Process	Preparing 1042S File	Module: Payroll Business Process No. BP-PA-1.41 Date Created: 10/30/08 Date Revised:
Purpose	Outline the process to prepare tax data and create 1042S Forms	
Navigation	Multiple Steps- See navigation in the comments block as processes is completed.	
Prerequisites	Appropriate Tax updates must be applied to data base. See overview Chart 1	
Helpful Hints	Check current year tax update manual for changes to the process Instructions for Form 1042-S and Publication 1187 (*Specifications for Filing Form 1042S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically*). Beginning Tax Year 2008 the IRS will no longer accept tape cartridge submissions.	

PROCESS STEPS

STEP	DESCRIPTION	COMMENTS
1.	Review Table Setup Navigation: *Payroll for North America>US Annual Processing>1042 Reporting>Define 1042-S Parameters*	Set up the withholding agent's contact information. See Chart 2
2.	Enter appropriate data on Parameters	See Chart 3
3.	Up date Company Table Navigation: *Set up HRMS> Foundation Tables>Organization>Company*	Ensure data is current on this table. 1042-S address is generated from this page and not the same page W-2 data is pulled from.
4.	Updating Employee Data: Employee balances: Navigation: *Payroll for North America>Periodic Payroll Events USA>Balance Reviews>1042 Taxes* Navigation: *Payroll for North America>Periodic Payroll> Events USA>Balance Adjustments>1042 Taxes*	The system maintains 1042 tax balance information for each type of earnings that are to be reported on Form 1042-S. These balances are updated in the payroll calculation and confirmation processes you run during the year. Make sure that employees' 1042 balances are correct and current**. FAMU BP-PA-1.310** Adjust EE and ER Balances outlines record correction process.
5.	Updating Employee Data: Employee Exemption Code Navigation: *Work Force Administration>Personal Information>Biographical>Modify a Person* Enter EMPLID and Enter, on Biographical Details page check National ID for appropriate SSN or TIN Navigation: *Payroll for North America>Employee Pay Data USA>Tax Information>Update Employee Tax Data* (Check EE Taxpayer ID)	When the system creates the employee's 1042 Balance record during payroll calculation/confirmation processes, it enters a default exemption code of *Tax Treaty*. Before you print the 1042-S forms or generate the electronic file, make sure the employee's exemption code on the tax 1042 balance record is correct. The codes are located on the Balance Review pages in Step 4

STEP	DESCRIPTION	COMMENTS
6.	Run the SQR report TAX030 (Run at any time) Navigation: *Payroll for North America>Pay Period Tax Reports USA>Form 1042 Audit* TAX030	Report Shows a breakdown of individual employee 1042-S income and tax information by pay period. See Chart 4
7.	Adjust 1042 Tax Balance 1 Navigation: *Payroll for North America>Periodic Payroll Events USA>Balance Reviews>1042 Taxes*	See Chart 5
8.	Adjust 1042 Tax Balance 2 Navigation: *Payroll for North America>Periodic Payroll Events USA>Balance Reviews>1042 Taxes*	See Chart 6
9.	Run TAX 950 See Chart 7 Navigation: *Payroll for North America>US Annual Processing>1042 Reporting>Create 1042-S*	Enter Electronic Under media of form Chart 7 Form 1042-S Print and Electronic File Generation TAX950 has the option to create a file that can be transmitted electronically to the IRS. Output file created is named 1042TAX with the following specifications: Record length: 780 Positions Sequence:1. A Transmitter "T" record 2. Withholding Agent "W" record (a company) 3. Multiple Recipient "Q" records (EE) 4. Reconciliation record "C" for the corresponding Withholding Agent 5. Additional 'W',"Q", and "C" records 6. An End Transmission "F" record A summary report of control totals is printed at the end of the run. The report shows the total number of 1042-S records, total gross income, and total taxes withheld. You can use this data when preparing Form 1042.
10.	Run TAX955 Navigation: *Payroll for North America>US Annual Processing>1042 Reporting>Form 1042 Data Summary*	The report lists a one-page summary of tax liability totals by deposit period in the tax year for a company. You can use the information from this report and the control totals from TAX950 to prepare the paper 1042 form required for submitting with the 1042-S. Run control parameters are Tax Year and Company
11.	Run TAX 950 See Chart 7 Navigation: *Payroll for North America>US Annual Processing>1042 Reporting>Create 1042-S*	See chart 8 Enter print paper
12.		
13.		
14.		
15.		
16.		
17.		

Chart 1
Overview
Here's a broad overview of the procedures involved in year-end 1042 processing with PeopleSoft Payroll for North America:

1. Review table setup.

2. Review and adjust employee 1042 exemption code and employee 1042 balances using:

    - TAX030.SQR audit report.

    - Inquiry pages.

    - Adjustment pages.

3. Prepare the Form 1042-S print file and/or create the 1042-S electronic file using TAX950.SQR.

4. Prepare tax liability summaries for the 1042 form that you submit with the 1042-S using:

    - Summary of tax liability totals from TAX955.SQR.

    - Control totals from TAX950.SQR.

Chart 2

Chart 3

Enter the contact information that you want to appear on the electronic file. Contact information is required on both the Transmitter (T) record and the Withholding Agent (W) records.

Contact Name	Enter the Withholding Agent contact name.
Department Title	Enter the title of the Withholding Agent, or the Department which can handle inquiries concerning the file submission.
Contact Phone and Extension	Enter the telephone number of the Withholding Agent contact name.

Same as Withholding Agent	Select this checkbox if Transmitter's contact information is the same as the contact information for the Withholding Agent. If this box is selected, the remaining fields in this section are suppressed.
Contact Name	Enter the Transmitter contact name (if different than the Withholding Agent contact name).
Contact Phone and Extension	Enter the telephone number of the Transmitter contact name (if the Transmitter contact name is different than the Withholding Agent contact name).

Chart 4
Access the Form 1042 Audit Report page.

Form 1042 Audit Report

Run Control ID: 1   Report Manager   Process Monitor   Run

Report Request Parameters

Tax Year: [   ] -or- From Date: [   ] 📅

                    Thru Date: [   ] 📅

Company: [   ] 🔍

Form 1042 Audit Report page

Tax Year	If you enter a tax year, the system automatically sets the date range to be from 01/01 to 12/31 of the tax year you enter.
Start Date, End Date	Enter a date range to select only the pay periods within that range.
Company	Select *FAM* .

Chart 5
Access the Adjust 1042 Tax Balance 1 page.

Adjust 1042 Tax Balance 1

Enter the information on this page and save it to populate the fields on the Adjust 1042 Tax Balances 2 page.

State	$U is the most common value because it represents Federal.
Country	Select the country that is entered in the employee's tax data.
Income Code	Select the income code associated with the earnings as defined by Non Resident Alien tax treaty. Values are: ***Dependent Personal Services, Independent Personal Services, Other Income, Royalties, Scholarship/Fellowship Grants, Studying and Training,*** and ***Teaching***.
Tax Rate (after form)	Enter the tax rate applied to 1042 gross income corresponding to the Income Code.
Reason for Adjustment	Record the reason for the balance adjustment for audit trail purposes.

Chart 6
Access the Adjust 1042 Tax Balance 2 page.

Adjust 1042 Tax Balance 2

You must complete the fields on the Adjust 1042 Tax Balances 1 page and save that page to populate this page.

Suspend Adjustment   Select this check box if you want to re-enter some key
                                fields.

Updating Exemption Code

Valid 1042 exemption codes are:

Exemption Code	Authority for Exemption
00 - Not Applicable	Not Applicable
01 - Conn/w U.S. Trade or Busn	Income effectively connected with a U.S. trade or business
02 - Internal Revenue Code	Exempt under an Internal Revenue Code section (other than portfolio interest)
03 - Non US – Sources	Income is non-U.S. sources.
04 - Tax Treaty	Exempt under Tax Treaty
05 - Portfolio Interest	Portfolio interest exempt under an Internal Revenue Code section.
06 - QI Prim Withholding Resp	Qualified intermediary that assumes primary withholding responsibility.
07 - Withholding foreign trust	Withholding foreign partnership or withholding foreign trust.
08 - U.S. branch	U.S. branch treated as a U.S. person.
09 - QI represents income	Qualified intermediary represents income is exempt.
99 - Correct Information	Correct Information.

Adjusting the Balance

You can enter updated values directly into the **Current MTD** (current month to date) **Tax, Taxable Gross, and WH Allowance** fields. The system then calculates the **Adjustment to MTD** values.

Adjusting the Reimbursed Amount

Use the Reimbursed Amount group box to record over-withheld tax amounts that have been repaid to employees according to IRS reimbursement procedures. You can report reimbursed amounts on Box 8 of the 1042-S form.

Revised   If you enter an amount in this field the system will
                     automatically calculate the Adjusted by amount.

Adjust by   If you enter an amount in this field the system will
                     automatically calculate the Revised amount.

The total reimbursed amount is recorded on the YTD 1042 Tax Balances 1 page

Chart 7
Running TAX950 - Form 1042-S Print and Electronic File Generation
Access the Create 1042-S page.

The TCC code will be provided by campus and is the code that authorizes entry into the IRS FIRE system.

Create 1042-S

Tax Year	Enter year for which income and withholding are being reported.
Company	Select the Company Code FAM
Transmitter	Enter the Transmitter's Company Code if you are creating an electronic1042S file for multiple companies (Company Code is FAM).
TCC (transmitter control code)	Enter your five-digit transmitter control code (beginning with numbers 22) assigned by IRS for your Form 1042-S reporting.
Mode for 1042-S	Select *Normal* or *Correction*. When *Correction* mode is selected, the system places an *X* in the Amended checkbox if you are printing a paper form, or assigns "1" to the Return Type Indicator in position 2 of the "W" and "Q" records if you are creating an electronic file.
Media for 1042-S	Select *Electronic File* or *Paper*. FAMU will create both. **Note.** You must run the process twice if you want both paper and electronic file.
Form ID	*LSR03UP:* Laser form, printing copy "B", "C" and "D" on a single page.
Alignment Only	Select if you want to print alignment pages ONLY. (Available only if the media is paper.)
Alignment Count	Enter the number of printer alignment pages that you want to print. (Available only if the media is paper.)
Test Run	Select for a test run; the system marks the file as a test. (Available only if the media is electronic file.)
Final Run	Select for a final run; the system marks the file as the final submission. (Available only if the media is electronic file.)

Optional   **Parameters**

Use if you're reporting Form 1042-S data for selected employee(s).

Empl ID	Enter the ID of the employee(s) for whom you wish to report Form 1042-S data.

Chart 8

Printing Paper 1042-S Forms

Specify the Select Define in PFRM1042.SQC to match the 1042-S Form ID selected on the Run Parameters page.
Follow the instructions in PFRM1042.SQC. Form IDs and their descriptions are listed below.
For Form ID LSR03UP, the output must be created as lis file, and the .lis files must be printed from the command prompt in DOS.

LSR03UP   Laser form, printing copy B, C and D on the same form

The output print file name is TAX950.lis or TAX950.pdf. The sort sequence is employee ID within a company.   Only one income code is printed per form, therefore if an employee has more than one income code, a new form(s) will be printed.
To avoid wasting 1042-S forms, we suggest you experiment with blank paper. Check to make sure form alignments and print size work properly on your particular printer. Make adjustments as required.