

MEMO# 6164

September 8, 1994

IRS ISSUES NEW FORM 945

* See, Institute Memorandum to Operations Members No. 1-94, Pension Members No. 1-94, Tax Members No. 3-94 and Transfer Agent advisory Committee No. 2-94, dated January 19, 1994. September 8, 1994 TO: OPERATIONS MEMBERS NO. 30-94 PENSION MEMBERS NO. 25-94 TAX MEMBERS NO. 38-94 TRANSFER AGENT ADVISORY COMMITTEE NO. 33-94 RE: IRS ISSUES NEW FORM 945

Attached are copies of the Internal Revenue Service's new Form 945, Annual Return of Withheld Federal Income Tax, and Form 945-A, Annual Record of Federal Tax Liability. Under new regulations adopted last December and effective for amounts withheld after December 31, 1993, all "nonpayroll" income tax withholding (e.g., backup withholding and withholding on pensions, annuities and IRAs) is to be reported on the new IRS Form 945, while all "payroll" withholding will continue to be reported on IRS Form 941 (Employer's Quarterly Federal Tax Return.* Withheld "payroll" and "nonpayroll" amounts will likewise be deposited separately. The instructions accompanying the new Form 945 note that because some nonqualified pension plans and some other deferred compensation arrangements are treated as wages and are reported on Form W-2, Form 941, Employer's Quarterly Federal Tax Return, should be used in those cases, not Form 945. The instructions also suggest that filers use the blue machine-scannable version of Form 945 available from the IRS. We will keep you advised of developments. John J. Canary, Jr. Assistant Counsel - Pension Peter J. Cinquegrani Assistant Counsel - Tax Attachments