

Daily Operations Section  
State Accounting Bureau

# 1042 Reporting:

Part 4 – Completing Form 1042-S





# 1042 Reporting: Dates & Deadlines!

For all reporting dates & deadlines visit our website –  
[sfsd.mt.gov/sab/resources](https://sfsd.mt.gov/sab/resources)

STATE FINANCIAL SERVICES DIVISION  
*Deliver services that support the transparency, accountability, and effective management of public funds*

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The term annual comprehensive financial report and acronym ACFR have been established to replace the report name and acronym previously used for the comprehensive annual financial report. The structure and contents of the report remain the same. For more information on the change, visit the Governmental Accounting Standards Board.

CALENDAR DATES	
AGENCY REPORTS, FORMS, SCHEDULES & TEMPLATES	
SERVICENOW	
FISCAL YEAR-END	

Print Week Month Agenda

DAILY OPERATIONS SECTION (DOS) | STATE ACCOUNTING BUREAU (SAB)

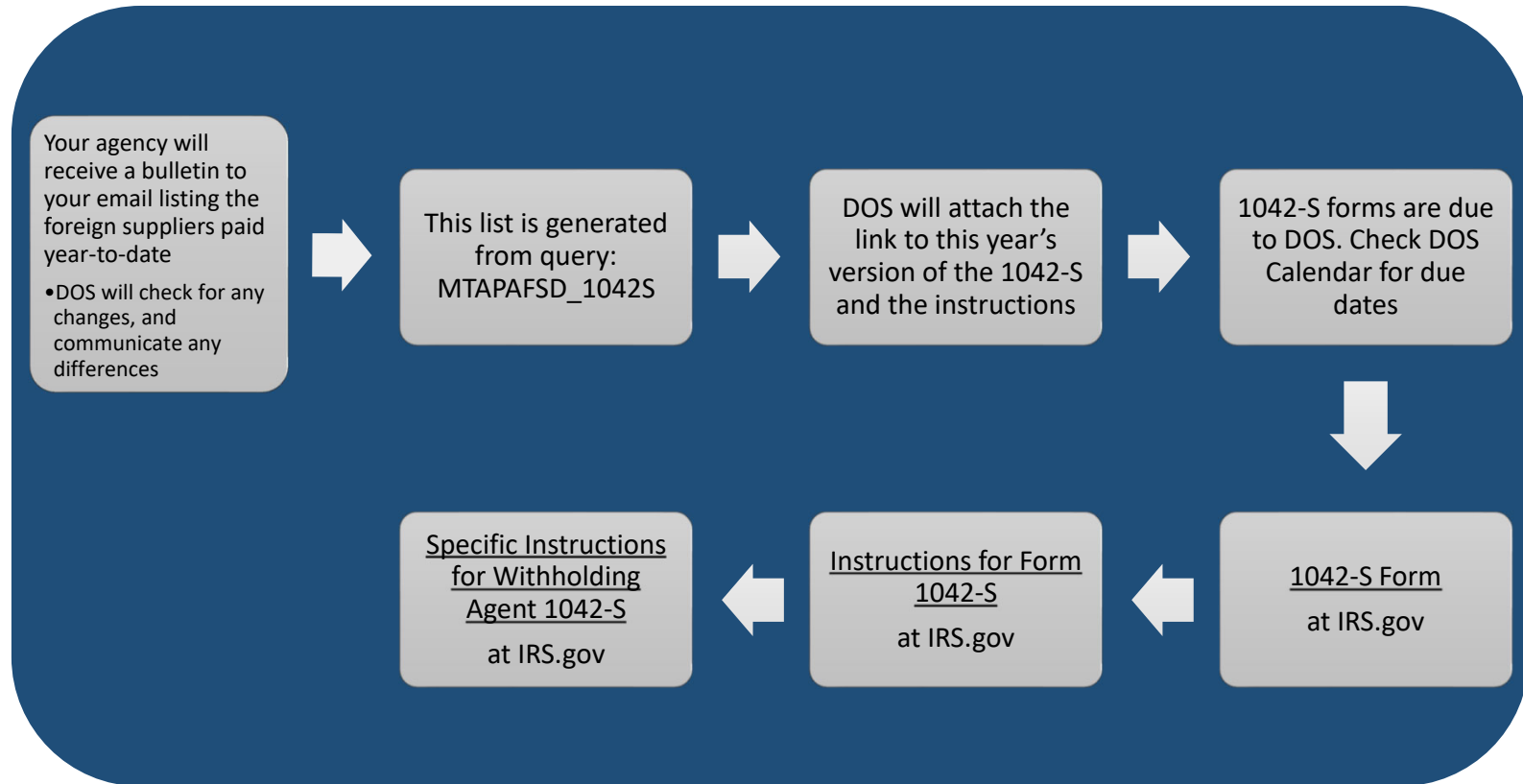


## 1042 Reporting: Purpose

- 1042's are used to report Foreign Supplier payments for U.S. tax purposes
- Assume all foreign payments are reportable unless your payment is a goods purchase. Goods purchases are not reportable.
- W-8s and invoices must be accurate, or it may trigger IRS red flags
- Failure to report or withhold as necessary could result in fines and penalties
  - IRS Compliance Campaign – If the IRS finds any red flags, letters are sent to SAB. SAB will contact your agency if it affects you



# 1042 Reporting: Process





# 1042-S Form

Form <b>1042-S</b>		Foreign Person's U.S. Source Income Subject to Withholding		2022		OMB No. 1545-0096	
Department of the Treasury Internal Revenue Service		Go to <a href="https://www.irs.gov/Form1042S">www.irs.gov/Form1042S</a> for instructions and the latest information.				Copy A for Internal Revenue Service	
		UNIQUE FORM IDENTIFIER		AMENDED		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		13g Ch. 4 status code	
		3a Exemption code	4a Exemption code	13h Recipient's GILIN		13i Recipient's foreign tax identification number, if any	
		3b Tax rate	4b Tax rate	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				14a Primary Withholding Agent's Name (if applicable)			
7b Check if federal tax withheld was not deposited with the IRS because escrow procedures were applied (see instructions)				14b Primary Withholding Agent's EIN		15 Check if pro-rata basis reporting	
7c Check if withholding occurred in subsequent year with respect to a partnership interest				15a Intermediary or flow-through entity's EIN, if any		15b Ch. 3 status code	
8 Tax withheld by other agents				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)				15e Intermediary or flow-through entity's GILIN			
11 Tax paid by withholding agent (amounts not withheld) (see instructions)				15f Country code		15g Foreign tax identification number, if any	
12a Withholding agent's EIN	12b Ch. 3 status code	12c Ch. 4 status code		15h Address (number and street)			
12d Withholding agent's name				15i City or town, state or province, country, ZIP or foreign postal code			
12e Withholding agent's Global Intermediary Identification Number (GILIN)				16a Payer's name		16b Payer's TIN	
12f Country code	12g Foreign tax identification number, if any				16c Payer's GILIN		16d Ch. 3 status code
12h Address (number and street)				16e Ch. 4 status code			
12i City or town, state or province, country, ZIP or foreign postal code				17a State income tax withheld		17b Payer's state tax no.	
13a Recipient's name		13b Recipient's country code		17c Name of state			
13c Address (number and street)							
13d City or town, state or province, country, ZIP or foreign postal code							

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11386R Form **1042-S** (2022)



## Form 1042-S: Required Fields

You must Complete all required fields

- At a minimum, you must enter information in
  - Box 1 – income code
  - Box 2 – gross income; cannot be zero
  - Box 3 – chapter indicator; either 3 or 4, not both
  - Box 7 – federal tax withheld; if any, if not 0.00
  - Box 12a – withholding agent’s EIN; 81-0302402
  - Box 12d – withholding agent’s name; State of Montana
  - Box 12h-i – withholding agent’s address; PO BOX 200102, Helena, MT 59620-1020
  - Box 13a – payee name
  - Specific instruction for withholding agent 1042-S
  - Depending on the status of each supplier, other entries may apply



## 1042 Reporting: Agency Responsibility

Never pay foreign suppliers with a PCard

Verify and procure correct and complete W-8

Determine the type of payment being made and identify the income source (U.S or Non-U.S)  
Details in Part 3

Collect invoices that specify “not from U.S. sources” if supplier payment is non US source  
income Submitting them to DOS

Withholding 30% if supplier has F.D.A.P income and has not provided appropriate  
documentation (Such as a Valid Treaty Claim on W8, ECI or a goods purchase)

Reporting withholding amount immediately and sending to DOS

Submit 1042-S for all reportable suppliers to [DOA SAB Accounting Help Desk](#) group using file  
transfer service



## 1042-S: SAB Agency Support

1

Verifying W-8s  
and 1042-S forms

2

Providing current  
1042-S, IRS  
instructions, prior year  
reporting information,  
and Cokala  
recommendations

3

Identifying foreign  
supplier payments  
using query  
results

4

Researching treaty  
claims

5

Submitting information  
reporting to the IRS  
along with any  
withholding that has  
been taken during the  
calendar year

6

Answering agency  
inquiries and  
assisting in any  
way that we can





# THANK YOU!

Thank you for watching!

Questions? Please open a Case – SAB in ServiceNow  
or call 406-444-3092