ▶ _____			
b	Income Type ▶ _____			
c	Income Type ▶ _____			
d	Income Type ▶ _____			
6	Total of line 5 amounts			

Who Must File

If the taxpayer or any branch of the taxpayer was a qualified derivatives dealer (QDD) (defined below) during the tax year, Schedule Q must be completed and filed for each of those QDDs. The taxpayer must file Schedule Q as an attachment to Form 1042 even if the QDD has zero tax liability.

Qualified derivatives dealer (QDD). A QDD is a home office or branch that, in accordance with the qualified intermediary agreement (QIA) (defined below), qualifies and has been approved for QDD status and satisfies the requirements of the QIA. See the QIA for additional information.

Qualified intermediary agreement (QIA). The QIA is section 6 of Rev. Proc. 2017-15.

General Instructions

A separate Schedule Q is required for each QDD. In addition, if a taxpayer has a fiscal year rather than a calendar year, the taxpayer must provide a separate Schedule Q for each QDD for each portion of the fiscal year that falls within the calendar year.

Example. A QDD with a fiscal year beginning September 1 and ending August 31 would complete 2 schedules. One for the period of January 1, 2021, through August 31, 2021, and one for the period of September 1, 2021, through December 31, 2021.

Specific Instructions

Name of QDD. The name of the QDD should follow the naming protocol used for applying to be a QDD.

Number of schedules filed. A QDD may be required to file multiple Schedules Q, for example, if it has multiple branches that are QDDs or if it is a fiscal year taxpayer (as explained in *General Instructions* above). Indicate the number of each Schedule Q filed, as well as the total number of Schedules Q being filed by the taxpayer in the entry spaces provided.

Column (c), Amount of Tax Liability. Except as provided in the Note immediately below, the amount in column (c) is determined by multiplying column (a) by column (b). This column is not reduced by any withholding that has occurred.

Note: For calendar years 2018 through 2022, certain information is not required, as indicated in the line instructions below. However, if the taxpayer has a fiscal year rather than a calendar year, that begins in 2022, information is required for any amounts paid or accrued on or after January 1, 2023.

Line 1. The gross amount to be entered in column (a) is the sum of each section 871(m) amount for the QDD for the relevant period. See section 2.73 of the QIA for the definition of section 871(m) amount.

Note: For calendar years 2019 through 2022, this information is not required.

Line 2. For calendar years 2019 through 2022, only the gross amount (column (a)) and tax rate (column (b)) are required.

Line 3. Column (c) is the sum of each section 3.09(A) amount for the QDD for the relevant period.

Note: For calendar years 2019 through 2022, this information is not required.

Line 4. Enter the information requested in columns (a), (b), and (c).

Line 5. In addition to specifying the type of income (for example, dividends or interest), enter the information requested in columns (a), (b), and (c) separately for each income type. For dividends, include all dividends, including dividends separately stated on line 2.

Note: For calendar years 2019 through 2022, do not include dividends included in line 2.

00000000123 UNIQUE FORM IDENTIFIER AMENDED AMENDMENT NO.

1 Income code 34	2 Gross income 200000	3 Chapter indicator. Enter "3" or "4" 3	3a Exemption code	4a Exemption code 15	13e Recipient's U.S. TIN, if any 00-5000003	13f Ch. 3 status code 35	13g Ch. 4 status code 06
5 Withholding allowance		3b Tax rate 10.00	4b Tax rate 00.00	13h Recipient's GIIN 12AAAA.99999.SL.111	13i Recipient's foreign tax identification number, if any	13j LOB code 07	
6 Net income				13k Recipient's account number			
7a Federal tax withheld 20000				13l Recipient's date of birth (YYYYMMDD)			
7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions) <input type="checkbox"/>				14a Primary Withholding Agent's Name (if applicable)			
7c Check if withholding occurred in subsequent year with respect to a partnership interest <input type="checkbox"/>				14b Primary Withholding Agent's EIN		15 Check if pro-rata basis reporting <input type="checkbox"/>	
8 Tax withheld by other agents				15a Intermediary or flow-through entity's EIN, if any		15b Ch. 3 status code	15c Ch. 4 status code
9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions) ()				15d Intermediary or flow-through entity's name			
10 Total withholding credit (combine boxes 7a, 8, and 9) 20000				15e Intermediary or flow-through entity's GIIN			
11 Tax paid by withholding agent (amounts not withheld) (see instructions)		12a Withholding agent's EIN 00-3333333	12b Ch. 3 status code 15	12c Ch. 4 status code 06	15f Country code		15g Foreign tax identification number, if any
12d Withholding agent's name PAYER BANK				15h Address (number and street)			
12e Withholding agent's Global Intermediary Identification Number (GIIN)				15i City or town, state or province, country, ZIP or foreign postal code			
12f Country code UK	12g Foreign tax identification number, if any				16a Payer's name		16b Payer's TIN
12h Address (number and street) 12 JUNGLE SQUARE				16c Payer's GIIN		16d Ch. 3 status code	16e Ch. 4 status code
12i City or town, state or province, country, ZIP or foreign postal code LONDON, W1A				17a State income tax withheld		17b Payer's state tax no.	17c Name of state
13a Recipient's name WITHHOLDING AGENT Q		13b Recipient's country code UK		13c Address (number and street) 3 APPLE COURT			
13d City or town, state or province, country, ZIP or foreign postal code LONDON, W1A 1AE							

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.			Applicable checkbox on Form 8949	OMB No. 1545-0715 2022 Form 1099-B	Proceeds From Broker and Barter Exchange Transactions
PAYER CO. 123 ANYSTREET ANYTOWN, KY 10000			1a Description of property (Example: 100 sh. XYZ Co.) 10 shares of XYZ Inc.		
PAYER'S TIN]	RECIPIENT'S TIN		1b Date acquired 1/1/2008	1c Date sold or disposed 2/15/2022	Copy B For Recipient This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
00-5555000	00-5000003		1d Proceeds \$ 285714	1e Cost or other basis \$ 100000	
			1f Accrued market discount \$	1g Wash sale loss disallowed \$	
RECIPIENT'S name		2 Short-term gain or loss <input type="checkbox"/>		3 If checked, proceeds from:	
WITHHOLDING AGENT Q		Long-term gain or loss <input type="checkbox"/>		Collectibles <input type="checkbox"/>	
Street address (including apt. no.)		Ordinary <input type="checkbox"/>		QOF <input type="checkbox"/>	
3 APPLE COURT		4 Federal income tax withheld \$ 80000		5 If checked, noncovered security <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		6 Reported to IRS:		7 If checked, loss is not allowed based on amount in 1d	
LONDON, W1A 1AE		Gross proceeds <input checked="" type="checkbox"/>			
Account number (see instructions)		Net proceeds <input type="checkbox"/>			
CUSIP number		8 Profit or (loss) realized in 2022 on closed contracts \$		9 Unrealized profit or (loss) on open contracts—12/31/2021 \$	
		FATCA filing requirement <input type="checkbox"/>		10 Unrealized profit or (loss) on open contracts—12/31/2022 \$	
14 State name	15 State identification no.	16 State tax withheld \$		11 Aggregate profit or (loss) on contracts \$	
		\$		12 If checked, basis reported to IRS <input type="checkbox"/>	
		\$		13 Bartering \$	

Form **1099-B**

(Keep for your records)

www.irs.gov/Form1099B

Department of the Treasury - Internal Revenue Service