Form **W-4P**

Department of the Treasury
Internal Revenue Service

Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0415

Purpose. This form is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities, including commercial annuities, and certain other deferred compensation. Use this form to tell payers the correct amount of Federal income tax to withhold from your payment(s). You also may use this form to choose **(a)** not to have any income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or **(b)** to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution as explained on page 3. **Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2001.**

What do I need to do? Complete lines A through G of the **Personal Allowances Worksheet.** Use the additional worksheets on page 2 to adjust your withholding allowances for itemized deductions, adjustments to income, or multiple pensions/more-than-one-income situations. If you do not want any income tax withheld, you can skip the worksheets and go directly to the Form W-4P below.

Sign this form. Form W-4P is not valid unless you sign it.

Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for **yourself** if no one else can claim you as a dependent . . . . . **A** _____

B Enter "1" if:
- You are single and have only one pension; or
- You are married, have only one pension, and your spouse has no income subject to withholding; or
- Your income from a second pension or a job, or your spouse's pension or wages (or the total of all) is $1,000 or less.

B

C Enter "1" for your **spouse**. But, you may choose to enter -0- if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (This may help you avoid having too little tax withheld.) . . . . . **C** _____

D Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return . . . . . **D** _____

E Enter "1" if you will file as **head of household** on your tax return. . . . . **E** _____

F **Child Tax Credit** (including additional child tax credit):
- If your total income will be between $18,000 and $50,000 ($23,000 and $63,000 if married), enter "1" for each eligible child.
- If your total income will be between $50,000 and $80,000 ($63,000 and $115,000 if married), enter "1" if you have two eligible children, enter "2" if you have three or four eligible children, or enter "3" if you have five or more eligible children . . . **F** _____

G Add lines A through F and enter total here. **Note:** *This may be different from the number of exemptions you claim on your tax return.* . . . . . ▶ **G** _____

For accuracy, complete all worksheets that apply.
- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
- If you have more than one source of income subject to withholding or a spouse with income subject to withholding **and** your combined income from all sources exceeds $35,000 ($60,000 if married filing jointly), see the **Multiple Pensions/More-Than-One-Income Worksheet** on page 2 to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line G on line 2 of Form W-4P below.

Cut here and give the certificate to the payer of your pension or annuity. Keep the top part for your records.

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▶ For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Type or print your full name

Home address (number and street or rural route)

City or town, state, and ZIP code

Claim or identification number (if any) of your pension or annuity contract

Complete the following applicable lines:

1 Check here if you **do not want any** Federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ▶ ☐

2 Total number of allowances and marital status you are claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on line 3.) . . . . . ▶ _____ (Enter number of allowances.)

Marital status: ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate

3 Additional amount, if any, you want withheld from each pension or annuity payment. **Note:** *For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2* . . . ▶ $

Your signature ▶ **Date** ▶

Deductions and Adjustments Worksheet

Note: *Use this worksheet only if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2001 tax return.*

1 Enter an estimate of your 2001 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2001, you may have to reduce your itemized deductions if your income is over $132,950 ($66,475 if married filing separately). Get Pub. 919 for details.) . . . . . 1 $

2 Enter: { $7,600 if married filing jointly or qualifying widow(er) / $6,650 if head of household / $4,550 if single / $3,800 if married filing separately } 2 $

3 **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter -0- . . . . . 3 $

4 Enter an estimate of your 2001 adjustments to income, including alimony, deductible IRA contributions, and student loan interest . . . . . 4 $

5 **Add** lines 3 and 4 and enter the total . . . . . 5 $

6 Enter an estimate of your 2001 income not subject to withholding (such as dividends or interest) . . 6 $

7 **Subtract** line 6 from line 5. Enter the result, but not less than zero . . . . . 7 $

8 **Divide** the amount on line 7 by $3,000 and enter the result here. Drop any fraction 8

9 Enter the number from the **Personal Allowances Worksheet,** line G, page 1 9

10 **Add** lines 8 and 9 and enter the total here. If you use the **Multiple Pensions/More-Than-One-Income Worksheet,** also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4P, line 2, page 1 10

Multiple Pensions/More-Than-One-Income Worksheet

Note: *Complete only if the instructions under line G, page 1 direct you here. This applies if you (and your spouse if married filing a joint return) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).*

1 Enter the number from line G, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) 1

2 Find the number in **Table 1** below that applies to the **lowest** paying pension or job and enter it here . 2

3 If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4P, line 2, page 1. **Do not** use the rest of this worksheet 3

Note: *If line 1 is **less than** line 2, enter -0- on Form W-4P, line 2, page 1. Complete lines 4–9 below to calculate the additional withholding amount necessary to avoid a year end tax bill.*

4 Enter the number from line 2 of this worksheet 4

5 Enter the number from line 1 of this worksheet 5

6 **Subtract** line 5 from line 4 6

7 Find the amount in **Table 2** below that applies to the **highest** paying pension or job and enter it here . 7 $

8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed . . 8 $

9 **Divide** line 8 by the number of pay periods remaining in 2001. For example, divide by 12 if you are paid every month and you complete this form in December 2000. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment . . . . . 9 $

Table 1: Multiple Pensions/More-Than-One-Income Worksheet

Married Filing Jointly				All Others	
If amount from **LOWEST** paying pension or job is—	Enter on line 2 above	If amount from **LOWEST** paying pension or job is—	Enter on line 2 above		Enter on line 2 above
$0 - $4,000	0	47,001 - 55,000	9	$0 - $6,000	0
4,001 - 8,000	1	55,001 - 65,000	10	6,001 - 12,000	
8,001 - 14,000	2	65,001 - 70,000	11	12,001 - 17,000	
14,001 - 19,000	3	70,001 - 90,000	12	17,001 - 22,000	
19,001 - 25,000	4	90,001 - 105,000	13	22,001 - 28,000	4
25,001 - 32,000	5	105,001 - 115,000	14	28,001 - 40,000	
32,001 - 38,000	6	115,001 and over	15	40,001 - 50,000	
38,001 - 42,000	7			50,001 - 65,000	7
42,001 - 47,000	8			65,001 - 80,000	8
				80,001 - 105,000	9
				105,001 - and over	10

Table 2: Multiple Pensions/More-Than-One-Income Worksheet

Married Filing Jointly		All Others	
If amount from **HIGHEST** paying pension or job is—	Enter on line 7 above	If amount from **HIGHEST** paying pension or job is—	Enter on line 7 above
$0 - $50,000	$440	$0 - $30,000	$440
50,001 - 100,000	800	30,001 - 60,000	800
100,001 - 130,000	900	60,001 - 120,000	900
130,001 - 250,000	1,000	120,001 - 270,000	1,000
250,001 and over	1,100	270,001 and over	1,100

Additional Instructions

Section references are to the Internal Revenue Code.

When should I complete the form? Complete Form W-4P and give it to the payer as soon as possible. Get **Pub. 919,** How Do I Adjust My Tax Withholding? to see how the dollar amount you are having withheld compares to your projected total tax for 2001.

Multiple pensions/more than one income. To figure the number of allowances you may claim, combine allowances and income subject to withholding from all sources on one worksheet. You may file a Form W-4P with each pension payer, but do not claim the same allowances more than once. Your withholding will usually be more accurate if you claim all allowances on the Form W-4P for the largest source of income subject to withholding.

Other income. If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or capital gains), consider making estimated tax payments using **Form 1040-ES,** Estimated Tax for Individuals. Call 1-800-TAX-FORM (1-800-829-3676) to get Form 1040-ES and **Pub. 505,** Tax Withholding and Estimated Tax. You can also get forms and publications at the IRS Web Site at **www.irs.gov**.

Note: *Social security and railroad retirement payments may be includible in income. See* ***Form W-4V,*** *Voluntary Withholding Request, for information on voluntary withholding from these payments.*

Withholding From Pensions and Annuities

Generally, Federal income tax withholding applies to the taxable part of payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement arrangements (IRAs); and from commercial annuities. The method and rate of withholding depends on the kind of payment you receive. Also, because your tax situation may change from year to year, you may want to refigure your withholding each year. You can change the amount to be withheld by using lines 2 and 3 of Form W-4P.

Choosing not to have income tax withheld. You (or in the event of death, your beneficiary or estate) can also choose not to have income tax withheld from your payments by using line 1 of Form W-4P. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. Enter the estate's EIN in the area reserved for "your social security number" on Form W-4P.

However, you may **not** make this choice for eligible rollover distributions (discussed later). Also, this choice does not apply to certain recipients who have payments delivered outside the United States or its possessions. See **Payments Outside the United States** on page 4.

Caution: *There are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Pub. 505. It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.*

Periodic payments. Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than 1 year. They may be paid annually, quarterly, monthly, etc.

If you want income tax to be withheld, you **must designate the number of withholding allowances on line 2 of Form W-4P.** (Under current law, you cannot designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3.) If you do not want any income tax withheld from your periodic payments, check the box on line 1 of Form W-4P, and submit the form to your payer.

Caution: *If you do not submit Form W-4P to your payer, the payer must withhold on* ***periodic*** *payments as if you are married claiming three withholding allowances. Generally, this means that tax will be withheld if your pension or annuity is at least $1,280 a month.*

If you submit a Form W-4P that does not contain your correct taxpayer identification number (TIN), the payer must withhold as if you are single claiming zero withholding allowances even if you choose not to have income tax withheld.

There are some kinds of periodic payments for which you **cannot** use Form W-4P because they are already defined as wages subject to income tax withholding. These payments include retirement pay for service in the U.S. Armed Forces and payments from certain nonqualified deferred compensation plans and state and local deferred compensation plans described in section 457. Your payer should be able to tell you whether Form W-4P applies.

For periodic payments, your Form W-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have Federal income tax withheld or to revoke your election.

Nonperiodic payments—10% withholding. Your payer must withhold a flat 10% from nonperiodic payments (but see **Eligible rollover distribution—20% withholding** below) unless you choose not to have income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have income tax withheld from a nonperiodic payment by submitting Form W-4P (containing your correct TIN) to your payer and checking the box on line 1. Generally, your choice not to have income tax withheld will apply to any later payment from the same plan. You cannot use line 2 for nonperiodic payments. But you may use line 3 to specify an additional amount you want withheld.

Caution: *If you submit a Form W-4P that does not contain your correct TIN, the payer cannot honor your request not to have income tax withheld and must withhold 10%.*

Eligible rollover distribution—20% withholding. Distributions you receive from qualified pension or annuity plans (e.g., 401(k) pension plans) or tax-sheltered annuities that are eligible to be rolled over tax free to an IRA or qualified plan are subject to a flat 20% withholding. The 20% withholding is

required, and you **cannot** choose not to have income tax withheld for eligible rollover distributions. See Pub. 505 for more details. However, the payer will not withhold income tax if the entire distribution is transferred by the plan administrator in a direct rollover to a traditional IRA, qualified pension plan, or tax-sheltered annuity. Do not give Form W-4P to your payer unless you want an additional amount withheld. Then, complete line 3 of Form W-4P, and submit the form to your payer.

Payments Outside the United States

If you are a U.S. citizen or resident alien receiving periodic or nonperiodic payments that are delivered outside the United States or its possessions, withholding is required. You **cannot** choose not to have income tax withheld on line 1 of Form W-4P.

Other recipients, such as nonresident aliens, who have these payments delivered outside the United States or its possessions may choose not to have income tax withheld only if an individual certifies to the payer that the individual is **not (a)** a U.S. citizen or resident alien or **(b)** an individual to whom section 877 applies (concerning expatriation to avoid tax). The certification must be made in a statement to the payer under penalties of perjury. A nonresident alien who chooses not to have income tax withheld under section 3405 is subject to withholding under section 1441 and should complete **Form W-8BEN,** Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, if applicable.

Revoking Your "No Withholding" Choice

Periodic payments. If you previously chose not to have income tax withheld and you now want withholding, complete another Form W-4P and submit it to your payer. If you want income tax withheld at the rate set by law (married with three allowances), write "Revoked" next to the checkbox on line 1 of the form. If you want tax withheld at any different rate, complete line 2 on the form.

Nonperiodic payments. If you previously chose not to have income tax withheld and you now want withholding, write "Revoked" next to the checkbox on line 1 and submit Form W-4P to your payer.

Statement of Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, your payer will furnish a statement to you showing the total amount of your pension or annuity payments and the total income tax withheld during the year on **Form 1099-R,** Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to **(a)** request Federal income tax withholding from periodic pension or annuity payments based on your withholding allowances and marital status, **(b)** request additional Federal income tax withholding from your pension or annuity, **(c)** choose not to have income tax withheld, when permitted, or **(d)** change or revoke a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s).

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia for use in administering their tax laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	40 min.
Learning about the law or the form	25 min.
Preparing and sending the form	59 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this address. Instead, submit it to your payer.

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