



## WITHHOLDING EXEMPTION CERTIFICATE

### READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING THIS WITHHOLDING EXEMPTION CERTIFICATE

Complete this form and submit it to your employer. Otherwise, the employer is required to withhold your income taxes without taking into consideration your personal exemption, exemption for dependents and allowance based on deductions, pursuant to the Internal Revenue Code for a New Puerto Rico (Code).

**ANY CHANGES IN THE PERSONAL EXEMPTION, THE NUMBER OF DEPENDENTS OR THE ALLOWANCE BASED ON DEDUCTIONS, REQUIRE THE FILING OF AN AMENDED CERTIFICATE.**

#### FOR EMPLOYEE'S USE ONLY

|                 |                                   |
|-----------------|-----------------------------------|
| Employee's name | Employee's social security number |
| Spouse's name   | Spouse's social security number   |
| Home address    | Postal address                    |

Check here if your annual gross wages do not exceed \$20,000. If you want your employer to withhold income taxes on your wages, complete Part D. Otherwise, proceed to sign this Certificate.

Check here if you choose the provisions of the Military Spouses Residency Relief Act. (See instructions)

Check here if you choose the optional computation of tax in the case of married individuals living together and filing a joint return. (See instructions)

| A. PERSONAL EXEMPTION                           | Complete<br>(less withholding) | Half | None<br>(more withholding) |
|---|--------------------------------|------|----------------------------|
| 1. Individual taxpayer.....                     |                                |      |                            |
| 2. Married person .....                         |                                |      |                            |
| 3. Additional veterans personal exemption ..... |                                |      |                            |

**B. EXEMPTION FOR DEPENDENTS:** Number of Dependents  **Complete Exemption**  **Joint Custody**

#### C. ALLOWANCE BASED ON DEDUCTIONS

|  |                                   |                               |
|--|-----------------------------------|-------------------------------|
| 1. ALLOWANCE BASED ON THE SPECIAL DEDUCTION FOR CERTAIN INDIVIDUALS (See instructions)   | <input type="checkbox"/> Complete | <input type="checkbox"/> None |
| 2. ALLOWANCE BASED ON DEDUCTIONS (OPTIONAL):   |                                   |                               |
| (a) Home mortgage interest .....   |                                   | 00                            |
| (b) Charitable contributions .....   |                                   | 00                            |
| (c) Medical expenses .....   |                                   | 00                            |
| (d) Interest paid on student loans at university level .....                             |                                   | 00                            |
| (e) Contributions to governmental pension or retirement systems (See instructions) ..... |                                   | 00                            |
| (f) Contributions to Individual Retirement Accounts .....                                |                                   | 00                            |
| (g) Educational Contributions Account .....  |                                   | 00                            |
| (h) Contributions to health savings accounts .....                                       |                                   | 00                            |
| (i) Casualty loss on your principal residence .....                                      |                                   | 00                            |
| (j) Loss of personal property as a result of certain casualties .....                    |                                   | 00                            |
| (k) Total deductions .....   |                                   | 00                            |
| 3. Number of allowances based on deductions (Divide line 2(k) by \$500) .....            |                                   |                               |
| 4. Allowances that you want to claim (May be less or equal to line 3) .....              |                                   |                               |

**If you are a governmental employee, mark to indicate if you participate in any of the following programs (See instructions):**

- Retirement Withholding Supplementary Plan
- Retirement Savings Accounts Program (Indicate the percentage that you elected as contribution \_\_\_\_\_%)

#### D. ELECTION FOR ADDITIONAL WITHHOLDING

I authorize my employer to withhold in each payroll period the amount of \$ \_\_\_\_\_ or \_\_\_\_\_ % from my wages in **addition** to the tax required to be deducted and withheld according to the provisions of Section 1062.01 of the Code. (See instructions)

#### OATH

I declare under the penalty of perjury that I have examined this form, and to the best of my knowledge, the information contained herein is true, correct and complete. I also certify that the personal exemption, exemption for dependents and the allowance based on deductions claimed herein, for purposes of withholding of income tax on wages, do not exceed the amount that I am entitled to claim on the income tax return, according to the Code.

\_\_\_\_\_  
Employee's signature

\_\_\_\_\_  
Date

# INSTRUCTIONS

The Withholding Exemption Certificate (Form 499 R-4.1) is the document used by the employee to notify his/her employer of the personal exemption, exemption for dependents and the allowance based on deductions. These three factors are considered to determine the income tax to be withheld from the employee's wages.

Complete the upper part of the form, indicating your name, social security number, postal and home address.

If your annual gross wages do not exceed \$20,000, the same will not be subject to withholding at source. Nevertheless, you may elect for the employer to make withholding of income tax according to the amount or percentage indicated in Part D of this Certificate.

Under the Military Spouses Residency Relief Act (MSRRS), if you are the spouse of an active service member that was transferred under military orders to a new military station in any of the states, possessions or territories of the United States or the District of Columbia, you can keep your original residence or domicile for tax purposes. Indicate if you elect this option so that the employer will not be required to withhold income tax for Puerto Rico. Nevertheless, you may be subject to the payment of federal estimated tax or from the state, possession or territory for which you elected to keep as your residence or the employer may withhold federal, local or state taxes, as applicable.

If you are married, include you spouse's name and social security number, and indicate if you choose the optional computation of tax in the case of married individuals living together and filing a joint return (**optional computation**), as provided by Section 1021.03 of the Internal Revenue Code for a New Puerto Rico (Code).

## PART A - PERSONAL EXEMPTION

Indicate with an "X" your option regarding the personal exemption that your employer will consider to determine the income tax to be withheld.

**Line 1** – An individual taxpayer (single person, married that granted prenuptial agreement of total separation of assets or married not living with spouse) may claim or not the personal exemption. If you want to claim the complete personal exemption, mark the column titled "Complete". On the other hand, if you choose to claim no exemption at all, you may do so by marking the column titled "None". An individual taxpayer cannot choose to consider "Half" of his/her personal exemption.

**Line 2** - Married couples are entitled to only one personal exemption, therefore, each spouse cannot claim the complete personal exemption. If you are a married person, and both spouses receive wages subject to withholding, both of you should agree on how to claim the personal exemption and shall mark the corresponding column. If the married couple determines that only one of them will consider the complete personal exemption, such spouse shall mark the column titled "Complete". In such case, the other spouse shall mark the column titled "None". If you agreed with your spouse to divide the personal exemption in half, indicate so marking the column titled "Half". If you do not want to claim the personal exemption, mark the column titled "None".

If you are married and choose the **optional computation**, the personal exemption will be considered on a 50% basis for each spouse. Therefore, each spouse may choose to consider the complete personal exemption or no personal exemption at all regarding this 50%.

**Line 3** – Every veteran is entitled to claim an additional personal exemption. The veteran may claim the complete additional personal exemption or may choose to claim no additional personal exemption at all.

## PART B - EXEMPTION FOR DEPENDENTS

Indicate the number of dependents that will be considered for the withholding computation. It shall be the same as the number that you will claim as dependents on your income tax return. Indicate separately in the corresponding box, the children for which you are entitled to joint custody and have not released the claim to exemption. In these cases, only 50% of the exemption will be considered.

If you are an employee who elected the **optional computation**, your exemption for dependents will be 50% of the total amount provided by Section 1033.18(b) of the Code, since in such cases each spouse is entitled to claim only half of the exemption for dependents, as provided in Section 1021.03 of the Code.

The Code provides that every employer, who receives an exemption certificate from an employee in which the **number of dependents claimed exceeds 8**, shall submit a copy of such certificate to the Secretary of the Treasury, as well as a copy of any written statement received from the employee to support the information contained in the certificate.

## PART C - ALLOWANCE BASED ON DEDUCTIONS

You are entitled to certain allowances based on deductions which your employer shall consider to determine the amount of income tax to be withheld.

**Line 1** – The number of allowances under the special deduction for certain individuals is subject to the limitations and requirements provided by Section 1033.16 of the Code. This deduction shall be available to those individuals whose gross income does not exceed \$20,000, providing that for each dollar of gross income in excess of \$20,000, the allowable deduction shall be reduced by fifty cents until it is reduced to zero.

If you choose to consider the special deduction, mark the box titled "Complete". On the other hand, if you choose to claim no special deduction at all, you shall mark the box titled "None".

**Line 2** – You have the **option** to consider in the withholding computation, the deductions that you will be able to claim on your income tax return. Such deductions will reduce the amount of tax that the employer will withhold on your wages. If you do not wish to consider these deductions in the computation, do not complete this line.

Enter on lines 2(a) through 2(j), the amount of these deductions that you estimate you will be entitled to claim on your return. Such deductions are subject to the limitations and requirements provided in Section 1033.15 of the Code.

If you are married and choose the **optional computation**, the number of allowances shall be determined by dividing the deductions among the spouses. In the case of home mortgage interest, charitable contributions, medical expenses, and loss on your principal residence or personal property as a result of certain casualties, include 50% of each deduction. In the case of contributions to governmental pension or retirement systems, Individual Retirement Accounts, Educational Contribution Accounts, Health Savings Accounts and interest paid on student loans at university level, include the amount that corresponds individually.

**Line 2(e)** – If you are a governmental employee, you shall consider the governmental pension or retirement plan to which you make contributions, if any:

- If you make contributions to the governmental pension or retirement plan, you shall consider 8.275% of your annual wages.
- If you elected the supplementary retirement plan, then, you shall consider 5.775% of your monthly wages up to \$550 and 8.275% of your monthly wages in excess of such amount (on an annual basis).
- On the other hand, if you are a governmental employee who makes contributions through the Retirement Savings Accounts Program, you shall consider 8.275%, 9%, 9.5%, or 10% (as elected) of your annual wages.

**If you are a governmental employee, who works for an agency which payroll is processed by the Department of the Treasury, do not consider your contributions to the pension or retirement system on this line. This deduction will automatically be considered in the withholding computation.**

**Line 3** – Divide the amount figured on line 2(k) by \$500. Any fraction obtained as a result of the preceding division exceeding 50%, shall be considered as an additional allowance.

**Line 4** – Indicate the allowances that you wish to claim, from the amount determined on line 3. If you file as a married person living with spouse and **do not** choose the **optional computation**, you and your spouse shall be allowed to divide the total allowances as you wish, but based on complete allowances. However, any allowance considered by one spouse cannot be claimed by the other spouse.

## PART D – ELECTION FOR ADDITIONAL WITHHOLDING

Any employee may elect for his/her employer to withhold an amount in addition to the one required by Section 1062.01(e) of the Code. Under no circumstances, this option will be allowed for an amount less than the tax determined according to the withholding tables approved by the Secretary based on the tax rates provided by the Code. Also, this option may be exercised by every employee whose annual gross wages do not exceed \$20,000 and chooses for the withholding to be made on such wages.

## OATH

You declare under penalty of perjury, that you have examined this form, and that to the best of your knowledge, the information contained therein is true, correct and complete.

## SIGNATURE

This form must be signed and dated by the employee.

## PENALTIES

Any employee required to submit a withholding exemption certificate to his/her employer, who willfully provides false or fraudulent information, or who willfully fails to provide information which would require an increase in the tax to be withheld, shall be guilty of a misdemeanor as provided in Section 6041.08 of the Code.

In the case of employees who elect to consider the allowance for deductions provided in Section 1062.01(c)(2)(A)(ii) of the Code, in addition to the criminal penalty mentioned in the above paragraph, if 70% of the tax attributable to income derived from wages subject to withholding exceeds the tax withheld at source on said income, there shall be added to the tax the smaller of: (1) an amount equal to such excess, or (2) an amount equal to 18% of the amount for which such tax so determined exceeds the tax withheld.

## INSTRUCTIONS TO THE EMPLOYER

The employer shall consider the information provided by the employee on this Certificate with respect to the personal exemption, exemption for dependents and allowance based on deductions in order to make the withholding according to the Employer's Guide on the Withholding of Income Tax at Source on Wages for the corresponding taxable year.

If the employee's annual gross wages do not exceed \$20,000, such wages are not subject to withholding at source, unless the employee had completed the election, in Part D, for the additional withholding to be made.

If the employee elects the provisions of the MSRRS, no withholding of tax at source on wages shall be made for Puerto Rico purposes. Nevertheless, such wages may be subject to withholding of federal taxes according to the provisions of the Internal Revenue Service.

If the number of dependents exceeds 8, submit copy of this Certificate to the Fiscal Audit Bureau, as well as copy of any written statement received from the employee to support the information contained in the certificate.