

**MEMO# 3421**

January 10, 1992

## **IOWA PENSION WITHHOLDING REQUIREMENT**

January 10, 1992 TO: PENSION COMMITTEE NO. 2-92 RE: IOWA PENSION WITHHOLDING REQUIREMENT \_\_\_\_\_ As we recently informed you, Iowa has enacted a requirement that state income tax be withheld from pensions, annuities and other similar periodic payments to persons whose primary residence is in Iowa, if federal withholding applies. (See Institute Memorandum to Pension Committee No. 33-91, dated October 29, 1991.) Attached is a copy of the Iowa Department of Revenue and Finance Withholding Information newsletter, which states that the withholding rate is five percent. The newsletter also clarifies that no withholding will be required when payment amounts or taxable amounts fall below certain thresholds, when payments are not subject to Iowa income tax, or when no federal income tax withholding is required. The payee may elect Iowa withholding, however, even if no federal withholding is required. We will keep you informed of developments. Kathy D. Ireland Associate Counsel - Pension Attachment

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