

2023 W-4MNP, Minnesota Withholding Certificate for Pension or Annuity Payments

Pension or Annuity Recipients

Complete Form W-4MNP so the financial institution making these distributions can withhold the correct Minnesota income tax. Consider completing a new Form W-4MNP each year or when your personal or financial situation changes. See Section 2 if you do not want income tax withheld from your distributions.

| | | |
|---|-----------|---|
| First Name and Initial | Last Name | Social Security Number |
| Permanent Address | | Claim or Identification Number (if any) of your Pension or Annuity Contract |
| City | State | ZIP Code |
| Marital Status: <input type="checkbox"/> Single; Married, but legally separated; or Spouse is a nonresident alien <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate | | |

Complete Section 1 OR Section 2, then sign the bottom of the recipient's section and give the completed form to your financial institution.

Section 1 — Determining Minnesota Allowances

- A Enter "1" if no one else can claim you as a dependent **A** _____
 - B Enter "1" if any of the following apply: **B** _____
 - You are single and have only one source of income
 - You are married, have only one source of income, and your spouse does not have income
 - Your income from a second source or your spouse's income is \$1500 or less
 - C Enter "1" if you are married. Or choose to enter "0" if you are married and either your spouse has income or you have more than one source of income.
(Entering "0" may help you avoid having too little tax withheld.) **C** _____
 - D Enter the number of dependents (other than your spouse or yourself) you will claim on your tax return..... **D** _____
 - E Enter "1" if you will use the filing status Head of Household (*see instructions*). **E** _____
 - F Add steps A through E. If you plan to itemize deductions on your 2023 Minnesota income tax return, you may also complete the Itemized Deductions and Additional Income Worksheet. . . . **F** _____
- 1 Minnesota Allowances.** Enter Step F from Section 1 above or Step 10 of the Itemized Deductions Worksheet **1** _____
- 2 Additional Minnesota withholding you want deducted for each pension or annuity payment (*see instructions*)** **2** \$_____

Section 2 — Election to Not Withhold Minnesota Income Tax

Complete Section 2 if you receive a pension or annuity and choose not to have any tax withheld from any distributions (*see instructions*).

I certify that all information provided in Section 1 OR Section 2 is correct. I understand there is a \$500 penalty for filing a false Form W-4MNP.

| | | |
|--|------|----------------------|
| Pension or Annuity Recipient Signature | Date | Daytime Phone Number |
|--|------|----------------------|

Pension or Annuity Recipient: Give the completed form to your pension or annuity plan administrator.



Form W-4MNP, Minnesota Withholding Certificate for Pension or Annuity Payments

Complete this form to calculate the amount of Minnesota income tax to be withheld from your payments or distributions.

When should I complete Form W-4MNP?

If you receive payments or distributions from an employee deferred compensation plan (such as a 401(k)), an individual retirement plan, or a commercial annuity, complete Form W-4MNP.

For periodic payments, complete Form W-4MNP when you begin receiving payments from an annuity or pension or if your financial situation changes. Use this form to determine the amount of allowances you are eligible to claim for withholding tax purposes or to elect to have no tax withheld from these payments. If you were already having Minnesota income tax withheld from payments you received prior to 2023, then you do not have to complete a Form W-4MNP until your situation changes and you need to adjust your Minnesota income tax withholding.

For nonperiodic distributions, you must complete Form W-4MNP to determine withholding from your distribution or to elect out of Minnesota withholding on the distribution. You may complete a new form or elect out of withholding each time you request a nonperiodic distribution.

What are periodic payments and nonperiodic distributions?

Periodic payments are made in installments at regular intervals (for example, quarterly, monthly, annually) over a period of more than one year.

Nonperiodic distributions are payments not made at regular intervals.

What if I receive multiple nonperiodic distributions?

If you previously completed Form W-4MNP for the same institution, you may use the election from the previous Form W-4MNP by confirming the election with the institution. In this case, you would not need to complete a new Form W-4MNP.

Note: The Minnesota Department of Revenue may receive a copy of your Form W-4MNP. You may be subject to a \$500 penalty if you provide a false Form W-4MNP.

You must enter your Social Security Number for this Form W-4MNP to be valid.

What if I have completed federal Form W-4P?

You will still need to complete Form W-4MNP to determine your Minnesota withholding allowances.

What if I choose to not have Minnesota income tax withheld?

If you choose to not have Minnesota income tax withheld, complete only Section 2 of Form W-4MNP and sign the form to validate it. Consider making estimated tax payments to avoid possible penalties and interest when you file your Minnesota income tax return.

Section 1 — Minnesota Allowances Worksheet

Complete Section 1 to find your allowances for Minnesota withholding tax. Withholding must be based on allowances you claimed and may not be a flat amount of percentage of payments or distributions.

If you expect to owe more income tax for the year than will be withheld, you can claim fewer allowances or request additional Minnesota withholding. Enter the amount of additional Minnesota income tax you want withheld on line 2 of Section 1.

Head of Household Filing Status

You may claim Head of Household as your filing status if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependents. Enter "1" on Step E if you may claim Head of Household as your filing status on your tax return.

What if I itemize deductions on my Minnesota return or have other additional income?

Use the Itemized Deductions and Additional Income Worksheet to find your Minnesota withholding allowances. Complete Section 1 on page 1, then follow the steps in the worksheet below to find additional allowances.

| Itemized Deductions and Additional Income Worksheet | |
|---|---|
| 1 | Enter an estimate of your 2023 Minnesota itemized deductions. For 2023, you may have to reduce your itemized deductions if your income is over \$206,050 (\$103,025 for Married Filing Separately). |
| 2 | Enter one of the following based on your filing status: |
| | a. \$25,800 if Married Filing Jointly |
| | b. \$19,400 if Head of Household |
| | c. \$12,900 if Single or Married Filing Separately |
| 3 | Subtract step 2 from step 1. If zero or less, enter 0 |
| 4 | Enter an estimate of your 2023 additional standard deduction (from page 11 of the Form M1 instructions) |
| 5 | Add steps 3 and 4 |
| 6 | Enter an estimate of your 2023 taxable nonwage income |
| 7 | Subtract step 6 from step 5. If zero, enter 0. If less than zero, enter the amount in parentheses. |
| 8 | Divide the amount on step 7 by \$4,450. If a negative amount, enter in parentheses. Do not include fractions |
| 9 | Enter the number on step F of Section 1 on page 1 |
| 10 | Add step 8 and 9 and enter the total here. If zero or less, enter 0. Enter this amount on line 1 of page 1. |

Section 2 — Election to Not Withhold Minnesota Income Tax

Your payer will not withhold Minnesota taxes from your periodic payments or nonperiodic distributions if you choose to not withhold Minnesota income tax. Consider making estimated tax payments to avoid possible penalties and interest when you file your Minnesota income tax return.

Nonresident Alien

If you are a nonresident alien for federal tax purposes, do not complete Section 2. See IRS Publication 519, *U.S. Tax Guide for Aliens*.

Additional Minnesota Withholding

If you would like an additional amount of tax to be deducted from each pension or annuity payment or distribution, enter the amount of additional withholding on line 2. Do not enter a percentage of the payment or distribution you want to be deducted.

Use of Information

All information on Form W-4MNP is private by state law. It cannot be given to others without your consent, except to the IRS, to other states that guarantee the same privacy, or by court order. Your name, address, and Social Security Number are required for identification. Information about your allowances is required to determine your correct tax. We ask for your phone number so we can call if we have a question.

Questions?

- Website: www.revenue.state.mn.us
- Email: withholding.tax@state.mn.us
- Phone: 651-282-9999 or 1-800-657-3594 (toll-free)

Form W-4MNP Payer Instructions on next page.

Form W-4MNP Payer Instructions

Form W-4MNP Requirement

Federal Form W-4P will not determine withholding allowances used to determine the amount of Minnesota withholding. Recipients completing a federal 2023 Form W-4P will need to complete 2023 Form W-4MNP to determine the appropriate amount of Minnesota withholding.

When does a recipient complete Form W-4MNP?

Recipients complete Form W-4MNP when they begin receiving payments or distributions or their personal or financial situation changes.

If recipients request more than one nonperiodic distribution from your institution, and you already have a Form W-4MNP on file, confirm with them whether they would like to use their previous election. If they choose to change their election, they must complete a new Form W-4MNP.

How should I determine Minnesota withholding for a recipient that does not complete Form W-4MNP?

If a recipient already has a prior-year Form W-4MNP on file, you may use the allowances on their W-4MNP. If a recipient has a federal Form W-4P on file from 2017 or prior years, you may use the allowances on their federal Form W-4P. Otherwise, withhold Minnesota tax as if the recipient is single with zero withholding allowances.

Prior to 2023, if you provided the option to withhold Minnesota income tax on distributions as shown on Form W-4MNP, you may be able to continue following the recipient's previous election.

- If they chose to have tax withheld, you may use the allowances they determined on a Minnesota Form W-4MNP.
- If they chose not to have tax withheld, you do not need to withhold for them.
- If they did not choose an election either way, you must ask recipients to complete Form W-4MNP to either determine allowances or opt out of withholding on payments.

How do I withhold tax on non-periodic distributions?

It depends on whether or not the recipient has provided you Form W-4MNP or receives periodic payments.

| If the recipient | And they | To determine withholding for the non-periodic payment |
|-----------------------------------|----------------------------------|--|
| Has Form W-4MNP on file | Also receive periodic payments | Use either Method 1 or Method 2. Method 1: Add the non-periodic distribution to the periodic payment, then determine withholding using the 2023 Minnesota Withholding Tax Tables. Method 2: Use the tax tables to determine withholding on the periodic payment separately. Multiply the non-periodic distribution by 6.25% to determine withholding on the payment. |
| | Do not receive periodic payments | See the worksheet on page 34 of the 2023 Minnesota Income Tax Withholding Instruction Booklet and Tax Tables. Use this worksheet to calculate withholding using an annual payment period for the distribution. |
| Does not have Form W-4MNP on file | N/A | Have the recipient complete Form W-4MNP. Then, determine withholding based on whether or not they also receive periodic payments. |

What is an invalid Form W-4MNP?

Form W-4MNP is considered invalid if any of these apply:

- There is any unauthorized change or addition to the form, including any change to the language certifying the form is correct
- The recipient indicates in any way the form is false by the date the recipient provides you with the form
- The form is incomplete or lacks the required signatures
- Both Section 1 and Section 2 were completed
- The payer information is incomplete

What if I receive an invalid form?

Do not use the invalid form to calculate Minnesota income tax withholding. Have the recipient complete and submit a new Form W-4MNP. If the recipient does not give you a valid form, and you have an earlier Form W-4MNP from them, use the earlier form to calculate their withholding.

If a valid Form W-4MNP is not completed by the recipient, withhold taxes as if the recipient is single and claiming zero withholding allowances.

Does the department accept substitute forms?

An equivalent substitute record may be used and must include all the information included on Form W-4MNP. Keep all Forms W-4MNP or equivalent documents with your records.