

**TITLE 710. OKLAHOMA TAX COMMISSION  
CHAPTER 90. WITHHOLDING**

**RULEMAKING ACTION:** Notice of proposed **PERMANENT** rulemaking.

**PROPOSED RULES:**

Chapter 90. Withholding

Subchapter 1. General Provisions

710:90-1-13. Pensions, annuities, and certain other deferred income [AMENDED]

**SUMMARY:**

Amendments allow a taxpayer to request withholding in addition to the top rate.

**AUTHORITY:** 68 O.S. § 203; Oklahoma Tax Commission

**COMMENT PERIOD:** Persons wishing to present their views in writing may do so by 4:30 p.m., January 6, 2026, at the following address: Oklahoma Tax Commission, Tax Policy and Research Division, Oklahoma City, Oklahoma 73194, Attention: Corey Jager, or by email to [OTCadminrules@tax.ok.gov](mailto:OTCadminrules@tax.ok.gov).

**PUBLIC HEARING:** A public hearing is scheduled for 9 a.m., on Tuesday, January 6, 2026, at the Oklahoma Tax Commission, in Conference Room 6, located on the 28th Floor, 123 Robert S. Kerr Ave, Oklahoma City, Oklahoma. Those wishing to make oral comments at the public hearing should request placement on the docket well in advance of the hearing date by calling (405) 521-3133. Time limitations may be imposed on oral presentations to ensure that all persons who have filed written requests for placement on the docket will have an opportunity to speak.

To facilitate entry into the building, those wishing to appear should contact the Tax Policy and Research Division at (405) 521-3133 at least 24 hours prior to the hearing date to complete their visitor pre-registration. To gain access to the hearing, attendees must register at the information desk in the lobby by presenting a driver license or other photo identification.

**REQUEST FOR COMMENTS FROM BUSINESS ENTITIES:** Although nothing in this rulemaking action has been determined to adversely impact small business, the Oklahoma Tax Commission requests that, pursuant to 75 O.S. § 303(B)(6), business entities affected by these rules provide the OTC, within the comment period, in dollar amounts, if possible, information on any increase in direct costs, such as fees, and indirect costs, such as those associated with reporting, recordkeeping, equipment, construction, labor, professional services, revenue loss, or other costs expected to be incurred by a particular entity due to compliance

with the proposed rules.

**COPIES OF PROPOSED RULES:** Copies of the proposed rules may be obtained from the below listed contact person. The proposed rules may also be viewed on the agency's website at [tax.ok.gov](http://tax.ok.gov).

**RULE IMPACT STATEMENT:** Pursuant to 75 O.S. § 303(D), a Rule Impact Statement is available from the below listed contact person. The Rule Impact Statement may also be viewed on the agency's website at [tax.ok.gov](http://tax.ok.gov).

**CONTACT PERSON:** Corey Jager, Agency Liaison, Tax Policy Division, Oklahoma Tax Commission, Oklahoma City, Oklahoma 73194; Telephone number: (405) 521-4155; Email: [corey.jager@tax.ok.gov](mailto:corey.jager@tax.ok.gov)

## CHAPTER 90. WITHHOLDING

### SUBCHAPTER 1. GENERAL PROVISIONS

#### **710:90-1-13. Pensions, annuities, and certain other deferred income**

(a) **Treatment of designated distributions.** Designated distributions, as defined by the Internal Revenue Code (IRC), Section 3405, whether periodic or non-periodic, may be subject to Oklahoma income tax withholding.

(b) **Treatment of periodic payments.** The amount to be withheld from a periodic payment is determined as if it were a payment of wages. The marital status and number of withholding allowances a recipient may claim in determining the tax to be withheld shall be claimed on Form OK-W-4-P, Withholding Certificate for Pension or Annuity Payments.

(1) If the recipient has not provided a withholding certificate, tax will be withheld as if the recipient were married and claiming three (3) withholding allowances.

(2) The recipient can choose not to have tax withheld, regardless of how much tax is owed for the previous year, or is expected to be owed in the current year.

(c) **Treatment of non-periodic payments.** ~~Tax will be withheld at the top marginal individual income tax rate on any non-periodic payments. Recipients of non-periodic payments use Form OK-W-4-R, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions, to make their withholding election. Recipients may:~~

~~(1) The recipient must use Form OK-W-4-R, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions to determine whether income tax will be withheld. Elect to have income tax withheld at the top marginal individual income tax rate;~~

~~(2) The recipient can also use Form OK-W-4-R, to choose not to have tax withheld. Elect to have income tax withheld at the top marginal individual income tax rate plus an additional specified amount; or~~

~~(3) Elect to have no income tax withheld.~~

(d) **Employer contributions.** Employer contributions to qualified cash or deferred arrangements are not subject to Oklahoma withholding tax.

**TITLE 710. OKLAHOMA TAX COMMISSION  
CHAPTER 90**

**RULE IMPACT STATEMENT**

Pursuant to 75 O.S. § 303(D), the Oklahoma Tax Commission provides the following rule impact statement with regard to proposed rule changes to Chapter 90 of Title 710 of the Oklahoma Administrative Code.

**DESCRIPTION:** Amends the rule to allow taxpayers to request income tax withholding at a rate higher than the standard top rate for pensions, annuities, and other deferred income.

No federal mandate governs this rulemaking.

**STATEMENT OF NEED AND LEGAL BASIS:** Pursuant to 68 O.S. § 203, the Oklahoma Tax Commission is authorized to promulgate and enforce all rules necessary for the administration and collection of state taxes.

Change originated from a taxpayer inquiry requesting the option for additional withholding. Amendment provides flexibility for taxpayers to better manage withholding and prevent underpayment at filing.

**CLASSIFICATION OF RULE:** Nonmajor. The rules are not anticipated to have implementation and compliance costs.

**CLASSES AFFECTED:** Tax preparers and taxpayers receiving income from certain sources, such as pensions.

**CLASSES BENEFITED:** Affected classes may benefit from added flexibility of withholding options.

**COMPREHENSIVE ECONOMIC IMPACT AND METHODOLOGY:** The promulgation of these rules is not intended or expected to have any economic impact. The proposed rules are not anticipated to affect the full-time employee count of the agency. Implementation can be managed with existing staff and resources.

The rulemaking action does not levy, implement, or increase any fees.

No direct compliance costs are expected for affected taxpayers. Accordingly, no adverse effect on the state economy is anticipated.

The economic impact analysis was conducted by reviewing statutory requirements, assessing agency resource needs, and evaluating potential effects on affected parties. This review confirmed that the rules do not impose additional financial burdens and instead provide clarity and structure for program administration.

**ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS:** The promulgation of these rules is not intended or expected to have any economic impact on any political subdivisions or require their cooperation in implementing or enforcing the rule.

**SMALL BUSINESS IMPACT:** After consideration pursuant to the Oklahoma Small Business Regulatory Flexibility Act, it has been determined that the proposed rules will have no adverse impact on small businesses.

**MEASURES TO MINIMIZE COSTS OF COMPLIANCE:** There are no less costly or non-regulatory methods or less intrusive methods for achieving the purpose of the proposed rules. No formalized compliance cost minimization measures have been pursued.

**DETERMINATION OF THE EFFECT ON PUBLIC HEALTH, SAFETY AND ENVIRONMENT:** The agency does not anticipate any impact on public health, safety, or environment as a result of implementation of the proposed rules at this time.

**DETERMINATION OF THE DETRIMENTAL EFFECT WILL THERE BE ON THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT IF THE RULE CHANGE IS NOT IMPLEMENTED:** The agency does not anticipate any detrimental effect on public health, safety, or environment as a result of failure to implement the proposed rules at this time.

**DATE PREPARED:** November 13, 2025