SCHEDULE Q (Form 1042)

Department of the Treasury
Internal Revenue Service

Tax Liability of Qualified Derivatives Dealer (QDD)

Attach to Form 1042.
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OMB No. 1545-0096

2025

Name of taxpayer	**Employer identification number**
Name of QDD	**QI-EIN**
QDD Tax Year (enter month, day, and year for beginning and ending dates) Beginning , 20 , and ending , 20 .	
Indicate the year or portion of the year to which the schedule relates (enter month, day, and year beginning and ending dates) Beginning , 20 , and ending , 20 .	Schedule _____ of _____

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**			
2 Total dividends received in equity derivatives dealer capacity . .	**2**			
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.