

INSTRUCTIONS for FORM OE-1a

U.S. RAILROAD RETIREMENT BOARD

Revised 2016



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

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

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

WHERE TO GO FOR ADDITIONAL INFORMATION

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

A. INSTRUCTIONS FOR COMPLETING ITEMS 1-19

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

SAMPLE

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

B. INSTRUCTIONS FOR CALCULATING WITHHOLDING AMOUNTS

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

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

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

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

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

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

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

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

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

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

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

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

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

FORM OE-1a TAX CALCULATION WORKSHEET

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

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

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

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

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

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

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

FORM OE-1a TAX CALCULATION WORKSHEET

| TAX CALCULATIONS | | CT-1 REFERENCES | |
|---|---|------------------------------|--|
| To be used for completing Form CT-1 and in determining tax liability. | | | |
| A. <u>\$ 837.00</u> | x | <u>0.062</u> | \$ 39.49 |
| Column 10 Total | | Tier I Employer Tax Rate | Tier I Employer Tax - Compensation |
| B. <u>\$ 837.00</u> | x | <u>0.0145</u> | \$ 9.24 |
| Column 8 Total | | Medicare Tax Rate | Tier I Employer Medicare Tax - Compensation |
| C. <u>\$ 837.00</u> | x | <u>0.131</u> | \$ 83.45 |
| Column 13 Total | | Tier II Employer Tax Rate | 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. <u>\$</u> | x | <u></u> | \$ |
| | | Additional Medicare Tax Rate | Tier I Employee Additional Medicare Tax - Compensation |
| [Paid on compensation exceeding \$200,000 per year for an employee] | | | |
| G. Column 13 Total | | | \$ 31.22 |
| | | | Tier II Employee Tax - Compensation |
| H. Sum of columns A through G | | | \$ 212.12 |
| Railroad Retirement Tax Liability for period | | | 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.