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 wages to your officers and employees and/or reimburse them for lost time, 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 202-728-6018, or via email at Al_Russo@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 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, that you simply had no income 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. 2022, 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. 2022. Repeat this process for the subsequent quarters.

All Employee and Employer tax rates may be found on form G-34 (page 8). However, for your ready reference, the 2022 rates are as follow:

	Medicare	Tier 1	Tier 2
Employee	1.45%	6.20%	4.9%
Employer	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 Al_Russo@IBEW.org and JJ_Giuliano@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, 2022 following the year reporting for. Please mail the form to the following address:

Department of the Treasury
Internal Revenue Service Center
Kansas City, MO 64999-0048

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 or QRSC@rrb.gov.

3. For questions specific to CT-1, you may contact the IRS Business and Specialty Tax Line toll free at 800-829-4933.

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

RRB REMINDERS FOR 2022

2022 TIER I EARNINGS BASE AND TAX RATES
Annual Maximum - $147,000.00
Employee and Employer Tax Rate – 6.2%
Maximum Payable by an Employee & Employer - $9,114.00

2022 TIER II EARNINGS BASE AND TAX RATES
Annual Maximum - $109,200.00
Employee Tax Rate – 4.9%
Maximum Payable by an Employee - $5,350.80
Employer Tax Rate – 13.1%
Maximum Payable by an Employer - $14,305.20

2022 MEDICARE HOSPITAL INSURANCE EARNINGS BASE AND TAX RATES
Annual Maximum - No Limit
Employee and Employer Tax Rate – 1.45%

TOTAL TIER I, TIER II & MEDICARE HOSPITAL INSURANCE MAXIMUM TAX
Based on earnings of $147,000.00
Maximum Payable by an Employee - $16,596.30
Maximum Payable by an Employer - $25,550.70
(Additional Taxes are 0.9% of Earnings Above $200,000.00 - Filing Individually)

SSA QUARTER OF COVERAGE EARNINGS NEEDED
In 2022 - $1,510.00 (Earn up to 4 Quarters per Year)

2022 EMPLOYER RUIA TAX RATE
4.15% to 12.5% on First $1,755.00 per month

EMPLOYEE RUIA 2021 QUALIFYING EARNINGS
For Benefit Year 2022 (Beginning July 1, 2022) - $4,275.00

RUIA DAILY BENEFIT RATE
For Benefit Year 2022 (Beginning July 1, 2022) - $85.00

BASIC MEDICARE PREMIUM
Part B beginning in 2022 - $170.10

COST-OF-LIVING INCREASE - DECEMBER 2021
Tier I – 5.9%; Tier II – 1.9%

WORK DEDUCTION EXEMPT AMOUNTS*

Retirement and Survivor Work Deduction Limitations
Annuitants Attaining Full Retirement Age (FRA)
(For Months Prior to FRA in the Calendar Year)
Monthly – $4,330.00; Annually – $51,960.00
($1.00 Deduction for Each $3.00 of Excess Earnings)

Under FRA
(If Under the FRA for the Entire Calendar Year)
Monthly - $1,630.00; Annually - $19,560.00
($1.00 Deduction for Each $2.00 of Excess Earnings)

Disability Earnings Limitations Amounts
Monthly - $1,050.00; Annually - $13,125.00

*All Earnings Must be Reported by Calling 1-877-772-5772. Failure to Report Earnings Could Lead to Penalties.

2022 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)	**$147,000** for the year	**Locals[7]** Yes	OE-1a	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.
				CT-1[1]	Annually	IRS	Grand Lodge or IRS
			System Units[2] 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[7]** Yes	OE-1a	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.
				CT-1[1]	Annually	IRS	Grand Lodge or IRS
			System Units[2] 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 Tax[5] (Employee & labor organization)	**4.90%** (Employee) **13.10%** (Labor organization)	**$109,200** for the year	**Locals[7]** Yes	OE-1a	Monthly or Quarterly	Grand Lodge	Grand Lodge Sec. – Treas.
				CT-1[1]	Annually	IRS	Grand Lodge or IRS
			System Units[2] 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

2022 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)	**$1,755** a month	**Locals**[7]	No	N/A	N/A	N/A	N/A
			System Units[2]	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 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 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.

[7] Earnings from a local lodge of less than $25 a month for services to a railway labor organization is not creditable or taxable compensation, and does NOT generate service month credit. Also, prior creditable railroad service with a carrier employer is required in order for service to a local lodge to be considered creditable.

Prepared by
Office of the Labor Member
U.S. Railroad Retirement Board
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INSTRUCTIONS FOR FORM OE-1a

U.S. RAILROAD RETIREMENT BOARD

Revised 2018

The following instructions are to assist system subordinate units in (1) reporting creditable service and compensation and taxable earnings to their National Secretary-Treasurer or the National Reporting Officer of their labor organization and (2) reporting and paying retirement taxes and unemployment contributions.

Form OE-1a is used to report creditable service and compensation 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 RRB'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 (TDD/TTY) for persons who are hearing impaired or have a speech disability, Monday-Friday 7 AM – 7 PM local time.

- For more information on Additional Medicare Tax, visit https://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/eftps/ or call 1-800-555-4477; en español, 1-800-244-4829; for TDD (hearing impaired) call 1-800-733-4829 from 8 AM – 8 PM (ET), Monday-Friday. 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. (a) Enter the name and/or number of your reporting unit.
   (b) Enter the Employer Identification Number (EIN) 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 2018 or 1st Q 2018.
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 2018, 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. Leave blank. For NRO use only.

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 a. Name and/or Number: Local 100	b. Employer Identification Number (EIN): 12-3456789	4. RRB Unit No.: 5900	5. For Month or Quarter Ending: 1st Quarter 20_18_
NOTE: Compensation should NOT be reported in excess of applicable yearly maximums		Tier I Maximum $ 128,400.00	Tier II Maximum $ 95,400.00

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	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
SSA Number	333-33-3333	3 MAR	$ 40.00	$ 0.58	$ 40.00	$ 2.48	$ 40.00	$ 1.96
Name	Engineer, Ed	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
SSA Number	888-88-8888	3 MAR	$ 512.00	$ 7.42	$ 512.00	$ 31.74	$ 512.00	$ 25.09
Name	Dispatcher, Dick D.	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
SSA Number	222-22-2222	3 MAR	$ 60.00	$ 0.87	$ 60.00	$ 3.72	$ 60.00	$ 2.94
Name	Trainman, Tom T.	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
SSA Number	111-11-1111	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 funds 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	16. Address	17. Telephone Number	18. Date Completed	19. Date Received by NRO
Pam Payroll, Accountant	123 Main Street, Chicago, IL 45678	(312) 555-5555	4/14/2018	

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 (https://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
X 0. 0145	X 0.062	X 0.049
$ 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 2018, 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
X 0.009
$ 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. $ 7,596.00 Column 10 Total x 0.062 Tier I Employer Tax Rate	$470.95	Tier I Employer Tax - Compensation
B. $ 7,596.00 Column 8 Total x 0.0145 Medicare Tax Rate	$110.14	Tier I Employer Medicare Tax - Compensation
C. $ 7,596.00 Column 12 Total x 0.131 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. $ ______ x ______ 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 2018 is 33.3%. If all of the employees' combined earnings are less than the Tier II maximum, multiply the monthly 2018 gross earnings by 0.333 to obtain the monthly 2018 tax liability.

The following example demonstrates the calculation of tax liability for **March 2018** 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 To be used for completing Form CT-1 and in determining tax liability.		CT-1 REFERENCES
A. $ 637.00 (Column 10 Total) x 0.062 (Tier I Employer Tax Rate)	$39.49	Tier I Employer Tax - Compensation
B. $ 637.00 (Column 8 Total) x 0.0145 (Medicare Tax Rate)	$9.24	Tier I Employer Medicare Tax - Compensation
C. $ 637.00 (Column 12 Total) x 0.131 (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. $ ____ x ____ 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	$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 (Rev. 01/01/2022)

1. Name of National Organization: International Brotherhood of Electrical Workers					**2. Page __1__of__1__**		*See Form OE-1 INST for Complete Instructions*	
3. Payroll Report of Reporting Unit (Name and/or Number) Local Union No. **System Council No. 16**				**4. RRB Unit No.** **8921**	**5. For Month or Quarter Ending:** **2022**			
Compensation should NOT be reported in excess of applicable yearly maximums				**Tier I Maximum: $147,000.00**		**Tier II Maximum: $109,200.00**		**RUIA Max: $1,755.00** (monthly)
6. EMPLOYEE IDENTIFICATION	**7. Month of Qtr.**	**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**	**14. RUIA Compensation**
Name:	1							
Title:	2							
SSA Number:	3							
Name:	1							
Title:	2							
SSA Number:	3							
Name:	1							
Title:	2							
SSA Number:	3							
Name:	1							
Title:	2							
SSA Number:	3							
Name:	1							
Title:	2							
SSA Number:	3							
Name:	1							
Title:	2							
SSA Number:	3							
Name:	1							
Title:	2							
SSA Number:	3							
	Totals							

CAUTION: Railroad Retirement Taxes reported on the CT-1 must be deposited by electronic fund transfer with the U.S. Treasury Department. Please read Form CT-1 Instructions for the proper depositing procedures. The frequency of your tax deposits is NOT determined by the completion of Form OE-1. Deposits may be required more or less often.

Name/Title:	**Address:**	**Telephone:** **Email:**	**Date Completed:**	**Date Rec'd NRO:**

Rev. 01/01/2022

FORM OE-1a TAX CALCULATION WORKSHEET

TAX CALCULATION To be used for completing Form CT-1 and in determining tax liability when cumulative earnings exceed the Tier II maximum for any employee					CT-1 REFERENCES
A.	Column 10 total	X	6.20% Tier I Employer Tax Rate		Tier I Employer Tax
B.	Column 8 Total	X	1.45% Medicare Tax Rate		Employer Medicare Tax
C.	Column 12 Total	X	13.10% Tier II Employer Tax Rate		Tier II Employer Tax
D.	Column 11 Total				Tier I Employee Tax
E.	Column 9 Total				Employee Medicare Tax
F.	Column 13 Total				Tier II Employee Tax
G.	Sum Columns A Through F CT-1 Railroad Retirement Tax Liability for period				Total Railroad Retirement Taxes
H.	Column 14 Total	X	4.15% RUIA Contribution Rate		DC-1 RUIA Contribution Liability for Period

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

Rev. 01/01/2022

PHOTOCOPY FOR YOUR RECORDS

2021 Instructions for Form CT-1

Department of the Treasury
Internal Revenue Service

Employer's Annual Railroad Retirement Tax Return

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

Contents **Page**

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 *IRS.gov/CT1*.

What's New

Changes to tax rates and compensation bases. For the 2021 tax rates and compensation bases, see *Employer and Employee Taxes*, later.

The COVID-19 related credit for qualified sick and family leave compensation has been extended and amended. The Families First Coronavirus Response Act (FFCRA) was amended by legislation. The FFCRA requirement that employers provide paid sick and family leave for reasons related to COVID-19 (the employer mandate) expired on December 31, 2020; however, the COVID-related Tax Relief Act of 2020 extends the periods for which employers providing leave that otherwise meets the requirements of the FFCRA may continue to claim tax credits for qualified sick and family leave compensation paid for leave taken before April 1, 2021.

The American Rescue Plan Act of 2021 (the ARP) adds new sections 3131, 3132, and 3133 to the Internal Revenue Code to provide credits for qualified sick and family leave compensation similar to the credits that were previously enacted under the FFCRA and amended and extended by the COVID-related Tax Relief Act of 2020. The credits under sections 3131 and 3132 are available for qualified leave compensation paid for leave taken after March 31, 2021, and before October 1, 2021. Below are the major changes made under the ARP.

- The ARP keeps the daily compensation thresholds that previously existed. The aggregate cap on qualified sick leave compensation remains at 80 hours (10 days), but the limitation on the number of days resets with respect to leave taken by employees beginning on April 1, 2021. The aggregate cap on qualified family leave compensation increases to $12,000 from the previous cap of $10,000, and the aggregate cap resets with respect to leave taken by employees beginning on April 1, 2021.
- The ARP also created a new category of leave under the Emergency Paid Sick Leave Act (EPSLA) and the Expanded Family and Medical Leave Act (Expanded FMLA) to include the time the employee is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 (and the employee has been exposed to COVID-19 or the employee's employer has requested such test or diagnosis), or the employee is obtaining or accompanying an individual who is obtaining immunizations related to COVID-19 or recovering from or caring for an individual recovering from an injury, disability, illness, or condition related to such immunization. Additionally, employers may provide employees with paid family leave if the employee is unable to work due to any of the conditions for which eligible employers may provide paid sick leave under the EPSLA.
- The credits are still increased by the qualified health plan expenses allocable to the qualified sick and family leave compensation, but the credits are now also increased, subject to the qualified leave compensation limitations, by certain amounts paid under collective bargaining agreements that are properly allocable to the qualified leave compensation. The collectively bargained contributions paid by an eligible employer that are eligible for the credit are collectively bargained defined benefit pension plan contributions and collectively bargained apprenticeship program contributions that are properly allocable to qualified leave compensation.
- Under section 3133, the credits are increased by the amount of the Tier 1 Employer tax and Tier 1 Employer Medicare tax on the qualified sick and family leave compensation.
- Governmental employers (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) may now claim the credits.
- Generally, the same compensation can't be used as both qualified sick leave compensation and qualified family leave

compensation. Additionally, you may not benefit from both the credit for qualified sick and family leave compensation and the employee retention credit with respect to the same compensation. The credit for qualified sick leave compensation and qualified family leave compensation doesn't apply to compensation taken into account as payroll costs for a Small Business Interruption Loan under the Paycheck Protection Program (PPP) that is forgiven or in connection with shuttered operator grants and restaurant revitalization grants.

- The credit for qualified sick and family leave compensation isn't allowed if the employer provides the leave in a manner that discriminates in favor of highly compensated employees, full-time employees, or employees on the basis of employment tenure. See *Highly compensated employee*, later, for the definition.

How you report qualified sick and family leave compensation and the credit for qualified sick and family leave compensation has changed. For leave taken before April 1, 2021, the qualified sick and family leave compensation is subject to the Tier 1 Employer Medicare tax (line 2), Tier 1 Employee tax (line 4), Tier 1 Employee Medicare tax (line 5), and, if applicable, Tier 1 Employee Additional Medicare Tax (line 6). For leave taken after March 31, 2021, and before October 1, 2021, qualified sick and family leave compensation is subject to the Tier 1 Employer tax (line 1), Tier 1 Employer Medicare tax (line 2), Tier 1 Employee tax (line 4), Tier 1 Employee Medicare tax (line 5), and, if applicable, Tier 1 Employee Additional Medicare Tax (line 6). Regardless of when the leave was taken, qualified sick and family leave compensation is subject to Tier 2 tax for both the employer and employee (lines 3 and 7). Qualified sick leave compensation and qualified family leave compensation for leave taken before April 1, 2021, are reported on lines 30 and 32, respectively. Qualified sick leave compensation and qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021, are reported on lines 36 and 39, respectively. For leave taken before April 1, 2021, the credit for qualified sick and family leave compensation is reported on line 16 (nonrefundable portion) and, if applicable, line 23 (refundable portion); and the nonrefundable portion of the credit is against the Tier 1 Employer tax. For leave taken after March 31, 2021, and before October 1, 2021, the credit for qualified sick and family leave compensation is reported on line 17b (nonrefundable portion) and, if applicable, line 24b (refundable portion); and the nonrefundable portion of the credit is against the Tier 1 Employer Medicare tax. For more information, see the instructions for line 16, line 17b, line 23, and line 24b, later.

Use Worksheet 1 to figure the credit for leave taken before April 1, 2021. Use Worksheet 3 to figure the credit for leave taken after March 31, 2021, and before October 1, 2021. For more information about the credit for qualified sick and family leave compensation, go to *IRS.gov/PLC*.

The COVID-19 related employee retention credit has been extended and amended. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was amended by legislation. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 modifies the calculation of the employee retention credit and extends the date through which the credit may be claimed to qualified compensation paid before July 1, 2021.

The ARP adds new section 3134 to the Internal Revenue Code to provide an employee retention credit similar to the credit that was previously enacted under the CARES Act and amended and extended by the Taxpayer Certainty and Disaster Tax Relief Act of 2020. Generally, the rules for the employee retention credit for qualified compensation paid before July 1, 2021, and qualified compensation paid after June 30, 2021, are substantially similar. However, the Infrastructure Investment and Jobs Act (Infrastructure Act) amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for compensation paid after September 30, 2021, and before January 1, 2022, only the compensation paid by recovery startup businesses can be qualified compensation as described in these instructions. See *Recovery startup business*, later, for more information about a recovery startup business.

Qualified compensation for the employee retention credit under section 3134 doesn't include compensation taken into account for credits under sections 41, 45A, 45P, 45S, 51, 1396, 3131, and 3132. Additionally, qualified compensation for the employee retention credit can't include amounts used as payroll costs for a Small Business Interruption Loan under the PPP that is forgiven or amounts used as payroll costs for shuttered operator grants and restaurant revitalization grants.

For compensation paid before July 1, 2021, the nonrefundable portion of the employee retention credit is against the Tier 1 Employer tax. However, for compensation paid after June 30, 2021, and before January 1, 2022, the nonrefundable portion of the employee retention credit is against the Tier 1 Employer Medicare tax. The nonrefundable portion of the credit is now claimed on line 17a and, if applicable, the refundable portion of the credit is claimed on line 24a. For more information, see the instructions for line 17a and line 24a, later. Use Worksheet 2 to figure the credit for compensation paid before July 1, 2021. Use Worksheet 4 to figure the credit for compensation paid after June 30, 2021, and before January 1, 2022.

See Notice 2021-23, 2021-16 I.R.B. 1113, available at *IRS.gov/irb/2021-16_IRB#NOT-2021-23*, for guidance on the employee retention credit provided under section 2301 of the CARES Act, as amended by section 207 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, for qualified compensation paid after December 31, 2020, and before July 1, 2021. See Notice 2021-49, 2021-34 I.R.B. 316, available at *IRS.gov/irb/2021-34_IRB#NOT-2021-49* for guidance on the employee retention credit provided under the ARP for compensation paid after June 30, 2021, and before January 1, 2022. Notice 2021-49 also discusses miscellaneous issues that apply to all of 2021. See Notice 2021-65, 2021-51 I.R.B. 880, available at *IRS.gov/irb/2021-51_IRB#NOT-2021-65*, for modifications to Notice 2021-49 under the Infrastructure Act. For more information about the employee retention credit, go to *IRS.gov/ERC*.

New credit for COBRA premium assistance payments. Section 9501 of the ARP provides for COBRA premium assistance in the form of a full reduction in the premium otherwise payable by certain individuals and their families who elect COBRA continuation coverage due to a loss of coverage as the result of a reduction in hours or an involuntary termination of employment (assistance eligible individuals). This COBRA premium assistance is available for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. Some multiemployer plans and insurers don't normally file an employment tax return but will need to file one if they want to claim the COBRA premium assistance credit.

Section 9501(b) of the ARP adds new section 6432 to the Internal Revenue Code that allows a credit (COBRA premium assistance credit) against Tier 1 Employer Medicare tax in an amount equal to the premiums not paid by assistance eligible individuals for COBRA continuation coverage by reason of section 9501(a)(1) of the ARP. The nonrefundable portion of the credit is reported on line 17c and, if applicable, the refundable portion of the credit is reported on line 24c. If you claim this credit, you must also report the number of individuals provided COBRA premium assistance on line 17d. Use Worksheet 5 to figure the credit. For more information, see the instructions for line 17c, line 17d, and line 24c, later. For more information on COBRA premium assistance payments and the credit, see Notice 2021-31, 2021-23 I.R.B. 1173, available at *IRS.gov/irb/2021-23_IRB#NOT-2021-31*; and Notice 2021-46, 2021-33 I.R.B. 303, available at *IRS.gov/irb/2021-33_IRB#NOT-2021-46*.

Advance payment of COVID-19 credits extended. Based on the extensions of the credit for qualified sick and family leave compensation and the employee retention credit, and the new credit for COBRA premium assistance payments, discussed above, Form 7200, Advance Payment of Employer Credits Due to COVID-19, may be filed to request an advance payment. For more information, including information on which employers are eligible to request an advance payment, deadlines for requesting an advance, and the amount that can be advanced, see the Instructions for Form 7200.

The Infrastructure Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). See *Recovery startup business*, later, for more information about a recovery startup business. Some employers that are no longer eligible to claim the employee retention credit for the fourth quarter of 2021 may have already submitted Form 7200 to request an advance payment of the employee retention credit for the fourth quarter of 2021. If the Form 7200 hasn't been processed, the IRS will use the employer's indication of whether it is a recovery startup business (Form 7200, Part 1, line H) as part of the determination regarding whether the Form 7200 claiming the employee retention credit in the fourth quarter of 2021 should be accepted or rejected. A refund or credit of any portion of the employee retention credit to a taxpayer in excess of the amount to which the taxpayer is entitled is an erroneous refund that the employer must repay, regardless of whether the refund or credit is advanced. Accordingly, if an employer requested and received an advance payment of the employee retention credit for the fourth calendar quarter of 2021, and the employer isn't a recovery startup business, the employer isn't eligible for an employee retention credit and must repay the amount of the advance. Employers who need to repay excess advance payments of the employee retention credit must do so by February 28, 2022, by including the advance payment on their 2021 Form CT-1, Part I, line 26, and paying any balance due by February 28, 2022.

Deferral of the Tier 1 employer taxes expired. The CARES Act allowed employers to defer the deposit and payment of the Tier 1 employer taxes reported on lines 1 and 8. The deferred amount of the Tier 1 employer taxes was only available for deposits due on or after March 27, 2020, and before January 1, 2021, as well as deposits and payments due after January 1, 2021, that were required for compensation paid on or after March 27, 2020, and before January 1, 2021. Therefore, the line previously used for the employer deferral has been "Reserved for future use." One-half of the Tier 1 employer taxes was due by December 31, 2021, and the remainder is due by December 31, 2022. Because both December 31, 2021, and December 31, 2022, are nonbusiness days, payments made on the next business day will be considered timely. Any payments or deposits you made before December 31, 2021, were first applied against your payment due on December 31, 2021, and then applied against your payment due on December 31, 2022. For more information about the deferral of employment tax deposits, go to *IRS.gov/ETD*. See *Paying the deferred amount of the Tier 1 employer taxes* and *How to pay the deferred amount of Tier 1 employer and employee taxes*, later, for information about paying the deferred amount of the Tier 1 employer taxes.

Deferral of the Tier 1 employee taxes expired. The Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster, issued on August 8, 2020, directed the Secretary of the Treasury to defer the withholding, deposit, and payment of the Tier 1 employee taxes reported on lines 4 and 10 on compensation paid during the period from September 1, 2020, through December 31, 2020. The deferral of the withholding and payment of the Tier 1 employee taxes was available for employees whose applicable compensation paid for a biweekly pay period were less than $4,000, or the equivalent threshold amount for other pay periods. The line previously used for the employee deferral has been "Reserved for future use." The COVID-related Tax Relief Act of 2020 deferred the due date for the withholding and payment of the Tier 1 employee taxes until the period beginning on January 1, 2021, and ending on December 31, 2021. For more information about the deferral of the Tier 1 employee taxes, see Notice 2020-65, 2020-38 I.R.B. 567, available at *IRS.gov/irb/2020-38_IRB#NOT-2020-65*; and Notice 2021-11, 2021-06 I.R.B. 827, available at *IRS.gov/irb/2021-06_IRB#NOT-2021-11*. Also see *Paying the deferred amount of the Tier 1 employee taxes* and *How to pay the deferred amount of Tier 1 employer and employee taxes*, later, for information about paying the deferred amount of the Tier 1 employee taxes.

Reminders

Paying the deferred amount of the Tier 1 employer taxes. One-half of the Tier 1 employer taxes was due by December 31, 2021, and the remainder is due by December 31, 2022. Because both December 31, 2021, and December 31, 2022, are nonbusiness days, payments made on the next business day will be considered timely. Any payments or deposits you made before December 31, 2021, were first applied against your payment due on December 31, 2021, and then applied against your payment due on December 31, 2022. For example, if your Tier 1 employer taxes for 2020 were $20,000 and you deposited $5,000 of the $20,000 during 2020 and you deferred $15,000 on Form CT-1, line 21, then you were required to pay $5,000 by December 31, 2021, and must pay $10,000 by December 31, 2022. However, if your Tier 1 employer taxes for 2020 were $20,000 and you deposited $15,000 of the $20,000 during

2020 and you deferred $5,000 on Form CT-1, line 21, then you didn't need to pay any deferred amount by December 31, 2021, because 50% of the amount that could have been deferred ($10,000) was already paid and was first applied against your payment that was due on December 31, 2021. Accordingly, you must pay the $5,000 deferral by December 31, 2022. Payment of the deferral isn't reported on Form CT-1. For additional information, go to *IRS.gov/ETD*.

Paying the deferred amount of the Tier 1 employee taxes. The due date for the withholding and payment of the Tier 1 employee taxes was postponed until the period beginning on January 1, 2021, and ending on December 31, 2021. The employer was required to withhold and pay the total deferred Tier 1 employee taxes ratably from compensation paid to the employee between January 1, 2021, and December 31, 2021. If necessary, the employer was allowed to make arrangements to otherwise collect the total deferred taxes from the employee. The employer was liable to pay the deferred taxes to the IRS and was required to do so before January 1, 2022, to avoid interest, penalties, and additions to tax on those amounts. Because January 1, 2022, was a nonbusiness day, payments made on January 3, 2022, were considered timely. Payment of the deferral isn't reported on Form CT-1. For more information about the deferral of the Tier 1 employee taxes, see *Notice 2020-65* and *Notice 2021-11*.

How to pay the deferred amount of Tier 1 employer and employee taxes. You may pay the amount you owe electronically using the Electronic Federal Tax Payment System (EFTPS) or by a check or money order. The preferred method of payment is EFTPS. For more information, go to *EFTPS.gov*, or call 800-555-4477 or 800-733-4829 (TDD). To pay the deferred amount using EFTPS, select Form CT-1, calendar year 2020, and the option to pay the deferred amount.

If you pay by check or money order, include a 2020 Form CT-1(V), Payment Voucher. The 2020 Form CT-1(V) is on page 3 of Form CT-1 and is available at *IRS.gov/CT1* (select the link for "All Form CT-1 Revisions" under "Other Items You May Find Useful"). Make the check or money order payable to "United States Treasury." Enter your EIN, "Form CT-1," and "2020" on your check or money order.

Payments should be sent to:

Department of the Treasury
Internal Revenue Service
Cincinnati, OH 45999-0030

For more information about the deferral of Tier 1 employer and employee taxes, go to *IRS.gov/ETD* and see *Notice 2020-65* and *Notice 2021-11*.

Outsourcing payroll duties. Generally, as an employer, 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. Before 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, go to *IRS.gov/OutsourcingPayrollDuties* for helpful information on this topic. For more information on the different types of third-party payer arrangements, see section 16 of Pub. 15.

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 go to *IRS.gov/CorrectingEmploymentTaxes*.

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

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 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 the 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, go to *EFTPS.gov*, or call 800-555-4477 or 800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.

Paid preparers. If you use a paid preparer to complete Form CT-1, the paid preparer must complete and sign the paid preparer's section of Form CT-1.

Additional information. For more information, see one of the resources discussed next.

- 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 *RRB.gov* contains additional employer reporting information and instructions.

How to get forms and publications. You can download or print most of the forms and publications you may need at *IRS.gov/Forms*. Otherwise, you can go to *IRS.gov/OrderForms* to place an order and have forms mailed to you. The IRS will process your order as soon as possible. Don't resubmit requests you've already sent us. You can get forms and publications faster online.

Where can you get telephone help? You can call the IRS Business and Specialty Tax Line at 800-829-4933 or 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.

Photographs of Missing Children

The IRS is a proud partner with the *National Center for Missing & Exploited Children® (NCMEC)*. 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.

In accordance with Notice 2020-24, 2020-18 I.R.B. 1122, available at *IRS.gov/irb/2021-18_IRB#NOT-2021-24*, as modified by *Notice 2021-65*, you may have reduced deposits of employment taxes otherwise required to be made that are reported on Form 941 (generally, income tax withholding) in anticipation of claiming the credit for qualified sick and family leave compensation, the employee retention credit, and/or the COBRA premium assistance credit. For more information about qualified sick and family leave compensation, see the line 1 instructions, later. For more information about these credits, see the line 16, line 17a, line 17b, and line 17c instructions, later. Because these credits are reported when the 2021 Form CT-1 is filed in 2022, a reduction in deposits of income tax withholding as described above may have resulted in the issuance of a balance due notice and the imposition of penalties and interest when the Form 941 quarterly return was processed.

If you reduced your deposits of employment taxes reported on Form 941 in anticipation of the credit for qualified sick and family leave compensation, the employee retention credit, and/or the COBRA premium assistance credit for quarters in 2021, and this resulted in those amounts being included as a balance due in a notice, contact us as soon as possible by either (1) writing to the address shown on your notice, or (2) calling the telephone number shown on your notice. If you contact us in writing, include a copy of your notice and the amount of employment tax deposits reported on Form 941 that you reduced in anticipation of the credit for qualified sick and family leave compensation, the employee retention credit, and/or the COBRA premium assistance credit. Whether you owe tax, penalties, and interest will depend upon the credits properly claimed on Form CT-1.

Who Must File

TIP *For purposes of these instructions, all references to "sick pay" mean ordinary sick pay, not "qualified sick leave compensation."*

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.

If a third-party payer of sick pay is also paying qualified sick leave compensation on behalf of an employer, the third party would be making the payments as an agent of the employer. The employer is required to do the reporting and payment of railroad retirement taxes with respect to the qualified sick leave compensation and claim the credit for the qualified sick leave compensation unless the employer has an agency agreement with the third-party payer that requires the third-party payer to do the collecting, reporting, and/or paying or depositing railroad retirement taxes on the qualified sick leave compensation. If the employer has an agency agreement with the third-party payer, the third-party payer includes the qualified sick leave compensation on the Form CT-1 filed by the third party and claims the sick leave credit on behalf of the employer on Form CT-1.

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 employer identification numbers (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
Kansas City, MO 64999-0048

When To File

File Form CT-1 by February 28, 2022.

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, meaning currency issued by a recognized authority as a medium of exchange, 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 later 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, or Form 1040-SR, U.S. Tax Return for Seniors. 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 (HSAs) under section 223.

- Stock or stock options.
- 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 2021
Tier 1	
Employer and Employee: Each pay 6.2% of first	$142,800
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	$106,200
Employee: Pays 4.9% of first	$106,200

Employer Taxes

Employers must pay both Tier 1 and Tier 2 taxes, except for the Tier 1 Employer tax (line 1) on qualified sick and family leave compensation for leave taken before April 1, 2021, and the 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 2021 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*, later, 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 2021 reach $142,800. 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 *IRS.gov/Forms*.

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 of 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 2022 is calendar year 2020.

Use the table below to determine which deposit schedule to follow for 2022.

IF you reported taxes (Form CT-1, line 19) for the lookback period (2020) of...	THEN for 2022 you're a...
$50,000 or less	Monthly schedule depositor
More than $50,000	Semiweekly schedule depositor

Example. Rose Co. reported Form CT-1 taxes as follows.
- 2020 Form CT-1, line 19—$49,000.
- 2021 Form CT-1, line 19—$52,000.

Rose Co. is a monthly schedule depositor for 2022 because its Form CT-1 taxes for its lookback period (calendar year 2020) weren't more than $50,000. However, for 2023, Rose Co. is a semiweekly schedule depositor because the total taxes exceeded $50,000 for its lookback period (calendar year 2021).

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. Maple Co. originally reported Form CT-1 taxes of $45,000 for the lookback period (2020). Maple Co. discovered in March 2022 that the tax during the lookback period (2020) was understated by $10,000 and will correct this error with an adjustment on Form CT-1 X filed for 2020.

Maple Co. is a monthly schedule depositor for 2022 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 2020 taxes or 2022 taxes. See Treasury Decision 9405, available at *IRS.gov/irb/2008-32_IRB#TD-9405*.

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. Spruce Co. is a monthly schedule depositor with seasonal employees. Spruce Co. paid compensation each Friday during May but didn't pay any compensation during June. Under the monthly schedule deposit rule, Spruce Co. must deposit the combined taxes for the May paydays by June 15. Spruce Co. doesn't have a deposit requirement for June (due by July 15) because no compensation was paid and, therefore, Spruce Co. 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. Green, Inc., a semiweekly schedule depositor, pays compensation on the last Friday of each month. Although Green, Inc., is a semiweekly schedule depositor, Green, Inc., will deposit just once a month because Green, Inc., pays compensation only once a month. The deposit, however, will be made under the semiweekly deposit schedule as follows: Green, Inc.'s taxes for the April 29, 2022 (Friday), payday must be deposited by May 4, 2022 (Wednesday). Under the semiweekly deposit rule, taxes arising on Wednesday through Friday must be deposited by the following Wednesday.

CAUTION *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 section 11 of Pub. 15.

Semiweekly schedule depositors will always have at least 3 business days following the close of the semiweekly period 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 deposit rules are the:
- $2,500 Rule, and
- $100,000 Next-Day Deposit Rule.

$2,500 Rule. If your total Form CT-1 taxes after adjustments and nonrefundable credits (line 19) 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 accumulate a $100,000 tax liability on any day during the deposit period, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year. If you become a semiweekly schedule depositor under this rule solely as a result of the relief provided in *Notice 2021-65* regarding the early termination of the employee retention credit for the fourth quarter of 2021, you may be converted back to a monthly schedule depositor by contacting the IRS. You may continue to deposit in accordance with your status as a monthly schedule depositor, but you may receive a system-generated failure-to-deposit (FTD) penalty notice after you file your Form CT-1 for 2022. Contact the IRS at the toll-free number on your FTD penalty notice to request abatement of the FTD penalty and to be converted back to a monthly schedule depositor. Aside from this exception, ordinary rules for determining deposit frequency will continue to apply. The $100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits. For more information, including an example, see frequently asked question 17 at *IRS.gov/ETD*.

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. Fir Co. is a semiweekly schedule depositor. On Monday, Fir Co. accumulates taxes of $110,000 and must deposit this amount by Tuesday, the next business day. On Tuesday, Fir Co. accumulates additional taxes of $30,000. Because the $30,000 isn't added to the previous $110,000, Fir Co. 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. Elm, Inc., started its business on Monday, May 2, 2022. Because this was the first year of its business, its Form CT-1 taxes for its lookback period (2020) are considered to be zero, and Elm, Inc., is a monthly schedule depositor. On Wednesday, May 4, it paid compensation for the first time and accumulated taxes of $40,000. On Friday, May 6, it paid compensation and accumulated taxes of $60,000, bringing its total accumulated (undeposited) taxes to $100,000. Because Elm, Inc., accumulated $100,000 or more on May 6 (Friday), Elm, Inc., must deposit the $100,000 by May 9 (Monday), the next business day. Elm, Inc., became a semiweekly schedule depositor on May 7. Elm, Inc., will be a semiweekly schedule depositor for the rest of 2022 and for 2023.

Example of when $100,000 Next-Day Deposit Rule doesn't apply. Oak Co., 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, Oak Co. must deposit $95,000 by Friday and $10,000 by the following Wednesday.

Reducing your deposits for COVID-19 credits. Employers eligible to claim the credit for qualified sick and family leave compensation, the employee retention credit, and/or the COBRA premium assistance credit can reduce their deposits by the amount of their anticipated credits. You may reduce your deposits of federal employment taxes in anticipation of the COBRA premium assistance credit with regard to a period of coverage as of the date you are entitled to the credit. Employers won't be subject to an FTD penalty for reducing their deposits if certain conditions are met. See the instructions for line 16, line 17a, line 17b, and line 17c for more information on these credits. For more information on reducing deposits, see Notice 2020-22, 2020-17 I.R.B. 664, available at *IRS.gov/irb/2020-17_IRB#NOT-2020-22*; and *Notice 2021-24*. See the instructions for Part II, later, for instructions on how to adjust your tax liabilities reported on Part II or Form 945-A for nonrefundable credits.

Due to the termination of the employee retention credit for the fourth quarter of 2021 for employers that aren't recovery startup businesses, the IRS will no longer waive FTD penalties for employers that reduce deposits in anticipation of the employee retention credit after December 20, 2021, unless the employer is a recovery startup business. Some employers that are no longer eligible to claim the employee retention credit for the fourth quarter of 2021 may have already reduced their employment tax deposits in anticipation of claiming the employee retention credit for the fourth quarter of 2021. For deposits due on or before December 20, 2021, with respect to compensation paid on or after October 1, 2021, an employer that isn't a recovery startup business won't be subject to an FTD penalty for the fourth quarter of 2021 if the employer:

- Reduced its deposits in anticipation of the employee retention credit, consistent with the rules provided by section 3.b. of *Notice 2021-24*;
- Deposits the amounts initially retained in anticipation of the employee retention credit on or before the due date of the deposit for compensation paid on December 31, 2021 (regardless of whether compensation is actually paid on that date); and
- Reports the tax liability associated with the termination of the employer's employee retention credit on their 2021 Form CT-1, Part II (for December), or, if a semiweekly schedule depositor, on Form 945-A for the applicable day or days in December. For more information, see the Part II instructions, later.

Example. Reducing deposits for COBRA premium assistance. Maple Co. has a semimonthly payroll period. Sophie Rose elected COBRA premium assistance on May 17, 2021. Maple Co. became entitled to a COBRA premium assistance credit as of May 17, 2021, for the premiums not paid by Sophie (an assistance eligible individual) for the periods of coverage of April 1, 2021, through April 30, 2021, and May 1, 2021, through May 31, 2021. Maple Co. could have reduced its federal employment tax deposits as of May 17, 2021, in anticipation of the credit to which Maple Co. became entitled.

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, go to *EFTPS.gov*, or call 800-555-4477 or 800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.

CAUTION *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 make a same-day wire payment. 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 give your financial institution to make a same-day wire payment, go to *IRS.gov/SameDayWire*.

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 May 2022, the shortfall makeup date is June 15, 2022 (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 filing and/or paying late is due to reasonable cause and not due to willful neglect. Interest is charged on taxes paid late at the rate set by law. For more information, see Pub. 15. Deposit or pay your taxes when they are due, unless you meet the requirements discussed in *Notice 2020-22* and *Notice 2021-24*. See *Notice 2021-65* for modifications to Notice 2021-24 under the Infrastructure Act.

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 an FTD 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 *IRS.gov/pub/irs-irbs/irb01-50.pdf*.

Trust fund recovery penalty. If taxes that must be withheld (that is, trust fund taxes) 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 trust fund tax. 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. The trust fund recovery penalty won't apply to any amount of trust fund taxes an employer holds back in anticipation of any credits they are entitled to. It also won't apply to applicable taxes properly deferred under *Notice 2020-65* and *Notice 2021-11* if paid by the due date.

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 "2021." 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.

CAUTION *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), including qualified sick leave compensation and qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021; and qualified compensation (other than qualified health plan expenses) for the employee retention credit, subject to Tier 1 Employer tax in the *Compensation* column. Don't include qualified sick leave compensation or qualified family leave compensation for leave taken before April 1, 2021. 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 $142,800 per employee. For more information on qualified compensation for the employee retention credit, see the instructions for line 17a, later.

Qualified Sick Leave Compensation and Qualified Family Leave Compensation

Qualified sick leave compensation. For purposes of the credit for qualified sick and family leave compensation, qualified sick leave compensation is compensation (determined without regard to the exclusions under section 3231(e)(1)) paid under the EPSLA as enacted under the FFCRA and amended for purposes of the ARP. See the instructions for line 16 for information about the credit for qualified sick and family leave compensation for leave taken before April 1, 2021, and the instructions for line 17b for information about the credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021.

CAUTION *Although qualified sick leave compensation and qualified family leave compensation are defined as compensation determined without regard to the exclusions under section 3231(e)(1) for purposes of the credit for qualified sick and family leave compensation, don't include any compensation otherwise excluded under section 3231(e)(1) when reporting qualified sick leave compensation and qualified family leave compensation on lines 1, 2, 3, 4, 5, 6, and 7.*

EPSLA. Employers with fewer than 500 employees and, for leave taken after March 31, 2021, and before October 1, 2021, certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit if they provide paid sick leave to employees that otherwise meets the requirements of the EPSLA. Under the EPSLA, as amended for purposes of the ARP, compensation is qualified sick leave compensation if paid to employees that are unable to work or telework before October 1, 2021, because the employee:

1. Is subject to a federal, state, or local quarantine or isolation order related to COVID-19;

2. Has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;

3. Is experiencing symptoms of COVID-19 and seeking a medical diagnosis; or, for leave taken after March 31, 2021, and before October 1, 2021, is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 (and the employee has been exposed to COVID-19 or the employee's employer has requested such test or diagnosis), or the employee is obtaining immunizations related to COVID-19 or recovering from an injury, disability, illness, or condition related to such immunization;

4. Is caring for an individual subject to an order described in (1) or who has been advised as described in (2);

5. Is caring for son or daughter because the school or place of care for that child has been closed, or the childcare provider for that child is unavailable, due to COVID-19 precautions; or

6. Is experiencing any other substantially similar condition specified by the U.S. Department of Health and Human Services, which for leave taken after March 31, 2021, and before October 1, 2021, includes to accompany an individual to obtain immunization related to COVID-19, or to care for an individual who is recovering from any injury, disability, illness, or condition related to the immunization.

Son or daughter. A son or daughter must generally have been under 18 years of age or incapable of self-care because of a mental or physical disability. A son or daughter includes a biological child, adopted child, stepchild, foster child, legal ward, or child for whom the employee assumes parental status and carries out the obligations of a parent.

Limits on qualified sick leave compensation. The EPSLA, as amended for purposes of the ARP, provides different limitations for different circumstances under which qualified sick leave compensation is paid. For paid sick leave qualifying under (1), (2), or (3), earlier, the amount of qualified sick leave compensation is determined at the employee's regular rate of pay, but the compensation may not exceed $511 for any day (or portion of a day) for which the individual is paid sick leave. For paid sick leave qualifying under (4), (5), or (6), earlier, the amount of qualified sick leave compensation is determined at two-thirds the employee's regular rate of pay, but the compensation may not exceed $200 for any day (or portion of a day) for which the individual is paid sick leave. The EPSLA also limits each individual to a maximum of up to 80 hours of paid sick leave in total for leave taken after March 31, 2020, and before April, 1, 2021. The ARP resets this limit at 80 hours of paid sick leave for leave taken after March 31, 2021, and before October 1, 2021. Therefore, for leave taken after March 31, 2020, and before April 1, 2021, the maximum amount of paid sick leave compensation can't exceed $5,110 for an employee for leave under (1), (2), or (3), and it can't exceed $2,000 for an employee for leave under (4), (5), or (6). These maximum amounts also reset and apply to leave taken after March 31, 2021, and before October 1, 2021.

For more information about qualified sick leave compensation, go to *IRS.gov/PLC*.

Qualified family leave compensation. For purposes of the credit for qualified sick and family leave compensation, qualified family leave compensation is compensation (determined without regard to the exclusions under section 3231(e)(1)) paid under the Expanded FMLA as enacted under the FFCRA and amended for purposes of the ARP. However, some compensation eligible for the credit should not be reported as taxable compensation on lines 1, 2, 3, 4, 5, 6, and 7. See the *Caution*, earlier, for more information. See the instructions for line 16 for information about the credit for qualified sick and family leave compensation for leave taken before April 1, 2021, and the instructions for line 17b for information about the credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021.

Expanded FMLA. Employers with fewer than 500 employees and, for leave taken after March 31, 2021, and before October 1, 2021, certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit under the FFCRA, as amended for purposes of the ARP, if they provide paid family leave to employees that otherwise meets the requirements of the Expanded FMLA. For leave taken before April 1, 2021, compensation is qualified family leave compensation if paid to an employee who has been employed for at least 30 calendar days when an employee is unable to work due to the need to care for a son or daughter under 18 years of age or incapable of self-care because of a mental or physical disability because the school or place of care for that child has been closed, or the childcare provider for that child is unavailable, due to a public health emergency. See *Son or daughter*, earlier, for more information. For leave taken after March 31, 2021, and before October 1, 2021, the leave can be granted for any other reason provided by the EPSLA, as amended for purposes of the ARP.

For leave taken before April 1, 2021, the first 10 days for which an employee takes leave may be unpaid. During this period, employees may use other forms of paid leave, such as qualified sick leave, accrued sick leave, annual leave, or other paid time off. After an employee takes leave for 10 days, the employer provides the employee paid leave (that is, qualified family leave compensation) for up to 10 weeks. For leave taken after March 31, 2021, and before October 1, 2021, the 10-day rule discussed above doesn't apply and the paid leave can be provided for up to 12 weeks.

Rate of pay and limit on compensation. The rate of pay must be at least two-thirds of the employee's regular rate of pay (as determined under the Fair Labor Standards Act of 1938), multiplied by the number of hours the employee otherwise would have been scheduled to work. For leave taken after March 31, 2020, and before April 1, 2021, the qualified family leave compensation can't exceed $200 per day or $10,000 in the aggregate per employee. For leave taken after March 31, 2021, and before October 1, 2021, the limit resets and the total qualified leave compensation can't exceed $200 per day or $12,000 in the aggregate per employee.

For more information about qualified family leave compensation, go to *IRS.gov/PLC*.

Line 2—Tier 1 Employer Medicare Tax

Enter the compensation (other than tips and sick pay), including qualified sick leave compensation, qualified family leave compensation, and qualified compensation (other than qualified health plan expenses) for the employee retention credit, 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), including qualified sick leave compensation, qualified family leave compensation, and qualified compensation (other than qualified health plan expenses) for the employee retention credit, subject to Tier 2 Employer tax in the *Compensation* column. Don't enter more than $106,200 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), qualified sick leave compensation, qualified family leave compensation, and qualified compensation (other than qualified health plan expenses) for the employee retention credit, 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 $142,800 per employee.

Stop collecting the 6.2% Tier 1 **Employee** tax when the employee's compensation (including sick pay), tips, qualified sick leave compensation, qualified family leave compensation, and qualified compensation (other than qualified health plan expenses) for the employee retention credit reach the maximum for the year ($142,800 for 2021). However, your liability for Tier 1 **Employer** tax on compensation continues until the compensation (including sick pay), and qualified compensation (other than qualified health plan expenses) for the employee retention credit, but **not including tips,** totals $142,800 for the year.

Line 5—Tier 1 Employee Medicare Tax

Enter the compensation, including tips reported (but excluding sick pay), qualified sick leave compensation, qualified family leave compensation, and qualified compensation (other than qualified health plan expenses) for the employee retention credit 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), qualified sick leave compensation, qualified family leave compensation, and qualified compensation (other than qualified health plan expenses) for the employee retention credit, 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.

Go to *IRS.gov/ADMT* for more information on Tier 1 Employee Additional Medicare Tax.

Line 7—Tier 2 Employee Tax

Enter the compensation, including tips reported, qualified sick leave compensation, qualified family leave compensation, and qualified compensation (other than qualified health plan expenses) for the employee retention credit, subject to Tier 2 Employee tax in the *Compensation* column. Only the first $106,200 of the employee's compensation (including tips, qualified sick leave compensation, qualified family leave compensation, and qualified compensation (other than qualified health plan expenses) for the employee retention credit) for 2021 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.

CAUTION *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

CAUTION *Don't include qualified sick leave compensation, qualified family leave compensation, or qualified compensation for the employee retention credit on lines 8 through 12.*

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 $142,800 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 $142,800 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

CAUTION *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 2020 overpayment that is applied to this year's return (this is included on line 20).

Required statement. Except for adjustments for fractions of cents, explain amounts entered on line 14 in a separate statement. Include your name, 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.

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

Line 15—Total Taxes After Adjustments

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

TIP *Form CT-1 and these instructions use the terms "nonrefundable" and "refundable" when discussing credits. The term "nonrefundable" means the portion of the credit which is limited by law to the amount of certain taxes. The term "refundable" means the portion of the credit which is in excess of those taxes.*

Line 16—Nonrefundable Portion of Credit for Qualified Sick and Family Leave Compensation for Leave Taken Before April 1, 2021

Certain private employers with fewer than 500 employees that provide paid sick leave under the EPSLA and/or provide paid family leave under the Expanded FMLA are eligible to claim the credit for qualified sick and family leave compensation for leave taken before April 1, 2021. For purposes of this credit, qualified sick leave compensation and qualified family leave compensation are compensation (determined without regard to the exclusions under section 3231(e)(1)) paid under the EPSLA and Expanded FMLA. Enter the nonrefundable portion of the credit for qualified sick and family leave compensation from Worksheet 1, Step 2, line 2j. The credit for qualified sick and family leave compensation consists of the qualified sick leave compensation, the qualified family leave compensation, the qualified health plan expenses allocable to that compensation, and the Tier 1 Employer Medicare tax allocable to that compensation. The nonrefundable portion of the credit is limited to the Tier 1 Employer tax (line 1) and Tier 1 Employer tax—Sick Pay (line 8).

Any credit in excess of the remaining amount of the Tier 1 Employer tax (line 1) and Tier 1 Employer tax—Sick Pay (line 8) is refundable and reported on Form CT-1, line 23. For more information on the credit for qualified sick and family leave compensation, go to *IRS.gov/PLC*.

Qualified health plan expenses allocable to qualified sick and family leave compensation. The credit for qualified sick leave compensation and qualified family leave compensation is increased to cover the qualified health plan expenses that are properly allocable to the qualified leave compensation for which the credit is allowed. These qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, the qualified health plan expenses shouldn't include amounts that the employee paid for with after-tax contributions. For more information, go to *IRS.gov/PLC*.

TIP *You must include the full amount (both the nonrefundable and refundable portions) of the credit for qualified sick and family leave compensation in your gross income for the tax year that includes the last day of any calendar quarter in which a credit is allowed. You can't use the same compensation for the employee retention credit and the credits for paid sick and family leave.*

Line 17a—Nonrefundable Portion of Employee Retention Credit

TIP *Certain government entities are entitled to the credit for 2021, including (1) federal instrumentalities described in section 501(c)(1) and exempt from tax under section 501(a); and (2) any government, agency, or instrumentality that is a college or university or the principal purpose or function of the entity is providing medical or hospital care.*

Instructions for Qualified Compensation Paid After December 31, 2020, and Before July 1, 2021

Enter the nonrefundable portion of the employee retention credit from Worksheet 2, Step 2, line 2h. The employee retention credit is 70% of the qualified compensation you paid to your employees after December 31, 2020, and before July 1, 2021. Qualified compensation includes qualified health plan expenses for the employee retention credit. The nonrefundable portion of the credit is limited to the Tier 1 Employer tax (line 1) and Tier 1 Employer tax—Sick pay (line 8) after that share is first reduced by any credit claimed for the nonrefundable portion of the credit for qualified sick and family leave compensation for leave taken before April 1, 2021. Any credit in excess of the remaining amount of the Tier 1 Employer tax (line 1) and Tier 1 Employer tax—Sick pay (line 8) is refundable and reported on Form CT-1, line 24a. For more information on the employee retention credit for qualified compensation paid after December 31, 2020, and before July 1, 2021, see *Notice 2021-23*.

Qualified compensation for the employee retention credit paid after December 31, 2020, and before July 1, 2021. The tax credit is equal to 70% of qualified compensation paid to employees after December 31, 2020, and before July 1, 2021. Qualified compensation, including qualified health plan expenses, is limited to a maximum of $10,000 in each of the first quarter and the second quarter of 2021 ($20,000 in total). Qualified compensation is compensation paid to certain employees during any period in a quarter in which your operations are fully or partially suspended due to a governmental order or during a quarter in which your gross receipts (within the meaning of section 448(c) or, if you're a tax-exempt organization, section 6033) are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019.

The compensation and qualified health plan expenses considered in calculating your credit depend on the size of your workforce. Eligible employers that had an average number of 500 or fewer full-time employees during 2019 count compensation paid to all their employees and the qualified health plan expenses paid or incurred for all employees during any period in the first and second quarters of 2021, in which busines operations are fully or partially suspended due to a governmental order or during a quarter in which gross receipts are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019. Eligible employers that had an average number of more than 500 full-time employees in 2019 may count only compensation paid to employees for time that the employees weren't providing services, and qualified health plan expenses paid or incurred by the employer allocable to the time those employees weren't providing services, due to the suspension or decline in gross receipts.

Qualified compensation doesn't include compensation for which the employer receives a credit for qualified sick and family leave, and any compensation taken into account in determining the employee retention credit can't be taken into account as compensation for purposes of the credits under sections 41, 45A, 45P, 45S, 51, and 1396. Employers can receive both a Small Business Interruption Loan under the PPP and the employee retention credit; however, employers can't receive both loan forgiveness and a credit for the same compensation.

Qualified health plan expenses for the employee retention credit. Qualified compensation for the employee retention credit includes qualified health plan expenses. Qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses taken into account in determining the amount of qualified compensation generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, the qualified health plan expenses shouldn't include amounts that the employee paid for with after-tax contributions. Generally, qualified health plan expenses are those which are allocable to an employee (and to a period) in which your business operations are fully or partially suspended due to a governmental order or experience a decline in gross receipts. The allocation will be treated as proper if made on the basis of being pro rata among periods of coverage.

TIP *If you complete Worksheet 2 because you paid qualified compensation for the employee retention credit after December 31, 2020, and before July 1, 2021, and you also complete Worksheet 4 because you paid qualified compensation for the employee retention credit after June 30, 2021, and before January 1, 2022, you must add the amounts from Worksheet 2, Step 2, line 2h, and Worksheet 4, Step 2, line 2h, together and report the total on Form CT-1, line 17a.*

Instructions for Qualified Compensation Paid After June 30, 2021, and Before January 1, 2022

CAUTION *The Infrastructure Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for compensation paid after September 30, 2021, and before January 1, 2022, only the compensation paid by recovery startup businesses can be qualified compensation as described in these instructions. See Recovery startup business, later, for more information about a recovery startup business.*

Enter the nonrefundable portion of the employee retention credit from Worksheet 4, Step 2, line 2h. The employee retention credit is 70% of the qualified compensation you paid to your employees after June 30, 2021, and before January 1, 2022. Qualified compensation includes qualified health plan expenses for the employee retention credit. The nonrefundable portion of the credit is limited to the Tier 1 Employer Medicare tax (line 2) and Tier 1 Employer Medicare tax—Sick pay (line 9), after that share is first reduced by any credit claimed for the nonrefundable portion of the credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021. Any credit in excess of the remaining amount of the Tier 1 Employer Medicare tax (line 2) and Tier 1 Employer Medicare tax—Sick pay (line 9) is refundable and reported on Form CT-1, line 24a. For more information about the employee retention credit for qualified compensation paid after June 30, 2021, and before January 1, 2022, see *Notice 2021-49*.

Qualified compensation for the employee retention credit paid after June 30, 2021, and before January 1, 2022. The tax credit is equal to 70% of qualified compensation paid to employees after June 30, 2021, and before January 1, 2022. Qualified compensation, including qualified health plan expenses, are limited to a maximum of $10,000 for each employee in each of the third quarter and the fourth quarter of 2021 ($20,000 in total). Qualified compensation is compensation paid to certain employees during any period in a quarter in which your operations are fully or partially suspended due to due to a governmental order or during a quarter in which your gross receipts (within the meaning of section 448(c) or, if you're a tax-exempt organization, section 6033) are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019; or compensation paid by a recovery startup business. See *Recovery startup business*, later, for more information about a recovery startup business. A recovery startup business must enter the total of any amounts included in lines 17a and 24a on lines 42 and 43, as applicable, for compensation paid after June 30, 2021, and before January 1, 2022. The recovery startup business is limited to a $50,000 employee retention credit in each of the third quarter and fourth quarter of 2021 ($100,000 in total for the year). For more information, see the instructions for line 42 and line 43, later.

Unless you're a severely financially distressed employer, the compensation and qualified health plan expenses considered in calculating your credit depend on the size of your workforce. Eligible employers that had an average number of 500 or fewer full-time employees during 2019 count compensation paid to all their employees and the qualified health plan expenses paid or incurred for all employees during any period in the third and fourth quarters of 2021, in which business operations are fully or partially suspended due to a governmental order or during a quarter in which gross receipts are less than 80% of the gross receipts for the same calendar quarter in calendar year 2019. Eligible employers that had an average number of more than 500 full-time employees in 2019 may count only compensation paid to employees for time that the employees weren't providing services, and qualified health plan expenses paid or incurred by the employer allocable to the time those employees weren't providing services, due to the suspension or decline in gross receipts.

Qualified compensation under section 3134 for the employee retention credit doesn't include compensation taken into account for credits under sections 41, 45A, 45P, 45S, 51, 1396, 3131 (qualified sick leave compensation for leave taken after March 31, 2021, and before October 1, 2021), and 3132 (qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021). Qualified compensation also doesn't include compensation that was used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act; or a restaurant revitalization grant under section 5003 of the ARP. Employers can receive both a Small Business Interruption Loan under the PPP and the employee retention credit; however, employers can't receive both loan forgiveness and a credit for the same compensation.

Severely financially distressed employer. Severely financially distressed employers are eligible employers during the third quarter of 2021 whose gross receipts are less than 10% of the gross receipts for the same calendar quarter in calendar year 2019.

Recovery startup business. A recovery startup business is an employer that:

- Began carrying on a trade or business after February 15, 2020;
- Had average annual gross receipts of $1 million or less for the 3 tax years ending with the tax year before the calendar quarter in which the employee retention credit is claimed; and
- Only for credit claimed in the third quarter of 2021, isn't otherwise eligible for the employee retention credit because business operations weren't fully or partially suspended due to a governmental order or because gross receipts (within the meaning of section 448(c) or, if you're a tax-exempt organization, section 6033) weren't less than 80% of the gross receipts for the same calendar quarter in calendar year 2019.

Line 17b—Nonrefundable Portion of Credit for Qualified Sick and Family Leave Compensation for Leave Taken After March 31, 2021, and Before October 1, 2021

Employers with fewer than 500 employees and certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit if they provide paid sick leave to employees that otherwise meets the requirements of the EPSLA, as amended for purposes of the ARP, and/or provide paid family leave to employees that otherwise meets the requirements under the Expanded FMLA, as amended for purposes of the ARP, for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021. For purposes of this credit, qualified sick leave compensation and qualified family leave compensation are compensation determined without regard to the exclusions from the definition of compensation under section 3231(e)(1), that an employer pays that otherwise meet the requirements of the EPSLA or Expanded FMLA, as enacted under the FFCRA and amended for purposes of the ARP. Enter the nonrefundable portion of the credit for qualified sick and family leave compensation from Worksheet 3, Step 2, line 2r.

The credit for qualified sick and family leave compensation consists of the:

- Qualified sick leave compensation and/or qualified family leave compensation;
- Qualified health plan expenses allocable to qualified sick and family leave compensation;
- Collectively bargained defined benefit pension plan contributions, subject to the qualified leave compensation limitations, allocable to the qualified sick and family leave compensation;
- Collectively bargained apprenticeship program contributions, subject to the qualified leave compensation limitations, allocable to the qualified sick and family leave compensation; and
- Tier 1 Employer tax and Tier 1 Employer Medicare tax allocable to the qualified sick and family leave compensation.

The nonrefundable portion of the credit is limited to the Tier 1 Employer Medicare tax (line 2) and Tier 1 Employer Medicare tax—Sick pay (line 9). You can't claim the credit if you provide the leave in a manner that discriminates in favor of highly compensated employees, full-time employees, or employees on the basis of employment tenure when making qualified sick and/or family leave available to employees. See *Highly compensated employee*, later, for the definition.

For qualified sick and family leave compensation paid before July 1, 2021, for leave taken after March 31, 2021, and before July 1, 2021, the credit for qualified sick and family leave compensation is reduced by the amount of the credit allowed under section 2301 of the CARES Act (for the employee retention credit) or under section 41 (for the credit for increasing research activities) with respect to compensation taken into account for determining the credit under section 2301 of the CARES Act or section 41 and the credit for qualified sick and family leave compensation; and any compensation taken into account in determining the credit for qualified sick and family leave compensation can't be taken into account as compensation for purposes of the credits under sections 45A, 45P, 45S, and 51. For leave taken after June 30, 2021, the credit for qualified sick and family leave compensation is reduced by the amount of the credit allowed under section 41 (for the credit for increasing research activities) with respect to compensation taken into account for determining the credit for qualified sick and family leave compensation; and any compensation taken into account in determining the credit for qualified sick and family leave compensation can't be taken into account as compensation for purposes of the credits under sections 45A, 45P, 45S, 51, and 3134. For leave taken after March 31, 2021, and before October 1, 2021, qualified compensation also doesn't include compensation that was used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act; or a restaurant revitalization grant under section 5003 of the ARP. Employers can receive both a Small Business Interruption Loan under the PPP and the credit for qualified sick and family leave compensation; however, employers can't receive both loan forgiveness and a credit for the same compensation. The same compensation can't be treated as both qualified sick leave compensation and qualified family leave compensation.

Any credit in excess of the remaining amount of the Tier 1 Employer Medicare tax (line 2) and Tier 1 Employer Medicare tax—Sick pay (line 9) is refundable and reported on Form CT-1, line 24b. For more information on the credit for qualified sick and family leave compensation, go to IRS.gov/PLC.

Qualified health plan expenses allocable to qualified sick and family leave compensation. The credit for qualified sick leave compensation and qualified family leave compensation is increased to cover the qualified health plan expenses that are properly allocable to the qualified leave compensation for which the credit is allowed. These qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, qualified health plan expenses don't include amounts that the employee paid for with after-tax contributions. For more information, go to IRS.gov/PLC.

Collectively bargained defined benefit pension plan contributions. For purposes of qualified sick and family leave compensation, collectively bargained defined benefit pension plan contributions are contributions during the quarter for which you're claiming the credit that are:

- Paid or incurred by an employer on behalf of its employees to a defined benefit plan, as defined in section 414(j), which meets the requirements of section 401(a);
- Made based on a pension contribution rate; and
- Required to be made under the terms of a collective bargaining agreement in effect during the quarter for which you're claiming the credit.

Pension contribution rate. The pension contribution rate is the contribution rate that the employer is obligated to pay under the terms of a collective bargaining agreement to a defined benefit plan, as the rate is applied to contribution base units, as defined by section 4001(a)(11) of the Employee Retirement Income Security Act of 1974 (ERISA).

Allocation rules. The amount of collectively bargained defined benefit pension plan contributions allocated to qualified sick leave compensation and/or qualified family leave compensation during the quarter for which you're claiming the credit is the pension contribution rate (expressed as an hourly rate) multiplied by the number of hours qualified sick leave compensation and/or qualified family leave compensation was provided to employees covered under the collective bargaining agreement during the quarter for which you're claiming the credit.

Collectively bargained apprenticeship program contributions. For purposes of qualified sick and family leave compensation, collectively bargained apprenticeship program contributions are contributions during the quarter for which you're claiming the credit that are:

- Paid or incurred by an employer on behalf of its employees to a registered apprenticeship program, which is an apprenticeship registered under the National Apprenticeship Act of August 16, 1937, and meets the standards of Federal Regulations under subpart A of Part 29 and Part 30 of title 29;
- Made based on an apprenticeship program contribution rate; and
- Required to be made under the terms of a collective bargaining agreement in effect during the quarter for which you're claiming the credit.

Apprenticeship program contribution rate. The apprenticeship program contribution rate is the contribution rate that the employer is obligated to pay under the terms of a collective bargaining agreement for benefits under a registered apprenticeship program, as the rate is applied to contribution base units, as defined by section 4001(a)(11) of ERISA.

Allocation rules. The amount of collectively bargained apprenticeship program contributions allocated to qualified sick leave compensation and/or qualified family leave compensation during the quarter for which you're claiming the credit is the apprenticeship program contribution rate (expressed as an hourly rate) multiplied by the number of hours qualified sick leave compensation and/or qualified family leave compensation was provided to employees covered under the collective bargaining agreement during the quarter for which you're claiming the credit.

Highly compensated employee. A highly compensated employee is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than $130,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

Line 17c—Nonrefundable Portion of COBRA Premium Assistance Credit

Enter the COBRA premium assistance that you provided for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. You can claim the credit for a period of coverage once the individual elects COBRA continuation coverage, and for any period of coverage beginning after the election, as of the beginning of such period of coverage for which the individual doesn't pay the premiums for the coverage. Don't include any amount that was included as qualified compensation for the employee retention credit or included as qualified health plan expenses allocable to qualified sick and family leave compensation. Enter the nonrefundable portion of the COBRA premium assistance credit from Worksheet 5, Step 2, line 2g. See COBRA background next for more information about COBRA.

COBRA background. The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates. COBRA generally covers multiemployer health plans and health plans maintained by private-sector employers (other than churches) with 20 or more full- and part-time employees. Parallel requirements apply to these plans under ERISA. Under the Public Health Service Act, COBRA requirements also apply to health plans covering state or local government employees. Similar requirements apply under some state laws.

Line 17d—Number of Individuals Provided COBRA Premium Assistance

Enter the number of individuals provided COBRA premium assistance for periods of coverage beginning on or after April 1, 2021, through periods of coverage beginning on or before September 30, 2021. Count each assistance eligible individual that received assistance as one individual, whether or not the COBRA coverage was for insurance that covered more than one assistance eligible individual. For example, if the coverage was for a former employee, spouse, and two children, you would include one individual on line 17d. Further, each individual is reported only once per year. For example, an assistance eligible individual that received assistance monthly is only reported as one individual.

Line 18—Total Nonrefundable Credits

Add lines 16, 17a, 17b, and 17c. Enter the total on line 18.

Line 19—Total Taxes After Adjustments and Nonrefundable Credits

Subtract line 18 from line 15 and enter the result on line 19.

Line 20—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 2020 return.

Line 23—Refundable Portion of Credit for Qualified Sick and Family Leave Compensation for Leave Taken Before April 1, 2021

Certain private employers with fewer than 500 employees that provide paid sick leave under the EPSLA and/or provide paid family leave under the Expanded FMLA are eligible to claim the credit for qualified sick and family leave compensation. Enter the refundable portion of the credit for qualified sick and family leave compensation from Worksheet 1, Step 2, line 2k. The credit for qualified sick and family leave compensation consists of the qualified sick leave compensation, the qualified family leave compensation, the qualified health plan expenses allocable to that compensation, and the Tier 1 Employer Medicare tax allocable to that compensation. The refundable portion of the credit is allowed after the Tier 1 employer taxes from lines 1 and 8 are reduced to zero by nonrefundable credits.

Line 24a—Refundable Portion of Employee Retention Credit

TIP *If you complete Worksheet 2 because you paid qualified compensation for the employee retention credit after December 31, 2020, and before July 1, 2021, and you also complete Worksheet 4 because you paid qualified compensation for the employee retention credit after June 30, 2021, and before January 1, 2022, you must add the amounts from Worksheet 2, Step 2, line 2i, and Worksheet 4, Step 2, line 2i, together and report the total on Form CT-1, line 24a.*

Credit for qualified compensation paid after December 31, 2020, and before July 1, 2021. Enter the refundable portion of the employee retention credit from Worksheet 2, Step 2, line 2i. The employee retention credit is 70% of the qualified compensation for the employee retention credit paid after December 31, 2020, and before July 1, 2021. The refundable portion of the credit is allowed after the Tier 1 employer taxes from lines 1 and 8 are reduced to zero by nonrefundable credits.

CAUTION *The Infrastructure Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for compensation paid after September 30, 2021, and before January 1, 2022, only the compensation paid by recovery startup businesses can be qualified compensation as described in these instructions. See Recovery startup business, earlier, for more information about a recovery startup business.*

Credit for qualified compensation paid after June 30, 2021, and before January 1, 2022. Enter the refundable portion of the employee retention credit from Worksheet 4, Step 2, line 2i. The employee retention credit is 70% of qualified compensation for the employee retention credit paid after June 30, 2021, and before January 1, 2022. The refundable portion of the credit is allowed after the Tier 1 employer Medicare taxes from lines 2 and 9 are reduced to zero by nonrefundable credits.

Line 24b—Refundable Portion of Credit for Qualified Sick and Family Leave Compensation for Leave Taken After March 31, 2021, and Before October 1, 2021

Employers with fewer than 500 employees and certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit if they provide paid sick leave to employees that otherwise meets the requirements of the EPSLA, as amended for purposes of the ARP, and/or provide paid family leave to employees that otherwise meets the requirements under the Expanded FMLA, as amended for purposes of the ARP, for leave taken after March 31, 2021, and before October 1, 2021. Enter the refundable portion of the credit for qualified sick and family leave compensation from Worksheet 3, Step 2, line 2s. The refundable portion of the credit is allowed after the Tier 1 employer Medicare taxes from lines 2 and 9 are reduced to zero by nonrefundable credits.

Line 24c—Refundable Portion of COBRA Premium Assistance Credit

Enter the refundable portion of the COBRA premium assistance credit from Worksheet 5, Step 2, line 2h. The refundable portion of the credit is allowed after the Tier 1 employer Medicare taxes from lines 2 and 9 are reduced to zero by nonrefundable credits.

Line 25—Total Deposits and Refundable Credits

Add lines 20, 23, 24a, 24b, and 24c. Enter the total on line 25.

Line 26—Total Advances Received from Filing Form(s) 7200 for the Year

Enter the total advances received from filing Form(s) 7200 for the year. If you filed Form 7200 but you haven't received the advance before filing Form CT-1, don't include that amount.

Employers were eligible to file Form 7200 if they paid qualified sick leave compensation, qualified family leave compensation, or qualified compensation for the employee retention credit, and/or provide COBRA premium assistance and the amount of deposits they retained wasn't sufficient to cover their anticipated credits. Include on line 26 any advance payment of the employee retention credit that you received for the fourth quarter of 2021 even if you're no longer eligible for the employee retention credit because you're not a recovery startup business. See Advance payment of COVID-19 credits extended, earlier, for more information.

TIP *Form 7200 may be filed up to the earlier of January 31, 2022, or the filing of Form CT-1 for the year. However, if you file Form 7200 after the end of the year, it's possible that it may not be processed prior to the processing of the filed Form CT-1. Advance payment requests on Form 7200 won't be paid after your Form CT-1 is processed. When the IRS processes Form CT-1, we will correct the amount reported on line 26 to match the amount of advance payments issued or contact you to reconcile the difference before we finish processing Form CT-1.*

Line 27—Total Deposits and Refundable Credits Less Advances

Subtract line 26 from line 25 and enter the result on line 27.

Line 28—Balance Due

If line 19 is more than line 27, enter the difference on line 28. Otherwise, see *Line 29—Overpayment*, later. You don't have to pay if line 28 is under $1. Generally, you should have a balance due only if your total railroad retirement taxes based on compensation (line 19) are 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 28 by EFT. If you weren't required to make federal tax deposits or you're a monthly schedule depositor making a payment under the accuracy of deposits rule, you may pay the amount shown on line 28 by EFT, check, or money order. For more information on electronic payment options, go to *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 "2021" on your check or money order. Complete Form CT-1(V) and enclose with Form CT-1.

Line 29—Overpayment

If line 27 is more than line 19, enter the difference on line 29. **Never make an entry on both lines 29 and 28.** If line 29 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 29. Check only one box on line 29. If you don't check either box or if you check both boxes, generally we will apply the overpayment to your next return. Regardless of any boxes you check or don't check on line 29, we may apply your overpayment to any past due tax account that is shown in our records under your EIN.

Lines 30 Through 43

CAUTION *The amounts entered on lines 30 through 41 are amounts that you use on the worksheets at the end of these instructions to figure certain credits. If you're claiming these credits, you must enter the applicable amounts. Lines 42 and 43 apply only if you're eligible for the employee retention credit in the third or fourth quarter of 2021* ***solely*** *because your business is a recovery startup business.*

Line 30—Qualified Sick Leave Compensation for Leave Taken Before April 1, 2021

Enter the qualified sick leave compensation you paid to your employees for leave taken before April 1, 2021, including any qualified sick leave compensation that was above the Tier 1 compensation base and any qualified sick leave compensation excluded from the definition of compensation under section 3231(e)(1). This amount is also entered on Worksheet 1, Step 2 , line 2a. See the instructions for line 16 for information about the credit for qualified sick and family leave compensation for leave taken before April 1, 2021. For more information about qualified sick leave compensation, go to *IRS.gov/PLC*.

Line 31—Qualified Health Plan Expenses Allocable to Compensation Reported on Line 30

Enter the qualified health plan expenses allocable to qualified sick leave compensation for leave taken before April 1, 2021. This amount is also entered on Worksheet 1, Step 2, line 2b.

Line 32—Qualified Family Leave Compensation for Leave Taken Before April 1, 2021

Enter the qualified family leave compensation you paid to your employees for leave taken before April 1, 2021, including any qualified family leave compensation that was above the Tier 1 compensation base and any qualified family leave compensation excluded from the definition of compensation under section 3231(e)(1). This amount is also entered on Worksheet 1, Step 2, line 2e. See the instructions for line 16 for information about the credit for qualified sick and family leave compensation for leave taken before April 1, 2021. For more information about qualified family leave compensation, go to *IRS.gov/PLC*.

Line 33—Qualified Health Plan Expenses Allocable to Compensation Reported on Line 32

Enter the qualified health plan expenses allocable to qualified family leave compensation for leave taken before April 1, 2021. This amount is also entered on Worksheet 1, Step 2, line 2f.

CAUTION *The total amount reported on lines 34 and 35, discussed next, can't exceed $10,000 per employee each quarter.*

Line 34—Qualified Compensation for the Employee Retention Credit

Enter the qualified compensation for the employee retention credit (excluding the amount of any qualified health plan expenses). For qualified compensation paid after December 31, 2020, and before July 1, 2021, the applicable qualified compensation from the total on line 34 is entered on Worksheet 2, Step 2, line 2a. For qualified compensation paid after June 30, 2021, and before January 1, 2022, the applicable qualified compensation from the total on line 34 is entered on Worksheet 4, Step 2, line 2a.

Line 35—Qualified Health Plan Expenses for the Employee Retention Credit

Enter the qualified health plan expenses for the employee retention credit. These expenses are generally those which are allocable to an employee (and to a period) in which your business operations are fully or partially suspended due to a governmental order or experience a decline in gross receipts. The allocation will be treated as proper if made on the basis of being pro rata among periods of coverage. For more information, go to *IRS.gov/ERC*. For qualified health plan expenses allocable to qualified compensation paid after December 31, 2020, and before July 1, 2021, the applicable qualified expenses from the total entered on line 35 are entered on Worksheet 2, Step 2, line 2b. For qualified health plan expenses allocable to qualified compensation paid after June 30, 2021, and before January 1, 2022, the applicable qualified expenses from the total entered on line 35 are entered on Worksheet 4, Step 2, line 2b.

Line 36—Qualified Sick Leave Compensation for Leave Taken After March 31, 2021, and Before October 1, 2021

Enter the qualified sick leave compensation you paid to your employees for leave taken after March 31, 2021, and before October 1, 2021, including any qualified sick leave compensation that was above the Tier 1 compensation base and any qualified sick leave compensation excluded from the definition of compensation under section 3231(e)(1). See the instructions for line 17b, earlier, for more information about qualified sick leave compensation for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 3, Step 2, line 2a.

Line 37—Qualified Health Plan Expenses Allocable to Qualified Sick Leave Compensation Reported on Line 36

Enter the qualified health plan expenses allocable to qualified sick leave compensation for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 3, Step 2, line 2b.

Line 38—Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Sick Leave Compensation Reported on Line 36

Enter the collectively bargained defined benefit pension plan contributions and collectively bargained apprenticeship program contributions allocable to qualified sick leave compensation for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 3, Step 2, line 2c.

Line 39—Qualified Family Leave Compensation for Leave Taken After March 31, 2021, and Before October 1, 2021

Enter the qualified family leave compensation you paid to your employees for leave taken after March 31, 2021, and before October 1, 2021, including any qualified family leave compensation that was above the Tier 1 compensation base and any qualified family leave compensation excluded from the definition of compensation under section 3231(e)(1). See the instructions for line 17b, earlier, for more information about qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 3, Step 2, line 2g.

Line 40—Qualified Health Plan Expenses Allocable to Qualified Family Leave Compensation Reported on Line 39

Enter the qualified health plan expenses allocable to qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 3, Step 2, line 2h.

Line 41—Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Family Leave Compensation Reported on Line 39

Enter the collectively bargained defined benefit pension plan contributions and collectively bargained apprenticeship program contributions allocable to qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 3, Step 2, line 2i.

Line 42—If You're Eligible for the Employee Retention Credit in the Third Quarter Solely Because Your Business Is a Recovery Startup Business...

If you're eligible for the employee retention credit in the third quarter of 2021 solely because your business is a recovery startup business, enter the total of any amounts included on lines 17a and 24a that are attributable to qualified compensation paid after June 30, 2021, and before October 1, 2021.

Line 43—If You're Eligible for the Employee Retention Credit in the Fourth Quarter Solely Because Your Business Is a Recovery Startup Business...

Under the Infrastructure Act , you must be a recovery startup business to claim the employee retention credit for qualified compensation paid after September 30, 2021, and before January 1, 2022 (fourth quarter 2021). If you're eligible for the employee retention credit in the fourth quarter of 2021 solely because your business is a recovery startup business, enter the total of any amounts included on lines 17a and 24a that are attributable to qualified compensation paid after September 30, 2021, and before January 1, 2022.

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 19 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" FTD 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.

Adjusting tax liability for nonrefundable credits claimed on lines 16, 17a, 17b, and 17c. Monthly schedule depositors and semiweekly schedule depositors must account for nonrefundable credits claimed on lines 16, 17a, 17b, and 17c when reporting their tax liabilities on Part II or Form 945-A. The total tax liability for the year must equal the amount reported on line 19. Failure to account for the nonrefundable credits on Part II or Form 945-A may cause Part II or Form 945-A to report more than the total tax liability reported on line 19. Don't reduce your monthly tax liability reported on Part II or your daily tax liability reported on Form 945-A below zero.

Nonrefundable portion of credit for qualified sick and family leave compensation for leave taken before April 1, 2021 (line 16). The nonrefundable portion of the credit for qualified sick and family leave compensation for leave taken before April 1, 2021, is limited to the Tier 1 employer taxes reported on Form CT-1, lines 1 and 8, on compensation paid in the year. In completing Part II or Form 945-A, you take into account the nonrefundable portion of the credit for qualified sick and family leave compensation against the liability for the first payroll payment of the year, but not below zero. Then reduce the liability for each successive payroll payment of the year until the nonrefundable portion of the credit is used. Any credit for qualified sick and family leave compensation for leave taken before April 1, 2021, that is remaining at the end of the year because it exceeds the Tier 1 employer taxes reported on Form CT-1, lines 1 and 8, is claimed on line 23 as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on Part II or Form 945-A.

Example. Maple Co. is a monthly schedule depositor that pays employees every Friday. In 2021, Maple Co. had pay dates every Friday of 2021 starting January 1, 2021. Maple Co. paid qualified sick and family leave compensation on March 12 and March 19. The nonrefundable portion of the credit for qualified sick and family leave compensation for the year is $3,000. On Part II, Maple Co. will use the $3,000 to reduce the liability for the January 1 pay date, but not below zero. If any nonrefundable portion of the credit remains, Maple Co. applies it to the liability for the January 8 pay date, then the January 15 pay date, and so forth until the entire $3,000 is used.

Nonrefundable portion of employee retention credit for compensation paid after December 31, 2020, and before July 1, 2021 (line 17a). The nonrefundable portion of the employee retention credit is limited to the Tier 1 employer taxes reported on Form CT-1, lines 1 and 8, on compensation paid during the year that is remaining after that share is first reduced by any credit claimed on Form CT-1, line 16, for the nonrefundable portion of the credit for qualified sick and family leave compensation for leave taken before April 1, 2021. In completing Part II or Form 945-A, you take into account the nonrefundable portion of the employee retention credit against the liability for the first payroll payment of the year, but not below zero. Then reduce the liability for each successive payroll payment of the year until the nonrefundable portion of the credit is used. Any employee retention credit that is remaining at the end of the year because it exceeds the Tier 1 employer taxes reported on Form CT-1, lines 1 and 8, is claimed on line 24a as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on Part II or Form 945-A.

Example. Maple Co. is a monthly schedule depositor that pays employees every Friday. In 2021, Maple Co. had pay dates every Friday of 2021 starting January 1, 2021. Maple Co. paid qualified compensation for the employee retention credit on May 7 and May 14. The nonrefundable portion of the employee retention credit for the year is $3,000. On Part II, Maple Co. will use the $3,000 to reduce the liability for the January 1 pay date, but not below zero. If any nonrefundable portion of the credit remains, Maple Co. applies it to the liability for the January 8 pay date, then the January 15 pay date, and so forth until the entire $3,000 is used.

CAUTION

The Infrastructure Act amends section 3134 of the Internal Revenue Code, as enacted under the ARP, to limit the availability of the employee retention credit in the fourth quarter of 2021 to employers that are recovery startup businesses, as defined in section 3134(c)(5). Thus, for compensation paid after September 30, 2021, and before January 1, 2022, only the compensation paid by recovery startup businesses can be qualified compensation as described in these instructions. See Recovery startup business, earlier, for more information about a recovery startup business.

If you're no longer eligible to claim the employee retention credit for the fourth quarter of 2021, but you already reduced your employment tax deposits in anticipation of claiming the employee retention credit for the fourth quarter of 2021, you must deposit the amounts initially retained in anticipation of the employee retention credit on or before the due date of the deposit for compensation paid on December 31, 2021 (regardless of whether compensation is actually paid on that date), based on how you choose to report the tax liability resulting from the termination of the employee retention credit on Form 945-A or, if a monthly schedule depositor, on

Form CT-1, Part II. In order to obtain the relief under Notice 2021-65 and avoid an FTD penalty, employers must deposit the amounts in accordance with the due date or dates of the applicable day or days the tax liabilities resulting from the termination of the employee retention credit are reported on Form 945-A or Form CT-1, Part II, as applicable. However, this relief doesn't apply to deposit payments that were untimely due to any circumstance other than the change in eligibility for the employee retention credit or to employers who reduced deposits after December 20, 2021. See Notice 2021-65 for more information.

Nonrefundable portion of employee retention credit for compensation paid after June 30, 2021, and before January 1, 2022 (line 17a). The nonrefundable portion of the employee retention credit is limited to the Tier 1 employer Medicare tax reported on Form CT-1, lines 2 and 9, on compensation paid during the year that is remaining after that share is first reduced by any credit claimed on Form CT-1, line 17b, for the nonrefundable portion of the credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021. In completing Part II or Form 945-A, you take into account the nonrefundable portion of the employee retention credit against the liability for the first payroll payment of the year, but not below zero. Then reduce the liability for each successive payroll payment of the year until the nonrefundable portion of the credit is used. Any employee retention credit that is remaining at the end of the year because it exceeds the Tier 1 employer Medicare tax reported on Form CT-1, lines 2 and 9, is claimed on line 24a as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on Part II or Form 945-A.

Nonrefundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021 (line 17b). The nonrefundable portion of the credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021, is limited to the Tier 1 employer Medicare tax reported on Form CT-1, lines 2 and 9, on compensation paid during the year. In completing Part II or Form 945-A, you take into account the nonrefundable portion of the credit for qualified sick and family leave compensation against the liability for the first payroll payment of the year, but not below zero. Then reduce the liability for each successive payroll payment of the year until the nonrefundable portion of the credit is used. Any credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021, that is remaining at the end of the year because it exceeds the Tier 1 employer Medicare tax reported on Form CT-1, lines 2 and 9, is claimed on line 24b as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on Part II or Form 945-A.

Nonrefundable portion of COBRA premium assistance credit (line 17c). The nonrefundable portion of the COBRA premium assistance credit is limited to the Tier 1 employer Medicare tax reported on Form CT-1, lines 2 and 9, on compensation paid during the year that is remaining after that share is first reduced by any credit claimed on Form CT-1, line 17b, for the nonrefundable portion of the credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021; and/or any credit claimed on Form CT-1, line 17a, for the nonrefundable portion of the employee retention credit for compensation paid after June 30, 2021, and before January 1, 2022. In completing Part II or Form 945-A, you take into account the nonrefundable portion of the COBRA premium assistance credit against the liability for the first payroll payment of the year but not below zero. Then reduce the liability for each successive payroll payment of the year until the nonrefundable portion of the credit is used. Any COBRA premium assistance credit that is remaining at the end of the year because it exceeds the Tier 1 employer Medicare tax reported on Form CT-1, lines 2 and 9, is claimed on line 24c as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on Part II or Form 945-A.

TIP *You may reduce your deposits by the amount of the nonrefundable and refundable portions of the credit for qualified sick and family leave compensation, the nonrefundable and refundable portions of the employee retention credit, and the nonrefundable and refundable portions of the COBRA premium assistance credit, as discussed earlier under* Reducing your deposits for COVID-19 credits.

CAUTION *The amount shown on line V must equal the amount shown on line 19.*

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. The $100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits. For more information, including an example, see frequently asked question 17 at *IRS.gov/ETD*.

Third-Party Designee

If you want to allow an employee of your business, a return preparer, or another third party to discuss your 2021 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 2021 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 *IRS.gov/irb/2005-28_IRB#RP-2005-39*.

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, go to *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.

Form **CT-1**

Department of the Treasury
Internal Revenue Service

Employer's Annual Railroad Retirement Tax Return

▶ Go to *www.irs.gov/CT1* for instructions and the latest information.

OMB No. 1545-0001

2021

Type or Print

Name	Employer identification number (EIN)
Address (number and street)	RRB number
City or town, state or province, country, and ZIP or foreign postal code	

If **final return**, check here. ▶ ☐

Part I **Railroad Retirement Taxes.** On lines 1 through 12 below, enter the amount of compensation paid in 2021 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 taxes after adjustments (line 13 as adjusted by line 14) ▶	15	
16	Nonrefundable portion of credit for qualified sick and family leave compensation for leave taken before April 1, 2021	16	
17a	Nonrefundable portion of employee retention credit	17a	
b	Nonrefundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2021	17b	
c	Nonrefundable portion of COBRA premium assistance credit	17c	
d	Number of individuals provided COBRA premium assistance 17d		
18	Total nonrefundable credits. Add lines 16, 17a, 17b, and 17c	18	
19	Total taxes after adjustments and nonrefundable credits. Subtract line 18 from line 15	19	
20	Total railroad retirement tax deposits for the year, including overpayment applied from a prior year and overpayment applied from Form CT-1 X	20	
21	Reserved for future use	21	
22	Reserved for future use	22	
23	Refundable portion of credit for qualified sick and family leave compensation for leave taken before April 1, 2021	23	
24a	Refundable portion of employee retention credit	24a	
b	Refundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2021	24b	
c	Refundable portion of COBRA premium assistance credit	24c	
25	Total deposits and refundable credits. Add lines 20, 23, 24a, 24b, and 24c	25	
26	Total advances received from filing Form(s) 7200 for the year	26	
27	Total deposits and refundable credits less advances. Subtract line 26 from line 25	27	
28	**Balance due.** If line 19 is more than line 27, enter the difference and see the instructions	28	

29 **Overpayment.** If line 27 is more than line 19, enter the difference ▶ $ ________

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

You must complete both pages of Form CT-1 and sign it.

Next ➡

Part I **Railroad Retirement Taxes** *(continued)*

30	Qualified sick leave compensation for leave taken before April 1, 2021	30	
31	Qualified health plan expenses allocable to compensation reported on line 30	31	
32	Qualified family leave compensation for leave taken before April 1, 2021	32	
33	Qualified health plan expenses allocable to compensation reported on line 32	33	
34	Qualified compensation for the employee retention credit	34	
35	Qualified health plan expenses for the employee retention credit	35	
36	Qualified sick leave compensation for leave taken after March 31, 2021	36	
37	Qualified health plan expenses allocable to qualified sick leave compensation reported on line 36	37	
38	Amounts under certain collectively bargained agreements allocable to qualified sick leave compensation reported on line 36	38	
39	Qualified family leave compensation for leave taken after March 31, 2021	39	
40	Qualified health plan expenses allocable to qualified family leave compensation reported on line 39	40	
41	Amounts under certain collectively bargained agreements allocable to qualified family leave compensation reported on line 39	41	
42	If you're eligible for the employee retention credit in the third quarter solely because your business is a recovery startup business, enter the total of any amounts included on lines 17a and 24a for the third quarter	42	
43	If you're eligible for the employee retention credit in the fourth quarter solely because your business is a recovery startup business, enter the total of any amounts included on lines 17a and 24a for the fourth quarter	43	

- **All filers:** If line 19 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 below.
- **Monthly schedule depositors:** Complete *Part II* below.

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 19).

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 19, 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 *Part I,* line 19 ▶

Third-Party Designee

Do you want to allow another person to discuss this return with the IRS? See separate instructions. ☐ **Yes.** Complete the following. ☐ **No.**

Designee's name ▶ **Phone no.** ▶ **Personal identification number (PIN)** ▶

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 ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

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 19) 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.

CAUTION *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 by visiting *www.irs.gov/EIN.* 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 "2021" 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

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

OMB No. 1545-0001

2021

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

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 . . . . 14 hr., 49 min.

Learning about the law or the form . . 2 hr., 7 min.

Preparing, copying, assembling, and sending the form to the IRS . . . . . . 4 hr., 51 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/FormComments.* 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.

YOUR GUIDE FOR PAYING TAXES THE EASY WAY—ELECTRONICALLY.

EFTPS®
Electronic Federal Tax Payment System

WHAT IS EFTPS?

The Electronic Federal Tax Payment System (EFTPS) is a free service from the U.S. Department of the Treasury. EFTPS is a convenient way to make federal tax payments online or by phone, 24/7.

EFTPS is secure and easy to use—enabling you to schedule your payment in minutes.

Businesses can schedule payments once the liability is determined up to 365 days in advance.

Individuals can schedule estimated payments up to 365 days in advance.

HOW DO I ENROLL?

1 Gather the following information:

- Taxpayer Identification Number (Employer Identification Number or Social Security Number)
- Bank account number and routing number
- Address and name as they appear on your IRS tax documents

2 Visit www.eftps.gov

- Select the Enrollment tab
- Select Business or individual
- Enter the requested information
- Submit

3 Get your temporary Internet password.

After you receive your PIN, call **1.800.982.3526** to get a temporary Internet password.

HOW DO I MAKE A TAX PAYMENT USING EFTPS?

Payments must be scheduled at least one calendar day prior to the tax due date (before 8:00 p.m. ET).
Remember, you can use EFTPS to make all federal tax payments and to review up to sixteen months of your tax payment history.

ONLINE:

1 Visit **www.eftps.gov** and select “Make a Payment.”

2 Log in with your EIN/SSN, PIN, and Internet password.
Note: For your added security, the first time you visit **www.eftps.gov**, you will be prompted to change this password.

3 Enter the payment information in the step-by-step screens.

4 When you’re finished, save a copy of the Payment Confirmation page. This contains your EFT Acknowledgment Number that acts as a receipt for your payment instruction.

PHONE:

1 Call **1.800.555.3453**.

2 Enter your EIN/SSN and PIN.

3 Press 1 to make a payment.

4 Follow the prompts to complete your payment.

5 Record your EFT Acknowledgment Number.

USING A TAX PROFESSIONAL?

If a payroll company, accountant, or other third party makes any federal tax payments for you, be sure to review this information with that entity.

QUESTIONS?
EFTPS Customer Service for Businesses at 1.800.555.4477 | EFTPS Customer Service for Individuals 1.800.316.6541

ELECTRONIC FEDERAL TAX PAYMENT SYSTEM
A GUIDE TO GETTING STARTED

IRS

EFTPS®
Electronic Federal Tax Payment System

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)

IRS

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