



CHAPTER 105
ARTICLE 4A - WITHHOLDING; ESTIMATED INCOME TAX FOR INDIVIDUALS

N.C.G.S. § 105-163.2A.

Pension payers must withhold taxes.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT No amendment history on record	RETRIEVED 21 September 2026, 03:03 UTC	SOURCE FINGERPRINT 0238145df73ae6087461d4bc - 7f453e80adc907e9c405acec - 3d5f7c83c9d2ae6f
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§ 105-163.2A(a) Definitions. - The definitions provided in section 3405 of the Code apply in this section.

§ 105-163.2A(b) Withholding Required. - A pension payer required to withhold federal taxes under section 3405 of the Code on a pension payment to a resident of this State must deduct and withhold from the payment the State income taxes payable on the payment. Liability for withholding and paying taxes under this section on a pension payment falls on the person who would be liable under section 3405 of the Code for withholding federal taxes on the payment.

Except as otherwise provided in this section, the provisions of this Article apply to a pension payer's pension payment to a resident of this State as if it were an employer's payment of wages to an employee. The pension payer must file a return, pay the withheld taxes, and report the amount withheld in the time and manner required under G.S. 105-163.6 and G.S. 105-163.7 as if the pension payment were wages. If a pension payer has more than one arrangement under which it may make pension payments to a resident of this State, each arrangement must be treated separately under this section.

§ 105-163.2A(c) Amount. - In the case of a periodic payment, the pension payer must withhold the amount that would be required to be withheld under this Article if the payment were a payment of wages by an employer to an employee for the appropriate payroll period.

In the case of a nonperiodic distribution, the pension payer must withhold taxes equal to four percent (4%) of the nonperiodic distribution.

§ 105-163.2A(d)

Election of No Withholding. - The recipient may elect not to have taxes withheld under this section to the extent permitted by section 3405 of the Code. The election must be in the form required by the Secretary. In the case of periodic payments, the election remains in effect until revoked by the recipient. In the case of a nonperiodic distribution, the election applies on a distribution-by-distribution basis unless it meets conditions prescribed by the Secretary for it to apply to subsequent nonperiodic distributions by the pension payer.

A pension payer must notify each recipient of the right to elect not to have taxes withheld under this section. The notice must comply with the requirements of section 3405 of the Code and any additional requirements prescribed by the Secretary.

A recipient's election not to have taxes withheld under this section is void if the recipient fails to furnish the recipient's tax identification number to the pension payer, or the Secretary has notified the pension payer that the tax identification number furnished by the recipient is incorrect.

§ 105-163.2A(e)

Exemptions. - This section does not apply to the following pension payments:

- (1) A pension payment that is wages under this Article.
- (2) Any portion of a pension payment that meets both of the following conditions:
 - a. It is not a distribution or payment from an individual retirement plan as defined in section 7701 of the Code.
 - b. The pension payer reasonably believes it is not taxable to the recipient under Article 4 of this Chapter.
- (3) A distribution described in section 404(k)(2) of the Code, relating to dividends on corporate securities.
- (4) A pension payment that consists only of securities of the recipient's employer corporation plus cash not in excess of two hundred dollars (\$200.00) in lieu of securities of the employer corporation. (1999-414, s. 3; 2000-126, s. 3; 2014-3, s. 14.6(a); 2015-259, s. 7.1(c).)

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS II
2 AUTHORITIES

Authorities referenced

Every G.S. cross-reference appearing in the text of this section, in order of first appearance. Nothing is characterized; the operative language is quoted from the section itself.

REFERENCE	APPEARS IN	OPERATIVE LANGUAGE IN THIS SECTION
G.S. 105-163.6	(b)	<i>"the time and manner required under"</i>
G.S. 105-163.7	(b)	<i>"manner required under G.S. 105-163.6 and"</i>

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 105-163.2A (2026).

PINPOINT

N.C. Gen. Stat. § 105-163.2A(a) (2026).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

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