

**Rail Employer Reporting Instructions**  
**Part IV - Particular Types of Compensation Payments**  
**Chapter 2: Miscellaneous Compensation**

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**Definition of Miscellaneous Compensation**

Miscellaneous compensation is any payment which is subject to Tier I taxes and is creditable as Tier I compensation, but cannot be credited as regular compensation. Miscellaneous compensation, as referred to in these instructions, must meet the following conditions:

- The payment is subject to railroad retirement tax;
- The payment is remuneration for services rendered in an earlier year;
- The payment cannot be credited to the earlier year because the employee already has maximum Tier I compensation credit in that year; and
- The payment cannot be credited to the year when the payment is made because no service was performed in the year of payment and the employer reports compensation generally on an earned basis. See Chapter 1 of this Part, for an explanation of earned basis.

Employers previously reported Miscellaneous Compensation on Form BA-10, "Report of Sick Pay and Miscellaneous Payments". Form BA-10 is now obsolete. Employers must use Form BA-3, "Annual Report of Creditable Compensation" to report miscellaneous compensation that meets the above conditions.

Adjustments to Miscellaneous Compensation will now be reported on Form BA-4, "Report of Creditable Compensation Adjustments". See [Part V, Chapter 3](#) and [4](#) respectively, for instructions on completing Forms BA-3 and BA-4 to report Miscellaneous Compensation.

**Example of Miscellaneous Compensation**

An employee resigns on 12/31/07 and retires on 01/01/08. He earned and received payments totaling \$93,000 in 2007, and received a payment of \$6,000 in March 2008 for his last pay period in 2007, for vacation pay and other benefits earned but not paid in 2007. Because the employer generally reports on an earned basis, the employer filed an adjustment increasing 2007 compensation by an additional \$4,500 bringing the total compensation for 2007 to the maximum of \$97,500. The remaining \$1,500 paid in 2008 is reported as miscellaneous compensation for 2008.

**Taxable and Creditable Miscellaneous Compensation**

In the example, you will note that the entire \$6000 paid in 2008 is subject to Tier I, Tier II, and Medicare taxes at the 2008 tax rate. While the taxable and creditable compensation are not always equal for each year, particularly for employers who report compensation on an earned basis, the amounts will usually be equal in the aggregate for all years. In the previous example, the creditable Tier I compensation (after the adjustment) for 2007 is \$97,500 and \$1,500 for 2008. The total creditable compensation for the two years is \$99,000. The taxable compensation for 2007 is \$93,000; and \$6000 for 2008 for a total of \$99,000.