

*2892 Rt 22*  
**From:** Kim Chrysler  
**To:** Peter Zug  
**Subject:** Edward Pouch ~~RD 2 Box 60~~ Fredericksburg 865-3638

PA is one of the states that does not withhold state tax monthly Federal annuity payments. Is there anything in the works for this to ever happen. If not, maybe you would like to propose this. If the tax was withheld, it would make it easier for retirees at the time of filing not to have to come up with a lump sum payment.

*2/7*  
*sent to Nathan*  
*Henck for leg to*  
*be drafted*

2/18

**From:** Kim Chrysler  
**To:** Peter Zug  
**Caller:** Ed Pouch  
**Company:** RD 2 Box 60 Fredericksburg  
**Phone:** 865-3638

Telephoned  
 Will call again  
 Wants to see you  
 Urgent

Please call  
 Returned your call  
 Came to see you

Called a few weeks ago about PA not withholding tax from his annuity payments. He called today to check on the status of his last call. I told him you are in the process of having legislation drafted. He said he realizes it is your job but to tell you that you are more than the ordinary and he thanks you. Also, your name always gets an "X" beside it.



*House of Representatives*  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

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**M E M O R A N D U M**

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**DATE:** June 9, 2000

**TO:** Representative Peter Zug

**FROM:** Nathaniel D. Hench, Research Analyst  
House Finance Committee ( R )  
(717) 787-1137

*NKH*

**RE:** Legislation - Withholding from 3<sup>rd</sup> Party Annuities

Enclosed is the legislation which you requested regarding the withholding of the Commonwealth's PIT from 3<sup>rd</sup> party annuities. If you would like me to draft a co-sponsorship memo or you have any questions or comments, please feel free to contact me.

Enclosure



*House of Representatives*  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

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D R A F T C O - S P O N S O R S H I P  
**M E M O R A N D U M**

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**DATE:** June 13, 2000  
**TO:** All Members of the House of Representatives  
**FROM:** Representative Peter Zug  
**RE:** Proposed Legislation  
*Provides for the withholding of the PIT tax from 3<sup>rd</sup> Party Annuities.*

In the near future, I will be introducing a very important piece of legislation that will require every manager of a retirement plan which does not qualify as an employer sponsored retirement plan, to withhold the Commonwealth's Personal Income Tax (PIT) from the net gain earned from the retirement plan.

Currently, employer sponsored retirement plans are excluded from the Commonwealth's PIT. However, retirement plans which are not sponsored by an employer but by a 3<sup>rd</sup> party do not fall under this exclusion; therefore, taxpayers are required to remit the tax owed on the net gain from the plan. If the taxpayer does not meet the threshold to remit estimated tax, then the taxpayer is required to pay the tax in a lump sum when they file their Personal Income Tax Return (PA-40).

My legislation will require each manager of a 3<sup>rd</sup> party retirement plan to withhold and remit the PIT tax to the Commonwealth, which would relieve taxpayers from paying estimated tax or a lump sum when they file their Pennsylvania taxes.

If you are interested in cosponsoring this important piece of legislation, please contact my office @ 787-1295.