



Employer Exchange

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Goodbye TO RRBLINK; Hello to EFTPS and PAY.Gov

Those of you who deposit taxes under the Railroad Retirement Tax Act, and make contributions under the Railroad Unemployment Insurance Program using the RRBLink system will need to learn several new acronyms and processes. The Financial Management Service (FMS) of the Treasury Department is requiring all employers who make electronic tax deposits to use the Electronic Federal Tax Payment System (EFTPS) for the payment of taxes under the RRTA. Many employers are already using it successfully. FMS is planning an express enrollment process for the employers currently using RRBLink to make the move to EFTPS to handle RRTA payments by the end of 2007. **RRBLink will not be able to accept payments after December, 2007**, but you can make the move at any time before that.

For RUIA contribution payments, **starting in March 2008**, employers will have **Pay.gov** available to them. RRBLink may be used for RUIA payments through the last quarterly payment for calendar 2007. Beginning with your payment for first quarter 2008, Pay.gov will be in place for contributions, and filing DC-1 as well as lien payments to the RRB. (Some employers already use Pay.Gov to make lien payments.) We will keep you informed of the progress of these changes in the upcoming months and will do our best to make the transitions smooth. For more info, refer to our April 2007 Program Letter (No. 2007-06) at <http://www.rrb.gov/AandT/pl/pl0706.asp>.

Have You Sent In Test Files for Service and Compensation Related Forms?

All covered employers are required by Section 209.4 of the RRB regulations to submit service & compensation reports to the RRB. As you know the format for those reports are changing with reports for 2007. Test files of automated Forms BA-3 using the new record formats were to be sent to us by June 30, 2007. If you haven't

gotten them in to the RRB yet, please send them as soon as possible. Label the file "TEST FILE" and use 2006 as the report year. We will review the test file upon receipt and advise the contact person if it is formatted correctly and passes basic edits.

We will also review test files for the BA-4, BA-6a, BA-9 and BA-11. We encourage all employers who report service and compensation forms on CD-Rom, diskette or by electronic media to submit a Form BA-3 test file as well. (See article about RRB-developed PC reporting program.) This precaution will help avoid possible problems and/or delays with the production reports beginning January 1, 2008.

If you have questions, contact a QRSC representative at the address of telephone number above. Also, for more information on these changes, please see our November 3, 2006 program letter (No. 2007-01) at <http://www.rrb.gov/AandT/pl/pl0701.asp>.

RRB PC Reporting Software on CD-ROM

The RRB is updating the RRB PC Reporting Program to accommodate the acceptance of additional information due to the expanded compensation fields. Later this summer, we will inform you of what enhancements to expect and how to obtain the software.

ERS Update

The Employer Reporting System (ERS) is also undergoing changes to accommodate the acceptance of additional information due to the expanded compensation fields. The changes to the three current forms on ERS, Form BA-4, Form BA-6a, and Form GL-129a, will be completed by August 2007. For more information on the new fields and additional information see program letter PL 07-01, which is available on the RRB website. We will release a program letter with more detailed information on the ERS enhancements in the near future.

Special Provision for Reports of Compensation for Employees of LLC's

Internal Revenue Service (IRS) regulations allow a Limited Liability Company (LLC) to elect classification for Federal tax purposes as a corporation, partnership, or in the case of a single-member LLC, as a sole proprietorship. When an LLC elects classification as a partnership or sole proprietorship, income to the partners or proprietor is to be reported to the IRS as self-employment income from a trade or business rather than as wages paid to an employee. **Please note, that the non-owner employees of any type of LLC are not affected by this provision.**

This IRS regulation is in direct contradiction to the Railroad Retirement Act (RRA) as there is no provision currently available to report self-employment income to the RRB as compensation paid to an employee, for the proprietor or partners of a LLC.

We are clarifying this issue with the IRS and when we are notified of the proper course of action, we will advise you of the correct handling of these wages/earnings to you. Until then, LLC's classified as a partnership or sole-proprietorship should not report compensation for partners or proprietors to the RRB. The applicable compensation will NOT be credited to those individuals for purposes of benefit entitlement under the Railroad Retirement or Railroad Unemployment Insurance Acts.

Benefit Year 2007 Started July 1st

A new RUIA benefit year is upon us yet again. Benefit year 2007 commenced on July 1, 2007 and ends June 30, 2008 for most unemployment and sickness insurance benefit claimants. To be qualified for RRB UI and/or SI benefits, an employee must have \$2,987.50 in creditable railroad earnings in calendar year 2006, counting no more than \$1,195.00 per month.

If 2006 was an employee's first year of railroad work, he or she must also have railroad service in at least 5 months of 2006. Also, the maximum daily benefit rate for UI and SI benefits increases to \$59.00 for registration periods beginning after June 30, 2007.

FTP - Electronic File Transfer

The RRB is developing and testing to provide employers with another option to submit service and compensation reports to us. That method is File Transfer Protocol (FTP) interchange.

FTP interchanges are used to transfer data from one computer to another. The transfer is accomplished through computers that use TCP/IP (Transmission Control Protocol/Internet Protocol), most commonly through either the Internet or through networks.

No date has been set when FTP interchanges will be routinely allowed by the RRB. However, the RRB would like to provide this option by January 2008, which coincides with the next annual reporting period.

For more information on FTP or if you would like to participate in testing, please contact Mr. Patrick Keenan at 312-751-4940.

Have a Happy and Safe Summer!



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Third Class