2021 SURVEY 4

STATE TAXATION OF CONTRIBUTIONS TO AND DISTRIBUTIONS FROM CERTAIN RETIREMENT PLANS

QUESTION 1

DOES STATE PROVIDE A DEDUCTION FOR CONTRIBUTIONS TO RETIREMENT PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
Alabama*	SAF	SAF	SAF	SAF	Code of Alabama (1975) § 40-18-15(a)(11) and (12); § 40-18-14(3)
Alaska*	NAT	NAT	NAT	NAT	
Arizona	SAF	SAF	SAF	SAF	Arizona Revised Statutes § 43-1001.2
Arkansas*	SAF	SAF	SAF	SAF	ACA § 26-51-414
California*	SAF	SAF	SAF	SAF	Revenue & Taxation Code § 17501 (SB 401, Stats. 2010, Ch. 488.)
Colorado*	SAF	SAF	SAF	SAF	Colorado Revised Statutes § 39-22-104
Connecticut*	SAF	SAF	SAF	SAF	Conn. Gen. Stat. §12-701(a)(19)
Delaware	SAF	SAF	SAF	SAF	§ 1105
District of Columbia	SAF	SAF	SAF	SAF	D.C. Code § 47-1803.02

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 1

DOES STATE PROVIDE A DEDUCTION FOR CONTRIBUTIONS TO RETIREMENT PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
Florida*	NAT	NAT	NAT	NAT	
Georgia	SAF	SAF	SAF	SAF	Georgia § 48-1-2(14), 48-7-27(a)
Hawaii*	SAF	SAF	SAF	SAF	Hawaii Revised Statutes §§ 235-2.4 (r), (x), (y); 235-4; and 235-5 (c)
Idaho	SAF	SAF	SAF	SAF	Idaho Code § 63-3002
Illinois	SAF	SAF	SAF	SAF	IITA § 203(a)
Indiana*	SAF	SAF	SAF	SAF	Indiana Code § 6-3-1-3.5(a)
Iowa*	SAF	SAF	SAF	SAF	Iowa Code § 422.7
Kansas*	SAF	SAF	SAF	SAF	Kansas Statutes Annotated § 79-32, 117
Kentucky*	SAF	SAF	SAF	SAF	Kentucky Revised Statutes § 141.010
Louisiana	SAF	SAF	SAF	SAF	Louisiana Revised Statutes § 47:293(1)
Maine*	SAF	SAF	SAF	SAF	~~Title~~ 36 ~~Maine Revised Statutes~~M.R.S. §§ 5121 and 5122(1)(G)

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 1

DOES STATE PROVIDE A DEDUCTION FOR CONTRIBUTIONS TO RETIREMENT PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
Maryland	SAF	SAF	SAF	SAF	Annotated Code of Maryland, Tax-General Article §§ 10-101, 10-201 through 222
Massachusetts*	NO DED	NO DED	SAF	SAF	G.L. c. 62, §§ 2,5
Michigan	SAF	SAF	SAF	SAF	Michigan Compiled Laws § 206.30
Minnesota	SAF	SAF	SAF	SAF	Minnesota Statute § 290.01, subdivision 19
Mississippi	SAF	SAF	SAF	SAF	Mississippi Code § 27-7-16
Missouri	SAF	SAF	SAF	SAF	Revised Statutes of Missouri § 143.121
Montana	SAF	SAF	SAF	SAF	Montana Code Annotated §§ 15-30-2101 and 15-30-2110
Nebraska	SAF	SAF	SAF	SAF	Nebraska Revised Statutes § 77-2714
Nevada	NAT	NAT	NAT	NAT	
New Hampshire*	NAT	NAT	NAT	NAT	

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 1

DOES STATE PROVIDE A DEDUCTION FOR CONTRIBUTIONS TO RETIREMENT PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
New Jersey*	NO DED	NO DED	NO DED	SAF	New Jersey Statutes Annotated § 54A:6-21
New Mexico*	SAF	SAF	SAF	SAF	New Mexico Statutes Annotated § 7-2-2 (1978)
New York*	SAF	SAF	SAF	SAF	New York State Tax Law Article 22, § 612
North Carolina	SAF	SAF	SAF	SAF	G.S. 105-153.4
North Dakota	SAF	SAF	SAF	SAF	North Dakota Century Code §§ 57-38-01(5), (13), and (15); and 57-38-30.3(2)
Ohio*	SAF	SAF	SAF	SAF	Ohio Revised Code § 5747.01
Oklahoma	SAF	SAF	SAF	SAF	68 Oklahoma Statutes 1981, § 2353
Oregon*	SAF	SAF	SAF	SAF	ORS 316.007, 316.048, 316.130
Pennsylvania*	NO DED	NO DED	NO DED	NO DED	72 P.S. § 7303(a)(1)(ii).
Rhode Island*	SAF	SAF	SAF	SAF	Rhode Island General Laws § 44-30

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 1

DOES STATE PROVIDE A DEDUCTION FOR CONTRIBUTIONS TO RETIREMENT PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
South Carolina*	SAF	SAF	SAF	SAF	South Carolina §§ 12-6-560, 12-6-570, 12-6-1720, 12-8-520
South Dakota	NAT	NAT	NAT	NAT	
Tennessee*	NO DED	NO DED	NO DED	NO DED	
Texas	NAT	NAT	NAT	NAT	
Utah	SAF	SAF	SAF	SAF	Utah Code §§ 59-10-103 and 59-10-104.
Vermont*	SAF	SAF	SAF	SAF	32 Vermont Statutes Annotated §§ 5811 (21)
Virginia*	SAF	SAF	SAF	SAF	Va. Code § 58.1-322
Washington	NAT	NAT	NAT	NAT	
West Virginia*	SAF	SAF	SAF	SAF	
Wisconsin*	SAF	SAF	SAF	SAF	Wisconsin Statutes § 71.01(4), (6) and (13)
Wyoming	NAT	NAT	NAT	NAT	

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 1

STATE-SPECIFIC INFORMATION

Alabama Same as federal, except adjusted gross income limitation is Alabama adjusted gross income.

Alaska The Alaska income tax law applies only to corporations.

Arkansas Part year residents must apportion retirement plan contributions based on the percentage of Arkansas income divided by total adjusted gross income. Nonresidents are not allowed a deduction from Arkansas income. They are allowed a deduction on their total adjusted gross income.

California Revenue and Taxation Code section 17501 provides that California pre-conforms to future federal ERISA plan qualification changes but the Revenue and Taxation Code does not automatically conform future federal deduction amount changes. Special rules were also enacted to deal with elective deferrals not excluded from California tax and to provide special basis rules. (RTC §17501). A contribution made to a Traditional IRA by an individual who is age $70^{1/2}$ years or older may not be deducted and is IRA basis (IRC section 219 and RTC §§ 17024.5 and 17501).

Connecticut The computation of the Connecticut income tax starts with the federal adjusted gross income. Thus, the deduction for any allowable contribution to a qualified retirement plan is not part of the Connecticut tax base and is not subject to taxation. Conn. Gen. Stat. §12-701(a)(19).

SAF - Same as Federal
NAT - No Applicable Tax

Colorado	Distributions from certain retirement plans, to the extent they are reportable as pension or annuity income for federal income tax purposes, qualify for the Colorado pension and annuity subtraction of $20,000 ($24,000 if age 65 or older). Withholding obligations only apply to employers and income from gambling. Colorado Revised Statutes § 39-22-604.
Florida	Florida income tax applies only to corporations.
Hawaii	Deductions by nonresident individual taxpayers from gross income for pension, profit sharing, stock bonus plans, section 401(k), and other plans qualified under sections 40l to 409 of the Internal Revenue Code are allowed, but only to the extent that these deductions are attributable to compensation earned in the state. See sections 235-4 and 235-5, HRS.
Indiana	Information in survey is provided with reference to individual adjusted gross income tax only. For nonresidents, Indiana requires proration of IRA deductions based on the ratio of Indiana compensation to overall compensation.
Iowa	A distribution may qualify for the Iowa pension exclusion set forth in Iowa Code 422.7(31).
Kansas	Nonresident taxpayers who deduct contributions to retirement accounts for federal tax purposes must apportion the federal deduction to Kansas, based on the source of compensation or earnings.
Kentucky	IRA and Keogh deductions are limited to Kentucky earned income and Kentucky earnings from self-employment, when applicable.

SAF - Same as Federal
NAT - No Applicable Tax

Maine	Maine follows federal law for deductibility of contributions to a qualified retirement plan except that employee contributions to the Maine Public Employees Retirement System are not deductible. For a nonresident, the Maine income tax is based on the ratio of Maine adjusted gross income to modified federal adjusted gross income.
Massachusetts	*See* Department Directives 99-7, 00-5 and 01-7, and 08-3 for treatment of other self-employed plans.
New Hampshire	New Hampshire has no broad-based income tax. While there is a dividend and interest tax on taxable unearned income over $2,400, all earnings on IRAs or Keogh plans accumulate tax-free.
New Jersey	IRAs: Contributions to IRAs are not allowed as deductions for gross income tax purposes. The income is taxable when withdrawals are made from the account. New Jersey also recognizes qualified federal tax-deferred rollovers. Keogh plans: Keogh contributions made on behalf on self-employed persons or partners may not be used to reduce gross income for New Jersey gross income tax purposes.
New Mexico	While New Mexico follows federal law for deductibility of contributions to qualified retirement plans, it does not follow federal law regarding lump sum distributions from qualified plans. The special five and ten year averaging method for reporting distributions is not available; however, New Mexico only taxes a portion of the lump sum distribution using a special work sheet for lump sum distributions.
New York	Information in survey is provided with reference to personal income tax provisions.

SAF - Same as Federal
NAT - No Applicable Tax

The deductible limitations for contributions to qualified retirement plans are the same as under federal tax law for New York residents. However, the deductible contribution limitations for nonresidents are proportional to New York State earnings.

Ohio	Since the computation of the Ohio income tax starts with federal adjusted gross income, the deduction for any allowable contribution to a qualified retirement plan is not part of the Ohio tax base and is not subject to state taxation. Effective for taxable years ending on or after July l, l983, Ohio does not allow a deduction for retirement income received from a retirement plan, which is otherwise included in federal adjusted gross income. Instead, Ohio provides a tax credit ranging from $25-$200 for such retirement income. This credit is limited only to those taxpayers with retirement income included in their federal adjusted gross income and whose Ohio modified adjusted gross income less exemptions is less than $100,000. Beginning in taxable year 1996, Ohio has provided an inflation-indexed deduction for contributions to medical savings accounts ("MSAs") to pay for out of pocket medical expenses. The maximum MSA contribution deduction for taxable year 2018 is $4,753/$9,506 joint. The interest earned by these accounts is deductible to the extent that it is in federal adjusted gross income. Any contribution or interest withdrawn from the account for non-medical purposes is considered taxable income.
Oregon	Nonresidents must apportion IRA and Keogh deductions based on the percentage of Oregon compensation or earnings to total compensation or earnings. ORS 316.130 Distributions from IRA or Keogh plans which include earnings from US government securities may be subtracted in arriving at Oregon taxable income. ORS 316.681

SAF - Same as Federal
NAT - No Applicable Tax

Pennsylvania	Employer contributions: Contributions by a self-employed individual or entity which employs one or more persons for compensation to employee deferred payment programs and welfare benefit programs on behalf of such employees generally are excludable from the employee's income and deductible as a business expense to the extent the contributions constitute reasonable compensation for services. Pennsylvania tax law makes no distinction between stockholder-employees or officers and other employees. Employee Contributions: Deferred payment program or welfare benefit program contributions deducted from the compensation of an employee, voluntary employee contributions, and contributions to an employees' trust, pooled fund or other arrangement which is not subject to the claims of creditors of the employer made by an employer on behalf of an employee at the election of the employee pursuant to a cash or deferred arrangement or salary reduction agreement are not excludable from the employee's Pennsylvania income.
Rhode Island	The Rhode Island law concerning the deductibility of contributions to a qualified retirement plan for a full-time Rhode Island resident is the same as the federal law. Part-time residents or nonresidents may deduct from their Rhode Island source income only that portion of the federal deduction that their Rhode Island source income bears to their total income.
South Carolina	Nonresidents and part-year residents taxed as a nonresident must apportion contributions to a qualified retirement plan based on the percentage of South Carolina earnings to total earnings.
Tennessee	Tennessee income tax applies only to certain gross dividend and interest income received by Tennessee residents in excess of a $1,250 ($2,500 for joint filers) exclusion. No deduction is provided for contributions to retirement plans.

SAF - Same as Federal
NAT - No Applicable Tax

Vermont	Nonresident and part-year resident taxpayers must apportion retirement plan contributions based on the percentage of Vermont earned income to federal earned income.
Virginia	A Virginia subtraction is allowed for an individual who receives distributions from a retirement plan to the extent that the contributions to the plan were previously taxed by another state. The subtraction is available only if such contributions were deductible from the taxpayer's federal adjusted gross income. In addition, the retirement plan must be a plan listed in *Va. Code* § 58.1-322.02(11).
West Virginia	Deductions by nonresident individual taxpayers from gross income for plans qualified under sections 401 to 409 of the Internal Revenue code are allowed to the extent that these deductions are attributable to compensation earned in the state.
Wisconsin	Part-year residents and nonresidents of Wisconsin must allocate the federal deduction on the basis of the ratio of Wisconsin wages and net earnings from a trade or business to total wages and net earnings from a trade or business.

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 2

DOES STATE IMPOSE STATE INCOME TAX ON DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER ELIGIBLE RETIREMENT PLAN?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
Alabama	SAF	SAF	SAF	SAF	Code of Alabama 1975, § 40-18-14
Alaska	NAT	NAT	NAT	NAT	No state income tax.
Arizona	SAF*	SAF*	SAF*	SAF*	A.R.S. 43-1001(2)
Arkansas	SAF*	SAF*	SAF*	SAF*	ACA 26-51-414; ACA 26-51-307
California	SAF*	SAF*	SAF*	SAF*	Revenue and Taxation Code § 17085(b)
Colorado	SAF*	SAF*	SAF*	SAF*	§ 39-22-104(4)(f), CRS
Connecticut*	SAF*	SAF*	SAF*	SAF*	Conn. Gen. Stat. §12-701(a)(19); Conn. Gen. Stat. §12-701(a)(20)(B)(xx), (xxi) and (xxvi), as amended by 2021 Conn. Pub. Acts 2, §433 (June Spec. Sess.)~~Conn. Gen. Stat. §12-701(a)(19); Conn. Gen. Stat. §12-701(a)(20)(B)(xxi); Conn. Gen. Stat. § 12-701(a)(20)(B)(xx).~~
Delaware	SAF*	SAF*	SAF*	SAF*	30 Del. C. 1106(b)
District of Columbia	SAF	SAF	SAF	SAF	47-1803.02
Florida	NAT	NAT	NAT	NAT	No state individual income tax.

SAF - Same as Federal
NAT - No Applicable Tax

* State-specific information below

Georgia	SAF	SAF	SAF	SAF	OCGA § 48-7-27(a), 48-1-2(14).

SAF - Same as Federal
NAT - No Applicable Tax

* State-specific information below

QUESTION 2

DOES STATE IMPOSE STATE INCOME TAX ON DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER ELIGIBLE RETIREMENT PLAN?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
Hawaii	SAF*	SAF*	SAF*	SAF*	Hawaii Revised Statutes sections 235-2.4 (r), (x), (y); 235-4; and 235-5 (c).
Idaho	SAF	SAF	SAF	SAF	Idaho Code § 63-3002
Illinois	NAT*	NAT*	NAT*	NAT*	35 ILCS 5/203(a)(2)(F)
Indiana	SAF	SAF	SAF	SAF	IC 6-3-1-11 and IC 6-3-1-3.5(a)
Iowa	SAF	SAF	SAF	SAF	Iowa Code § 422.7
Kansas	SAF	SAF	SAF	SAF	
Kentucky	SAF*	SAF*	SAF*	SAF*	KRS 141.010 and KRS 141.019
Louisiana	SAF*	SAF*	SAF*	SAF*	La. R.S. 47:293(1), Louisiana Revised Statutes § 47:44.1
Maine	SAF*	SAF*	SAF*	SAF*	36 M.R.S. §§ 5122(2)(E) and 5122(2)(M-2)
Maryland	SAF	SAF	SAF*	SAF*	Annotated Code of Maryland, Tax – General Article, Section 10-209.

SAF - Same as Federal
NAT - No Applicable Tax

* State-specific information below

QUESTION 2

DOES STATE IMPOSE STATE INCOME TAX ON DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER ELIGIBLE RETIREMENT PLAN?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
Massachusetts	NAT*	NAT*	NAT*	NAT*	M.G.L. Chapter 62, Sections 1; 2(a), 2(d)(1), M.G.L. Chapter 62, Sections 2(a)(1)(F); 2(a)(2)(E); 2(d)(1); 3B(a)(4).
Michigan*	SAF*	SAF*	SAF*	SAF*	Michigan Compiled Laws (MCL) Section 206.30
Minnesota	SAF	SAF	SAF	SAF	
Mississippi	SAF*	SAF*	SAF*	SAF*	Miss. Admin. Code Title 35 Part III Subpart 02 Chapter 7
Missouri*	SAF	SAF	SAF	SAF	143.121 and 143.124, RSMo
Montana	SAF*	SAF*	SAF*	SAF*	MCA, 15-30-2101 and 15-30-2110
Nebraska	SAF*	SAF*	SAF*	SAF*	77-2715
Nevada	NAT	NAT	NAT	NAT	
New Hampshire	NAT	NAT	NAT	NAT	
New Jersey	SAF*	SAF*	SAF*	SAF*	N.J. A.C. 18:35-2.5
New Mexico	SAF	SAF	SAF	SAF	

SAF - Same as Federal
NAT - No Applicable Tax

* State-specific information below

QUESTION 2

DOES STATE IMPOSE STATE INCOME TAX ON DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER ELIGIBLE RETIREMENT PLAN?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
New York	SAF*	SAF*	SAF*	SAF*	New York Tax Law section 612
North Carolina	SAF	SAF	SAF	SAF	
North Dakota	SAF	SAF	SAF	SAF	N.D.C.C. §§ 57-38-01(5)(13) and (15), and 57-38-30.3(2)
Ohio	SAF	SAF	SAF	SAF	Ohio Revised Code Section 5747.01.
Oklahoma	SAF	SAF	SAF	SAF	68 O.S. § 2358; 68 O.S. §2353(10)
Oregon	SAF	SAF	SAF	SAF	ORS 316.048
Pennsylvania	SAF*	SAF*	SAF*	SAF*	72 P.S. § 7301(d); 72 P.S. § 7303(a)(1); 61 Pa. Code § 101.6(c)(8)
Rhode Island	SAF	SAF	SAF	SAF	
South Carolina	SAF*	SAF*	SAF*	SAF*	SC Code § 12-6-560, 12-6-570 (income computation) and § 12-6-1170 (retirement deduction).
South Dakota	NAT	NAT	NAT	NAT	No state income tax.

SAF - Same as Federal
NAT - No Applicable Tax

* State-specific information below

QUESTION 2

DOES STATE IMPOSE STATE INCOME TAX ON DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER ELIGIBLE RETIREMENT PLAN?

STATE	IRA	KEOGH	403(b)	401(k)	CITATION
Tennessee	NAT*	NAT*	NAT*	NAT*	
Texas	NAT	NAT	NAT	NAT	No state income tax.
Utah	SAF	SAF	SAF	SAF	Utah Code §§ 59-10-103 and 59-10-104.
Vermont	SAF	SAF	SAF	SAF	
Virginia	SAF	SAF	SAF	SAF	
Washington	NAT	NAT	NAT	NAT	
West Virginia	SAF	SAF	SAF	SAF	
Wisconsin	SAF	SAF	SAF	SAF	Section 71.01(4), (6), and (13), Wis. Stats.
Wyoming	NAT	NAT	NAT	NAT	No state income tax.

SAF - Same as Federal
NAT - No Applicable Tax

* State-specific information below

Question 2

State-Specific Information

Arkansas

The first $6,000 of benefits received from an employment-related retirement system, plan or program are exempt. The first $6,000 of benefits from a traditional IRA are exempt after the participant reaches the age of 59 ½. The maximum exemption a taxpayer can receive is $6,000 per year. Each taxpayer is entitled to this income deduction. Thus, on a joint return, up to $12,000 might be allowed, if they have separate distributions.

Retirement benefits received by a member of the uniformed services are exempt from income tax (Ark. Code Ann. 26-51-307(e)).

California

The amount includible in California gross income is reduced by the lesser of: (1) the amount includible in federal gross income, or (2) the amount equal to the basis in the account or annuity allowed under Revenue and Taxation Code § 17507 (IRAs), § 17504 (Keogh plans), or § 17506 (403(b) plans), the increased basis allowed under Revenue and Taxation Code § 17501(relating to deferral limit differences), or the increased basis allowed under Revenue and Taxation Code § 17551 that remains after adjustments for reductions in gross income under this provision for prior taxable years.

Colorado

Distributions may qualify for the Pension and Annuity subtraction.

Connecticut

The computation of the Connecticut income tax starts with the federal adjusted gross income. Thus, distributions from qualified retirement plans that are subject to federal income tax if not rolled over to another eligible retirement plan are also subject to Connecticut income tax. Conn. Gen. Stat. §12-701(a)(19).

An individual with a federal filing status of single, married filling separate or head of household, with federal AGI for the taxable year of less than $75,000, or married filing jointly with federal AGI of less than $100,000 will be allowed to subtract a percentage of any pension or annuity income received for the taxable year when calculating Connecticut adjusted gross income (CAGI). The subtraction percentage is 56% in 2022, 70% in 2023, 84% in 2024, and 100% in 2025 and after. Conn. Gen. Stat. § 12-701(a)(20)(B)(xxi).

This subtraction modification only applies to the extent that the pension or annuity income has been properly included in federal gross income.

For purposes of this subtraction modification, the term “pension and annuity income” means the pension and annuity income reported on Line 5b of the federal Form 1040 or Form 1040-SR, reduced by any military retirement pay and any Tier 1 and Tier 2 railroad retirement benefits.

An individual is allowed to subtract 50% of income received from the Connecticut Teachers’ Retirement System or, if the individual qualifies for the pension and annuity subtraction, may subtract the applicable percentage. An individual may only claim one subtraction with respect to income received from the Connecticut Teachers’ Retirement System. Conn. Gen. Stat. § 12-701(a)(20)(B)(xx).

This subtraction modification only applies to the extent the amount is includible in gross income for federal income tax purposes.

Beginning with taxable year 2023, a subtraction for distributions from individual retirement accounts (IRAs), other than Roth IRAs, will be phased in over a four year period. The subtraction may be claimed by taxpayers whose federal adjusted gross income is less than $75,000 (for single, married filing separately, and head of household) or $100,000 (for married filing jointly).

The subtraction is equal to will be to a percentage of IRA distributions included in federal adjusted gross income. The subtraction percentage is 25% in 2023, 50% in 2024, 75% in 2025, and 100% in 2026 and after. Conn. Gen. Stat. §12-701(a)(20)(B)(xxvi).~~The computation of the Connecticut income tax starts with the federal adjusted gross income.~~

~~Thus, distributions from qualified retirement plans that are subject to federal income tax if not rolled over to another eligible retirement plan are also subject to Connecticut income tax. Conn. Gen. Stat. §12-701(a)(19).~~

~~For the taxable year beginning on January 1, 2019, an individual with a federal filing status of single, married filling separate or head of household, with federal AGI for the taxable year of less than $75,000, or married filing jointly with federal AGI of less than $100,000 will be allowed to subtract 14% of any pension or annuity income received for the taxable year when calculating Connecticut adjusted gross income (CAGI). Conn. Gen. Stat. § 12-701(a)(20)(B)(xxi).~~

~~This subtraction modification only applies to the extent that the pension or annuity income has been properly included in federal gross income.~~

~~For purposes of this subtraction modification, the term "pension and annuity income" means the pension and annuity income reported on Line 5b of the 2020 federal Form 1040 or Form 1040-SR, reduced by any military retirement pay, any Tier 1 and Tier 2 railroad retirement benefits, and any retirement payments received from the Connecticut Teachers' Retirement System.~~

~~For taxable year 2020, an individual is allowed to subtract 25% of income received from the Connecticut Teachers' Retirement System. The percentage is scheduled to increase to 50% for taxable year beginning January 1, 2021. Conn. Gen. Stat. § 12-701(a)(20)(B)(xx).~~

~~This subtraction modification only applies to the extent the amount is includible in gross income for federal income tax purposes.~~

~~A taxpayer receiving a pension from the Teachers' Retirement System is allowed to claim a subtraction modification under either Conn. Gen. Stat. §12-701(a)(20)(B)(xx) or Conn. Gen. Stat. §12-701(a)(20)(B)(xxi), but not both.~~

Delaware	If the taxpayer is 60 or over, he/she may take an exclusion up to $12,500 of pension or eligible retirement income. Eligible retirement income includes IRAs, 401(k)s, Keogh plans, and 457 plans.
Hawaii	Employer-provided pensions are not subject to Hawaii income tax, including distributions from qualified retirement plans funded from employer contributions, if received by the employee by reason of retirement, disability, or death. *See* Department of Taxation Tax Information Release 96-5.
Illinois	Section 203(a)(2)(F) of the Illinois Income Tax Act (IITA) allows a deduction for amounts that are included in adjusted gross income under Internal Revenue Code sections 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and 408.
Iowa	Iowa generally follows federal law on the taxation of distributions from retirement plans. However, for tax years beginning on or after January 1, 2016, but before January 1, 2018, a distribution to certain public charities by an individual age 70 and ½ or older that is exempt from federal taxation under Internal Revenue Code section 408(d)(8) is taxable for Iowa purposes. Qualifying taxpayers who file as single, head-of-household, or qualifying widower may be eligible for an exclusion of up to $6,000; and up to $12,000 for married taxpayers who file jointly, separately on a combined return, or file separately – Iowa Code 422.7(31).
Kentucky	Kentucky allows an annual pension exclusion of $31,110. All pension and retirement income paid under a written retirement plan is eligible for exclusion.
Louisiana	Up to $6,000 of annual retirement income may be exempted from state taxation, if the taxpayer is 65 years of age or over. If the taxpayer's filing status is married filing jointly, the taxpayer and his/her spouse are 65 years of age or older, and each is receiving annual retirement income, up to $6,000 of the annual retirement income that each taxpayer receives may be exempt from state taxation.
Maine	Maine allows a deduction of up to $10,000 of eligible non-military pension income, per spouse, to the extent included in federal adjusted gross income. The $10,000 cap must be reduced by any social security and railroad retirement

benefits received, whether taxable or not. Military retirement pay is fully exempt from Maine tax. Distributions of Maine Public Employees Retirement System contributions that were previously taxed are deductible.

Maryland If, on the last day of the taxable year, a Maryland resident is at least 65 years old or is totally disabled or the resident's spouse is totally disabled, in order to determine Maryland adjusted gross income, the resident may deduct from his or her federal adjusted gross income an amount equal to the lesser of: (1) the cumulative or total annuity, pension, or endowment income from an employee retirement system included in federal adjusted gross income; or (2) the maximum annual benefit under the Social Security Act computed under subsection (c) of section 10-209, less any payment received as old age, survivors, or disability benefits under the Social Security Act, the Railroad Retirement Act, or both. See § 10-209(b) of the Tax-General Article, Annotated Code of Maryland. If, on the last day of the taxable year, a Maryland resident is at least 55 years old and is a retired law enforcement officer, correctional officer, or fire, rescue, or emergency services personnel of the United States, the State of Maryland, or a political subdivision of Maryland, the resident may, in order to determine Maryland adjusted gross income, deduct from his or her federal adjusted gross income an amount equal to the lesser of: (1) the cumulative or total annuity, pension, or endowment income from an employee retirement system included in federal adjusted gross income; or (2) the maximum annual benefit under the Social Security Act computed under subsection (c) of section 10-209, less any payment received as old age, survivors, or disability benefits under the Social Security Act, the Railroad Retirement Act, or both. The subtraction is limited to the first $15,000 of retirement income and a single individual may not claim both of the aforementioned subtractions in a taxable year. See § 10-209(b) and § 10-209(e) of the Tax-General Article, Annotated Code of Maryland.

Massachusetts Massachusetts does not allow a pre-tax deduction for contributions, so any distributions received by a full-year and/or part-year resident are not taxed in Massachusetts until the original contributions that were previously taxed by Massachusetts are fully recovered. Only contributions that have been made by taxpayers while Massachusetts residents are considered.

Michigan Michigan allows an exemption up to the statutory limits on distributions from the plans if they meet certain criteria provided in the Michigan Compiled Laws (MCL) section 206.30(9). Also, refer to the MI-1040, Individual Income Tax Return Instructions for yearly updated amounts of deduction limitations for certain recipients.

Mississippi Mississippi imposes state income tax on these distributions only when the distribution is prior to the individual meeting the age and years of service requirements of the employer plan.

Missouri Missouri allows an exemption of federally taxable distributions from pension plans, subject to income limitations. The limitations are based on the taxpayer's filing status, Missouri adjusted gross income (less taxable Social Security benefits), and whether or not the pension is publicly funded. If the income exceeds the limitation, the exemption is reduced by one dollar for each dollar in excess of the limitation, up to the exemption amount. For further details, see Section 143.124, RSMo.

If a lump-sum distribution from an annuity or retirement plan is not included in Missouri adjusted gross income, but is subject to federal tax because of IRC Section 402, then Missouri imposes an additional tax equal to 10 percent of the federal tax imposed on the lump-sum distribution.

Montana Montana allows taxpayers to exclude a portion of retirement income distributions. For 2021~~19~~, the exclusion is $4,370~~00~~ ($8,740~~600~~ for a joint return). The exclusion is phased out by $2 for every $1 that federal adjusted gross income exceeds a threshold. For 2021~~19~~, the threshold is $36,420~~5,800~~, and the exclusion is zero for households with federal adjusted gross income in excess of $~~37,950~~38,605 ($40,~~100~~ 790 for married filing jointly). The exclusion and phase-out thresholds are adjusted annually for inflation.

Nebraska Nebraska imposes state income tax on distributions when not rolled into another eligible retirement plan equal to 29.6% of the federal tax amount.

New Jersey With regard to all retirement plans, other than 401(k) plans, contributions are taxed for New Jersey purposes. Only income earned or interest is taxed upon distribution.

New York New York tax treatment is the same as federal. However, United States Code, Title 4, section 114 prohibits states from taxing distributions from certain retirement plans made to nonresidents of the state. Accordingly, distributions from an IRA, Keogh plan, 403(b) plan or 401(k) plan made to a nonresident of New York are not considered New York source income for personal income tax purposes.

Taxpayers age 59 ½ or older may exclude up to $20,000 of qualified pension and annuity income from federal adjusted gross income in determining New York adjusted gross income. If a taxpayer became age 59 ½ during the tax year, the exclusion is allowed only for the amount of pension and annuity income received on or after he or she became 59 ½, but not more than $20,000. Married taxpayers who both receive pension income are each entitled to a maximum pension and annuity income exclusion of $20,000, whether they file jointly or separately. However, one spouse cannot claim any unused portion of the other spouse's exclusion. Qualified pension and annuity income generally includes periodic distributions from an annuity contract (IRC § 403(b)), periodic and lump-sum payments from an HR-10 (Keogh) plan, periodic distributions from deferred compensation plans sponsored by state and local governments and tax-exempt organizations (under IRC § 457), periodic distributions of benefits from a cafeteria plan (IRC § 125), or a qualified cash or deferred profit sharing or stock bonus plan (IRC § 401(k)). New York Tax Law § 612(c)(3-a).

Pennsylvania Distributions that are subject to the penalty provisions of IRC § 72(t) and all IRA distributions made prior to the individual for whose benefit the IRA was established attaining 59 ½ are subject to tax. Distributions that are not subject to the penalty provisions of IRC § 72(t) paid after age 59 ½ are exempt from tax because Pennsylvania does not tax payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of employment.

South Carolina	South Carolina allows an annual deduction of up to $3000 (if under age 65) or up to $10,000 (if age 65 or older) for "retirement income" included in S.C. taxable income. See SC Code §§ 12-6-1170 and 12-6-1171 (related to military retirement) for specific provision/requirements.
Tennessee	Tennessee does not have a general income tax. Income from dividends and certain types of interest are taxed. Tenn. Code Ann. § 67-2-104(E)(9) exempts dividend and interest income from stocks and bonds held in retirement vehicles that are exempt from federal taxation, including IRA, Keogh, 403(b), and 401(k) plans.

Question 3

DOES STATE IMPOSE A TAX OR PENALTY (IN ADDITION TO STATE INCOME TAX) FOR EARLY DISTRIBUTIONS FROM THE FOLLOWING PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	Explanation or Special Rules
Alabama	NAT	NAT	NAT	NAT	
Alaska	NAT	NAT	NAT	NAT	No state income tax.
Arizona	NAT	NAT	NAT	NAT	
Arkansas	SAF	SAF	SAF	SAF	10% of the federal penalty amount. ACA 26-51-414(c).
California	SAF	SAF	SAF	SAF	The amount subject to tax, as computed under the rules described in the response to Question 2, is subject to tax at normal ordinary income rates. A separate penalty also is imposed under Revenue and Taxation Code § 17085(c) at a rate of 2.5%, in lieu of the rate used under Internal Revenue Code §§ 72(m), (q), (t) and (v).
Colorado	NAT	NAT	NAT	NAT	
Connecticut	NAT	NAT	NAT	NAT	
Delaware	NAT	NAT	NAT	NAT	

SAF - Same as Federal
NAT - No Applicable Tax

Question 3

DOES STATE IMPOSE A TAX OR PENALTY (IN ADDITION TO STATE INCOME TAX) FOR EARLY DISTRIBUTIONS FROM THE FOLLOWING PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	Explanation or Special Rules
District of Columbia	NAT	NAT	NAT	NAT	Tax is imposed at the current individual income tax rate.
Florida	NAT	NAT	NAT	NAT	No state individual income tax.
Georgia	NAT	NAT	NAT	NAT	
Hawaii	NAT	NAT	NAT	NAT	
Idaho	NAT	NAT	NAT	NAT	
Illinois	NAT	NAT	NAT	NAT	
Indiana	NAT	NAT	NAT	NAT	
Iowa	NAT	NAT	NAT	NAT	
Kansas	NAT	NAT	NAT	NAT	
Kentucky	NAT	NAT	NAT	NAT	
Louisiana	NAT	NAT	NAT	NAT	
Maine	NAT	NAT	NAT	NAT	

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 3

DOES STATE IMPOSE A TAX OR PENALTY (IN ADDITION TO STATE INCOME TAX) FOR EARLY DISTRIBUTIONS FROM THE FOLLOWING PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	Explanation or Special Rules
Maryland	NAT	NAT	NAT	NAT	
Massachusetts	NAT	NAT	NAT	NAT	
Michigan	NAT	NAT	NAT	NAT	
Minnesota	NAT	NAT	NAT	NAT	
Mississippi	NAT	NAT	NAT	NAT	
Missouri	NAT	NAT	NAT	NAT	
Montana	NAT	NAT	NAT	NAT	
Nebraska	SAF	SAF	SAF	SAF	Nebraska imposes a tax of 29.6% of the federal penalty as shown on Form 1040 or Form 5329. Nebr. Rev. Stat. § 77-2715.
Nevada	NAT	NAT	NAT	NAT	
New Hampshire	NAT	NAT	NAT	NAT	
New Jersey	NAT	NAT	NAT	NAT	
New Mexico	NAT	NAT	NAT	NAT	
New York	NAT	NAT	NAT	NAT	

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 3

DOES STATE IMPOSE A TAX OR PENALTY (IN ADDITION TO STATE INCOME TAX) FOR EARLY DISTRIBUTIONS FROM THE FOLLOWING PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	Explanation or Special Rules
North Carolina	NAT	NAT	NAT	NAT	
North Dakota	NAT	NAT	NAT	NAT	
Ohio	NAT	NAT	NAT	NAT	
Oklahoma	NAT	NAT	NAT	NAT	
Oregon	NAT	NAT	NAT	NAT	
Pennsylvania	NAT	NAT	NAT	NAT	61 Pa. Code § 101.6(c)(8)
Rhode Island	NAT	NAT	NAT	NAT	
South Carolina	NAT	NAT	NAT	NAT	
South Dakota	NAT	NAT	NAT	NAT	No state income tax.
Tennessee	NAT	NAT	NAT	NAT	
Texas	NAT	NAT	NAT	NAT	No state income tax.
Utah	NAT	NAT	NAT	NAT	

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 3

DOES STATE IMPOSE A TAX OR PENALTY (IN ADDITION TO STATE INCOME TAX) FOR EARLY DISTRIBUTIONS FROM THE FOLLOWING PLANS?

STATE	IRA	KEOGH	403(b)	401(k)	Explanation or Special Rules
Vermont	NAT	NAT	NAT	NAT	
Virginia	NAT	NAT	NAT	NAT	
Washington	NAT	NAT	NAT	NAT	
West Virginia	NAT	NAT	NAT	NAT	
Wisconsin	SAF	SAF	SAF	SAF	Penalty is equal to 33% of federal penalty. Section 71.83(1)(a)6., Wis. Stats.
Wyoming	NAT	NAT	NAT	NAT	No state income tax.

SAF - Same as Federal
NAT - No Applicable Tax

QUESTION 4

DOES STATE REQUIRE OR PERMIT WITHHOLDING OF STATE TAXES FOR DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER PLAN OR IRA?

STATE	IRA (rate)	KEOGH (rate)	403(b) (rate)	401(k) (rate)	CITATION
Alabama	Permitted	Permitted	Permitted	Permitted	
Alaska	NAT	NAT	NAT	NAT	
Arizona*	Permitted	Permitted	Permitted	Permitted	A.R.S. § 43-404
Arkansas*	Permitted	Permitted	Permitted	Permitted	
California*	No	No	No	No	
Colorado*	Yes (4.63%)	Yes (4.63%)	Yes (4.63%)	Yes (4.63%)	Section 39-22-604,Colorado Revised Statutes
Connecticut*	Yes	Yes	Yes	Yes	Conn. Gen. Stat. §12-705~~, as amended by 2017 Conn. Pub. Acts 147, §6 and 2018 Conn. Pub. Acts 26, §7~~.
Delaware	~~No~~Permitted	~~No~~Permitted	~~No~~Permitted	~~No~~Permitted	
District of Columbia*	Yes* (8.95%)	Yes* (8.95%)	Yes* (8.95%)	Yes* (8.95%)	§ 47-1812.08(m)(1).
Florida	NAT	NAT	NAT	NAT	
Georgia	Yes	Yes	Yes	Yes	OCGA § 48-7-101(a), (h) and (j)

NAT - No Applicable Tax

* State-specific information below

QUESTION 4

DOES STATE REQUIRE OR PERMIT WITHHOLDING OF STATE TAXES FOR DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER PLAN OR IRA?

STATE	IRA (rate)	KEOGH (rate)	403(b) (rate)	401(k) (rate)	CITATION
Hawaii*	No	No	No	No	
Idaho	Permitted (6.~~925~~5%)	Permitted (6.~~92~~5%)	Permitted (6.~~92~~5%)	Permitted (6.~~92~~5%)	IC §§ 63-3035, 63-3035A, and 63-3036. See "A Guide To Idaho Income Tax Withholding."
Illinois*	Permitted	Permitted	Permitted	Permitted	35 ILCS 5/203(a)(2)(F)
Indiana*	Permitted	Permitted	Permitted	Permitted	IC 6-3-4-15.7
Iowa*	Yes (5%)	Yes (5%)	Yes (5%)	Yes (5%)	Iowa Admin. Code r. 701—4 6.1(2)(g)
Kansas*	Yes (5%)	Yes (5%)	Yes (5%)	Yes (5%)	K.S.A. 79-32, 100a, 79-32, 100d, 79-3295, and the Kansas Withholding Tax Guide
Kentucky*	Permitted	Permitted	Permitted	Permitted	
Louisiana*	Permitted	Permitted	Permitted	Permitted	R.S. 47:164(D)
Maine	Yes (5%)	Yes (5%)	Yes (5%)	Yes (5%)	36 M.R.S. § 5255-B
Maryland*	Yes (7.75%)	Yes (7.75%)	Yes (7.75%)	Yes (7.75%)	Section 10-908(f) of the Tax-General Article, Code of Maryland. Comptroller's Administrative Release No. 41.

NAT - No Applicable Tax

* State-specific information below

QUESTION 4

DOES STATE REQUIRE OR PERMIT WITHHOLDING OF STATE TAXES FOR DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER PLAN OR IRA?

STATE	IRA(rate)	KEOGH (rate)	403(b) (rate)	401(k) (rate)	CITATION
Massachusetts*	Yes	Yes	Yes	Yes	MGL c. 62, § 2(a)(3)(A), TIR 10-8
Michigan*	Yes (4.25%)	Yes (4.25%)	Yes (4.25%)	Yes (4.25%)	MCL 206.703
Minnesota	~~Permitted~~Required	~~Permitted~~Required	~~Permitted~~Required	~~Permitted~~Required	MS 290.92, subd. 20(~~c)(2)~~d)
Mississippi*	No	No	No	No	Mississippi Admin. Code Title 35, ~~Regulation~~ Part III, Subpart 02, Chapter 7, Section 103
Missouri*	Permitted	Permitted	Permitted	Permitted	Section 143.265 RSMo
Montana*	Permitted	Permitted	Permitted	Permitted	
Nebraska	Yes (5%)	Yes (5%)	Yes (5%)	Yes (5%)	Neb. Rev. Stat. § 77-2753
Nevada*	NAT	NAT	NAT	NAT	
New Hampshire	NAT	NAT	NAT	NAT	
New Jersey*	Yes (6.37%)	Yes (6.37%)	Yes (6.37%)	Yes (6.37%)	NJSA 54A:7-1.1

NAT - No Applicable Tax

* State-specific information below

QUESTION 4

DOES STATE REQUIRE OR PERMIT WITHHOLDING OF STATE TAXES FOR DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER PLAN OR IRA?

STATE	IRA (rate)	KEOGH (rate)	403(b) (rate)	401(k) (rate)	CITATION
New Mexico	Permitted (4.9%)	Permitted (4.9%)	Permitted (4.9%)	Permitted (4.9%)	Section 7-3-3(C) NMSA 1978.
New York*	Permitted	Permitted	Permitted	Permitted	NYS Tax Law Section 671(a), NYCRR 171.10
North Carolina*	Yes	Yes	Yes	Yes	G.S. 105-163.2A
North Dakota*	Permitted	Permitted	Permitted	Permitted	N.D.C.C. § 57-38-42(1)
Ohio*	Permitted	Permitted	Permitted	Permitted	
Oklahoma	Permitted	Permitted	Permitted	Permitted	OAC 710: 90-1-13.
Oregon	Yes (maximum of 10%)	Yes (maximum of 10%)	Yes (maximum of 10%)	Yes (maximum of 10%)	ORS 316.189
Pennsylvania*	Permitted (3.07%)	Permitted (3.07%)	Permitted (3.07%)	Permitted (3.07%)	72 P.S. Section 7301; 72 P.S. Section 7316

NAT - No Applicable Tax

* State-specific information below

QUESTION 4

DOES STATE REQUIRE OR PERMIT WITHHOLDING OF STATE TAXES FOR DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER PLAN OR IRA?

STATE	IRA (rate)	KEOGH (rate)	403(b) (rate)	401(k) (rate)	CITATION
Rhode Island	Permitted (5.99%)	Permitted (5.99%)	Permitted (5.99%)	Permitted (5.99%)	
South Carolina	Permitted	Permitted	Permitted	Permitted	SC Code § 12-8-600.
South Dakota	NAT	NAT	NAT	NAT	
Tennessee	No	No	No	No	
Texas	NAT	NAT	NAT	NAT	
Utah*	Permitted (up to 4.95%)	Permitted (up to 4.95%)	Permitted (up to 4.95%)	Permitted (up to 4.95%)	Utah Code §§ 59-10-104, 59-10-404 and 59-10-405
Vermont	Yes (use VT table)	Yes (use VT table)	Yes (use VT table)	Yes (use VT table)	32 V.S.A. § 5841. Withholding is required for every person required to withhold under the laws of the United States if subject to Vermont income tax. Rates are variable. Please see Vermont withholding tables available at tax.vermont.gov.
Virginia	Permitted	Yes	Yes	Yes	Va. Code §58.1-460, Virginia Tax Bulletin 91-9, and Public

NAT - No Applicable Tax

* State-specific information below

					Documents 91-306 (12/21/1991) and 92-185(09/10/1992)

QUESTION 4

DOES STATE REQUIRE OR PERMIT WITHHOLDING OF STATE TAXES FOR DISTRIBUTIONS FROM THE FOLLOWING PLANS WHEN NOT ROLLED OVER INTO ANOTHER PLAN OR IRA?

STATE	IRA (rate)	KEOGH (rate)	403(b) (rate)	401(k) (rate)	CITATION
Washington	NAT	NAT	NAT	NAT	
West Virginia	Yes (6.5%)	Yes (6.5%)	Yes (6.5%)	Yes (6.5%)	
Wisconsin*	Yes	Yes	Yes	Yes	Section 71.64(3), Wis. Stats.
Wyoming	NAT	NAT	NAT	NAT	

NAT - No Applicable Tax

* State-specific information below

Question 4

State-Specific Information

Arizona	ARS § 43-404 permits voluntary withholding only for pensioners and annuitants. Annuity means any amount paid to an individual as a pension or an annuity, but only to the extent that the amount is includable in Arizona gross income of that individual. Roth IRA accounts are not included in Arizona gross income and therefore are not eligible for withholding. Lump sum distributions and non-periodic payments from traditional IRA accounts are also not eligible for Arizona withholding. However, if the traditional IRA is set up to make monthly or quarterly periodic payments, then voluntary Arizona income tax withholding will be allowed if the annuitant executes an Arizona Form A-4P. The withholding rate on the distribution is selected by the taxpayer on the form. The rates are 0.8%, 1.3%, 1.8%, 2.7%, 3.6%, 4.2%, and 5.1%.
Arkansas	Payors are permitted but not required to withhold. Rate will vary based on taxpayer choice.
California	California conforms to the Federal backup withholding scheme in California Revenue and Taxation Code section 18664 (Stats. 2009, Ch. 16, applicable for payments made on or after January 1, 2010), so if any of the above retirement plan distribution payments were made to a payee subject to federal backup withholding, they similarly would be subject to California backup withholding.
Colorado	Colorado requires withholding when it is required for federal income tax purposes. Similarly, withholding is permitted when it is permitted for federal income tax purposes.
Connecticut	Effective January 1, 2018, payers that maintain an office or transact business in Connecticut and make payments of taxable pensions or annuity distributions, including distributions from an employer pension, an annuity, a profit-

sharing plan, a stock bonus, a deferred compensation plan, an individual retirement arrangement, an endowment, or a life insurance contract, to a Connecticut resident individual are required to deduct and withhold income tax from such distributions. The new law requires the payer to calculate the amount of withholding using the same method that employers use to determine the amount to withhold from wages. However, for a lump sum distribution, the amount of withholding must be calculated at the highest marginal Connecticut income tax rate, unless any portion of the lump sum distribution was previously subject to tax, or the lump sum distribution is a roll over as a trustee-to-trustee transfer or a direct rollover in the form of a check made payable to one another qualified account. Payers are required to provide all Connecticut resident individual recipients of pension or annuity payments with Form CT-W4P for completion. Conn. Gen. Stat. §12-705, as amended by 2017 Conn. Pub. Acts 147, §6, and 2018 Conn. Pub. Acts 26, §7. See Special Notice 2017(5), New Income Tax Withholding Requirements for Pension and Annuity Payments, and Informational Publication 2018(8), Connecticut Tax Guide for Payers of Nonpayroll Amounts.

Delaware Payors are permitted but not required to withhold. Rate will vary based on taxpayer choice.

District of Columbia Pursuant to emergency legislation enacted effective February 24, 2012, and applicable within five days of the effective date, the requirement to withhold District of Columbia income taxes from periodic and non lump-sum retirement plan or retirement account payments has been repealed. The requirement to withhold is now limited to lump-sum distributions, but not including:

(A)Any portion of a lump-sum payment that was previously subject to tax;
(B)An eligible rollover distribution that is effected as a direct trustee to trustee transfer; and
(C)A rollover from an individual retirement account to a traditional or Roth individual retirement account that is effected as a direct trustee to trustee transfer.

Where withholding is required, it shall be at the highest District individual income tax rate which is in effect at the time of distribution. As of the date of this notice, the highest DC income tax rate is 8.95 percent. See OTR Tax Notice 2012-02; 2016 Form FR 230 Instructions – Income Tax Withholding.

Hawaii	Employer-provided pensions are not subject to Hawaii income tax, including distributions from qualified retirement plans funded from employer contributions, if received by the employee by reason of retirement, disability, or death. *See* Department of Taxation Tax Information Release No. 96-5.
Illinois	Most retirement income is exempt from Illinois income tax and no withholding is required. Taxpayers may enter into voluntary withholding agreements by completing Form IL-W-4
Indiana	Upon a written request by the payee, the payor must withhold the requested amount, unless the requested amount is less than $10 or the requested amount would reduce the affected payment to less than $10.
Iowa	If federal income tax is withheld, Iowa income tax must be withheld on distributions to Iowa residents.
Kansas	When federal withholding is mandatory, Kansas withholding is mandatory. When federal withholding is permissive, Kansas withholding is permissive.
Kentucky	Kentucky does not require withholding, but a taxpayer may voluntarily enter into an agreement with the plan to have state tax withheld.
Louisiana	Louisiana does not require withholding of state taxes but the payee may be required to file a declaration of estimated income tax under La. R.S. 47:116. Recipients may have tax withheld if plan administrators agree to do so.
Maryland	Section 10-908(f) of the Tax-General Article, Annotated Code of Maryland, provides that income tax is required to be withheld from a Designated Distribution that is an Eligible Rollover Distribution. "Eligible Rollover Distribution"

means a Designated Distribution in which all or any portion of the balance of a plan is taken in one lump sum and is not directly rolled over into another eligible retirement plan. *See* § 3405(c) of the Internal Revenue Code. "Designated Distribution" means the periodic or nonperiodic payments or distributions from or under an employer deferred compensation plan, an individual retirement plan, or a commercial annuity. *See* § 3405(e) of the Internal Revenue Code. The state of Maryland looks to the federal definitions of employer deferred compensation plan, individual retirement plan and commercial annuity. An IRA or a Keogh plan is considered an individual retirement plan as defined in section 7701(a)(37), and distributions from an IRA or Keogh plan are therefore Designated Distributions. A 401(k) or 403(b) plan is an employer deferred compensation plan (an arrangement in which a portion of an employee's income is paid out at a date after which the income is actually earned), and distributions from a 401(k) or 403(b) plan are therefore Designated Distributions. Therefore, an IRA, Keogh Plan, 401(k) plan or 403(b) plan in which all or any portion of the balance of the plan is taken in one lump sum and is not directly rolled over into another eligible retirement plan is an Eligible Rollover Distribution and subject to mandatory withholding of state taxes. The Maryland rate of withholding of Eligible Rollover Distribution payments is 7.75%. That percentage of the Eligible Rollover Distribution payment amount must be withheld by the payor and remitted to the Comptroller.

Massachusetts

Massachusetts requires withholding when it is mandatory for federal purposes; withholding is voluntary for state purposes when it is voluntary for federal purposes, but must be treated the same as federal.

Roth IRA distributions received by a full-year and/or part-year resident are not taxed in Massachusetts until the original contributions that were previously taxed by Massachusetts are fully recovered. Only those contributions that have been made by taxpayers while Massachusetts residents are considered. Nonresidents are not subject to tax on these distributions, nor are they taxed on rollover amounts into Roth IRAs in Massachusetts. Massachusetts follows the federal rules concerning rollovers from existing IRAs to Roth IRAs. However, similar to the Massachusetts treatment of IRA distributions, the amount includible on the Massachusetts return by a Massachusetts full-year and/or part-year resident will only include the amounts in excess of the original contributions that were previously taxed by Massachusetts.

Distributions made to an individual from Keogh or HR-10 plan are included in gross income except to the extent that such distributions represent contributions previously taxed by Massachusetts.

	Distributions made to an employee from a 401(k) plan are fully taxable and either can or will take place when one of the following happens: Separation from service, death or disability; termination of plan without establishing another plan; reaching age 59 ½; a corporate employer's disposition of substantially all of its assets; or hardship. Distributions made from a 403(b) plan are excluded from gross income to the extent that such distributions represent contributions previously taxed by Massachusetts. Distributions in excess of Massachusetts previously taxed voluntary contributions prior to January 1, 1998, are taxable.
Michigan	Recipient may opt out of withholding.
Mississippi	State withholding is only required on early distributions from retirement plans at a rate of 5% (Mississippi Admin. Code Title 35, ~~Regulation~~ Part III, Subpart 02, Chapter 7, Section 103)
Missouri	The payor must be an entity located within the State of Missouri. If the payee requests the payor in writing to withhold, the payor must comply. The amount to be withheld can be no less than ten dollars.
Montana	Montana does not require withholding but permits the taxpayer to pay taxes on taxable withdrawals either through estimated payments or by having the plan administrator withhold taxes and submit them to the Department of Revenue.
New Jersey	For tax years beginning on and after January 1, 2019, the maximum withholding rate is 11.8% in certain situations. See https://www.state.nj.us/treasury/taxation/pdf/current/njwt.pdf.

New York	Withholding is required from annuity and pension payments if requested by the recipient. It must be includible in the recipient's New York adjusted gross income and payable for a period of longer than 1 year. New York State Form IT-2104-P must be filed with the payor requesting a specific dollar amount to be withheld. The withholding amount requested must be at least $5 per month and may not reduce the payment below $10.
North Carolina	If distributions are periodic, the withholding rate is the same as if they were wages. If distributions are nonperiodic, the withholding rate is 4%.
North Dakota	Voluntary withholding of income tax is permitted, provided the payor registers with the state for withholding purposes and adheres to other conditions set out in the information return guidelines. There is no specified rate.
Ohio	Withholding of Ohio income tax generally is permitted but is not required, except in limited situations. *See* Personal Income Tax Information Release IT 1996-01, reissued March 21, 2018. The administrator of a qualified retirement plan, which includes an IRA, Keogh plan, 401(k) plan, or 403(b) plan, is required to withhold Ohio individual income tax from distributions only if *all four* of the following apply: (1) The payor is an employer; (2) The payor maintains an office or transacts business within Ohio; (3) The payor is making payment of compensation to an employee; and (4) The employee resides in Ohio at the time of the payment of that compensation. As explained in the Information Release, such withholding is seldom required because the retirement plan recipient must also still be an employee of the company from whom they receive pension plan distributions in order for withholding to be required.

Pennsylvania	Pennsylvania permits payors to withhold tax. An employer making the distribution is required to withhold.
Virginia	Virginia generally conforms to federal withholding requirements. Payments received from an IRA or SEP are specifically exempt from Virginia withholding, but recipients of IRA or SEP benefits may voluntarily elect to have Virginia income tax withheld from their payments. Under Virginia law, payers of pensions and annuities must withhold Virginia income tax from all recipients who are Virginia residents and for whom they are withholding federal income tax. Generally, when Virginia withholding is required, it is to be in the amounts specified in the Virginia withholding tables. However, when a recipient receives a non-periodic payment and elects to have federal income tax withheld, Virginia income tax must be withheld using a flat four percent rate. Va. Code § 58.1-460, Virginia Tax Bulletin 91-9, and Public Documents 91-306 (12/21/1991) and 92-185 (09/10/1992).
Utah	Utah law allows for voluntary withholding for annuity payments if the annuity is includible in the individual's gross income and if the person receiving the payment requests Utah tax be withheld at the time of payment. Utah law also allows for voluntary withholding agreements.
Wisconsin	Withholding is required, if requested by the payee, in accordance with the withholding tables or the amount designated by the payee (but not less than $5 per payment).