

IRS Issues Proposed Rule on Withholding from Periodic Payments from Pensions and Annuities

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Under Section 3405(e)(2) of the Internal Revenue Code, withholding from periodic payments from pensions and annuities is determined under rules prescribed by the Secretary of the Treasury. Currently, under IRS Notice 2020-3, if no withholding certificate is in effect, the required withholding amount is determined by treating the payee as a married individual claiming three withholding exemptions. Under the proposed rule, beginning in 2021, the required withholding amount will be determined in the manner described in the applicable forms, instructions, publications, and other guidance prescribed by the IRS Commissioner (e.g., the annual Publication 15-T and instructions to Form W-4P). The Proposed Rule can be found [here](#).