

IBEW Railroad Department

Reporting Requirements for Railroad Local Unions

A Guide to Assist Local Unions with Filing Required Federal Forms and
Withholding, Paying and Reporting Railroad Retirement Taxes.

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Introduction

As a Railroad Local Union, you are subject to various Federal reporting requirements. All local unions must complete these reports annually:

1. Annual Return of Organization Exempt from Income Tax – IRS Form 990, 990-N, or 990-EZ.
2. DOL Union Financial Report – Form LM-2, LM-3, or LM-4.

If you pay salaries to your officers and employees (as outlined in the Local Union's bylaws) and/or reimburse them for lost time wages, then you are required to withhold, pay, and report the taxes as follows:

1. Railroad Retirement Taxes (this applies to all monthly salaries \$25 or more): Form OE-1a and IRS Form CT-1.
2. Employment Tax Forms and Returns: This would include filing such forms as IRS Form W-2 for officers and employees annually and Form 941 (possibly 944 if your employment taxes for the calendar year will be \$1000.00 or less) quarterly, as well as any applicable State forms. Form 941 (or 944) is filed with the IRS quarterly to report the wages, withheld taxes, and Medicare payments for the previous quarter.

It is highly recommended that each local union contact a Tax Professional to discuss their individual tax situation.

The following is a brief guide for you to use when filing these reports and when withholding, paying, and reporting Railroad Retirement Taxes. Much of the information in this guide is provided directly by the Railroad Retirement Board (www.rrb.gov), IRS (www.irs.gov), and the DOL Office of Labor-Management Standards (www.dol.gov/olms/). You may also obtain information on the OE-1a by contacting the RRB Quality Reporting Service Center at 312-751- 4992.

We hope you find this guide helpful. If you have any questions pertaining to the information contained herein, please feel free to contact the IBEW Railroad Department for assistance at 202-728-6016, or via email at Bill_Bohne@IBEW.org.

Synopsis for Deducting, Paying, and Reporting Railroad Retirement Taxes

Railroad Retirement taxes and Medicare tax must be withheld from all salaries and lost time wage payments you make to Local Union officers and employees that are \$25 per month or more. You are also responsible for paying the “employer’s” portion of the Railroad Retirement Tax. Please note, only Local Unions with “full time” employees are required to pay the Railroad Retirement Unemployment Insurance Tax, and only on those employees who are full time.

You must report these taxes to the International Secretary Treasurer on a quarterly basis on form OE-1a.

These Railroad Retirement taxes must be deducted when you pay your officers and employees and must be paid to the IRS monthly (unless your Railroad Retirement tax liability is less than \$2,500 per year), along with the “employer” taxes, due no later than the 15th of the month following the month in which the salaries were paid.

Payment of the Railroad Retirement taxes to the IRS must be made by electronic funds transfer (EFT). (Federal income taxes withheld also must be paid monthly using EFT). To obtain further information regarding EFTPS visit the EFTPS website at www.eftps.gov, or call 1-800-555-4477 or 1-800-733-4829 (TTD). Additional information about EFTPS is also available in Pub. 966 Electronic Federal Tax Payment System: A Guide to Getting Started. Your local must have a Federal Employer Identification Number (EIN) to make these payments (this number is the same as your Federal Tax Identification Number (TIN). If you don’t have an EIN, you can call the above number to obtain one.

For Federal Tax Deposit CT-1V payment Voucher please follow instructions in this Guide.

Form OE-1a – Reporting Taxes to the IO

At the end of each quarter, and no later than the 15th of the month following the end of a quarter, you must file an OE-1a form with IBEW International Secretary-Treasurer at the International Office. Whether you pay your officers on a monthly or quarterly basis, the figures on this form must be input to reflect the monthly salaries, monthly lost time payments, and monthly taxes. This is important so that your officers receive credit from the Railroad Retirement Board for each month they render service to the union. If you are a local that regularly files with this office, please be advised that in quarters when you have no payments to officers to report, you must at the least send an email to this office and the Accounting Department stating your Local number and the fact that you have no payments to report for the quarter. By doing this we will know that you did not forget to file your report and that you simply had no salaries or wages for the period to report.

Instructions for filling out this form can be found in this guide (Instructions for Form OE-1a). The form can be found in the “Local Connections” section of the IBEW website at <https://secure.ibew.org/>. Once you are logged into Local Connections go to the “Railroad Resources” tab and you will find the form which you can then download to your computer and save it as a file. When you need to complete an OE-1a just pull it up and fill in the required fields (Box 3, 5, and Columns 6, 7, and 8) as well as your Name/Title, Address, Telephone/Email, and Date Completed boxes at the bottom of the form. Once you fill in the “Gross Earnings” in Column 8, the form will automatically calculate the taxes and carry over the amounts to the Calculation Worksheet page. On the Calculation Worksheet page of each form are the corresponding “employer tax rates.” It is pertinent to remember that, in addition to the employees’ Railroad Retirement withholding taxes, the Local Union (employer) is also responsible for its own portion of taxes. Once you do this electronically and save it as a file on your computer, i.e. OE-1a 1st qtr. 2017, all you need to do for the next quarter is to open your original form, input the new dates and figures, and do a “Save As” and save your 2nd quarter form, i.e. OE-1a 2nd qtr. 2017. Repeat this process for the subsequent quarters.

This form was developed by the IBEW Railroad Department and is designed specifically for your use. As such, this is the ONLY form we will accept.

All Employee and Employer tax rates may be found on form G-34 (page 8). However, for your ready reference, the 2017 rates are as follow:

	<u>Medicare</u>	<u>Tier 1</u>	<u>Tier 2</u>
<u>Employee</u>	1.45%	6.20%	4.9%
<u>Employer</u>	1.45%	6.20%	13.1%

Note: Rates are subject to change on a yearly basis.

Once these forms are complete, you must email them to the IBEW Accounting Department at Accounting@IBEW.org with a copy to Bill_Bohne@IBEW.org and Al_Russo@IBEW.org.

CT-1 Form – Annual Railroad Retirement Tax Return to the IRS

This is the last step in the Railroad Retirement tax process – an annual tax return to the IRS using the CT-1 form. A blank copy of this CT-1 Internal Revenue Service (IRS) form and instructions for filing it with the IRS are also attached for your ready use. This form must be filled out and mailed to the IRS no later than February 28, 2017 following the year reporting for. Please mail the form to the following address:

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0007

If your CT-1 calculation shows a “Balance Due” on line 17, then you must make an additional payment to the IRS in accordance with the instructions provided.

For additional copies of the form or for more detailed instructions, you may visit the IRS website at www.irs.gov. Once there, type in CT-1 in the search box and you will be able to access the necessary information.

Notes

1. Local Unions whose Railroad Retirement tax liability is less than \$2,500 per year may pay their Railroad Retirement Tax payments to the IRS on a yearly basis when filing the CT-1V form. OE-1a forms must still be filed with the International Office on a quarterly basis. However, due to the uncertainty of what your tax liability may be over the course of a year because of lost time, we believe it is wise to simply pay these taxes on a monthly basis.
2. Remember, if you have questions about specific Railroad Retirement tax and reporting issues, you may contact the Railroad Retirement Board Quality Reporting Service Center at 312-751-4992.
3. For questions specific to CT-1, you may contact IRS CT-1 Specialist Rose Kincaid at 859-669-2134.

IRS REPORTING REQUIREMENTS

Each L.U. is a “tax-exempt” entity and is required to file an annual information return with the Internal Revenue Service (IRS) to maintain its tax-exempt status. Tax Form 990 is the return required and, depending on the size of the L.U., there are simpler versions available as outlined below. Each IBEW L.U. as chartered by the I.O. is part of a group exemption. The IRS has assigned a group exemption number to identify all IBEW L.U.’s as part of our group. This group exemption number is: 0064. You should use this number on all of the annual IRS Form 990’s to identify the L.U. as part of the IBEW Group.

A local union can file a simpler version of the Form 990 if it meets the following assets and receipts limits:

1. Form 990-N: If the L.U. normally has gross receipts of \$50,000 or less, they can file the Form 990-N, Electronic Notice (e-postcard).
2. Form 990-Ez: If the L.U. has gross receipts less than \$200,000 and total assets at the end of the tax year less than \$500,000, they can file Form 990EZ, Short Form Return.

All local unions that do not meet the above size limits are required to file Form 990. Certain Form 990 filers must file electronically as required by the IRS. The Form 990 and related versions are due to the IRS by the 15th day of the 5th month following the L.U.’s fiscal year end. Accordingly, for local unions with a fiscal year that ends on December 31, the Form is due on May 15. Should the L.U. need additional time, an extension can be requested by filing a Form 8868 with the IRS.

Significant penalties can be assessed for failure to file the required forms by the due date. Failure to file the forms for 3 consecutive years will result in the loss of the L.U. tax-exempt status and would require the L.U. to re-apply with the IRS for reinstatement. It is recommended that filings (if required) be mailed “Return Receipt Requested” to verify receipt of the filing date.

The IRS Form 990s are open to public inspection and generally must be available for up to 3 years without charge to any individual requesting a copy.

All IRS Form 990s and related instructions are available at the IRS website www.irs.gov/uac/current-form-990-series-forms-and-instructions).

OFFICE OF LABOR-MANAGEMENT STANDARDS REPORTING REQUIREMENTS

A local union must file an annual financial report with the DOL Office of Labor-Management Standards. Whether the L.U. files Form LM-2, Form LM-3, or Form LM-4 depends on the amount of annual receipts that passed through the local union's General Fund during the fiscal year just ended. **There are criminal penalties for failure to file the annual financial report so it is very important to make sure the annual report is filed.**

- If total annual receipts are less than \$10,000 Locals may use the Form LM-4.
- Local unions with General Fund receipts of less than \$250,000 during the fiscal year should file Form LM-3.
- If total annual receipts are more than \$250,000 Locals must use the online Form LM-2.

The annual financial reports are due at the Office of Labor-Management Standards within 90 days after the end of the local union's fiscal year. The reports must be filed with the U.S. Department of Labor electronically. Check the U.S. Department of Labor's Web site (www.dol.gov) for the most current information and requirements. <https://www.dol.gov/olms/regs/compliance/formspage.htm>

Railroad Retirement Board Reminders for 2017

2017 Tier I Earnings Base and Tax Rates
\$127,200.00 - Annual Maximum 6.2% - Employee and Employer Tax Rate \$7,886.40 - Maximum Employee and Employer Tax
2017 Tier II Earnings Base And Tax Rates
\$94,500.00 - Annual Maximum 4.9% - Employee Tax Rate \$4,630.50 - Maximum Employee Tax 13.1% - Employer Tax Rate \$12,379.50 - Maximum Employer Tax
2017 Medicare Hospital Insurance Earnings Base And Tax Rate
Annual Maximum - No Limit 1.45% - Employee and Employer Tax Rate (Additional Taxes are 0.9% of Earnings in Excess of \$200,000.00)
Total Tier I, Tier II & Medicare Hospital Insurance Maximum Tax
Based on Earnings of \$127,200.00 \$14,361.30 - Employees \$22,110.30 - Employers (Additional Taxes are 1.45% of Earnings in Excess of \$127,200.00)
Amount Needed for Quarter of Social Security Coverage
\$1,300.00 in 2017 (Up to 4)
2017 Employer RUIA Tax Rate
2.15 to 12% on First \$1,545.00 Per Month
Employee RUIA 2016 Qualifying Earnings
\$3,637.50 - For Benefit Year 2017 (Beginning July 1, 2017)
RUIA Daily Benefit Rate
\$72.00 - For Benefit Year 2017 (Beginning July 1, 2017)
Work Deduction Exempt Amounts
Full Retirement Age (FRA) (For Months Prior To FRA In Calendar Year) Annual - \$44,880.00; Monthly – \$3,740.00 (\$1.00 Deduction For Each \$3.00 of Excess Earnings)
Under FRA Annual - \$16,920.00; Monthly - \$1,410.00 (\$1.00 Deduction For Each \$2.00 of Excess Earnings)
Disability Earnings Limitations Amounts
Any/all earnings must be reported by calling 1-877-772-5772 Annuity payments must be returned for earnings above \$910.00 for any month in 2017 The 2017 annual earnings limit is \$11,375.00
Basic Medicare Premium
\$134.00 – Part B effective <u>beginning</u> 2017
Cost-of-Living Increase December 2016
Tier I – 0.3% Tier II – 0.1%

2017 Railroad Retirement Reporting Summary – National Railway Labor Organizations

Tax	Rate	Base	Who Reports	Form	Frequency of Reports	Submit To	Direct Inquiries To			
Tier I Retirement Tax (Employee & labor organization)	6.20% (On both employee & labor organization)	\$127,200 for the year	Locals Yes	OE-1a	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.			
				CT-1 ¹	Annually	IRS	Grand Lodge or IRS			
			System Units² Yes	OE-1	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.			
				CT-1 ¹	Annually	IRS	Grand Lodge or IRS			
			Grand Lodge Yes	BA-3 ³	Annually	RRB ⁴	RRB ⁴			
				CT-1 ¹	Annually	IRS	IRS			
			Tier I Medicare Tax (Employee & labor organization)	1.45%⁶ (On both employee & labor organization)	All compensation for the year is subject to this tax	Locals Yes	OE-1a	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.
							CT-1 ¹	Annually	IRS	Grand Lodge or IRS
System Units² Yes	OE-1	Monthly or Quarterly				Grand Lodge	Grand Lodge Sec. – Treas.			
	CT-1 ¹	Annually				IRS	Grand Lodge or IRS			
Grand Lodge Yes	CT-1 ¹	Annually				IRS	IRS			
Tier II Retirement Tax⁵ (Employee & labor organization)	4.90% (Employee)	\$94,500 for the year				Locals Yes	OE-1a	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.
							CT-1 ¹	Annually	IRS	Grand Lodge or IRS
						System Units² Yes	OE-1	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.
			CT-1 ¹	Annually	IRS		Grand Lodge or IRS			
	Grand Lodge Yes		BA-3 ³	Annually	RRB ⁴	RRB ⁴				
			CT-1 ¹	Annually	IRS	IRS				
	13.10% (Labor organization)									

2017 Railroad Retirement Reporting Summary (Continued)

Tax	Rate	Base	Who Reports	Form	Frequency of Reports	Submit To	Direct Inquiries To
Railroad Unemployment Insurance Tax (Labor organization only)	Variable (Separate rate determined annually for each labor organization)	\$1,545 a month	Locals No	N/A	N/A	N/A	N/A
			System Units² Yes	OE-1	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.
			Grand Lodge Yes	DC-1	Quarterly	RRB ⁴	RRB ⁴

¹ The IRS mails Form CT-1 directly to employers. Employers who do not receive it can obtain copies by calling the IRS at 1-800-829-3676 or from the IRS website at www.irs.gov.

² System units are System Boards, Joint Protective Boards, System Councils, District Lodges, System Federations, District Councils, General Grievance Committees, General Committees of Adjustment, Federations of General Chairmen, General Committee, State Legislative Boards, State Legislative Committees, and Regional Associations of General Chairmen.

³ This report may be submitted by CD-ROM, File Transfer Protocol (FTP), secure email, or by using the RRB's online Employer Reporting System (ERSNet).

⁴ General inquiries should be directed to the RRB's Quality Reporting Service Center at (312)751-4992; fax (312)751-7123; e-mail qrsc@rrb.gov. Information on reporting is also available on the RRB's website at www.rrb.gov.

⁵ Tier II tax rates are determined annually from a tax rate schedule based on an average account benefits ratio reflecting railroad retirement fund levels. Employer tax rates can range from 8.2 percent to 22.1 percent. Employee tax rates can range from 0 percent to 4.9 percent.

⁶ An additional Medicare payroll tax of 0.9 percent applies to an individual's income exceeding \$200,000, or \$250,000 for a married couple filing a joint tax return. While employers will begin withholding the additional Medicare tax as soon as an individual's wages exceed the \$200,000 threshold, the final amount owed or refunded will be calculated as part of the individual's Federal income tax return.

INSTRUCTIONS for FORM OE-1a

U.S. RAILROAD RETIREMENT BOARD

Revised 2016



The following instructions are to assist system subordinate units in reporting creditable service and compensation and taxable earnings to the National Secretary-Treasurer or National Reporting Officer of your labor organization and in reporting and paying retirement taxes and unemployment contributions.

Form OE-1a is used to report creditable compensation and service for local units of national rail labor organizations covered under the Railroad Retirement Act (RRA). Local lodges, divisions, unions, and federations, along with district councils, should report only employees who were previously in an employment relation with a railroad carrier and whose earnings were \$25.00 or more per month.

Form OE-1a should be sent to your National Secretary-Treasurer or National Reporting Officer within 15 days after the end of the period covered by the report. ***DO NOT SEND FORM OE-1a TO THE RAILROAD RETIREMENT BOARD (RRB) OR TO THE INTERNAL REVENUE SERVICE (IRS).***

WHERE TO GO FOR ADDITIONAL INFORMATION

- For additional forms or questions about these instructions contact either your national organization or a Compensation Reporting Specialist at the Railroad Retirement Board's Quality Reporting Service Center at (312) 751-4992 or email qrsc@rrb.gov.
- For questions about completing Form CT-1, tax deposit rules, or obtaining an employer identification number (EIN), call the IRS at 1-800-829-4933 (Business and Specialty Tax Line) or 1-800-829-4059 (TTY) 7 a.m. – 7 p.m. local time Monday-Friday.
- For more information on Additional Medicare Tax, visit www.irs.gov and search for "[Questions and Answers for the Additional Medicare Tax](#)," [Form 8959, Additional Medicare Tax](#), and [Instructions for Form 8959](#).
- For information on the Electronic Federal Tax Payment Systems (EFTPS) or to enroll in EFTPS, visit the EFTPS website at www.eftps.gov or call 1-800-555-4477; en español, 1-800-244-4829; for TDD (hearing impaired) call 1-800-733-4829 from 8 a.m. – 8 p.m. ET M-F. Assistance is available 24/7 unless otherwise noted. Additional information about EFTPS is also available in the [Internal Revenue Service Publication \(Pub.\) 966, Electronic Federal Tax Payment System: A Guide to Getting Started](#).

A. INSTRUCTIONS FOR COMPLETING ITEMS 1-19

1. Enter the name of your national organization.
2. Enter the page number and the total number of pages included in this report. Example: Page 1 of 2.
3. Enter the name and/or number of your reporting unit.
4. Enter the RRB unit number (BA number) assigned to your type of unit. To obtain your unit number, contact your national organization.
5. Enter the appropriate month or quarter and year. Example: Mar 2013 or 1st Q 2013.
6. Enter the employee's last name followed by the employee's first name and middle initial. Also, enter the employee's nine-digit social security number.
7. Enter the appropriate month of the quarter you are filing. Example: If you are filing for the 2nd quarter of 2013, enter Apr in 1, May in 2, and Jun in 3.
8. Enter the gross earnings and Tier I Medicare earnings. Note: Both amounts consist of all taxable compensation. Please only include amounts earned for services to your unit.
9. Enter the amount of the employee Medicare tax withheld from the employee's earnings. Instructions for calculating the withholding amounts are in *Part B of these instructions*.
10. Enter the Tier I creditable retirement compensation.
11. Enter the amount of Tier I employee tax withheld from the employee's earnings.
12. Enter the Tier II creditable retirement compensation.
13. Enter the amount of the Tier II employee tax withheld from the employee's earnings.
14. Calculate the totals for columns 8 thru 13.
15. Enter your name and title.
16. Enter the address of your organization.
17. Enter a telephone number you may be contacted at.
18. Enter the date the report was completed.
19. The box "19. Date Received by NRO" should be left blank for it is to be used by the National Reporting Officer.

SAMPLE

RAIL LABOR LOCAL UNIT REPORT OF CREDITABLE SERVICE MONTHS AND COMPENSATION							
1. Name of National Organization Workers United				2. Page 1 of 1 Page(s)		See Form OE-1a INST for Complete Instructions	
3. Payroll Report of Reporting Unit (Name and/or Number) Local 100			4. RRB Unit No. 8900	5. For Month or Quarter Ending 1st QTR 20 15			
NOTE: Compensation should NOT be reported in excess of applicable yearly maximums				Tier I Maximum \$ 118,500.00		Tier II Maximum \$ 88,200.00	
6. Employee Identification	7. Month of Quarter	8. Gross Earnings and Tier I Medicare Earnings	9. Employee Medicare Tax Withheld	10. Tier I Earnings	11. Tier I Employee Tax Withheld	12. Tier II Earnings	13. Tier II Employee Tax Withheld
Name Carman, Carl SSA Number 333-33-3333	1 Jan	50.00	0.73	50.00	3.10	50.00	2.45
	2 Feb	50.00	0.73	50.00	3.10	50.00	2.45
	3 Mar	40.00	0.58	40.00	2.48	40.00	1.96
Name Engineer, Ed SSA Number 888-88-8888	1 Jan	480.00	6.96	480.00	29.76	480.00	23.52
	2 Feb	512.00	7.42	512.00	31.74	512.00	25.09
	3 Mar	512.00	7.42	512.00	31.74	512.00	25.09
Name Dispatcher, Dick D. SSA Number 222-22-2222	1 Jan	60.00	0.87	60.00	3.72	60.00	2.94
	2 Feb	60.00	0.87	60.00	3.72	60.00	2.94
	3 Mar	60.00	0.87	60.00	3.72	60.00	2.94
Name Trainman, Tom T. SSA Number 111-11-1111	1 Jan	25.00	0.36	25.00	1.55	25.00	1.23
	2 Feb	25.00	0.36	25.00	1.55	25.00	1.23
	3 Mar	25.00	0.36	25.00	1.55	25.00	1.23
Name	1						
	2						
SSA Number	3						
Name	1						
	2						
SSA Number	3						
14. TOTALS		1,899.00	27.53	1,899.00	117.73	1,899.00	93.07
CAUTION: Railroad Retirement Taxes reported on the CT-1 must be deposited by electronic fund transfer with the U. S. Treasury Department. Read the instructions for the Form CT-1 for the proper depositing procedures. The frequency of your tax is NOT determined by the completion of Form OE-1a. Deposits may be required more or less often.							
15. Name and Title Pam Payroll Accountant		16. Address 123 Main Street Chicago, IL 45678		17. Telephone Number (312) 555-5555		18. Date Completed 4/14/2015	19. Date Received by NRO

B. INSTRUCTIONS FOR CALCULATING WITHHOLDING AMOUNTS

In December of each year, the RRB releases notices of the earnings maximums as well as the Tier I, Tier II, and Medicare tax rates for the following year. The earnings maximums and tax rates are subject to change annually. This information is also posted on the RRB website (www.RRB.gov).

Enter the annual compensation maximums in the corresponding boxes on the OE-1a. Compensation should not be taxed or reported in excess of the annual earnings maximum for an individual. Tier I taxes are not assessed on earnings above the Tier I annual maximum limit. Tier II taxes are not assessed on earnings above the Tier II annual maximum limit. There is no compensation maximum for Medicare tax.

An employee pays three payroll taxes: Tier I, Tier II, and Medicare. The employee and employer tax rates are the same for Tier I and Medicare but differ for Tier II. To calculate the tax withheld, multiply the taxable earnings by the tax rate.

The following is a calculation of Carl Carman's withholding from the sample shown in **SECTION A**.

MEDICARE TAX WITHHELD	TIER I TAX WITHHELD	TIER II TAX WITHHELD
\$ 50.00	\$ 50.00	\$ 50.00
<u>X 0.0145</u>	<u>X 0.062</u>	<u>X 0.049</u>
\$ 0.73	\$ 3.10	\$ 2.45

NOTE: Beginning in 2013, employees pay an additional 0.9 percent Medicare tax on yearly earnings above \$200,000. An employer is required to begin withholding Additional Medicare Tax in the pay period in which it pays railroad retirement (RRTA) compensation in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. **There is no employer match for Additional Medicare Tax.**

The following is a calculation for the Additional Medicare Tax an employer would withhold if Pam Payroll was to earn over \$200,000 in RRTA compensation.

In 2015, Pam Payroll earned \$250,000 in RRTA compensation. \$50,000 is the amount Pam Payroll earned over the \$200,000 threshold. Her employer is required to withhold the Additional Medicare Tax on this amount.

ADDITIONAL MEDICARE TAX WITHHELD
\$ 50,000.00
<u>X 0.009</u>
\$ 450.00

C. INSTRUCTIONS FOR USE OF FORM OE-1a IN COMPLETING FORM CT-1

Form CT-1, Employer's Annual Railroad Retirement Tax Return, is the IRS form used to report railroad retirement taxes. Form CT-1 is filed annually for taxes imposed on earnings paid in a calendar year. If the cumulative earnings for all employees are less than the Tier II maximum, then the cumulative gross earnings will be equal to the cumulative Tier I and Tier II earnings.

Enter the cumulative earnings totals and withholding totals in the appropriate spaces in the **TAX CALCULATION WORKSHEET** on page two of Form OE-1a. The cumulative totals are the sums of the totals from all Forms OE-1a filed in the year. Enter the tax rates in Items A, B, and C on the worksheet and multiply by the earnings. The items from the **TAX CALCULATION WORKSHEET** are in the same order and directly correspond to items on Form CT-1. Transcribe the amounts from the worksheet to Form CT-1 using the "CT-1 references" column on the worksheet as a guide.

The **cumulative yearly totals** in the following example are **four** times the quarterly totals from the sample shown in **SECTION A**.

FORM OE-1a TAX CALCULATION WORKSHEET

TAX CALCULATIONS To be used for completing Form CT-1 and in determining tax liability.		CT-1 REFERENCES
A. $\frac{\$ 7,596.00}{\text{Column 10 Total}} \times \frac{0.062}{\text{Tier I Employer Tax Rate}}$	\$ 470.95	Tier I Employer Tax - Compensation
B. $\frac{\$ 7,596.00}{\text{Column 8 Total}} \times \frac{0.0145}{\text{Medicare Tax Rate}}$	\$ 110.14	Tier I Employer Medicare Tax - Compensation
C. $\frac{\$ 7,596.00}{\text{Column 13 Total}} \times \frac{0.131}{\text{Tier II Employer Tax Rate}}$	\$ 995.08	Tier II Employer Tax - Compensation
D. Column 11 Total	\$ 470.92	Tier I Employee Tax - Compensation
E. Column 9 Total	\$ 110.12	Tier I Employee Medicare Tax - Compensation
F. $\frac{\$ \quad \quad \quad}{\text{Additional Medicare Tax Rate}}$ [Paid on compensation exceeding \$200,000 per year for an employee]	\$	Tier I Employee Additional Medicare Tax - Compensation
G. Column 13 Total	\$ 372.28	Tier II Employee Tax - Compensation
H. Sum of columns A through G Railroad Retirement Tax Liability for period	\$ 2,529.49	Total Tax Based on Compensation

The amounts in Item A should equal Item D and amounts in Item B should equal Item E. The items may differ a few cents due to rounding of partial cents.

D. INSTRUCTIONS FOR USE OF FORM OE-1a IN DETERMINING TAX LIABILITY

Taxes reported on Form *CT-1* are paid monthly with two exceptions: 1) your tax liability is more than \$100,000, in which case taxes are paid more often than monthly, or 2) your tax liability is less than \$2,500, in which case taxes may be paid annually. All federal tax deposits must be made by electronic funds transfer. Generally, an electronic funds transfer is made using the Electronic Federal Tax Payment System (EFTPS). If you do not wish to use EFTPS, please have an authorized financial institution make the electronic deposit on your behalf. Taxes must be deposited with the U.S. Department of Treasury; **taxes must not be paid to the IRS or to the RRB.**

The frequency, monthly or quarterly, for filing Form OE-1a is determined by your national organization. If you file Form OE-1a monthly, the form can be used to calculate your monthly tax liability by completing Items A through H on the ***TAX CALCULATION WORKSHEET*** found on page two of Form OE-1a. If you file Form OE-1a quarterly, the form will not have the monthly totals needed to determine monthly tax liability. If you develop the monthly earnings and withholding totals, you can enter the monthly totals in the ***TAX CALCULATION WORKSHEET*** to calculate the monthly tax liability.

If all employees' earnings are less than the Tier II maximum, another option for determining monthly tax liability is to multiply the monthly gross earnings by the combined tax rate. The combined tax rate is the sum of the six tax rates: Employee Medicare, Employee Tier I, Employee Tier II, Employer Medicare, Employer Tier I, and Employer Tier II. For example, the sum of the six tax rates for 2015 is 33.3%. If all of the employees' combined earnings are less than the Tier II maximum, multiply the monthly 2015 gross earnings by 0.333 to obtain the monthly 2015 tax liability.

The following example demonstrates the calculation of tax liability for **March 2015** using data from the sample shown in **SECTION A**. The totals in Items A through H were developed from the figures shown for the *third month of the first quarter*.

FORM OE-1a TAX CALCULATION WORKSHEET

TAX CALCULATIONS		CT-1 REFERENCES	
To be used for completing Form CT-1 and in determining tax liability.			
A.	$\frac{\$ 837.00}{\text{Column 10 Total}} \times \frac{0.062}{\text{Tier I Employer Tax Rate}}$	\$ 39.49	Tier I Employer Tax - Compensation
B.	$\frac{\$ 837.00}{\text{Column 8 Total}} \times \frac{0.0145}{\text{Medicare Tax Rate}}$	\$ 9.24	Tier I Employer Medicare Tax - Compensation
C.	$\frac{\$ 837.00}{\text{Column 13 Total}} \times \frac{0.131}{\text{Tier II Employer Tax Rate}}$	\$ 83.45	Tier II Employer Tax - Compensation
D.	Column 11 Total	\$ 39.49	Tier I Employee Tax - Compensation
E.	Column 9 Total	\$ 9.23	Tier I Employee Medicare Tax - Compensation
F.	$\frac{\$ \text{ [Blank] }}{\text{Additional Medicare Tax Rate}}$ [Paid on compensation exceeding \$200,000 per year for an employee]	\$ [Blank]	Tier I Employee Additional Medicare Tax - Compensation
G.	Column 13 Total	\$ 31.22	Tier II Employee Tax - Compensation
H.	Sum of columns A through G Railroad Retirement Tax Liability for period	\$ 212.12	Total Tax Based on Compensation

The amounts in Item A should equal Item D and amounts in Item B should equal Item E. The items may differ a few cents due to rounding of partial cents.

RAIL LABOR LOCAL UNIT REPORT OF CREDITABLE SERVICE MONTHS AND COMPENSATION

1. Name of National Organization					2. Page ___ of ___ Page(s)		See Form OE-1a INST for Complete Instructions	
3. Payroll Report of Reporting Unit (Name and/or Number)			4. RRB Unit No.		5. For Month or Quarter Ending 20___			
NOTE: Compensation should NOT be reported in excess of applicable yearly maximums					Tier I Maximum \$		Tier II Maximum \$	
6. Employee Identification		7. Month of Quarter	8. Gross Earnings and Tier I Medicare Earnings	9. Employee Medicare Tax Withheld	10. Tier I Earnings	11. Tier I Employee Tax Withheld	12. Tier II Earnings	13. Tier II Employee Tax Withheld
		Name	1					
SSA Number		2						
		3						
Name		1						
		2						
SSA Number		3						
		1						
Name		2						
		3						
SSA Number		1						
		2						
Name		3						
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SSA Number		2						
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SSA Number		3						
		1						
Name		2						
		3						
SSA Number		1						
		2						
Name		3						
		1						
SSA Number		2						
		3						
		14. TOTALS						
<p align="center">CAUTION: Railroad Retirement Taxes reported on the CT-1 must be deposited by electronic fund transfer with the U. S. Treasury Department. Read the instructions for the Form CT-1 for the proper depositing procedures. The frequency of your tax is NOT determined by the completion of Form OE-1a. Deposits may be required more or less often.</p>								
15. Name and Title		16. Address			17. Telephone Number		18. Date Completed	19. Date Received by NRO

FORM OE-1a TAX CALCULATION WORKSHEET

TAX CALCULATIONS		CT-1 REFERENCES
To be used for completing Form CT-1 and in determining tax liability.		
A. <u> \$ </u> <u> </u> Column 10 Total x Tier I Employer Tax Rate	\$	Tier I Employer Tax - Compensation
B. <u> \$ </u> <u> </u> Column 8 Total x Medicare Tax Rate	\$	Tier I Employer Medicare Tax - Compensation
C. <u> \$ </u> <u> </u> Column 13 Total x Tier II Employer Tax Rate	\$	Tier II Employer Tax - Compensation
D. Column 11 Total	\$	Tier I Employee Tax - Compensation
E. Column 9 Total	\$	Tier I Employee Medicare Tax - Compensation
F. <u> \$ </u> x <u> </u> Additional Medicare Tax Rate [Paid on compensation exceeding \$200,000 per year for an employee]	\$	Tier I Employee Additional Medicare Tax - Compensation
G. Column 13 Total	\$	Tier II Employee Tax - Compensation
H. Sum of columns A through G Railroad Retirement Tax Liability for period	\$	Total Tax Based on Compensation

The amounts in Item A should equal Item D and the amounts in Item B should equal Item E.

The items may differ a few cents due to rounding of partial cents.

PHOTO COPY FOR YOUR RECORDS



Instructions for Form CT-1

Employer's Annual Railroad Retirement Tax Return

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form CT-1 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/ct1.

What's New

Changes to tax rates and compensation bases. For the 2016 tax rates and compensation bases, see *Employer and Employee Taxes*, later.

Reminders

Tier 1 Employee Additional Medicare Tax withholding. In addition to withholding Tier 1 Employee Medicare tax at 1.45%, you must withhold a 0.9% Tier 1 Employee Additional Medicare Tax from compensation you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Tier 1 Employee Additional Medicare Tax in the pay period in which you pay compensation in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Tier 1 Employee Additional Medicare Tax is only imposed on the employee. There is no employer share of Tier 1 Additional Medicare Tax. All compensation that is subject to Tier 1 Medicare tax is subject to Tier 1 Employee Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

Visit IRS.gov and enter "Additional Medicare Tax" in the search box for more information on Tier 1 Employee Additional Medicare Tax.

Change of address. Use Form 8822-B to notify the IRS of an address change.

Correcting a previously filed Form CT-1. If you discover an error on a previously filed Form CT-1, make the correction using Form CT-1 X. Form CT-1 X is filed separately from Form CT-1. For more information, see the Instructions for Form CT-1 X or visit IRS.gov and enter "correcting employment taxes" in the search box.

Federal tax deposits must be made by electronic funds transfer (EFT). You must use EFT to make all federal tax deposits. Generally, an EFT is made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

To get more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at www.eftps.gov, or call

1-800-555-4477 or 1-800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.

Outsourcing payroll duties. You're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. If you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over income taxes and taxes imposed by the Railroad Retirement Tax Act) to a third-party payer, such as a payroll service provider or reporting agent, visit IRS.gov and enter "outsourcing payroll duties" in the search box for helpful information on this topic.

Paid preparers must sign Form CT-1. Paid preparers must complete and sign the paid preparer's section of Form CT-1.

Where can you get telephone help? You can call the IRS Business and Specialty Tax Line at 1-800-829-4933 or 1-800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability) Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time) for answers to your questions about completing Form CT-1 or tax deposit rules.

Additional information.

- Pub. 15 contains information for withholding, depositing, reporting, and paying over employment taxes.
- Pub. 15-A contains specialized and detailed employment tax information supplementing the basic information provided in Pub. 15.
- Pub. 15-B contains information about the employment tax treatment of various types of noncash compensation.
- Pub. 915 contains the federal income tax rules for social security benefits and equivalent Tier 1 railroad retirement benefits.
- The Railroad Retirement Board (RRB) website at www.rrb.gov contains additional employer reporting information and instructions.

How to get forms and publications. You can download or print some of the forms and publications you may need on www.irs.gov/formspubs. Otherwise, you can go to www.irs.gov/orderforms to place an order and have forms mailed to you. You should receive your order within 10 business days.

Photographs of Missing Children

The IRS is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

General Instructions

Purpose of Form CT-1

These instructions give you some background information about Form CT-1. They tell you who must file Form CT-1, how to complete it line by line, and when and where to file it.

Use Form CT-1 to report taxes imposed by the Railroad Retirement Tax Act (RRTA). Use Form 941, Employer's QUARTERLY Federal Tax Return, or, if applicable, Form 944, Employer's ANNUAL Federal Tax Return, to report federal income taxes withheld from your employees' wages and other compensation.

Who Must File

File Form CT-1 if you paid one or more employees compensation subject to tax under RRTA.

A payer of sick pay (including a third party) must file Form CT-1 if the sick pay is subject to Tier 1 railroad retirement taxes. Include sick pay payments on lines 8–11 and, if the withholding threshold is met, line 12 of Form CT-1. Follow the reporting procedures for sick pay reporting in section 6 of Pub. 15-A.

After you file your first Form CT-1, you must file a return for each year, even if you didn't pay taxable compensation during the year, until you file a final return.

Disregarded entities and qualified subchapter S subsidiaries (QSubs). Eligible single-owner disregarded entities and QSubs are treated as separate entities for employment tax purposes. Eligible single-member entities that haven't elected to be taxed as corporations must report and pay employment taxes on compensation paid to their employees using the entities' own names and EINs. See Regulations sections 1.1361-4(a)(7) and 301.7701-2(c)(2)(iv).

Where To File

Send Form CT-1 to:

Department of the Treasury
Internal Revenue Service Center
Cincinnati, OH 45999-0007

When To File

File Form CT-1 by February 28, 2017.

Definitions

The terms "employer" and "employee" used in these instructions are defined in section 3231 and in its regulations.

Compensation

Compensation means payment in money, or in something that may be used instead of money, for services performed as an employee of one or more employers. It includes payment for time lost as an employee. A few exceptions are described below under *Exceptions*.

Group-term life insurance. Include in compensation the cost of group-term life insurance over \$50,000 you provide to an employee. This amount is subject to Tier 1 and Tier 2 taxes, but not to federal income tax withholding. Include this amount on your employee's Form W-2, Wage and Tax Statement.

Former employees for whom you paid the cost of group-term life insurance over \$50,000 must pay the

employee's share of these taxes with their Form 1040, U.S. Individual Income Tax Return. You're not required to collect those taxes. For former employees, you must include on Form W-2 the part of compensation that consists of the cost of group-term life insurance over \$50,000. You must also separately report on Form W-2 the amount of railroad retirement taxes owed by the former employee for coverage provided after separation from service. For more information, see section 2 of Pub. 15-B and the General Instructions for Forms W-2 and W-3.

Timing. Compensation is considered paid when it is actually paid or when it is constructively paid. It is constructively paid when it is set apart for the employee, or credited to an account the employee can control, without any substantial limit or condition on how and when the payment is to be made.

Any compensation paid during the current year that was earned in a prior year is taxable at the current year's tax rates; you must include the compensation with the current year's compensation on Form CT-1, lines 1–12, as appropriate. An exception applies to nonqualified deferred compensation that was subject to Tier 1 and Tier 2 tax in a prior year. See the rules for nonqualified deferred compensation plans in section 5 of Pub. 15-A.

Exceptions. Compensation doesn't include the following.

- Certain benefits provided to or on behalf of an employee if at the time the benefits are provided it is reasonable to believe the employee can exclude such benefits from income. For information on what benefits are excludable, see Pub. 15-B. Examples of this type of benefit include:

1. Certain employee achievement awards under section 74(c),
 2. Certain scholarship and fellowship grants under section 117,
 3. Certain fringe benefits under section 132, and
 4. Employer payments to an Archer MSA under section 220 or health savings accounts (HSA) under section 223.
- Stock transferred to an individual pursuant to the exercise of an incentive stock option (as defined in section 422(b)) or under an employee stock purchase plan (as defined in section 423(b)); or the disposition of such stock by the individual.

- Payments made specifically for traveling or other bona fide and necessary expenses that meet the rules in the regulations under section 62.

- Payments for services performed by a nonresident alien temporarily present in the United States as a nonimmigrant under subparagraphs (F), (J), (M), or (Q) of the Immigration and Nationality Act.

- Compensation under \$25 earned in any month by an employee in the service of a local lodge or division of a railway-labor-organization employer.

Exceptions for sickness or accident disability

payments. For purposes of employee and employer Tier 1 taxes, compensation doesn't include sickness or accident disability payments made to or on behalf of an employee or dependents:

- Under a workers' compensation law,
- Under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness due to an on-the-job injury,
- Under the Railroad Retirement Act, or
- More than 6 months after the calendar month the employee last worked.

For purposes of **Tier 2** taxes, compensation doesn't include payments made to or on behalf of an employee or dependents under a sickness or accident disability plan or a medical or hospitalization plan in connection with sickness or accident disability.

Employer and Employee Taxes

Tax Rates and Compensation Bases

Tax Rates	Compensation Paid in 2016
Tier 1	
Employer and Employee: Each pay 6.2% of first	\$118,500
Tier 1 Medicare	
Employer and Employee: Each pay 1.45% of	All
Tier 1 Employee Additional Medicare Tax withholding	
Employee: Pays 0.9% on compensation exceeding	\$200,000
Tier 2	
Employer: Pays 13.1% of first	\$88,200
Employee: Pays 4.9% of first	\$88,200

Employer Taxes

Employers must pay both Tier 1 and Tier 2 taxes, except for Tier 1 Employee Additional Medicare Tax. Tier 1 tax is divided into two parts. The amount of compensation subject to each tax is different. See the table above for the 2016 tax rates and compensation bases.

Concurrent employment. If two or more related corporations that are rail employers employ the same individual at the same time and pay that individual through a common paymaster that is one of the corporations, the corporations are considered a single employer. They have to pay, in total, no more in railroad retirement taxes than a single employer would. See Regulations section 31.3121(s)-1 for more information.

Successor employers. Successor employers should see section 3231(e)(2)(C) and Pub. 15 to see if they can use the predecessor's compensation paid against the maximum compensation bases.

Employee Taxes

You must withhold the employee's part of Tier 1 and Tier 2 taxes. See the table under *Employer and Employee Taxes*, earlier, for the tax rates and compensation bases. See *Tips* below for information on the employee tax on tips.

Withholding or payment of employee tax by employer. You must collect the employee railroad retirement tax from each employee by withholding it from employee compensation. If you don't withhold the employee tax, you must still pay the tax. If you withhold too much or too little tax because you can't determine the correct amount, correct the amount withheld by an adjustment, credit, or refund according to the applicable regulations.

If you pay the railroad retirement tax for your employee rather than withholding it, the amount of the employee's compensation is increased by the amount of that tax. See

Rev. Proc. 83-43, 1983-1 C.B. 778, for information on how to figure and report the proper amounts.

Tips. Your employee must report cash tips to you by the 10th day of the month following the month the tips are received. The report should include charged tips you paid over to the employee for charge customers, tips the employee received directly from customers, and tips received from other employees under any tip-sharing arrangement. Both directly and indirectly tipped employees must report tips to you. Cash tips must be reported for every month, unless the cash tips for the month are less than \$20. Stop collecting the Tier 1 Employee tax when his or her compensation and tips for tax year 2016 reach \$118,500. Collect the Tier 1 Employee Medicare tax for the whole year on all compensation and tips. Collect the Tier 1 Employee Additional Medicare Tax withholding on compensation and tips that exceed \$200,000 for the calendar year.

An employee must furnish you with a written (or electronic) statement of cash tips, signed by the employee, showing (a) his or her name, address, and social security number; (b) your name and address; (c) the month or period for which the statement is furnished; and (d) the total amount of cash tips. Pub. 1244, *Employee's Daily Record of Tips and Report to Employer*, a booklet for daily entry of tips and forms to report tips to employers, is available at www.irs.gov/formspubs.

Tips are considered to be paid at the time the employee reports them to you. You must collect both employee railroad retirement tax and federal income tax on cash tips reported to you from the employee's compensation (after withholding employee railroad retirement and federal income tax related to the nontip compensation) or from other funds the employee makes available. Apply the compensation or other funds first to the railroad retirement tax and then to federal income tax. You don't have to pay employer railroad retirement taxes on tips.

If, by the 10th of the month after the month you received an employee's tip income report, you don't have enough employee funds available to withhold the employee tax, you may report the excess amount without withholding the related tax. Include the tips your employees report to you on lines 4, 5, 6, and 7, even if you were unable to withhold the employee's share of tax. Then report the uncollected Tier 1 Employee tax, Tier 1 Employee Medicare tax, Tier 1 Employee Additional Medicare Tax withholding, and Tier 2 Employee tax on tips on line 14. See section 6 in Pub. 15.

Depositing Taxes

For Tier 1 and Tier 2 taxes, you're either a monthly schedule depositor or a semiweekly schedule depositor. However, see the *\$2,500 Rule* and the *\$100,000 Next-Day Deposit Rule* under *Exceptions to the Deposit Rules*, later. The terms "monthly schedule depositor" and "semiweekly schedule depositor" identify which set of rules you must follow when a tax liability arises (for example, when you have a payday). They don't refer to how often your business pays its employees or to how often you're required to make deposits.

If you were a monthly schedule depositor for the entire year, complete the *Monthly Summary of Railroad Retirement Tax Liability* in Part II of Form CT-1. If you were a semiweekly schedule depositor during any part of the year or you accumulated \$100,000 or more on any day during a deposit period, you must complete Form 945-A, *Annual Record of Federal Tax Liability*.

Lookback Period

Before each year begins, you must determine the deposit schedule to follow for depositing Tier 1 and Tier 2 taxes for a calendar year. This is determined from the total taxes reported on your Form CT-1 for the calendar year lookback period. The lookback period is the second calendar year preceding the current calendar year. For example, the lookback period for calendar year 2017 is calendar year 2015.

Use the table below to determine which deposit schedule to follow for 2017.

IF you reported taxes for the lookback period (2015) of...	THEN for 2017 you're a...
\$50,000 or less	Monthly schedule depositor
More than \$50,000	Semiweekly schedule depositor

Example. Employer A reported Form CT-1 taxes as follows.

- 2015 Form CT-1—\$49,000.
- 2016 Form CT-1—\$52,000.

Employer A is a monthly schedule depositor for 2017 because its Form CT-1 taxes for its lookback period (calendar year 2015) weren't more than \$50,000. However, for 2018, Employer A is a semiweekly schedule depositor because A's taxes exceeded \$50,000 for its lookback period (calendar year 2016).

New employer. If you're a new employer, your taxes for both years of the lookback period are considered to be zero. Therefore, you're a monthly schedule depositor for the first and second years of your business. However, see *\$100,000 Next-Day Deposit Rule*, later.

Adjustments and the lookback rule. To determine the amount of taxes paid for the lookback period, use only the Form CT-1 taxes reported on your original return. Adjustments to a return for a prior period aren't taken into account in determining the taxes for that prior period.

Example. Employer B originally reported Form CT-1 taxes of \$45,000 for the lookback period (2015). B discovered in March 2017 that the tax during the lookback period (2015) was understated by \$10,000 and will correct this error with an adjustment on Form CT-1 X filed for 2015.

B is a monthly schedule depositor for 2017 because the lookback period Form CT-1 taxes are based on the amount originally reported (\$45,000), which wasn't more than \$50,000. For purposes of the lookback rule, the \$10,000 adjustment doesn't affect either 2015 taxes or 2017 taxes. See Treasury Decision 9405 available at www.irs.gov/irb/2008-32_IRB/ar13.html.

When To Deposit

Monthly Schedule Depositor

If you're a monthly schedule depositor, deposit employer and employee Tier 1 and Tier 2 taxes accumulated during a calendar month by the 15th day of the following month.

Example. Employer C is a monthly schedule depositor with seasonal employees. C paid compensation each Friday during March but didn't pay any compensation during April. Under the monthly schedule deposit rule, C must deposit the combined taxes for the March paydays by April 15. C doesn't

have a deposit requirement for April (due by May 15) because no compensation was paid and, therefore, C doesn't have a tax liability for the month.

Semiweekly Schedule Depositor

If you're a semiweekly schedule depositor, use the table below to determine when to make deposits.

Deposit Tier 1 and Tier 2 taxes for payments made on...	No later than...
Wednesday, Thursday, and/or Friday	The following Wednesday
Saturday, Sunday, Monday, and/or Tuesday	The following Friday

Example. Employer D, a semiweekly schedule depositor, pays compensation on the last Saturday of each month. Although D is a semiweekly schedule depositor, D will deposit just once a month because D pays compensation only once a month. The deposit, however, will be made under the semiweekly deposit schedule as follows: D's taxes for the May 27, 2017 (Saturday), payday must be deposited by June 2, 2017 (Friday). Under the semiweekly deposit rule, taxes arising on Saturday through Tuesday must be deposited by the following Friday.



The last day of the calendar year ends the semiweekly deposit period and begins a new one.

Deposits Due on Business Days Only

If a deposit is required to be made on a day that isn't a business day, the deposit is considered to have been made timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. For example, if a deposit is due on a Friday and Friday is a legal holiday, the deposit will be considered timely if it is made by the following Monday (if that Monday is a business day). The term "legal holiday" for deposit purposes includes only those legal holidays in the District of Columbia. For a list of legal holidays, see Pub. 15.

Semiweekly schedule depositors will always have at least 3 business days to make a deposit. If any of the 3 weekdays after the end of a semiweekly period is a legal holiday, you have 1 additional day to deposit. For example, if you have Form CT-1 taxes accumulated for payments made on Friday and the following Monday is a legal holiday, the deposit normally due on Wednesday may be made on Thursday (allowing 3 business days to make the deposit).

Exceptions to the Deposit Rules

The two exceptions that apply to the above deposit rules are the:

- \$2,500 Rule, and
- \$100,000 Next-Day Deposit Rule.

\$2,500 Rule. If your total Form CT-1 taxes for the year are less than \$2,500 and the taxes are fully paid with a timely filed Form CT-1, no deposits are required. However, if you're unsure that you will accumulate less than \$2,500, deposit under the appropriate deposit rules so that you won't be subject to deposit penalties.

\$100,000 Next-Day Deposit Rule. If you accumulate undeposited taxes of \$100,000 or more on any day during a deposit period, you must deposit the taxes by the next business day regardless of whether you're a monthly or semiweekly schedule depositor.

If you're a monthly schedule depositor and you accumulate \$100,000 or more on any day during the month, you become a semiweekly schedule depositor on the next day for the remainder of the calendar year and for the following year.

Once a semiweekly schedule depositor accumulates \$100,000 or more in a deposit period, it must stop accumulating at the end of that day and begin to accumulate anew on the next day. The following examples explain this rule.

Example of \$100,000 Next-Day Deposit Rule.

Employer E is a semiweekly schedule depositor. On Monday, E accumulates taxes of \$110,000 and must deposit this amount by Tuesday, the next business day. On Tuesday, E accumulates additional taxes of \$30,000. Because the \$30,000 isn't added to the previous \$110,000, E must deposit the \$30,000 by Friday using the semiweekly deposit schedule.

Example of \$100,000 Next-Day Deposit Rule during the first year of business. Employer F started its business on May 1, 2017. Because this was the first year of its business, its Form CT-1 taxes for its lookback period (2015) are considered to be zero, and F is a monthly schedule depositor. On May 5, F paid compensation for the first time and accumulated taxes of \$40,000. On May 12, F paid compensation and accumulated taxes of \$60,000, bringing its total accumulated (undeposited) taxes to \$100,000. Because F accumulated \$100,000 or more on May 12 (Friday), F must deposit the \$100,000 by May 15 (Monday), the next business day. F became a semiweekly schedule depositor on May 13. F will be a semiweekly schedule depositor for the rest of 2017 and for 2018.

Example of when \$100,000 Next-Day Deposit Rule doesn't apply. Employer G, a semiweekly schedule depositor, accumulated taxes of \$95,000 on a Tuesday (of a Saturday-through-Tuesday deposit period) and accumulated \$10,000 on Wednesday (of a Wednesday-through-Friday deposit period). Because the \$10,000 was accumulated in a deposit period different from the one in which the \$95,000 was accumulated, the \$100,000 Next-Day Deposit Rule doesn't apply. Thus, G must deposit \$95,000 by Friday and \$10,000 by the following Wednesday.

Electronic Deposit Requirement

You must use EFT to make all federal tax deposits. Generally, an EFT is made using EFTPS. To get more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at www.eftps.gov, or call 1-800-555-4477 or 1-800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.



For an EFTPS deposit to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due.

Same-day wire payment option. If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Collection Service (FTCS). To use the same-day wire payment method, you will need to make arrangements with your financial institution

ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you will need to provide your financial institution to make a same-day wire payment, visit www.irs.gov/payments and click on *Same-day wire*.

Accuracy of Deposits Rule. You're required to deposit 100% of your railroad retirement taxes on or before the deposit due date. However, penalties won't be applied for depositing less than 100% if both of the following conditions are met.

1. Any deposit shortfall doesn't exceed the greater of \$100 or 2% of the amount of taxes otherwise required to be deposited.

2. The deposit shortfall is paid or deposited by the shortfall makeup date for each type of depositor as described below.

- **Monthly schedule depositor.** Deposit the shortfall or pay it with your return by the due date of Form CT-1. You may pay the shortfall with Form CT-1 even if the amount is \$2,500 or more.

- **Semiweekly schedule depositor.** Deposit the shortfall by the earlier of the first Wednesday or Friday on or after the 15th of the month following the month in which the shortfall occurred. For example, if a semiweekly schedule depositor has a deposit shortfall during January 2017, the shortfall makeup date is February 15, 2017 (Wednesday).

Penalties and Interest

The law provides penalties for failure to file a return, late filing of a return, late payment of taxes, failure to make deposits, and late deposits unless reasonable cause is shown. Interest is charged on taxes paid late at the rate set by law. For more information, see Pub. 15.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't attach an explanation when you file your return.

Use Form 843 to request abatement of assessed penalties or interest. Don't request abatement of assessed penalties or interest on Form CT-1 or Form CT-1 X.

Order in which deposits are applied. Generally, tax deposits are applied first to the most recent tax liability within the specified tax period to which the deposit relates. If you receive a failure-to-deposit penalty notice, you may designate how your payment is to be applied in order to minimize the amount of the penalty. You must respond within 90 days of the date of the notice. Follow the instructions on the notice you received. See Rev. Proc. 2001-58 for more information. You can find Rev. Proc. 2001-58 on page 579 of Internal Revenue Bulletin 2001-50 at www.irs.gov/pub/irs-irbs/irb01-50.pdf.

Trust fund recovery penalty. If taxes that must be withheld aren't withheld or aren't deposited or paid to the United States Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid taxes. If these unpaid taxes can't be immediately collected from the employer or business, the trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. For more information, see *Trust fund recovery penalty* in section 11 of Pub. 15.

Specific Instructions

Final Return

If you stop paying taxable compensation and won't have to file Form CT-1 in the future, you must file a final return and check the final return box at the top of Form CT-1 under "2016." The final return should be accompanied by a statement providing the last date on which you paid compensation that you reported on Form CT-1, the address at which the records for your Forms CT-1 will be kept, and the name of the person keeping the records. If the business has been transferred to another person, the statement should include the name and address of the transferee and the date of the transfer. If the business wasn't transferred or the transferee isn't known, the statement should so state.



Processing of your return may be delayed if you don't provide the required amounts in the Compensation and Tax columns.

Line 1—Tier 1 Employer Tax

Enter the compensation (other than tips and sick pay) subject to Tier 1 Employer tax in the *Compensation* column. Multiply by 6.2% and enter the result in the *Tax* column. The total amount listed in the *Compensation* column for lines 1 and 8 combined may not be more than \$118,500 per employee.

Line 2—Tier 1 Employer Medicare Tax

Enter the compensation (other than tips and sick pay) subject to Tier 1 Employer Medicare tax in the *Compensation* column. Multiply by 1.45% and enter the result in the *Tax* column.

Line 3—Tier 2 Employer Tax

Enter the compensation (other than tips) subject to Tier 2 Employer tax in the *Compensation* column. Don't enter more than \$88,200 per employee. Multiply by 13.1% and enter the result in the *Tax* column.

Line 4—Tier 1 Employee Tax

Enter the compensation, including tips reported (but excluding sick pay), subject to Tier 1 Employee tax in the *Compensation* column. Multiply by 6.2% and enter the result in the *Tax* column. The total amount listed in the *Compensation* column for lines 4 and 10 combined may not be more than \$118,500 per employee.

Stop collecting the 6.2% Tier 1 **Employee** tax when the employee's compensation (including sick pay) **and tips** reach the maximum for the year (\$118,500 for 2016). However, your liability for Tier 1 **Employer** tax on compensation continues until the compensation (including sick pay), but **not including tips**, totals \$118,500 for the year.

Line 5—Tier 1 Employee Medicare Tax

Enter the compensation, including tips reported (but excluding sick pay), subject to Tier 1 Employee Medicare tax in the *Compensation* column. Multiply by 1.45% and enter the result in the *Tax* column. For information on reporting tips, see *Tips*, earlier.

Line 6—Tier 1 Employee Additional Medicare Tax Withholding

Enter the compensation, including tips reported (but excluding sick pay) that is subject to Tier 1 Employee Additional Medicare Tax withholding. You're required to begin withholding Tier 1 Employee Additional Medicare Tax in the pay period in which you pay compensation in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Tier 1 Employee Additional Medicare Tax is only imposed on the employee. There is no employer share of Tier 1 Additional Medicare Tax. All compensation (including sick pay) that is subject to Tier 1 Medicare tax is subject to Tier 1 Employee Additional Medicare Tax if paid in excess of the \$200,000 withholding threshold.

Visit IRS.gov and enter "Additional Medicare Tax" in the search box for more information on Tier 1 Employee Additional Medicare Tax.

Line 7—Tier 2 Employee Tax

Enter the compensation, including tips reported, subject to Tier 2 Employee tax in the *Compensation* column. Only the first \$88,200 of the employee's compensation (including tips) for 2016 is subject to this tax. Multiply by 4.9% and enter the result in the *Tax* column. For information on reporting tips, see *Tips*, earlier.



Any compensation paid during the current year that was earned in prior years (reported to the Railroad Retirement Board on Form BA-4, Report of Creditable Compensation Adjustments) is taxable at the current year tax rates, unless special timing rules for nonqualified deferred compensation apply. See Pub. 15-A. Include such compensation with current year compensation on lines 1–7, as appropriate.

Lines 8–12—Tier 1 Taxes on Sick Pay

Enter any sick pay payments during the year that are subject to Tier 1 taxes, Tier 1 Medicare taxes, and Tier 1 Employee Additional Medicare Tax withholding in the *Compensation* column. Multiply by the rate for the line and enter the result in the *Tax* column for that line. For Tier 1 Employer taxes, the total amount listed in the *Compensation* column for lines 1 and 8 combined may not be more than \$118,500 per employee. For Tier 1 Employee taxes, the total amount listed in the *Compensation* column for lines 4 and 10 combined may not be more than \$118,500 per employee. Tier 1 Medicare taxes aren't subject to a dollar limitation.

All compensation (including sick pay) that is subject to Tier 1 Medicare tax is subject to Tier 1 Employee Additional Medicare Tax if paid in excess of the \$200,000 withholding threshold.

If you're a railroad employer paying your employees sick pay, or a third-party payer who didn't notify the employer of the payments (thereby subject to the employee and employer tax), make entries on lines 8–12. If you're subject to only the employer or employee tax, complete only the applicable lines. Multiply by the appropriate rates and enter the results in the *Tax* column.

Line 13—Total Tax Based on Compensation

Add lines 1 through 12 and enter the result on line 13.

Line 14—Adjustments to Taxes Based on Compensation



Don't use line 14 for prior period adjustments. Make all prior period adjustments on Form CT-1 X.

Enter on line 14:

- A fractions-of-cents adjustment (see *Adjustment for fractions of cents*, later);
- Credits for overpayments of penalty or interest paid on tax for earlier years; and
- Any uncollected Tier 1 Employee tax, Tier 1 Employee Medicare tax, Tier 1 Employee Additional Medicare Tax, and Tier 2 Employee tax on tips.

Enter the total of these adjustments in the *Tax* column. If you're reporting both an addition and a subtraction, enter only the difference between the two on line 14. If the net adjustment is negative, report the amount on line 14 using a minus sign, if possible. If your computer software doesn't allow the use of minus signs, you may use parentheses.

Don't include on line 14 any 2015 overpayment that is applied to this year's return (this is included on line 16).

Required statement. Except for adjustments for fractions of cents, explain amounts entered on line 14 in a separate statement. Include your name, employer identification number (EIN), calendar year of the return, and "Form CT-1" on each page you attach. Include in the statement the following information.

- An explanation of the item the adjustment is intended to correct showing the compensation subject to Tier 1 and Tier 2 taxes and their respective tax rates.
- The amount of the adjustment.
- The name and account number of any employee from whom employee tax was undercollected or overcollected.
- How you and the employee have settled any undercollection or overcollection of employee tax.

Adjustment for fractions of cents. If there is a small difference between the total employee tax (lines 4–7 and 10–12) and the total actually withheld from employee compensation including tips, it may be caused by rounding to the nearest cent each time you figured payroll. The difference, positive or negative, is your fractions-of-cents adjustment to be reported on line 14. If the actual amount withheld is less, report a negative adjustment in the entry space. If the actual amount is more, report a positive adjustment.



If this is the only entry on line 14, you're not required to attach a statement explaining the adjustment.

Line 15—Total Railroad Retirement Taxes Based on Compensation

Combine the amounts shown on lines 13 and 14 and enter the result on line 15.

Line 16—Total Deposits for the Year

Enter the total Form CT-1 deposits for the year, including any overpayment that you applied from filing Form CT-1 X and any overpayment that you applied from your 2015 return.

Line 17—Balance Due

If line 15 is more than line 16, enter the difference on line 17. Otherwise, see *Overpayment* below. You don't have to pay if

line 17 is under \$1. Generally, you should show a balance due on line 17 only if your total railroad retirement taxes based on compensation for the year (line 15) is less than \$2,500. However, see *Accuracy of Deposits Rule*, earlier, regarding payments made under the accuracy of deposits rule.

If you were required to make federal tax deposits, pay the amount shown on line 17 by EFT. If you weren't required to make federal tax deposits, you may pay the amount shown on line 17 by EFT, check, or money order. For more information on electronic payment options, visit the IRS website at www.irs.gov/payments.

If you pay by EFT, file your return using the address under *Where To File*, earlier. Don't file Form CT-1(V), Payment Voucher. If you pay by check or money order, make it payable to "United States Treasury." Enter your EIN, "Form CT-1," and "2016" on your check or money order. Complete Form CT-1(V) and enclose with Form CT-1.

Line 18—Overpayment

If line 16 is more than line 15, enter the difference on line 18. **Never make an entry on both lines 18 and 17.** If line 18 is less than \$1, we will send you a refund or apply it to your next return only if you ask us in writing to do so.

If you deposited more than the correct amount for the year, you can have the overpayment refunded or applied to your next return by checking the appropriate box on line 18. Check only one box on line 18. If you don't check either box or if you check both boxes, generally we will apply the overpayment to your account. We may apply your overpayment to any past due tax account that is shown in our records under your EIN.

Part II. Record of Railroad Retirement Tax Liability

This is a summary of your yearly tax liability, not a summary of deposits made. If line 15 is less than \$2,500, don't complete Part II or Form 945-A.

If you're a monthly schedule depositor, enter your tax liability for each month and figure the total liability for the year. If you don't enter your tax liability for each month, the IRS won't know when you should have made deposits and may assess an "averaged" failure-to-deposit penalty. See section 11 of Pub. 15. If your tax liability for any month is negative, don't enter a negative amount for the month. Instead, enter zero for the month and subtract that negative amount from your tax liability for the next month.

Note. The amount shown on line V must equal the amount shown on line 15.

If you're a semiweekly schedule depositor or if you accumulate \$100,000 or more in tax liability on any day in a deposit period, you must complete Form 945-A and file it with Form CT-1. Don't complete lines I–V if you file Form 945-A.

Third-Party Designee

If you want to allow an employee of your business, a return preparer, or another third party to discuss your 2016 Form CT-1 with the IRS, check the "Yes" box in the *Third-Party Designee* section. Also, enter the designee's name, phone number, and any five digits that person chooses as his or her personal identification number (PIN).

By checking "Yes" you authorize the IRS to talk to the person you named (your designee) about any questions we

may have while we process your return. You also authorize your designee to do all of the following.

- Give us any information that is missing from your return.
- Call us for information about processing your return.
- Respond to certain IRS notices that you have shared with the designee about math errors and return preparation. The IRS won't send notices to your designee.

You're not authorizing the designee to receive any refund check, bind you to anything (including additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authority, see Pub. 947.

The authorization will automatically expire 1 year from the due date (without regard to extensions) for filing your 2016 Form CT-1. If you or your designee wants to revoke this authorization, send the revocation or withdrawal to the IRS office at which you file your Form CT-1.

Who Must Sign

The following persons are authorized to sign the return for each type of business entity.

- **Sole proprietorship**—The individual who owns the business.
- **Corporation (including a limited liability company (LLC) treated as a corporation)**—The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization**—A responsible and duly authorized partner, member, or officer having knowledge of its affairs.
- **Single-member LLC treated as a disregarded entity for federal income tax purposes**—The owner of the LLC or a principal officer duly authorized to sign.
- **Trust or estate**—The fiduciary.

Form CT-1 also may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

Alternative signature method. Corporate officers or duly authorized agents may sign Form CT-1 by rubber stamp, mechanical device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39, 2005-28 I.R.B. 82, available at www.irs.gov/irb/2005-28_IRB/ar16.html.

Paid Preparer Use Only

A paid preparer must sign Form CT-1 and provide the information in the *Paid Preparer Use Only* section of Part I if the preparer was paid to prepare Form CT-1 and isn't an employee of the filing entity. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, visit the IRS website at www.irs.gov/ptin. You can't use your PTIN in place of the EIN of the tax preparation firm.

Generally, you're not required to complete this section if you're filing the return as a reporting agent and have a valid Form 8655 on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, by advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

Employer's Annual Railroad Retirement Tax Return

OMB No. 1545-0001

2016

► Information about Form CT-1 and its separate instructions is at www.irs.gov/ct1.

Type or Print	Name	Employer identification number (EIN)	If final return, check here. ► <input type="checkbox"/>
	Address (number and street)	RRB number	
	City or town, state or province, country, and ZIP or foreign postal code		

Part I Railroad Retirement Taxes. On lines 1 through 12 below, enter the amount of compensation paid in 2016 for each tax. Then, multiply it by the rate shown and enter the tax.

		Compensation	Rate		Tax
1	Tier 1 Employer Tax—Compensation (other than tips and sick pay) \$		× 6.2%	=	1
2	Tier 1 Employer Medicare Tax—Compensation (other than tips and sick pay) \$		× 1.45%	=	2
3	Tier 2 Employer Tax—Compensation (other than tips) \$		× 13.1%	=	3
4	Tier 1 Employee Tax—Compensation (other than sick pay) \$		× 6.2%	=	4
5	Tier 1 Employee Medicare Tax—Compensation (other than sick pay) (for tips, see instructions) \$		× 1.45%	=	5
6	Tier 1 Employee Additional Medicare Tax—Compensation (other than sick pay) (for tips, see instructions) \$		× 0.9%	=	6
7	Tier 2 Employee Tax—Compensation (for tips, see instructions) \$		× 4.9%	=	7
8	Tier 1 Employer Tax—Sick pay \$		× 6.2%	=	8
9	Tier 1 Employer Medicare Tax—Sick pay \$		× 1.45%	=	9
10	Tier 1 Employee Tax—Sick pay \$		× 6.2%	=	10
11	Tier 1 Employee Medicare Tax—Sick pay \$		× 1.45%	=	11
12	Tier 1 Employee Additional Medicare Tax—Sick pay \$		× 0.9%	=	12
13	Total tax based on compensation (add lines 1 through 12)				13
14	Adjustments to employer and employee railroad retirement taxes based on compensation. See the instructions for line 14 and attach required statements. Fractions of Cents \$ _____ ± Other \$ _____ =				14
15	Total railroad retirement taxes based on compensation (line 13 as adjusted by line 14) ►				15
16	Total railroad retirement tax deposits for the year, including overpayment applied from a prior year and overpayment applied from Form CT-1 X				16
17	Balance due. If line 15 is more than line 16, enter the difference and see the instructions				17
18	Overpayment. If line 16 is more than line 15, enter the difference ► \$ _____				

Check one: Apply to next return. Send a refund.

- **All filers:** If line 15 is less than \$2,500, **don't** complete *Part II* or Form 945-A.
- **Semiweekly schedule depositors:** Complete Form 945-A and see the *Part II* instructions on page 2.
- **Monthly schedule depositors:** Complete *Part II* on page 2.

Third-Party Designee	Do you want to allow another person to discuss this return with the IRS? See separate instructions. <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No.	
	Designee's name ►	Phone no. ►
		Personal identification number (PIN) ► <input style="width:40px;" type="text"/>

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature ►	Print Your Name and Title ►	Date ►
-------------	-----------------------------	--------

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►				Firm's EIN ►
	Firm's address ►				Phone no.

Part II Record of Railroad Retirement Tax Liability

Complete the *Monthly Summary of Railroad Retirement Tax Liability* below only if you were a **monthly** schedule depositor for the entire year. Enter your Tier 1 and Tier 2 tax liability on the lines provided for each month.

If you were a **semiweekly** schedule depositor during any part of the year or you accumulated \$100,000 or more on any day during a deposit period, you **must** complete Form 945-A, Annual Record of Federal Tax Liability. **Don't** complete the monthly summary below.

On Form 945-A for each payday, enter the sum of your employee and employer Tier 1 and Tier 2 taxes on the appropriate line.

Your total tax liability for the year (line **V** below or line M on Form 945-A) must equal your total taxes for the year (Form CT-1, line 15).

Note: See the separate instructions for the deposit rules for railroad retirement taxes.

Monthly Summary of Railroad Retirement Tax Liability

Complete if *Part I*, line 15, is \$2,500 or more and you were a monthly schedule depositor.

Date compensation paid:	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
First month of quarter:	January	April	July	October
Tier 1 and Tier 2 taxes I First month liability ▶				
Second month of quarter:	February	May	August	November
Tier 1 and Tier 2 taxes II Second month liability ▶				
Third month of quarter:	March	June	September	December
Tier 1 and Tier 2 taxes III Third month liability ▶				
IV Total for quarter, add lines I, II, and III.				
V Total railroad retirement tax liability for the year. This must equal <i>Part I</i> , line 15 ▶				

Form CT-1(V), Payment Voucher

Purpose of Form

Complete Form CT-1(V) if you're making a payment with Form CT-1. We will use the completed Form CT-1(V) to credit your payment more promptly and accurately, and to improve our service to you.

Making Payments With Form CT-1

To avoid a penalty, make a payment with Form CT-1 **only** if one of the following applies.

- Your total railroad retirement taxes for the year (Form CT-1, line 15) are less than \$2,500 and you're paying in full with a timely filed return.
- You're a monthly schedule depositor making a payment in accordance with the Accuracy of Deposits Rule. See the separate instructions for details. This amount may be \$2,500 or more.

Otherwise, you must make deposits by electronic funds transfer. Don't use Form CT-1(V) to make federal tax deposits. See *Electronic Deposit Requirement* in the separate instructions.



Use Form CT-1(V) when paying any amount with Form CT-1. However, if you pay an amount with Form CT-1 that should've been deposited, you may be subject to a penalty. See Penalties and Interest in the separate instructions.

Specific Instructions

Box 1 – Employer identification number (EIN). If you don't have an EIN, you may apply for one online. Go to IRS.gov and enter "EIN" in the search box. You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If you haven't received your EIN by the due date of Form CT-1, write "Applied For" and the date you applied in this entry space.

Box 2 – Amount paid. Enter the amount paid with Form CT-1.

Box 3 – Name and address. Enter your business name and address as shown on Form CT-1.

- Enclose your check or money order made payable to "United States Treasury." Be sure to enter your EIN, "Form CT-1," and the tax period on your check or money order. Don't send cash. Don't staple Form CT-1(V) or your payment to Form CT-1 or to each other.

- Detach Form CT-1(V) and send it with your payment and Form CT-1 to the address in the Instructions for Form CT-1.

▼ **Detach Here and Mail With Your Payment and Form CT-1.** ▼

Form CT-1(V)

Department of the Treasury
Internal Revenue Service

Payment Voucher

OMB No. 1545-0001

2016

► **Use this voucher when making a payment with Form CT-1.**

<p>1 Enter your employer identification number (EIN)</p>	<p>2 Enter the amount of your payment. ► Make your check or money order payable to "United States Treasury."</p>	<p>Dollars</p>	<p>Cents</p>
	<p>3 Enter your business name.</p> <p>_____</p> <p>Enter your address.</p> <p>_____</p> <p>Enter city or town, state or province, country, and ZIP or foreign postal code.</p> <p>_____</p>		

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You're required to give us this information. We need it to ensure that you're complying with these laws and to allow us to figure and collect the right amount of tax. Our authority to ask for information is found in sections 6001, 6011, and 6012(a) and their regulations. Section 6109 requires you to provide your identifying number on the return. If you don't provide the information we ask for, or provide false or fraudulent information, you may be subject to penalties.

You're not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books and records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of

Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file Form CT-1 will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 8 hr., 36 min.
- Learning about the law or the form** 2 hr., 7 min.
- Preparing, copying, assembling, and sending the form to the IRS** 4 hr., 45 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form CT-1 simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/formspubs. Click on *More Information* and then click on *Give us feedback*. Or write to: Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send Form CT-1 to this address. Instead, see *Where To File* in the Instructions for Form CT-1.

ELECTRONIC FEDERAL TAX PAYMENT SYSTEM
A GUIDE TO GETTING STARTED



WHAT IS EFTPS?

EFTPS is the free Electronic Federal Tax Payment System provided by the U.S. Department of the Treasury.

With EFTPS you can conveniently pay your taxes either online or by phone from anywhere, 24/7, 365 days a year. It's fast and easy, with step-by-step directions that help you make payments in minutes. It also helps ensure accuracy and reduce penalties by allowing you to schedule payments in advance and review your information throughout the process.

HOW DO YOU ENROLL?

You have two options for enrolling in EFTPS—both are free.

ONLINE:

Step-by-step enrollment is available at **EFTPS.gov**. You will receive your Personal Identification Number (PIN) in the mail within five to seven business days.

PHONE:

Call **1.888.725.7879** Monday through Friday, 9 a.m. to 6 p.m. ET, to request an enrollment form by mail. You will then receive your PIN within seven business days after your completed enrollment form is received by EFTPS.

If your enrollment cannot be processed for any reason, EFTPS will notify you.

WHAT HAPPENS AFTER ENROLLMENT?

As soon as you receive your PIN, you can begin scheduling payments. If you use **EFTPS.gov**, follow the prompts to set your Internet password. If you wish to schedule payments by phone, just call **1.800.555.3453**.

NOTE

If you received a pre-enrollment letter from EFTPS, activate your enrollment by calling **1.800.555.3453**. You'll need your financial institution's routing number and account number.

MAKING PAYMENTS WITH EFTPS

Using EFTPS is simple. Make sure you have your PIN and EIN/SSN. You will be prompted for any other information necessary to complete your tax payment as you go along.

1. To start, submit your tax payment information by 8 p.m. ET at least one day prior to your due date at **EFTPS.gov** or call:
1.800.555.3453 (Businesses)
1.800.315.4829 (Individuals)

2. After submitting your information, you will immediately receive an EFT Acknowledgment Number to keep for your records.

EFTPS will then debit your designated bank account on the date you scheduled. Your tax data will be reported to the IRS, and your records will be updated automatically.

YOUR RESPONSIBILITIES

It's your responsibility to initiate tax payment instructions. Your payments will not be processed unless you instruct EFTPS to carry them out.

To avoid penalties related to EFTPS payments, you are responsible for:

1. Submitting your tax payment to EFTPS by 8 p.m. ET at least one calendar day before the tax due date
2. Recording the EFT Acknowledgment Number you receive
3. Making sure your account contains the funds to cover your tax payment

If **EFTPS.gov** is unavailable, you are still responsible for making timely payments by phone by calling **1.800.555.3453**.

SCHEDULE PAYMENTS AHEAD OF TIME

With EFTPS you can schedule payment instructions up to 365 days in advance if you are an individual or 120 days in advance for businesses.

Payments can be scheduled weekly, biweekly, monthly, and quarterly—whatever is convenient for you. This is especially useful for Form 1040-ES estimated tax payments that are due quarterly.

CHECK YOUR PAYMENT STATUS ANYTIME

You may check the status and history of any payment you have made using EFTPS in the last sixteen months at **EFTPS.gov**.

ENROLLING ADDITIONAL ACCOUNTS OR USERS

If you need to change your financial institution information, you will need to create an additional enrollment. To do this, log in to **EFTPS.gov** and select My Profile; then select Edit Financial Institution Information.

If you wish to add an additional user to your account, log in to EFTPS and select My Profile; then select Additional Enrollment.

NEED TO CANCEL A PAYMENT?

If you wish to cancel a scheduled payment, you must do so by 11:59 p.m. ET at least two business days before the scheduled date.

SECURITY YOU CAN COUNT ON

You can be assured your information is protected and that no one has access to your account unless you authorize it.

Online payments require three unique pieces of information for authentication:

- Employer Identification Number (EIN) or Social Security Number (SSN)
- Personal Identification Number (PIN)
- Internet password

Phone payments require your PIN as well as your EIN/SSN.

WHAT IF YOU USE A PAYROLL SERVICE?

If you use a payroll company to make some, but not all, of your tax payments, you will need to enroll in EFTPS and initiate the remainder of those payments on your own.

Even if you do use a payroll company to pay all of your taxes, it is still a good idea to enroll in EFTPS separately. This allows you to check on and ensure that payments are being made on your behalf. It also provides flexibility if you ever need to change payroll companies in the future.

HOW TO INITIATE AN ACH CREDIT

If you wish to have a financial institution initiate a tax payment on your behalf through an ACH credit, you will first need to be enrolled in EFTPS.

Please check with your financial institution to see if this service is available. Financial institutions may charge you a fee for using this service.

SAME-DAY WIRE PAYMENTS

In extraordinary circumstances, same-day tax wire payments can be made. Make sure in advance that your financial institution provides this service, and ask about fees.

1. Visit **EFTPS.gov** and download the Same-Day Taxpayer Worksheet.
2. Complete the first sheet—then submit both pages to your financial institution.

INSTRUCTIONS FOR INTERNATIONAL TAXPAYERS

If you are located outside the United States but have a U.S. banking account, you can enroll in EFTPS.

For more information and other options for those outside the United States with federal tax liabilities, please consult the International Taxpayers Fact Sheet under the Downloads section at **EFTPS.gov**.

NEED HELP?

Live U.S.-based EFTPS call centers are open 24/7, 365 days a year to assist you with any of your customer service needs.

CALL:

1.800.555.4477 (Businesses)

1.800.316.6541 (Individuals)



Tax Questions?

IRS Website: www.irs.gov

CT-1 Specialist

Rose Kincaid

1-859-669-2134