



Indiana Department of Revenue

Indiana Government Center • 100 N. Senate Ave. Indianapolis, IN 46204 • dor.in.gov

Income Tax Information Bulletin #13

Subject: Withholding of Adjusted Gross Income Tax on Retirement Pay

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References: IC 6-3-4-15.7

Replaces Bulletin #13, dated June 2008

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Summary of Changes

Only nonsubstantive, technical changes have been made to this bulletin. It has been primarily changed to reflect updated formatting.

Introduction

Indiana law requires the withholding of Indiana adjusted gross income tax and local income tax from a pension distribution if the payee requests withholding.

Election to Have Withholding on a Pension Payment

The payer of a periodic or nonperiodic distribution under an annuity, a pension, a retirement, or other deferred compensation plan paid to an Indiana resident (payee) is required to withhold Indiana adjusted gross income tax and local income tax if the payee makes such a request.

The request for withholding state and local income tax must be made in writing using Form WH-4P, available online at in.gov/dor/tax-forms/withholding-tax-forms/. The request must list the payee's:

- Name,
- Current address, and
- Social Security number.

The request must also:

- Specify the flat whole-dollar amount of state and local income tax to be withheld from each payment,
- List the payee's Indiana county of residence,
- List the contract, policy or account number to which the request applies, and
- Be dated.

The request for withholding remains valid until the payee changes or revokes the authorization in writing.

Amount to Be Withheld

The payer is not required to withhold Indiana state and local income tax from a payment if the amount to be withheld is less than \$10.00, or if the amount to be withheld would reduce the payment to less than \$10.00.

Requirements of the Withholding Agent

The withholding agent is responsible for custody of withheld funds, for reporting withheld funds to the State and to the payee, and for remitting withheld funds to the State in the same manner as is done for wage withholding under IC 6-3-4-8.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.



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