

FYI[®] Alert

For Your Information[®]

IRS deadlines for using 2023 pension withholding forms have arrived

The IRS released the 2023 forms in December. Payers and plan administrators will need to update their forms and procedures for 2023 payments accordingly.

Background

As noted in our November 7, 2022 *FYI*, the redesigned Form W-4P, *Withholding Certificate for Periodic Pension or Annuity Payments*, and the new Form W-4R, *Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions*, were available for use in 2022 and are required to be used starting January 1, 2023. In mid-December, the IRS released the final 2023 versions of these forms on its website.

2023 federal tax withholding forms

The 2023 forms must generally be used starting January 1, 2023. However, the IRS previously announced that payers using electronic or paper substitutes for these forms (such as plan administrators who incorporate all of the required withholding notices and elections within the plan's distribution forms) must incorporate all required changes to the 2023 versions of their forms and start using them by the later of January 1, 2023 or 30 days after the IRS releases the final versions of the 2023 forms. Based on the dates when the final versions of the 2023 forms first appeared on the IRS website, it appears that payers using electronic or paper substitutes must incorporate the 2023 changes no later than January 18, 2023 for Form W-4P, and no later than January 15, 2023 for Form W-4R.

Plan sponsors and plan administrators should contact their recordkeepers, trustees, and paying agents to ensure that the 2023 Form W-4P and the 2023 Form W-4R are being incorporated into their pension processing systems, procedures, communications, and distribution packages.

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In closing

We will continue to monitor developments in this area and provide updates if the IRS releases additional guidance regarding the federal tax withholding forms for pension benefit payments.

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