Department of Revenue Services
State of Connecticut
(Rev. 12/19)

Form CT-W4P

Withholding Certificate for Pension or Annuity Payments

2020

Purpose: Form CT-W4P is for Connecticut resident recipients of pensions, annuities, and certain other deferred compensation, to tell payers the correct amount of Connecticut income tax to withhold. Your options depend on whether the payment is periodic or nonperiodic. Read instructions on Page 2 before completing this form.

Instructions for Periodic Payments, such as a monthly pension payment:

Step 1: (Required) Select the filing status and description of income from the chart below that best matches your situation. Enter the corresponding Withholding Code on Line 1.

Step 2: (Optional) To see the amount of tax that will be withheld monthly, go to **portal.ct.gov/DRS**, select *Forms*, below the section titled **Guidance** select *Calculators*, then select *Monthly Connecticut Withholding Calculator*.

Step 3: (Optional) To increase or decrease the amount that will be withheld, enter an additional amount on Line 2, or a reduction amount on Line 3.

Instructions for Nonperiodic Payments, such as an on demand distribution: Do **not** use the chart below. Either enter *Withholding Code* "E" on Line 1 which will result in $0 withholding; **or** enter *Withholding Code* "E" on Line 1 and a dollar amount on Line 2 for a specific amount to be withheld. If neither of these options are indicated, your payer will withhold at 6.99%.

Married Filing Jointly	Withholding Code
Our expected combined annual gross income is **less** than or equal to $24,000 **or** no withholding is necessary (i.e., withholding from other income source).	E
My spouse **has** income subject to withholding and our expected combined annual gross income is **greater** than $24,000 and less than or equal to $100,500.	A
My spouse **does not** have income subject to withholding and our expected combined annual gross income is **greater** than $24,000.	C
My spouse **has** income subject to withholding and our expected combined annual gross income is **greater** than $100,500.	D
I have significant other income and wish to avoid having too little tax withheld.	D

Married Filing Separately	Withholding Code
My expected annual gross income is **less** than or equal to $12,000 **or** no withholding is necessary (i.e., withholding from other income source).	E
My expected annual gross income is **greater** than $12,000.	A
I have significant other income and wish to avoid having too little tax withheld.	D

Single	Withholding Code
My expected annual gross income is **less** than or equal to $15,000 **or** no withholding is necessary (i.e., withholding from other income source).	E
My expected annual gross income is **greater** than $15,000.	F
I have significant other income and wish to avoid having too little tax withheld.	D

Qualifying Widow(er)	Withholding Code
My expected annual gross income is **less** than or equal to $24,000 **or** no withholding is necessary (i.e., withholding from other income source).	E
My expected annual gross income is **greater** than $24,000.	C
I have significant other income and wish to avoid having too little tax withheld.	D

Head of Household	Withholding Code
My expected annual gross income is **less** than or equal to $19,000 **or** no withholding is necessary (i.e., withholding from other income source).	E
My expected annual gross income is **greater** than $19,000.	B
I have significant other income and wish to avoid having too little tax withheld.	D

Submit completed form to the payer of your pension or annuity, **not** DRS.

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2020 Form CT-W4P

Complete the following applicable lines.

1. Withholding Code: See instructions above. ..... 1. _____
2. Additional withholding amount per payment, if any. ..... 2. $ _____
3. Reduced withholding amount per payment, if any. ..... 3. $ _____

First name	MI	Last name	Social Security Number
Home address (number and street, apartment number, suite number, PO Box)			Claim or identification number (if any) of your pension or annuity contract
City/town	State	ZIP code	

Declaration: I declare under penalty of law that I have examined this certificate and, to the best of my knowledge and belief, it is true, complete, and correct. I understand the penalty for reporting false information is a fine of not more than $5,000, imprisonment for not more than five years, or both.

Payee's signature	Date

Form CT-W4P Instructions

Payee General Instructions

Form CT-W4P, *Withholding Certificate for Pension or Annuity Payments*, is for Connecticut resident recipients of pension, annuities and certain other deferred compensation subject to Connecticut income tax. Form CT-W4P provides your payer with the necessary information to withhold the correct amount of Connecticut income tax from your pension or annuity payment to ensure that you will not be underwithheld or overwithheld.

Effective January 1, 2018, payers of taxable pension or annuity distributions are required to deduct and withhold income tax from such distributions. Distributions subject to withholding include taxable distributions from the following: an employer pension, and annuity, a profit sharing plan, a stock bonus, a deferred compensation plan, an individual retirement arrangement (IRA), an endowment and a life insurance contract. Taxable distributions are distributions that are subject to federal income tax.

The method of withholding depends on whether the payment is periodic, nonperiodic, or a distribution of the entire account balance. Connecticut uses the federal definition for periodic and nonperiodic payments.

Periodic Payments: Withholding from periodic pension and annuity payments, such as monthly pension payments, is calculated using the same method that an employer uses to determine the amount to withhold from wages.

Complete Form CT-W4P by selecting a withholding code based on the filing status you expect to report on your Connecticut income tax return and the statement that best describes your annual gross income.

For the purpose of determining your withholding code, your annual **gross income** is your total income from all sources, but you may exclude the following amounts:

- If you receive Social Security benefits, and your filing status is single or married filing separately and your federal adjusted gross income is less than $75,000; or married filing jointly, qualifying widow(er), or head of household and your federal adjusted gross income is less than $100,000, do **not** include the amount of your Social Security. If your federal adjusted gross income is above these limits for your filing status, then do not include 75% of your total Social Security benefits.
- If you receive payments from the Teachers' Retirement System, do **not** include 25% of the amounts received.
- If you receive pension and annuity income from a defined benefit plan, a 401(k), 403(b) or a 457 plan, do not include 14% of those amounts. See the *What's New* section in the 2019 Form CT-1040 return instructions.

Failure to give your payer a properly completed Form CT-W4P will result in 6.99% withholding from your payment(s).

Nonperiodic Payments: Your payer must withhold 6.99% from the taxable amount of nonperiodic payments (see *Distribution of the entire account balance*, on this page) **unless** you complete Form CT-W4P using one of the following options. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Do **not** use the chart on Page 1. Either enter:

- *Withholding Code* "E" on Line 1 which will result in $0 withholding; **or**
- *Withholding Code* "E" on Line 1 and a dollar amount on Line 2 for a specific amount to be withheld.

You may not choose any other withholding code.

Form CT-W4P will remain in effect until you submit a new one. You should complete a new Form CT-W4P if your tax situation changes, such as your filing status changes. You should furnish your payer with a new Form CT-W4P.

Distribution of the entire account balance: The withholding rate for lump sum distribution of the entire account balance is 6.99% without allowance for exemption, unless any portion of the lump sum distribution was previously subject to tax, or the lump sum distribution is a trustee-to-trustee transfer, or is a direct roll over in the form of a check made payable to another qualified account. You cannot claim exemption from withholding. Don't give Form CT-W4P to your payer.

Check Your Withholding

You may be underwithheld if any of the following apply:

- You have more than one source of income;
- If your filing status is married filing jointly and you or your spouse, or both, have more than one source of income; **or**
- You have substantial other income such as interest, dividends or capital gains.

If you are underwithheld, you should consider adjusting your withholding or making estimated payments using **Form CT-1040ES**, *Estimated Connecticut Income Tax Payment Coupon for Individuals.*

If you owe $1,000 or more in Connecticut income tax over and above what has been withheld from your income for the prior taxable year, you may be subject to interest on the underpayment at the rate of 1% per month or fraction of a month.

To help determine if your withholding is correct, see **Informational Publication 2020(7)**, *Is My Connecticut Withholding Correct?*

Payer Instructions

For any payee who does not complete Form CT-W4P, you are required to withhold at the highest marginal rate of 6.99% without allowance for exemption. You are required to keep Form CT-W4P in your files for each payee.

For additional instructions, see **Informational Publication 2019(10)**, *Connecticut Tax Guide for Payers of Nonpayroll Amounts.*

Forms and Publications

Visit the DRS website at **portal.ct.gov/DRS** to download and print Connecticut tax forms and publications.

For More Information

Call DRS during business hours, Monday through Friday:

- **800-382-9463** (Connecticut calls from outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.Taxpayers may also call 711 for relay services. A taxpayer must tell the 711 operator the number he or she wishes to call. The relay operator will dial it and then communicate using a TTY with the taxpayer.