

1991 Form W-4P



Department of the Treasury
Internal Revenue Service

What Is Form W-4P? This form is for recipients of income from annuity, pension, and certain other deferred compensation plans to tell payers whether income tax is to be withheld and on what basis. The options available to the recipient depend on whether the payment is periodic or nonperiodic (including a qualified total distribution) as explained on page 3.

Recipients can use this form to choose to have no income tax withheld from the payment (except for payments to U.S. citizens delivered outside the U.S. or its possessions) or to have an additional amount of tax withheld.

What Do I Need To Do? Recipients who want no tax to be withheld can skip the worksheet below and go directly to line 1 of the form. All others should complete lines A through F of the worksheet. Many recipients can stop at line F.

Other Income? If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, taxable social security), you should consider making estimated tax payments using **Form 1040-ES**, Estimated Tax for Individuals. Call 1-800-829-3676 for copies of Form 1040-ES, and **Pub. 505**, Tax Withholding and Estimated Tax.

When Should I File? File as soon as possible to avoid underwithholding problems.

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 can 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 largest source of income subject to withholding.

Changes for 1991. Please see page 3.

Personal Allowances Worksheet For 1991, the value of your personal exemption(s) is reduced if your income is over \$100,000 (\$150,000 if married filing jointly, \$125,000 if head of household, or \$75,000 if married filing separately). Get Pub. 919 for details.

- A** Enter "1" for **yourself** if no one else can claim you as a dependent **A** _____
- B** Enter "1" if:
 { 1. You are single and have only one pension; or
 2. You are married, have only one pension, and your spouse has no income subject to withholding; or
 3. 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) whom you will claim on your return **D** _____
- E** Enter "1" if you will file as a **head of household** on your tax return **E** _____
- F** Add lines A through E and enter total here **F** _____

For accuracy, do all worksheets that apply.

- If you plan to **itemize or claim other deductions** 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 earnings from all sources exceed \$27,000, or \$46,000 if you are married filing a joint return, see the Multiple Pensions/More Than One Income Worksheet on page 2 if you want to avoid having too little tax withheld.
- If **neither** of the above situations applies to you, **stop here** and enter the number from line F 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 portion for your records. -----

Form W-4P	Withholding Certificate for Pension or Annuity Payments	OMB No. 1545-0415 1991
Department of the Treasury Internal Revenue Service		

Type or print your full 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:

1 I elect not to have income tax withheld from my pension or annuity. (Do not complete lines 2 or 3.)

2 I want my withholding from each **periodic** pension or annuity payment to be figured using the number of allowances and marital status shown. (You may also designate an amount on line 3.)

Marital status: Single Married Married, but withhold at higher Single rate (Enter number of allowances.)

3 I want the following additional amount 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 or claim adjustments to income on your 1991 tax return.

1. Enter an estimate of your 1991 itemized deductions. These include: qualifying home mortgage interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 1991, you may have to reduce your itemized deductions if your income is over \$100,000 (\$50,000 if married filing separately). Get Pub. 919 for details.) **1** \$ _____
2. Enter: { \$5,700 if married filing jointly or qualifying widow(er)
\$5,000 if head of household
\$3,400 if single
\$2,850 if married filing separately } **2** \$ _____
3. **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter zero **3** \$ _____
4. Enter estimate of your 1991 adjustments to income. These include alimony paid and deductible IRA contributions **4** \$ _____
5. **Add** lines 3 and 4 and enter the total **5** \$ _____
6. Enter an estimate of your 1991 income not subject to withholding (such as dividends or interest income) **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 \$2,000 and enter the result here. Drop any fraction **8** _____
9. Enter the number from Form W-4P Worksheet, line F, on page 1 **9** _____
10. **Add** lines 8 and 9 and enter the total here. If you plan to use the Multiple Pensions/More Than One Income Worksheet, also enter the total on line 1, below. Otherwise **stop here** and enter this total on Form W-4P, line 2 on page 1 **10** _____

Multiple Pensions/More Than One Income Worksheet

NOTE: Use this Worksheet only if the instructions under line F on 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 F on 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 **GREATER 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** _____
4. If line 1 is **LESS THAN** line 2, enter "0" on Form W-4P, line 2, page 1, and enter the number from line 2 of this worksheet here **4** _____
5. Enter the number from line 1 of this worksheet **5** _____
6. **Subtract** line 5 from line 4 and enter the result here **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 **8** \$ _____
9. **Divide** line 8 by the number of pay periods in each year. (For example, divide by 12 if you are paid every month.) 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
0 - \$4,000	0	0 - \$6,000	0
4,001 - 8,000	1	6,001 - 10,000	1
8,001 - 12,000	2	10,001 - 14,000	2
12,001 - 17,000	3	14,001 - 18,000	3
17,001 - 21,000	4	18,001 - 22,000	4
21,001 - 26,000	5	22,001 - 45,000	5
26,001 - 30,000	6	45,001 and over	6
30,001 - 35,000	7		
35,001 - 40,000	8		
40,001 - 55,000	9		
55,001 - 75,000	10		
75,001 and over	11		

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 - \$46,000	\$320	0 - \$26,000	\$320
46,001 - 94,000	600	26,001 - 55,000	600
94,001 and over	670	55,001 and over	670

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3405 and 6109 and their regulations. Failure to provide this information may result in withholding on your payment(s).

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** 20 min.
- Preparing the form** 49 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0415), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, give it to your payer.

Changes for 1991

Changes in the law may affect your 1991 tax liability, including changes to your personal exemption and the elimination of the deduction for personal interest.

You may use your 1990 tax return as a guide in figuring your estimated taxes, but be sure to consider the tax law changes in this section.

Itemized Deductions

For 1991, no personal interest (such as interest on car loans or credit card balances) is deductible.

Standard Deduction

The standard deduction has been increased for all taxpayers. For 1991, the amounts are:

Filing Status	Standard Deduction
Married filing joint return and qualifying widow(er)	\$5,700*
Head of household	\$5,000*
Single	\$3,400*
Married filing separately	\$2,850*

*To this amount, add the Additional Amount below if you are elderly or blind.

Additional Amount for the Elderly or the Blind.—An additional standard deduction amount of \$650 is allowed for a married individual (whether filing jointly or separately) or for a qualifying widow(er) who is 65 or over or blind (\$1,300 if the individual is both 65 or over and blind, \$2,600 on a joint return if both spouses are 65 or over and blind). An additional standard deduction amount of \$850 is allowed for an unmarried individual (single or head of household) who is 65 or over or blind (\$1,700 if both 65 or over and blind).

Personal Exemption

The amount of the personal exemption has been increased to \$2,150 for the individual, the spouse, and for each dependent.

Withholding From Pensions and Annuities

Generally, withholding applies to 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 upon the kind of payment you receive.

Periodic payments from all of the items above are treated as wages for the purpose of withholding. A periodic payment is one that is includible in your income for tax purposes and that you receive in installments at regular intervals over a period of more than one full year from the starting date of the pension or annuity. The intervals can be annual, quarterly, monthly, etc.

You can use Form W-4P to change the amount of tax to be withheld by using lines 2 and 3 of the form or to exempt the payments from withholding by using line 1 of the form. This exemption from withholding does not apply to certain recipients who have payments delivered outside the United States or its possessions. See *Exemption From Income Tax Withholding* later.

Caution: Remember that 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 the estimated tax requirements and 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.

Unless you tell your payer otherwise, tax must be withheld on **periodic** payments as if you are married and claiming three withholding allowances. This means that tax will be withheld if your pension or annuity is more than \$833 a month (\$10,000 a year).

There are some kinds of periodic payments for which you **cannot** use Form W-4P since they are already defined as wages subject to income tax withholding. Retirement pay for service in the Armed Forces of the U.S. generally falls into this category. Certain nonqualified deferred compensation plans and state and local deferred compensation plans described in section 457 also fall into this category. Your payer should be able to tell you whether Form W-4P will apply. Social security payments are not subject to withholding but may be includible in income.

For periodic payments, your certificate stays in effect until you change or revoke it. Your payer must notify you each year of your right to elect to have no tax withheld or to revoke your election.

Nonperiodic payments will have income tax withheld at a flat 10% rate unless the payment is a qualified total distribution. Tax will be withheld from a qualified total distribution using tables furnished payers and prescribed by the Treasury Department. Distributions from an IRA that are payable upon demand are treated as nonperiodic payments. You can elect to have no income tax withheld from a nonperiodic payment by filing Form W-4P with the payer and checking the box on line 1. Generally, your election to have no tax withheld will apply to any later payment from the same plan. You cannot use line 2 to change the way tax is withheld. But you may use line 3 to specify that an additional amount be withheld.

Exemption From Income Tax Withholding

The election to be exempt from income tax withholding does not apply to any periodic payment or nonperiodic distribution which is delivered outside the United States or its possessions to a U.S. citizen or resident alien.

Other recipients who have these payments delivered outside the U.S. or its possessions can elect exemption only if an individual certifies to the payer that the individual is not: (1) a U.S. citizen or resident alien or (2) an individual to whom section 877 of the Internal Revenue Code applies (concerning expatriation to avoid tax). The certification can be made in a statement to the payer under the penalties of perjury. A nonresident alien who elects exemption from withholding under section 3405, is subject to withholding under section 1441.

Revoking the Exemption From Withholding

If you want to revoke your previously filed exemption from withholding for periodic payments, file another Form W-4P with the payer. If you want tax withheld at the rate set by law (married with three allowances), write the word "Revoked" by the checkbox on line 1 of the form. If you want tax withheld at any different rate, complete line 2 on the form.

If you want to revoke your previously filed exemption for nonperiodic payments, write the word "Revoked" by the checkbox on line 1 and file Form W-4P with the payer.

Statement of Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, you will receive a statement from your payer showing the total amount of your pension or annuity payments and the total income tax withheld during the year.

Copies of Form W-4P will not be sent to IRS by the payer, regardless of the number of allowances claimed on line 2 of Form W-4P.