June 4, 2025

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: You must select “Yes” in the Return Header for the

IRSResponsiblePrtyInfoCurrInd

BusinessOfficer Grp:

PersonNm = Kirk Hickory
PersonTitleTxt = President
PhoneNum = 555-555-5555

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).

Version A, Cycle 2

Form **1042**
Department of the Treasury
Internal Revenue Service

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

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

OMB No. 1545-0096

2025

If this is an amended return, check here . . . . . ☐

Name of withholding agent	Employer identification number
WITHHOLDING AGENT Q	00-5000003

Ch. 3 Status Code	Ch. 4 Status Code
35	06

Number and street (If a P.O. box, see instructions.) | Room or suite no.

3 Apple Court

City or town	State or province	Country	ZIP or foreign postal code
London		UK	W1A 1AE

For IRS Use Only

CC		FD	
RD		FF	
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	Jan.	7		21	May	7		41	Sept.	7	35000
2		15		22		15		42		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	Feb.	7		26	June	7		46	Oct.	7	
7		15		27		15		47		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	Mar.	7		31	July	7		51	Nov.	7	
12		15		32		15		52		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	Apr.	7		36	Aug.	7		56	Dec.	7	
17		15		37		15		57		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 _____		
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	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)

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

Daytime phone number 202-111-1111

Paid Preparer Use Only

Preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN

Firm's name | Firm's EIN

Firm's address | Phone no.

For Privacy Act and Paperwork Reduction Act Notice, see instructions. Cat. No. 11384V Form **1042** (2025) Created 3/21/25

DRAFT — DO NOT FILE

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 2024 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**	
71a	Apply overpayment (sum of lines 70a and 70b) to (**check one**): ☐ Credit on 2026 Form 1042 or ☐ Refund		
	To elect direct deposit for this amount, complete lines 71b, 71c, and 71d.		
b	Routing number	**c** Type: ☐ Checking ☐ Savings	
d	Account number		

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 United States	**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 lines 62a, 62b(1), and 62b(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 Payments by a Qualified Derivatives Dealer (QDD)

Check here if any payments were made by a QDD ☑

If the box is checked, you must do the following.

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

(2) Enter your EIN (other than your QI-EIN)

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.

2025

OMB No. 1545-0096

Copy B
for Recipient

0 0 0 0 0 0 0 1 2 3 **UNIQUE FORM IDENTIFIER** ☐ **AMENDED** ☐ **AMENDMENT NO.**

1 Income code: 34	**2** Gross income: 200000	**3** Chapter indicator. Enter "3" or "4"	
		3a Exemption code	**4a** Exemption code
		3b Tax rate: 10 . 00	**4b** Tax rate: 00 . 00

5 Withholding allowance

6 Net income

7a Federal tax withheld: 200000

7b Check if federal tax withheld was not deposited with the IRS because certain procedures were applied (see instructions) ☐

7c Check if withholding occurred in subsequent year with respect to partnership interest ☐

7d Check if you are a Qualified Intermediary, Withholding Foreign Partnership, or Withholding Foreign Trust that is reporting on Form 1042-S to report to a specified recipient ☐

8 Tax withheld by other agents

9 Overwithheld tax repaid to recipient pursuant to adjustment procedures (see instructions) ( )

10 Total withholding credit (combine boxes 7a, 8, and 9): 200000

11 Tax paid by withholding agent (amount withheld (see instructions)

12a Withholding agent's EIN: 00-3333333	**12b** Ch. 3 status code: 15	**12c** Ch. 4 status code: 06

12d Withholding agent's name: PAYER BANK

12e Withholding agent's Global Intermediary Identification Number (GIIN)

12f Country code: UK	**12g** Foreign tax identification number, if any

12h Address (number and street): 12 JUNGLE SQUARE

12i City or town, state or province, country, ZIP or foreign postal code: LONDON, W1A 1AE

13a Recipient's name: WITHHOLDING AGENT Q	**13b** Recipient's country code: UK

13c Address (number and street): London

13d City or town, state or province, country, ZIP or foreign postal code: London,W1A 1AE

13e Recipient's U.S. TIN, if any: 00-5000003	**13f** Ch. 3 status code: 35	
	13g Ch. 4 status code: 06	

13h Recipient's GIIN: 12AAAA.99999.SL.111	**13i** Recipient's foreign tax identification number, if any	**13j** LOB code: 07

13 Recipient account number

13l Recipient's date of birth (YYYYMMDD)

14a Primary Withholding Agent's name (if applicable)

14b Primary Withholding Agent's EIN	**15** Check if pro-rata basis reporting ☐

15a Intermediary or flow-through entity's EIN, if any	**15b** Ch. 3 status code	**15c** Ch. 4 status code

15d Intermediary or flow-through entity's name

15e Intermediary or flow-through entity's GIIN

15f Country code	**15g** Foreign tax identification number, if any

15h Address (number and street)

15i City or town, state or province, country, ZIP or foreign postal code

16a Payer's name	**16b** Payer's TIN

16c Payer's GIIN	**16d** Ch. 3 status code	**16e** Ch. 4 status code

17a State income tax withheld	**17b** Payer's state tax no.	**17c** Name of state

(keep for your records)

Form **1042-S** (2025)

SCHEDULE Q (Form 1042)

Department of the Treasury
Internal Revenue Service

Tax Liability of Qualified Derivatives Dealer (QDD)

Attach to Form 1042.
Go to *www.irs.gov/Form1042* for the latest information.

OMB No. 1545-0096

2025

Name of taxpayer	**Employer identification number**
Withholding Agent Q	00-5000003
Name of QDD	**QI-EIN**
Branch A	00-5500000

QDD Tax Year (enter month, day, and year for beginning and ending dates)
Beginning January 1 , 20 25 , and ending December 31 , 20 25 .

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 25 , and ending December 31 , 20 25 .

Schedule 1 of 2

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	1	0	0	0
2	Total dividends received in equity derivatives dealer capacity	2	15000	30.00	4,500
3	Total QDD tax liability pursuant to section 3.09(A) of the Qualified Intermediary Agreement	3			
4	Total QDD tax liability pursuant to section 3.09(B) of the Qualified Intermediary Agreement	4			
5	Total QDD tax liability pursuant to section 3.09(C) of the Qualified Intermediary Agreement:				
a	Income Type _____	5a			
b	Income Type _____	5b			
c	Income Type _____	5c			
d	Income Type _____	5d			
6	Total of line 5 amounts	6			

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. 2022-43, 2022-52 I.R.B. 570.

QDD Partnerships. If a partnership is, or has a branch that is, a QDD (a "QDD Partnership"), then it must complete Schedule(s) Q.

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 two schedules (one for the period of September 1, 2025, through December 31, 2025, and one for the period of January 1, 2026, through August 31, 2026).

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*, earlier). 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.

Partnerships. A QDD Partnership must complete Schedule(s) Q taking into account the partnership-specific adjustments specified in section 3.09 of the QIA.

Column (b), Withholding Tax Rate. In the case of a QDD Partnership, this column should be completed reflecting the weighted average applicable withholding tax rate of the partners. The weighted average applicable withholding tax rate of the partners is determined by adding the product of each partner's percentage of the allocations of the applicable item by that partner's applicable withholding tax rate. The withholding tax rate of a U.S. partner is zero, unless it is a partnership with direct or indirect foreign partners.

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. In the case of a QDD Partnership, this column should reflect the total tax liability of the partners.

Note: For calendar years 2018 through 2026, 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 2026 and ends in 2027, information is required for any amounts paid or accrued on or after January 1, 2027.

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 2026, this information is not required.

Line 2. For calendar years 2019 through 2026, 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 2026, 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 2026, do not include dividends included on line 2.

DRAFT — DO NOT FILE

SCHEDULE Q (Form 1042)

Department of the Treasury
Internal Revenue Service

Tax Liability of Qualified Derivatives Dealer (QDD)

Attach to Form 1042.
Go to *www.irs.gov/Form1042* for the latest information.

OMB No. 1545-0096

2025

Name of taxpayer	**Employer identification number**
Withholding Agent Q	00-5000003
Name of QDD	**QI-EIN**
Branch A	00-5500000

QDD Tax Year (enter month, day, and year for beginning and ending dates)
Beginning January 1 , 20 25 , and ending December 31 , 20 25 .

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 25 , and ending December 31 , 20 25 .

Schedule 2 of 2

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	**1**	0	0	0
2	Total dividends received in equity derivatives dealer capacity	**2**	200000	30.00	60000
3	Total QDD tax liability pursuant to section 3.09(A) of the Qualified Intermediary Agreement	**3**			
4	Total QDD tax liability pursuant to section 3.09(B) of the Qualified Intermediary Agreement	**4**			
5	Total QDD tax liability pursuant to section 3.09(C) of the Qualified Intermediary Agreement:				
a	Income Type _____	**5a**			
b	Income Type _____	**5b**			
c	Income Type _____	**5c**			
d	Income Type _____	**5d**			
6	Total of line 5 amounts	**6**			

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. 2022-43, 2022-52 I.R.B. 570.

QDD Partnerships. If a partnership is, or has a branch that is, a QDD (a "QDD Partnership"), then it must complete Schedule(s) Q.

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 two schedules (one for the period of September 1, 2025, through December 31, 2025, and one for the period of January 1, 2026, through August 31, 2026).

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*, earlier). 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.

Partnerships. A QDD Partnership must complete Schedule(s) Q taking into account the partnership-specific adjustments specified in section 3.09 of the QIA.

Column (b), Withholding Tax Rate. In the case of a QDD Partnership, this column should be completed reflecting the weighted average applicable withholding tax rate of the partners. The weighted average applicable withholding tax rate of the partners is determined by adding the product of each partner's percentage of the allocations of the applicable item by that partner's applicable withholding tax rate. The withholding tax rate of a U.S. partner is zero, unless it is a partnership with direct or indirect foreign partners.

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. In the case of a QDD Partnership, this column should reflect the total tax liability of the partners.

Note: For calendar years 2018 through 2026, 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 2026 and ends in 2027, information is required for any amounts paid or accrued on or after January 1, 2027.

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 2026, this information is not required.

Line 2. For calendar years 2019 through 2026, 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 2026, 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 2026, do not include dividends included on line 2.

☐ CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

PAYER CO.
123 ANYSTREET ANYTOWN,
KY 10000

Applicable checkbox on Form 8949

OMB No. 1545-0715

2025

Form **1099-B**

Proceeds From Broker and Barter Exchange Transactions

1a Description of property (Example: 100 sh. XYZ Co.)
10 shares of XYZ Inc.

1b Date acquired
01/01/2008

1c Date sold or disposed
02/15/2025

PAYER'S TIN
0[illegible]5555[illegible]0

RECIPIENT'S TIN
[illegible]00-5[illegible]00[illegible]

1d Proceeds
$ 28571[illegible]

1e Cost or other basis
$ 100000

1f Accrued market discount
$

1g Wash sale loss disallowed
$

Copy B
For Recipient

RECIPIENT'S name
Withholding A[illegible]t Q

2 Short-term gain or loss ☐
Long-term loss ☐
Ordinary ☐

3 If checked, proceeds from:
Collectibles ☐
QOF ☐

Street address (including apt. no.)
3 Apple Court

4 Federal income tax withheld
$

5 If checked, noncovered security ☐

City or town, state or province, country, and ZIP or foreign postal code
London W1A 1A[illegible]

6 Reported to IRS:
Gross proceeds ☑
Net proceeds ☐

7 If checked, loss is not allowed based on amount in 1d

Account number (see instructions)

8 Profit or (loss) realized in 2025 on closed contracts
$

9 Unrealized profit or (loss) on open contracts—12/31/2024
$

CUSIP number

FATCA filing requirement ☐

10 Unrealized profit or (loss) on open contracts—12/31/2025
$

11 Aggregate profit or (loss) on contracts
$

14 State name

15 State identification no.

16 State tax withheld
$
$

12 If checked, basis reported to IRS ☐

13 Bartering
$

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.

Form **1099-B** (Keep for your records) www.irs.gov/Form1099B Department of the Treasury - Internal Revenue Service