



<b>B #:</b>	17097-22
<b>Date:</b>	July 05, 2022
<b>To:</b>	All Participants
<b>Category:</b>	Global Tax Services Update, Corporate Action Service Update
<b>From:</b>	Global Tax Services
<b>Attention:</b>	Tax Manager, Managing Partner/Office, Dividend Manager
<b>Subject:</b>	Launch of 1042-S Classifications

DTC commenced a new Tax Event Announcement referred to as the “1042-S Classifications” on July 1<sup>st</sup>. The 1042-S Classification Announcement will provide classification information on distributions that have multiple components for IRS Form 1042-S tax withholding purposes. Disseminating this information prior to payable date will help enable non-US investors receive reduced rates of withholding tax on the payment, rather than having higher rates of tax withheld and having to wait until after year end to receive tax refunds or having to file for reclaims directly with the IRS.

### **How the Service Works**

When DTC receives classification information from an issuer classifying a distribution into multiple tax components for Form 1042-S purposes, the following steps will occur:

- i. The primary announcement that will be utilized for cash processing will be updated with the IRS Income Code set to 99. IRS Income Code 99 is used to denote distributions that have multiple 1042-S tax components.
- ii. The 1042-S Classification Announcement will be created listing the amount of each tax component with its corresponding IRS Income Code per the instructions to Form 1042-S.

The primary announcement for cash processing and the 1042-S Classification Announcement will be linked together. For more information on viewing 1042-S Classification Announcements please visit the DTCC Learning Center for the 1042-S Classification Announcement user guide.

<https://dtcclearning.com/products-and-services/asset-services/global-tax-services.html>

### **Requirements and roll out of the 1042-S Classification Announcement**

For DTC to create a 1042-S Classification Announcement the issuer of the security must provide the data prior to the record date of a distribution and the data should not be subject to change.

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Initially, DTC will accept up to 12 CUSIPs per month from any issuer. Depending on demand and processing resources, this limit may be increased at a future date.

This first 1042-S Classification Announcements will be on the following 12 CUSIPs that have a record date of July 5<sup>th</sup> and a payable date of July 8<sup>th</sup>.

LQD - iShares iBoxx \$ Investment Grade Corporate Bond ETF (464287242)  
HYG - iShares iBoxx \$ High Yield Corporate Bond ETF (464288513)  
AGG - iShares Core U.S. Aggregate Bond ETF (464287226)  
SHV - iShares Short Treasury Bond ETF (464288679)  
SHY - iShares 1-3 Year Treasury Bond ETF (464287457)  
IEI - iShares 3-7 Year Treasury Bond ETF (464288661)  
IEF - iShares 7-10 Year Treasury Bond ETF (464287440)  
TLT - iShares 20+ Year Treasury Bond ETF (464287432)  
FALN - iShares Fallen Angels USD Bond ETF (46435G474)  
FLOT - iShares Floating Rate Bond ETF (46429B655)  
IGSB - iShares 1-5 Year Investment Grade Corporate Bond ETF (464288646)  
SHYG - iShares 0-5 Year High Yield Corporate Bond ETF (46434V407)

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