

**MEMO# 33889**

November 9, 2021

## **IRS Posts Another Early Release Draft 2022 Form W-4P**

[33889]

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TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension

Tax RE: IRS Posts Another Early Release Draft 2022 Form W-4P

The IRS has posted the latest in a series of early release drafts of the 2022 IRS Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments.[\[1\]](#)

### **Background**

As we previously reported,[\[2\]](#) the IRS is creating two separate forms to replace the current Form W-4P, which is for use with both periodic and nonperiodic payments (and eligible rollover distributions) from retirement plans and annuities. Earlier in 2021, the IRS asked for review and feedback from stakeholders on early release drafts of the two separate forms—Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments, and new Form W-4R, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions. The Institute provided comments on the early release drafts in an April 2021 letter signed by several industry trade organizations.[\[3\]](#)

### **Latest Draft**

The latest early release draft (the fourth draft) of Form W-4P provides a revised worksheet for computing withholding and includes information regarding implementation of the redesigned 2022 Forms W-4P and W-4R. It does not include any changes to the draft form itself since the third early release draft. The release includes an optional computational bridge that describes how to convert data fields and figure federal income tax withholding on 2021 or earlier Forms W-4P as if they were on 2022 or later Forms W-4P. The cover page indicates that the computational steps should not change, and that this draft form may be relied upon for purposes of systems programming.[\[4\]](#)

Importantly, the cover page also indicates that the final redesigned Form W-4P and Form W-4R (coming soon) will be optional for 2022 and required beginning January 1, 2023. The IRS recommends that payors update their system programming for the new forms and

begin using them in 2022 as soon as programming is in place. In the meantime, payors may continue to use the 2021 Form W-4P (for 2022 only). Withholding tables for 2022 will work with both sets of forms.

Elena Barone Chism  
Associate General Counsel - Retirement Policy

#### **endnotes**

[1] The fourth early release draft is available here:  
<https://www.irs.gov/pub/irs-dft/fw4p--dft.pdf>.

[2] See ICI Memorandum No. 33062, dated January 22, 2021, available at  
<https://www.ici.org/memo33062>.

[3] See ICI Memorandum No. 33510, dated April 28, 2021, available at  
<https://www.ici.org/memo33510>. The letter asked the IRS to consider making certain changes to the early release drafts, including simplifying the forms and delaying the effective date until the 2023 tax year to provide at least one full calendar year for implementation.

[4] The cover page also states that the final version of the redesigned Form W-4P will include updates to the Step 4(b)—Deductions Worksheet for indexed numbers for 2022 and the final versions of the redesigned Form W-4P and Form W-4R may include text changes to the forms and instructions.