

Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0074

2020

Future developments. For the latest information about any future developments related to Form W-4P, such as legislation enacted after it was published, go to www.irs.gov/FormW4P.

Purpose of form. Form W-4P 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 Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You may also use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions or for payments to U.S. citizens to be 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 pages 2 and 3. Your previously filed Form W-4P will remain in effect if you don't file a Form W-4P for 2020.

General Instructions

Section references are to the Internal Revenue Code.

Follow these instructions to determine the number of withholding allowances you should claim for pension or annuity payment withholding for 2020 and any additional amount of tax to have withheld. Complete the worksheet(s) using the taxable amount of the payments.

If you don't want any federal income tax withheld (see *Purpose of form*, earlier), 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.

You can also use the estimator at www.irs.gov/W4App to determine your tax withholding more accurately. Consider using this estimator if you have a more complicated tax situation, such as if you have more than one pension or annuity, a working spouse, or a large amount of income outside of your pensions. After your Form W-4P takes effect, you can also use this estimator to see how the amount of tax you're having withheld compares to your projected total tax for 2020. If you use the estimator, you don't need to complete any of the worksheets for Form W-4P.

Note that if you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty

unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return.

Filers with multiple pensions or more than one income. If you have more than one source of income subject to withholding (such as more than one pension or a pension and a job, or you're married filing jointly and your spouse is working), read all of the instructions, including the instructions for the Multiple Pensions/More-Than-One-Income Worksheet, before beginning.

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. Otherwise, you might owe additional tax. See Pub. 505, Tax Withholding and Estimated Tax, for more information. Get Form 1040-ES and Pub. 505 at www.irs.gov/FormsPubs. Or, you can use the Deductions, Adjustments, and Additional Income Worksheet on page 5 or the estimator at www.irs.gov/W4App to make sure you have enough tax withheld from your payments. If you have income from wages, see Pub. 505 or use the estimator at www.irs.gov/W4App to find out if you should adjust your withholding on Form W-4 or Form W-4P.

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 depend on (a) the kind of payment you receive; (b) whether the payments are to be delivered outside the United States or its possessions; and (c) whether the recipient is a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a designated Roth account or Roth IRA are nontaxable and, therefore, not subject to withholding. See page 3 for special withholding rules that apply to payments to be delivered outside the United States and payments to foreign persons.

----- Separate here and give Form W-4P to the payer of your pension or annuity. Keep the worksheet(s) for your records. -----

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► For Privacy Act and Paperwork Reduction Act Notice, see page 6.

Your first name and middle initial	Last name	Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		

Complete the following applicable lines.

- Check here if you **do not want any** federal income tax withheld from your pension or annuity. (Don't complete line 2 or 3.) ► ☐
- Total number of allowances and marital status you're claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on line 3.) ►
Marital status: ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate. (Enter number of allowances.)
- Additional amount, if any, you want withheld from each pension or annuity payment. (**Note:** For periodic payments, you can't enter an amount here without entering the number (including zero) of allowances on line 2.) ► \$

Your signature ►

Date ►

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 choose not to have federal 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 employer identification number (EIN) in the area reserved for "Your social security number" on Form W-4P.

You may not make this choice for eligible rollover distributions. See *Eligible rollover distribution—20% withholding* below.

Caution: There are penalties for not paying enough federal income 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 using certain withholding tables that are also used to figure 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 federal income tax to be withheld, you must designate the number of withholding allowances on line 2 of Form W-4P and indicate your marital status by checking the appropriate box. You can't designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3.

If you don't want any federal income tax withheld from your periodic payments, check the box on line 1 of Form W-4P and submit the form to your payer. However, see *Payments to Foreign Persons and Payments To Be Delivered Outside the United States* on page 3.

Caution: If you don't submit Form W-4P to your payer, the payer must withhold from periodic payments as if you're married claiming three withholding allowances. Generally, this means that tax will be withheld if the taxable amount of your pension or annuity is at least \$2,095 a month.

If you submit a Form W-4P that doesn't contain your correct social security number (SSN), the payer must withhold as if

you're single claiming zero withholding allowances even if you checked the box on line 1 to have no federal income tax withheld.

There are some kinds of periodic payments for which you can't use Form W-4P because they're already defined as wages subject to federal 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 tax-exempt organizations' 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 (if permitted) or to change your choice.

Nonperiodic payments—10% withholding. Your payer must withhold at a flat 10% rate from the taxable amount of nonperiodic payments (but see *Eligible rollover distribution—20% withholding* below) **unless** you choose not to have federal income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have federal income tax withheld from a nonperiodic payment (if permitted) by submitting Form W-4P (containing your correct SSN) to your payer and checking the box on line 1. However, see *Payments to Foreign Persons and Payments To Be Delivered Outside the United States* on page 3. Generally, your choice not to have federal income tax withheld will apply to any later payment from the same plan. You can't use line 2 for nonperiodic payments. But you may use line 3 to specify an additional amount that you want withheld.

Caution: If you submit a Form W-4P that doesn't contain your correct SSN, the payer can't honor your request not to have income tax withheld and must withhold 10% of the payment for federal income tax.

Eligible rollover distribution—20% withholding. Distributions you receive from qualified pension or annuity plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a flat 20% federal withholding rate on the taxable amount of the distribution. The 20% withholding rate is required, and you can't choose not to have income tax withheld from eligible rollover distributions. Don't give Form W-4P to your payer unless you want an additional amount withheld. In that case, complete line 3 of Form W-4P and submit the form to your payer.