

Rail Employer Reporting Instructions

Part I - Prerequisite Knowledge for Rail Employer Reporting

Chapter 2: Employer Coverage Status

Determining Coverage Status

An initial coverage status determination is made for every railroad employer. The term “employer” is defined in Section 1 of both the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA).

Generally, the Railroad Retirement Board (RRB) initiates a coverage review of an employer or employee based on the following circumstances:

- Information received from employers, employees, or other private individuals;
- Information concerning a related company identified during a compliance audit of a carrier;
- Information that demonstrated individuals rendering services to a covered employer as independent contractors may be more appropriately classified as employees;
- Information received concerning potential employers from other federal agencies; and
- Information or referral received from the RRB’s [Inspector General](#).

The Audit and Compliance Section of the RRB’s Bureau of Fiscal Operations (BFO-A&C) investigates and obtains coverage information for prospective employers and employees. The information is then shared with the RRB’s Office of General Counsel (OGC). After review, the OGC submits a written recommendation concerning the coverage or non-coverage of an employer/employee to the three-member Board. A formal determination regarding coverage is issued when a majority of the Board Members agree on a decision. If the employer/employee involved disagrees, they have the right to seek reconsideration within a year of the Board’s decision.

NOTE: It is presumed all employees of covered employers are covered under the RRA and RUIA.

Changes in Coverage Status

RRB regulations ([20 CFR 209.5](#)) state it is the duty of an employer to notify the RRB of changes affecting the employer’s coverage status. If your organization has experienced changes affecting its coverage status as a covered employer under the RRA and RUIA, contact the

Bureau of Fiscal Operations – Audit and Compliance Section
U.S. Railroad Retirement Board
844 N. Rush Street
Chicago, IL 60611-1275

Employee Coverage Determinations

Employee coverage determinations are made by the RRB’s three member Board and not an employer. An independent contractor could be found to be a covered employee after a coverage

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investigation by BFO-A&C. Questions concerning the coverage of specific individuals should be directed to a Coverage Specialist in Audit and Compliance by

- Phone (312-751-4831),
- Email (Audit&Compliance@rrb.gov), or
- Mail (Bureau of Fiscal Operations – Audit and Compliance Section, U.S. Railroad Retirement Board, 844 N. Rush Street, Chicago, IL 60611-1275).

For a definition of employees covered under these Acts, see [Part IV, Chapter 9](#) of the [Employer Reporting Instructions](#).

Segregated Employer

A segregated employer is a covered employer whose business consists of non-railroad operations which are not covered under the RRA and RUIA and railroad operations which are covered under the RRA and RUIA. The employees performing service for the railroad operations part of the business would be covered under the RRA and RUIA.

If any company or person has business segregated or separated from non-carrier business, submit the history of those operations to the Board. The Board will then make a determination and render a decision as to whether the segregated business conducted by the person or company meets the criteria of a covered employer. See [20 CFR 202.3](#).

FICA & State Unemployment Tax Exemption

Employers who are covered under the RRA and RUIA do not pay Social Security taxes under the Federal Income Contributions Act (FICA) nor do they pay unemployment taxes under any state law or the Federal Unemployment Tax Act.

For More Information

To view an online presentation about Employer and Employee Coverage Determinations, you can access [RRB Vision](#).