AR4P

STATE OF ARKANSAS

Employee's Withholding Certificate For Pensions and Annuity Payments

Name	Social Security Number
Home Address *(number and street or rural route)*	Claim or identification number *(if any)* of your pension or annuity contract
City, State and ZIP	

CHECK HERE if you do not want any Arkansas income tax withheld from your pension or annuity. *(Do not complete lines 1 through 5)* ☐

1. CHECK ONE OF THE FOLLOWING and enter amount of allowances claimed.
   - ☐ No allowances or dependents claimed. *(Enter zero on lines 1, 2, and 3)*
   - ☐ Single and you claim yourself. *(Enter one allowance)*
   - ☐ Married and you claim yourself and your spouse. *(Enter two allowances)*
   - ☐ Head of Household, and you claim yourself. *(Enter two allowances)* ....1 ____________
2. NUMBER OF CHILDREN or DEPENDENTS. *(Enter one allowance per dependent)* ....2 ____________
3. TOTAL ALLOWANCES. *(Add Lines 1 and 2. If no allowances or dependents are claimed, enter zero)* ....3 ____________
4. Additional amount, if any, you want deducted from each pension or annuity payment. *(Enter dollar amount)* ....4 ____________
5. I qualify for the low-income tax rates. *(See below for details)* ....5 ☐

   Please check filing status: ☐ Single ☐ Married Filing Jointly ☐ Head of Household

I certify that the number of allowances and dependents claimed on this certificate does not exceed the number to which I am entitled.

Signature: ______________________________ Date: ______________

Instructions for Completing the Withholding Certificate for Pension and Annuity Payments

Generally, Arkansas income tax withholding applies to the **taxable** portion 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 first $6,000 per year of a pension distribution or qualified traditional IRA distribution may be tax exempt. Also, qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding.

1. NUMBER OF ALLOWANCES – Do not claim more than the correct number of allowances. However, if you expect to owe more income tax for the year, you may increase your withholding by claiming a smaller number of allowances, or you may enter into an agreement with your payer to have additional amounts withheld. This is especially important if you have more than one payer, or if both husband and wife are receiving payments.

2. DEPENDENTS – To qualify as your dependent, a person must (a) receive more than 1/2 of their support from you for the year, (b) not be claimed as a dependent by such person's spouse, (c) be a citizen or resident of the United States, and (d) have your home as their principle residence and be a member of your household for the entire year or be related to you as follows: son, daughter, grandchild, stepson, stepdaughter, son-in-law or daughter-in-law; Your father, mother, grandparent, stepfather, stepmother, father-in-law or mother-in-law; Your brother, sister, stepbrother, stepsister, half-brother, half-sister, brother-in-law or sister-in-law; Your uncle, aunt, nephew or niece (but only if related by blood), or, an individual (other than your spouse) who, for the taxable year of the taxpayer, had the same principal place of abode as the taxpayer and was a member of the taxpayer's household.

Once the filing status and number of allowances are established, use the Arkansas Withholding Tables to determine the amount of tax to withhold from each distribution.

3. CHANGES IN ALLOWANCES – You may file a new certificate at any time if the number of allowances INCREASES. You must file a new certificate within 10 days if the number of allowances previously claimed by you DECREASES for any of the following reasons:

(a) Your spouse for whom you have been claiming an allowance is divorced or legally separated, or claims his or her own allowance on a separate certificate, or

(b) The support of a dependent for whom you claimed an allowance is expected to be less than half of the total support for the year. OTHER DECREASES in allowances, such as the death of a spouse or a dependent, do not affect your withholding until next year, but require the filing of a new certificate by December 1, of the year in which they occur.

4. Claim additional amounts of withholding tax if desired. This will apply most often when you have income other than wages.

5. You qualify for the low-income tax rates if your **total** income from all sources are as shown below:

(a)	Single	$14,644	to	$17,500
(b)	Married Filing Jointly (1 or less dependents)	$24,696	to	$29,000
(c)	Married Filing Jointly (2 or more dependents)	$29,723	to	$36,100
(d)	Head of Household/Qualifying Widow(er) (1 or less dependents)	$20,821	to	$25,300
(e)	Head of Household/Qualifying Widow(er) (2 or more dependents)	$24,819	to	$29,000

For additional information consult your Plan Administrator or:
Arkansas Withholding Tax Section
P. O. Box 8055
Little Rock, Arkansas 72203-8055

Additional Instructions

Section references are to the Internal Revenue Code.

Withholding From Pensions and Annuities

State 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 (a) the kind of payment you receive, (b) whether the payments are 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 Roth IRA are nontaxable and, therefore, not subject to withholding. 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 AR4P.

Choosing Not To Have Income Tax Withheld

You (or in the event of death, your beneficiary or estate) can choose not to have state income tax withheld from your payments by using line 1 of Form AR4P. 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 AR4P. You may not make this choice for eligible rollover distributions.

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 submit an AR4P 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 state income tax withheld. If you want state income tax to be withheld, you must designate the number of withholding allowances on line 3 of Form AR4P and indicate your marital status by checking the appropriate box. 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 5. For periodic payments, your Form AR4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have state income tax withheld (if permitted) or to change your choice. There are some kinds of periodic payments for which you cannot use Form AR4P because they are already defined as wages subject to state 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 deferred compensation plans of exempt organizations described in Section 457. Your payer should be able to tell you whether Form AR4P applies. If you do not submit Form AR4P to your payer, the payer must withhold on periodic payments as if you are married claiming three withholding allowances.

Nonperiodic Payments - 3% Withholding

Your payer must withhold at a flat 3% rate from nonperiodic payments (but see *Eligible rollover distribution - 5% withholding*) **unless** you choose not to have state income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have state income tax withheld from a nonperiodic payment (if permitted) by submitting Form AR4P (containing your correct TIN) to your payer and checking the box on line 1. Generally, your choice not to have state 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 5 to specify an additional amount that you want withheld.

Eligible Rollover Distribution - 5% Withholding

Distributions you receive from qualified pension or annuity plans (for example, 401(k) pension plans, IRAs, and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over tax free to an IRA or qualified plan are subject to a flat 5% state withholding rate. The 5% withholding rate is **required**, and you cannot choose not to have income tax withheld from eligible rollover distributions. Do not give Form AR4P to your payer unless you want an additional amount withheld. Then, complete line 4 of Form AR4P and submit the form to your payer.

The payer will not withhold state income tax if the entire distribution is transferred by the plan administrator in a direct rollover to a traditional IRA, qualified pension plan, governmental section 457(b) plan (if allowed by the plan), or tax-sheltered annuity.

Distributions that are (a) required by law, (b) one of a specified series of equal payments, or (c) qualifying "hardship" distributions are not "eligible rollover distributions" and are not subject to the mandatory 5% state income tax withholding.

Changing Your "No Withholding" Choice

Periodic Payments

If you previously chose not to have state income tax withheld and you now want withholding, complete another Form AR4P and submit it to your payer. If you want state 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.

Nonperiodic Payments

If you previously chose not to have state income tax withheld and you now want withholding, write "Revoked" next to the checkbox on line 1 and submit Form AR4P 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 on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., showing the total amount of your pension or annuity payments and the total federal income tax withheld during the year.