

Internal Revenue Service

Philadelphia Service Center
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Philadelphia, PA 19161

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Department of the Treasury
Internal Revenue Service

www.irs.gov

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People on a Pension

You May Not Be Required To Have Federal Tax Withheld

Are you required to file?

The INTERNAL REVENUE SERVICE (IRS) is sending this information as part of our customer service and outreach efforts to reduce taxpayer burden. We hope this information helps you decide to stop the withholding on your pension income. Changing your Federal withholding will prevent you from filing unnecessary returns, and you will receive larger pension checks throughout the year.

To find out more about Form W-4P and claiming an exemption for 2003, you can access the IRS on the Internet Web Site. Connect to **www.irs.gov**, select the forms and pubs option, follow the directions to access the information on Form W-4P. You can reach us by phone at 1-800-829-1040. Our normal hours of operation are Monday through Friday from 7:00 a.m. to 10:00 p.m. local time. Beginning December 31, 2002, through April 15, 2003, assistance will also be available on Saturdays from 9:00 a.m. to 5:00 p.m. local time. Assistance provided to callers from Alaska and Hawaii will be based on the hours of operation in the Pacific Time Zone. We continue to offer around-the-clock service for refund and account callers.

Sincerely,
COMMISSIONER, Internal Revenue Service

If you can answer YES to both questions below, you may not have to file a 2003 Federal income tax return.

- 1 Do you have Federal income tax withheld from your pension?
- 2 Will you file for 2002 only to get a refund of money withheld from your pension?

YOU CAN PROBABLY AVOID filing a 2003 Federal tax return in the year 2004 if you advise your pension company to stop Federal withholding. You can stop withholding simply by filling out the enclosed **Form W-4P**, Withholding Certificate for Pension or Annuity Payments, and mailing it to the company that sends you your pension checks. If you do not have to file a Federal tax return, you will save time. If you usually pay someone else to prepare your Federal return, you will also save money.

TO SEE IF THIS MIGHT work for you, fill out the enclosed worksheet to find out if you owe taxes for 2002. If your income is less than the minimum amount shown on the chart, you will only have to file a 2002 tax return to receive a refund of your pension withholding. If your income in 2003 will be about the same as it was in 2002, it is likely that you will not owe any taxes for 2003 either. If you mail the Form W-4P to your pension company in early December of 2002, they will have time to stop the withholding before another year starts. You most likely will not have to file a 2003 Federal tax return.

Send a Form W-4P to your pension provider by early December 2002

s o

Your pension company can stop deducting Federal taxes for all of the 2003 tax year

t h e n

You probably will not have to file a 2003 Federal tax return.

RE M I N D E R: This applies only to your Federal tax return. State filing requirements are different. You should contact your state or local tax office if you need this information.

Computing Your Total Gross Income*

CAUTION: Do not use this worksheet if you have gross income from sources not listed below.

① Wages, salaries, tips	① \$
② Interest income <i>(Do not include tax-exempt interest such as from municipal bonds.)</i>	② \$
③ Dividend income <i>(Include proceeds from the sale of stocks or bonds.)</i>	③ \$
④ Retirement income <i>(Pension, Annuity, IRA Distributions)</i>	④ \$
⑤ Gross income. Add amounts on lines 1 through 4	⑤ \$

CAUTION: You may also be required to file a return if you owe any special taxes, such as tax on an IRA or other retirement plan.

* Do not include social security benefits you receive unless you are married filing a separate return from your spouse and you lived with him or her at anytime in 2002.

Determining Your Filing Requirements

Use this chart to see if you must file a return. If line 5 is less than the amount shown in the chart below, a Federal tax return does not have to be filed. NOTE: If you turned 65 on January 1, 2003, you are considered to be 65 at the end of 2002.

IF your filing status is...	AND at the end of 2002 you were...	THEN you do not need to file a return if your gross income is less than...
Single	under 65	\$ 7,700
	65 or older	8,850
Married filing jointly*	under 65 (<i>both spouses</i>)	\$13,850
	65 or older (<i>one spouse</i>)	14,750
	65 or older (<i>both spouses</i>)	15,650
Married filing separately	any age	\$ 3,000
Head of household	under 65	\$ 9,900
	65 or older	11,050
Qualifying widow(er) with dependent child	under 65	\$10,850
	65 or older	11,750

Worksheet taken from Form 9452 (Rev. 10-02) OMB No. 1545-1316.

* If you did not live with your spouse at the end of 2002 (or on the date your spouse died) and your gross income was at least \$3,000, you must file a return regardless of your age.

Do not mail to the IRS. Give to your pension provider.

Form **W-4P**

Department of the Treasury
Internal Revenue Service

Withholding Certificate for Pension or Annuity Payments

► For Privacy Act and Paperwork Reduction Act Notice, see page 4.

OMB No. 1545-0415

2003

Type or print your full name

Your social security number

Home address (number and street or rural route)

Claim or identification number
(if any) of your pension or
annuity contract

City or town, state, and ZIP code

Complete the following applicable lines:

- 1 Check here if you **do not want any** Federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ►
- 2 Total number of allowances and marital status you are claiming for withholding from each **periodic** pension or annuity payment. (You may also designate an additional dollar amount on line 3.) ► _____
Marital status: Single Married Married, but withhold at higher "Single" rate (Enter number of allowances.)
- 3 Additional amount, if any, you want withheld from each pension or annuity payment. **Note:** For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2 ► \$ _____

Your signature ► _____

Date ► _____

Cat. No. 10225T

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3405 and 6109 and their regulations. Failure to provide this information may result in inaccurate withholding on your payment(s). You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping** 40 minutes, **Learning about the law or the form** 20 minutes, **Preparing the form** 49 minutes. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this address. Instead, give it to your payer.