300 Tax Statements

300.05 General Information

The U.S. Railroad Retirement Board (RRB) issues tax statements to beneficiaries who receive taxable Railroad Retirement Act (RRA) annuity benefits or Railroad Unemployment Insurance Act (RUIA) benefits. The Taxation Operations Manual (TOM) only discusses RRB RRA tax statements. RRB RUIA tax statements are not discussed in TOM 300 or in any other section of TOM. For information concerning RRB RUIA tax statements, refer to DPOM/FOM Section 135. Therefore, any reference in TOM 300 to “RRB tax statements” refers to RRB RRA tax statements.

The RRB will issue RRA tax statements to those beneficiaries who received (were paid), repaid, or had U.S. Federal taxes withheld from railroad retirement act annuity benefits. The RRB will follow the rules and regulations established by the United States Internal Revenue Service (IRS) and the Internal Revenue Code (IRC). Each year, we send the RRA tax statements (includes tax statement mailers) to the IRS for review and approval concerning the format and written content shown on the tax statements.

TOM 300.05 provides “general” information concerning the items found on the Railroad Retirement Act (RRA) tax statements and various tax-related topics or subjects associated with RRA payments, repayments and tax withholding. If there are any additional reference sources cited in this section, you should refer to those sources for more detailed information. In addition, you should refer to TOM 20, RRA Taxation Guidelines and Principles, for the underlying rules that regulate RRA taxation programs and tax examiner procedures that cover tax accounting, payments, repayments, tax withholding, and tax statement reporting issues.

Payment – A railroad annuity may include one, more or all of the following annuity component payments depending on age, type of annuity, and eligibility requirements:

- Social Security Equivalent Benefit (SSEB) portion of Tier 1,
- Non-Social Security Equivalent Benefit (NSSEB) portion of Tier 1,
- Tier 2,
- Vested Dual Benefit (VDB),
- Supplemental Annuity.
NOTE: The tier 1 annuity component may be composed of one or two portions depending on the beneficiary’s age and type of annuity. The two portions of tier 1 are:

- SSEB portion of tier 1, and
- NSSEB portion of tier 1.

Therefore, a beneficiary may receive a tier 1 that is all SSEB, all NSSEB, or a combination of both SSEB and NSSEB.

NOTE: The cumulative total of the NSSEB portion of tier 1 and tier 2 payments is referred to as the “Contributory Amount Paid.” The contributory amount paid is shown in Item 4 of the Form RRB-1099-R tax statement. Refer to TOM 135.10, Paid Amounts (Paids), for information on payments.

**Repayment** – A repayment or repaid is the return or recovery of an amount previously paid. We use the term “repayment” and “repaid” interchangeably. We report taxable repayments on the tax statements. We do not report nontaxable repayments on the tax statements. There are current year repayments (repayments made in the same year as the payment); prior year repayments (repayments made in the current year for payments that were made in a prior year); or other year repayments (repayments made in the current year for payments that were made in prior years or unknown years). Refer to TOM 135.15, Repaid Amounts (Repaids), and TOM 330, Repayments on Tax Statements, for information on repayments and for cash refunds for overpayments involving current year tax withholding.

**Tax Withholding** – The RRB applies U.S. Federal income tax withholding to railroad annuity payments. The tax withholding is computed and based on citizenship and residence. For U.S. citizens, we consider marital status, tax withholding allowances, and additional tax withholding amount requests. For nonresident aliens (NRAs), we consider tax treaty exemption claims. Any election or change in tax withholding is dependent on the type of tax withholding election form(s) completed by the beneficiary and filed with the RRB. **A tax withholding amount is deducted from the gross taxable payment. Therefore, a tax withholding amount is considered a taxable payment. Taxable payments must be large enough to sustain deductions for tax withholding (i.e., tax withholding amounts cannot be greater than the taxable portions of gross payments).** For monthly railroad payments for citizens and NRAs, the tax withholding amount will always be less than the taxable monthly payment. For accrual railroad payments for citizens only, the tax withholding amount will be less than or equal to the taxable accrual payment. Taxes are withheld by railroad annuity component (SSEB, NSSEB, tier 2, VDB and supplemental annuity). Taxes withheld
from railroad annuity payments are deposited at the U.S. Treasury into either the U.S. citizen tax deposit account (if the beneficiary is taxed under U.S. citizen rules) or the nonresident alien tax deposit account (if the beneficiary is taxed under NRA rules). Taxes actually withheld and deposited during the year are reported on tax statements for that year, associated on IRS records by each individual's or each entity's U.S. taxpayer identifying number (i.e., social security number, individual taxpayer identification number, or employer identification number). Generally, taxable payments shown on all of the beneficiary's tax statements for the year is equal to or greater than the total tax withholding amounts shown on the same tax statements. As a result, there is a taxable payment that corresponds to the tax withholding amount on the tax statement and that payment must be at least equal to the tax withholding amount. In extremely rare circumstances tax statements may show tax withholding amounts without taxable payments. Please refer to TOM 200, Tax Withholding, for information concerning U.S. citizen tax withholding, mandatory U.S. citizen tax withholding, nonresident alien (NRA) tax withholding, tax treaties, and appropriate tax withholding election forms. Please refer to TOM 325, Corrected Tax Statements, for information concerning increasing or decreasing tax withholding amounts on corrected tax statements.

**Tax Refunds** - We issue refund payments of current year U.S. citizen and NRA income taxes. These payments are called, tax refunds. A refund of current year U.S. citizen rule income taxes withheld from RRA payments is issued only if an error is involved and if a specific request has been received. We issue refund payments of current year NRA rule income taxes withheld from RRA payments only if an error is involved. A request for the NRA tax refund is not required. Errors in tax withholding that require a tax refund involve the over-withholding of taxes due to not processing tax withholding election forms or tax treaty exemption claims timely and/or accurately. We ONLY issue tax refunds for RRA taxes withheld in the current tax year. We do NOT issue tax refunds for RRA taxes withheld in prior tax year(s). **Tax refunds are nontaxable payments and are not reported on tax statements.** However, tax refunds are considered in computing tax withholding amount totals shown on our tax statements (i.e., tax refunds reduce tax withholding amounts). Refunds of taxes must be processed as they were originally withheld. Therefore, a tax refund amount is broken down into the appropriate annuity components (SSEB, NSSEB, tier 2, VDB, supplemental annuity) as it was originally withheld.

For tax refund cases, a current year **TAXCOR NORECURR** is posted to the beneficiary’s or entity’s record showing the following: beneficiary’s or entity’s U.S. taxpayer identifying number (i.e., social security number, individual taxpayer identification number, employer identification number); the amount of the current year tax refund by annuity component(s); the appropriate tax deposit account code (“1” for
U.S. citizen or “2” for NRA) the tax refund will reduce; the beneficiary’s or entity’s tax citizenship status code and country of residence, and (if refunding NRA taxes) the tax withholding rate percentages (0%, 15% or 30%) that originally withheld the NRA taxes. This TAXCOR NORECURR reduces the appropriate tax deposit account and recovers the taxes previously withheld and deposited to that account, and returns those taxes to the RRB trust funds. In addition, this TAXCOR NORECUR is posted to the tax database (and NORECURR general tax screen). For tax refund cases involving NRA taxes, the case should be bypassed from automated original tax statement processing using bypass code “013” to ensure that the refunds are associated with the correct payment records. Refer to TOM 20.35, RRA Taxation Guidelines and Principles – Tax Withholding.

**Taxation of Railroad Annuities** - Railroad retirement, spouse, divorced spouse, survivor (widow and widower), child-in-care, and disability annuities consisting of tier 1, tier 2, and vested dual benefit (VDB) annuity components have been subject to United States Federal income tax since January 1, 1984. Supplemental annuities have been subject to U.S. Federal income tax since November 1, 1966. For additional information, refer to the SSEB Taxability section and Pension Taxability section shown below.

The Internal Revenue Code (IRC) requires an annual statement of benefits (i.e., tax statement) to be released to each beneficiary documenting the amounts of benefits paid; the total Social Security Equivalent Benefit (SSEB) portion of Tier 1 amount repaid; and the total amount of U.S. Federal taxes withheld beginning with tax year 1984.

**Railroad annuities are not taxable by States in accordance with section 14 of the Railroad Retirement Act (45 U.S.C. Section 231m). The RRB will not withhold State income taxes from railroad retirement payments.**

Prior to tax year 1992, the RRB also showed the actual taxable amounts, contribution recovery information, and simplified General Rule information on railroad retirement annuity tax statements. Effective with tax year 1992 and later, these amounts are no longer included on tax statements.

**SSEB Taxability** – The Social Security Equivalent Benefit (SSEB) portion of tier 1 and special guaranty (overall minimum, or OM) benefits are treated in the same manner as a social security benefit for U.S. Federal income tax purposes. The SSEB payments, repayments and tax withholding amounts are shown on the Form RRB-1099 tax statement (for citizens and residents of the United States) or Form RRB-1042S tax statement (for nonresident aliens of the United States). The total “net” SSEB portion of
tier 1 paid for the tax year is shown in Item 5 of the Form RRB-1099 or Form RRB-1042S. Beneficiaries use the “net” SSEB paid amount when determining their total taxable income for the tax year.

Beneficiaries and tax preparers should be advised to obtain the TXB-25 booklet entitled, Tax Withholding and Railroad Retirement Payments (For Use with Form RRB W-4P), and/or IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits, to compute the “base amount” used to determine the taxability of the SSEB portion of tier 1 and social security benefits.

Pension Taxability – The Non Social Security Equivalent Benefit (NSSEB) portion of tier 1, tier 2, VDB and supplemental annuity benefits are treated as private pensions for U.S. Federal income tax purposes. They are taxed as contributory pension amounts or noncontributory pension amounts. The NSSEB portion of tier 1, tier 2, VDB and supplemental annuity are the pension annuity components of the railroad retirement annuity. The NSSEB, tier 2, VDB and supplemental annuity payments, repayments and tax withholding amounts are shown on the Form RRB-1099-R tax statement (for both U.S. citizen and nonresident alien beneficiaries).

The NSSEB and tier 2 (shown as the Contributory Amount Paid in Item 4 of Form RRB-1099-R) are the contributory pension amounts. Contributory pension amounts may be partially taxable or fully taxable depending on the presence and use of the employee contribution amount (shown in Item 3 of Form RRB-1099-R). The employee contribution amount is used to determine the nontaxable portion of the contributory amount paid.

VDB and supplemental annuity benefits are the noncontributory pension amounts. Noncontributory pension amounts are always fully taxable and do not involve the use of the employee contribution amount.

The total gross pension paid for the tax year is shown in Item 7, Total Gross Paid, of Form RRB-1099-R. This total is the cumulative sum of any contributory amount paid (Item 4), VDB (Item 5) and supplemental annuity (Item 6) benefits. Beneficiaries use the total gross pension paid amount when determining their total taxable income for the tax year. The total gross pension paid amount shown may be partially taxable or fully taxable depending on if the beneficiary is entitled to an employee contribution amount and if entitled, how the employee contribution amount is used for the contributory amount paid.

Beneficiaries and tax preparers should be advised to obtain IRS Publication 575, Pension and Annuity Income, and IRS Publication 939, General Rule for Pensions and
Annuities, for more information on the tax treatment of the contributory amount paid, VDB, supplemental annuity; how to use the employee contribution amount; expected return; and how to use the IRS life expectancy actuarial tables.

**Economic Recovery Payments (ERP)** are non-taxable and are not reported on the tax statements. The American Recovery and Reinvestment Act of 2009 (ARRA) provided for a one-time ERP of $250.00. Although the one-time payment is non-taxable and will not be included on the annuitant’s 2009 or 2010 tax statement, ERP information of all payments made has been provided to the Internal Revenue Service (IRS) for their administration of the Making Work Pay Credit (MWPC) provision of the ARRA. Annuitants who worked during 2009 or 2010 will need to report that they received the ERP when completing their federal income tax returns. Failure to do so will cause the IRS to reject the tax return. Annuitants seeking information regarding taxability issues should access the IRS website, [www.IRS.gov/recovery](http://www.IRS.gov/recovery).

**NOTE:** The IRS has advised that they have been contacted by tax preparers who have encountered problems when attempting to file tax returns on behalf of their clients. The problems apparently arise from discrepancies in the information they are reporting on behalf of clients, compared to the information that the IRS received from the various agencies that issued the ERPs. The common problems are:

- **Offset of the ERP** – The ERP was issued but withheld due to offset for a Federal or state debt. The ERP is still considered to have been paid to the annuitant. An offset can be confirmed by accessing the ERP TOP File on BoardWalk.

- **Direct Deposit** – The ERP was direct deposited into the annuitant’s account. The annuitant does not recall having received the ERP. Payment issuance can be confirmed by checking the PREH 3275 screen.

- **Non-receipt of ERP check payment** – The ERP was issued via paper check and the annuitant does not recall having received the payment or, the payment was lost or stolen. THE ERP is still considered to have been paid to the annuitant. Report the claim of non-receipt to the Clerical Support Unit in TCIS.

- **Multiple ERPs** – The annuitant may have received the ERP on behalf of a dependent and correctly assumed it did not impact the MWPC, but then failed to alert the tax preparer that they (or a spouse) also received an ERP from the same or another agency. The SSA/VA ARRA Payments file on BoardWalk can be useful in determining whether a RRB annuitant could have been issued an ERP by one of the other agencies.
These problems have also led the IRS to conclude that they should be prepared for the possibility that inaccurate payment data was provided by the issuing agencies. While the IRS is not aware of any instances where the data provided by the RRB contained such errors, if such an error is identified, immediately notify Policy and Systems via the P&S Inquiry Mailbox. Since the erroneous information will cause the IRS to reject a tax return and the burden of proof rests with the taxpayer (annuitant), prepare a letter drafted on RRB letterhead addressed to the annuitant, confirming that no ERP was issued. Remember to check the SSA/VA ARRA Payments file on BoardWalk to be sure that a payment was not issued by one of the other agencies. IRS will use the letter as documentation for making a manual correction to their records that will allow the tax return to be processed.

**Tax Year** - A tax year covers monthly benefits paid for December of one calendar year through November of the next calendar year, and any one payment only (OPO) or accrual payments made in January through December of that next calendar year. For example, tax year 2006 covers recurring monthly payments for December 2005 through November 2006 and OPO or accrual payments dated January 1, 2006 through December 31, 2006. For taxation purposes, benefits are counted as paid when they are actually issued. In crediting repaid amounts to a tax year, benefits are counted as repaid for the year in which repayment is made and received at the RRB. The amounts shown on tax statements are based on a tax year as defined above; not on a calendar year. Year-end tax statement processing considers all payment, repayment and tax withholding totals for the tax year on the tax statement.

**Death Suppression Applied to Tax Statements** - The term “death suppression” is used to describe the practice of NOT reporting RRA payments after the month of death on tax statements of deceased beneficiaries when we know of the death before tax statements are issued. In order for death suppression to occur, the date of death must be in the tax database (i.e., the Beneficiary Identification/Information Data [PF16] tax screen or ANNTAXR tax record) before year-end tax statement issue (this means that the date of death must be in our records by the end of December of the current year since tax statements for the current tax year are produced and released in early January of the following year).

When death suppression occurs, we report on tax statements the monthly and accrual payments from the start of the tax year through the month of death. We do not report on tax statements any monthly and accrual payments issued after the month of death. Also, when death suppression reporting occurs, any recoveries of death suppressed paid amounts (i.e., payments made after date of death) are not reported as repayments on RRA tax statements. These recoveries are not reported on tax statements because their corresponding payments were not previously reported on tax statements. Refer to
Death suppression only applies to the deceased beneficiary. It does not apply to any auxiliary beneficiaries still alive under the same claim number.

Example: John Smith was issued January through June recurring annuity payments (six months) and two separate accrual payments (April 15 and May 3) in the current tax year. In June, we were informed that John died in April of the current tax year. Based on his April date of death, John is not entitled to the May and June recurring annuity payments or his May accrual payment (all three payments are considered overpayments). John is not entitled to his May accrual payment since the payment was made after his month of death. For year-end tax statement processing, death suppression occurs since we have the date of death in our records at the time of current year tax statement issue. As a result, John’s current tax year tax statements show his annuity payments for January through April (four, not six months) and the April accrual payment. Even though we issued the May and June annuity payments (fifth and sixth months) and May accrual payment, John’s current tax year tax statements will not include those payments since those annuity payments were made after the month of death (April) and we have the date of death in our records. If the May and June annuity payments and May accrual payment are repaid to the RRB in the same current tax year either as returned checks or a cash refund, those repayments are not reported on the current tax year tax statements since the corresponding payments are not reported.

**Recipients of Tax Statements** - RRB tax statements are issued for a tax year to those who receive taxable railroad retirement annuity payments or those who repaid railroad retirement annuities or those who had taxes withheld during that same tax year. Therefore, RRB tax statements are issued (mailed) to retired (age or disabled) railroad employees; spouses, spouses with a child in care, divorced spouses, recipients of partition payments, and survivors (widow(er)s, estates, trusts, LA payees) of deceased railroad employees. All recipients of tax statements are categorized as either U.S. citizens or nonresident aliens of the United States. **Refer to the sections below concerning recipients of garnishment and partition payments.** See TOM 20.45, RRA Taxation Guidelines and Principles - Who Should Receive Tax Statements, for more information.

**Garnishments** - Railroad retirement annuities are reduced for two types of legal process garnishment payments: 1) alimony, and 2) child support. Railroad retirement annuities are taxable gross of (before) these garnishment deductions. We treat garnishment payments as nontaxable amounts. We do not perform tax withholding on
these amounts or issue RRA tax statements to garnishment payees. A bypass code of “008” may be shown on the garnishment payee’s BENID/INFO (PF 16) general tax screen. Garnishment payment and deduction amounts are shown on the RECURRING (PF 20 and PF 21) and NONRECURRING (PF 22 and PF 23) general tax screens. See IRS Publication 504, Divorced or Separated Individuals, for information about the tax implications of alimony and child support garnishment payments to both the person garnished and the recipient of the garnishment.

**Alimony** - Garnishment payments awarded as alimony are taxable to the recipient. The IRS allows those individuals whose RRA annuity payments are garnished for alimony to take a deduction on their U.S. Federal income tax returns for the amounts garnished. Recipients of garnishment payments awarded as alimony are to include any garnishment payments received as taxable income.

**Child Support** - Garnishment payments awarded as child support are taxable to the person garnished.

**Partition** - Recipients of partition payments will receive tax statements reporting those payments since partition payments are considered taxable to the payee. However, the amount of the partition deduction from the employee’s (payer) annuity is not included in the gross payment total reported on the employee’s tax statements. Partition deduction amounts are shown on the RECURRING (PF 20) and NORECURRING (PF 22) general tax screens. Recipients of partition payments may elect tax withholding on those payments by filing the appropriate tax withholding election forms with the RRB. Refer to TOM 2215, Partitions.

**Mailing Address on Tax Statements** - The mailing address shown on any RRB issued tax statement is the address that is on RRB records at the time the tax statement is produced OR the address provided by the person requesting a tax statement at the time of request. Recipients of tax statements should review the mailing address shown on the tax statements. If the mailing address shown is incorrect or incomplete, the recipient should contact the RRB and provide the RRB with the correct and complete mailing address. Refer to TOM 307, Undeliverable Tax Statements, for information concerning undeliverable/returned tax statements.

**U.S. Taxpayer Identifying Number (TIN)** – A U.S. TIN is either a social security number (SSN), an individual taxpayer identification number (ITIN) or employer identification number (EIN). Generally, a SSN is assigned to a U.S. citizen; an ITIN is assigned to a nonresident alien (NRA) of the United States; and an EIN is assigned to a deceased beneficiary’s estate or trust. The IRC requires a TIN to be shown (reported) on any RRB issued tax statement for identification purposes. However, we will issue
tax statements without a TIN if there is no TIN in the beneficiary’s RRB records. Safety methods both at the RRB and with outside tax statement printing/mailing contractors are in place to insure that the TIN shown on RRB tax statements are safe and secure from misuse, theft or fraud. If a tax statement erroneously shows an incorrect TIN, refer to the section entitled, Incorrect Taxpayer Identifying Number (TIN) in TOM 325, Corrected Tax Statements.

**U.S. Social Security Benefits** – The RRB does NOT issue tax statements showing social security benefits paid, repaid or any related U.S. Federal income tax withholding from social security benefits. If a beneficiary received social security benefits during the tax year that were paid through the RRB (i.e., RRB has jurisdiction to pay), the beneficiary will receive tax statements showing social security benefits from the Social Security Administration (SSA); not the RRB. If the beneficiary did not receive their tax statement forms from the SSA, the beneficiary should contact their nearest SSA field office; not the RRB. Beneficiaries may contact the SSA on the Internet at www.ssa.gov or call the SSA at 1-800-772-1213. In addition, any Medicare premiums deducted from social security benefits will NOT be included in the Medicare premium total amount shown on the RRB tax statements. Refer to TOM 300.15, Medicare Premium Total Shown on Tax Year 1997 And Later Tax Statements.

**Deductions** – Railroad annuity payments may include deductions. These deductions may be offset from the railroad annuity on a monthly basis and/or from an accrual payment that was paid during the tax year. The two most common types of deductions are for Part B Medicare premiums and U.S. Federal income tax withholding. For a complete list of deductions, refer to the explanation section for Form RRB-1099 and Form RRB-1042S, and the explanation section for Form RRB-1099-R shown below. In addition, refer to TOM 20.15, RRA Taxation Guidelines and Principles – Annuity Deductions (also see TOM 20.20, Recoveries), for information concerning annuity deductions.

**Nontaxable Payments and Repayments** – RRA tax statements only show (report) taxable payments and repayments. However, certain payments and repayments are not taxable and therefore are not shown on tax statements. These nontaxable payments and repayments include:

- Tier 1, tier 2, and VDB benefits paid for a period before December 1983;
- Tier 2 and VDB benefits repaid for a period before December 1983;
- Separation allowance lump sum amounts (SALSA);
• Residual lump sum (RLS) amounts;
• Lump Sum Death Payment (LSDP);
• Over-reimbursements;
• Garnishment payments;
• Tax refund payments of RRA taxes withheld during the “current” tax year; and
• 1974 RRA excess tier 2 tax refund payments (shown on paper or online G-90).
• One-time $250.00 Economic Recovery Payments

Types of Tax Statements – The RRB categorizes beneficiaries by their citizenship status (i.e., country of citizenship). Beneficiaries are either citizens of the United States, or nonresident aliens of the United States. A nonresident alien (NRA) is an individual who is neither a citizen nor resident of the United States. Based on citizenship status, beneficiaries will receive U.S. citizen tax statements or NRA tax statements. Sample copies of the tax statements can be found on the RRB website, www.rrb.gov.

• Annual U.S. citizen tax statements issued by the RRB are reported on two RRA tax statement forms, Form RRB-1099 and/or Form RRB-1099-R, beginning with tax year 1984.

• Annual nonresident alien (NRA) tax statements issued by the RRB are reported on two RRA tax statement forms, Form RRB-1042S and/or Form RRB-1099-R, beginning with tax year 1984.

Form RRB-1099 and Form RRB-1042S – The Form RRB-1099 (for U.S. citizens) and Form RRB-1042S (for NRAs) tax statements document the Social Security Equivalent Benefit (SSEB) portion of tier 1 and overall minimum (O/M) special guaranty information (i.e., benefits paid, repaid, and the related U.S. Federal income tax withheld). These two types of payments are treated as social security benefits for U.S. Federal income tax purposes. Forms RRB-1099 and RRB-1042S also documents the workers’ compensation amount. Refer to the Workers’ Compensation Offset section below for more information. For NRAs, we show the country of legal residence and percentage rate of U.S. Federal income tax withholding (i.e., 0% or 15% or 30%) on Form RRB-1042S. Refer to IRS Publication 901, U.S. Tax Treaties, for information on tax treaties that may reduce or eliminate U.S. tax on benefits if a tax treaty exemption is claimed. In addition, refer to TOM 200, Tax Withholding, for information concerning NRA tax
withholding, tax treaties, and appropriate tax withholding election forms. Effective with tax year 1992 and later, Form RRB-1099 shows the U.S. Federal income tax withheld from the SSEB portion of tier 1. Prior to tax year 1992, any U.S. Federal income tax withheld from the SSEB was reported on Form RRB-1099-R.

There is one Copy C for Form RRB-1099. There are two copies for Form RRB-1042S (Copy C and Copy B). Copy C is the tax statement copy for the beneficiary. Copy B is the tax statement copy for the IRS and should be attached to the beneficiary’s U.S. Federal income tax return(s). You can access the RRB website to view sample copies of the Form RRB-1099 and Form RRB-1042S tax statements. All information shown on original and corrected Form RRB-1099 and Form RRB-1042S tax statements are sent to the IRS.

The gross payment amounts shown on Form RRB-1099 (for citizens) and Form RRB-1042S (for NRAs) are “before” the following deductions:

- U.S. Federal income tax withholding;
- Part B, C, D and/or B Income Related Monthly Adjustment Amount (IRMAA) Medicare premiums;
- Legal process garnishment payments;
- Legal process assignment payments;
- Workers’ Compensation offset in the SSEB portion of tier 1 benefit;
- Recovery of Railroad Unemployment Insurance Act (RUIA) benefits received while awaiting payment of the Railroad Retirement Act (RRA) annuity;
- Recovery of current year and/or prior year overpayments of the SSEB portion of tier 1 benefit.

The gross payment amounts shown on Form RRB-1099 (for citizens) and Form RRB-1042S (for NRAs) are “after” the following deductions:

- Social security benefits;
- Age reduction;
- Public service pensions or Public disability benefits;
• Dual railroad retirement entitlement under another RRB claim number;
• Work deductions;
• Actuarial adjustment;
• Annuity waiver;
• Legal process partition payments.

Refer to IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits, for additional information concerning Form RRB-1099 and/or Form RRB-1042S. This publication contains explanations of box items and illustrations of these tax statements, and Form SSA-1099/Form SSA-1042S tax statements used by the Social Security Administration (SSA). In addition, refer to IRS Publication 519, U.S. Tax Guide for Aliens, for detailed information on filing requirements for aliens (NRAs) and Form RRB-1042S.

Workers’ Compensation Offset – The Internal Revenue Code (IRC) requires the RRB to report any workers’ compensation offset amounts by which the SSEB tier 1 benefits are reduced during the tax year on Form RRB-1099 (for U.S. citizens) or Form RRB-1042S (for NRAs) tax statements. We include workers’ compensation offset amount in the gross SSEB payment amounts reported in Box 3 of Form RRB-1099 (or Form RRB-1042S). The IRC further requires the RRB to separately report the dollar amounts of any workers’ compensation offsets included as gross SSEB payments on Forms RRB-1099 or RRB-1042S. We report workers’ compensation offset amounts in Box 6 of Forms RRB-1099 or RRB-1042S.

The IRC requires the SSA to report any workers’ compensation offset amounts by which SSA benefits are reduced during the tax year as gross SSA payments on Form SSA-1099 (for U.S. citizens) or Form SSA-1042S (for NRAs) tax statements. The IRC further requires SSA to report the dollar amount of any workers’ compensation offset amounts included as gross SSA payments on Forms SSA-1099 or SSA-1042S. We report workers’ compensation offset amounts in Box 6 of Forms SSA-1099 or SSA-1042S.

See IRC Section 86(d)(3) for the definition of RRB tier 1 payments and SSA benefit payments as including any workers’ compensation offset amounts by which these payments were reduced. See IRC Section 6050F(a)(1)(C) for the requirement that the RRB and SSA report on our annual tax statements the amounts of workers’ compensation offset amounts included as gross payments on the tax statements. Therefore, both agencies (RRB and SSA) are required by the Internal Revenue Code to report workers’ compensation offset amounts on tax statements.
Form RRB-1099-R – The Form RRB-1099-R tax statement documents the Non-Social Security Equivalent Benefit (NSSEB) portion of tier 1, tier 2, vested dual benefit (VDB) and supplemental annuity information (i.e., benefits paid, repaid, and the related U.S. Federal income tax withheld). Form RRB-1099-R is used for both citizen and NRA beneficiaries. These payments are treated as private pensions for U.S. Federal income tax purposes. The NSSEB and tier 2 are considered contributory pension amounts and are shown as a single combined amount in the Contributory Amount Paid box item on the Form RRB-1099-R tax statement. The VDB and supplemental annuity are considered noncontributory pension amounts and are shown as separate box items on the Form RRB-1099-R tax statement. Form RRB-1099-R also documents the employee contribution amount. The contributory amount paid and employee contribution amount are used in conjunction with each other. Refer to the Contributory Amount Paid section and the Employee Contribution section below for additional information.

For NRAs, we show the country of legal residence and percentage rate of U.S. Federal income tax withholding (i.e., 0% or 15% or 30%) on Form RRB-1099-R. Refer to IRS Publication 901, U.S. Tax Treaties, for information on tax treaties that may reduce or eliminate U.S. tax on benefits if a tax treaty exemption is claimed. In addition, refer to TOM 200, Tax Withholding, for information concerning NRA tax withholding, tax treaties, and appropriate tax withholding election forms.

All the tax information formerly contained on Form RRB-W-2P is on Form RRB-1099-R effective with 1991 tax statements released in January 1992. The G-1099 forms released in years prior to 1984 as statements of supplemental annuities paid were obsolete effective with tax year 1984. Supplemental annuity tax information is included on Form RRB-1099-R effective with tax year 1984.

NOTE: Form RRB-1099-R (12-92) stand alone tax statement is ONLY used for tax years 1991 and earlier duplicate tax statement requests. Form RRB-1099-R (12-92) is NO LONGER used for any requests for original and/or corrected tax statements for tax years 1991 or earlier, and any requests for duplicate tax statements for tax years 1992 and later.

There are three copies for Form RRB-1099-R (Copy B, Copy C and Copy 2). Copy C is the tax statement copy for the beneficiary. Copy B is the tax statement copy for the IRS and should be attached to the beneficiary’s U.S. Federal income tax return(s). Copy 2 is the tax statement copy that should be attached to the beneficiary’s state, city or local income tax return(s) if required. You can access the RRB website to view a sample of the Form RRB-1099-R tax statement. All information shown on original and corrected Form RRB-1099-R tax statement is reported to the IRS.
The gross payment amounts shown on Form RRB-1099-R are “before” the following deductions:

- U.S. Federal income tax withholding;
- Part B, C, D and/or B Income Related Monthly Adjustment Amount (IRMAA) Medicare premiums;
- Legal process garnishment payments;
- Legal process assignment payments;
- Recovery of Railroad Unemployment Insurance Act (RUIA) benefits received while awaiting payment of the Railroad Retirement Act (RRA) annuity;
- Recovery of prior year overpayments of the NSSEB, tier 2, VDB, and/or supplemental annuity benefits.

The gross payment amounts shown on Form RRB-1099-R are “after” the following deductions:

- Social security benefits;
- Age reduction;
- Public service pensions or Public disability benefits;
- Dual railroad retirement entitlement under another RRB claim number;
- Work deductions;
- Actuarial adjustment;
- Annuity waiver;
- Legal process partition deductions;
- Recovery of a known current year overpayment of NSSEB, tier 2, VDB, and/or supplemental annuity benefits.

Refer to IRS Publication 575, Pension and Annuity Income, for additional information concerning Form RRB-1099-R. This publication also contains explanations of box items.
and an illustration of the Form RRB-1099-R tax statement. In addition, refer to IRS Publication 939, General Rule for Pensions and Annuities. Lastly, refer to IRS Publication 519, U.S. Tax Guide for Aliens, for detailed information on filing requirements for aliens (NRAs).

**Contributory Amount Paid** – This amount is the gross amount of any NSSEB portion of tier 1 and tier 2 benefits paid in the tax year, LESS any NSSEB and tier 2 repayments made in that same tax year and attributed to that same tax year. Any NSSEB and tier 2 repayments made in an earlier tax year or for an unknown tax year are not included in the contributory amount paid. The NSSEB and tier 2 are contributory pension amounts and are shown in Box 4, Contributory Amount Paid, on Form RRB-1099-R. The contributory amount paid is considered as income and is reported to the IRS.

Amounts shown on the Form RRB-1099-R tax statement are treated like private pensions and taxed either as contributory pension amounts or noncontributory pension amounts. Contributory pension amounts may be fully taxable or partially taxable depending on the presence and use of the employee contribution amount. VDB and supplemental annuities are considered noncontributory pension amounts. Noncontributory pension amounts are always fully taxable and do not involve use of the employee contribution amount.

The contributory amount paid and the employee contribution amounts are used in conjunction with each other. To get a full understanding, you should read both the Contributory Amount Paid sections and the Employee Contribution sections (shown below).

If an employee contribution amount is shown on the beneficiary’s Form RRB-1099-R, the beneficiary may be eligible to use some or the total employee contribution amount shown to compute the nontaxable (tax-free) amount of the contributory amount paid. This may reduce the taxability of the contributory amount paid and in turn the amount of taxable income to report on the beneficiary’s income tax return(s). If an employee contribution amount is NOT shown on the beneficiary’s Form RRB-1099-R, the beneficiary is NOT eligible to use or share the employee contribution amount and the beneficiary’s contributory amount paid and total gross paid are fully taxable.

The annuity beginning date (ABD) determines if the contributory amount paid is fully taxable or if the nontaxable amount of the contributory amount paid is partially taxable for the life of the beneficiary or for a specified period of time.

- For beneficiaries with annuity beginning dates **before July 2, 1986**, the contributory amount paid (NSSEB and/or tier 2) is fully taxable. These annuitants
cannot use the employee contribution amount (even if shown on Form RRB-1099-R) to compute a nontaxable amount of their contributory amount paid because their employee contribution amount has been fully recovered. Therefore, the total gross pension paid in Box 7 of Form RRB-1099-R is fully taxable.

- For beneficiaries with annuity beginning dates **from July 2, 1986 through December 31, 1986**, the contributory amount paid is partially nontaxable for the life of the beneficiary. These annuitants may use some, or all of the employee contribution amount to compute the nontaxable amount of their contributory amount paid. Once that nontaxable amount is computed, it does not need to be recomputed and can be used for each tax year unless there is a change in the employee contribution amount, annuity beginning date, date of birth used to determine life expectancy, or the number of eligible beneficiaries receiving contributory amounts paid (refer to the section entitled, Changes to the Employee Contribution Amount, shown below). Therefore, the total gross pension paid in Box 7 of Form RRB-1099-R may be partially taxable.

- For beneficiaries with annuity beginning dates **effective January 1, 1987 and later**, the contributory amount paid is partially nontaxable for a specified period of time based on life expectancy as determined by IRS actuarial tables. These beneficiaries may use some or the total employee contribution amount to compute the nontaxable amount of their contributory amount paid. Once that nontaxable amount is computed, it does not need to be recomputed and can be used for each tax year unless there is a change in the employee contribution amount, annuity beginning date, date of birth used to determine life expectancy, or the number of eligible beneficiaries receiving contributory amounts paid (refer to the section entitled “Changes to the Employee Contribution Amount” shown below). Therefore, the total gross paid in Box 7 of Form RRB-1099-R may be partially taxable. However, once the specified life expectancy is met, the employee contribution is considered fully used up, and the contributory amount paid and total gross pension paid are fully taxable.

- The contributory amounts paid of **disabled employee beneficiaries UNDER minimum retirement age are fully taxable** and these beneficiaries cannot use the employee contribution amount. Therefore, the total gross pension paid in Box 7 of Form RRB-1099-R is fully taxable. Minimum retirement age is generally the age at which individuals could retire based on age and service (for example, age 60 with 30 years of railroad service or age 62 with less than 30 years of railroad service). However, once the disabled employee beneficiary reaches minimum retirement age, the beneficiary may use the employee contribution amount shown on his or
her Form RRB-1099-R to compute a nontaxable amount of their contributory amount paid.

Since 1993 (tax year 1992), Form RRB-1099-R shows the total amount of any contributory amount paid (NSSEB and/or tier 2) during the tax year. **The RRB does NOT calculate the nontaxable amount of the contributory amount paid for beneficiaries. It is up to the beneficiary to determine the taxable and nontaxable (tax-free) amounts of the contributory amount paid using the employee contribution amount.** Beneficiaries should contact the IRS or their own tax preparer for assistance in calculating the nontaxable amount of their contributory amount paid. For more information on the tax treatment of the contributory amount paid, VDB, supplemental annuity, and the employee contribution amount, and how to use the IRS actuarial tables, refer to IRS Publication 939, General Rule for Pensions and Annuities, and IRS Publication 575, Pension and Annuity Income.

**Employee Contribution Amount** – This is the amount of railroad retirement payroll taxes paid by the employee that exceeds the amount that would have been paid in social security payroll taxes if the employee’s railroad service had been covered under the Social Security Act. The employee contribution amount is reported to the IRS and is shown in Box 3, Employee Contribution, on the Form RRB-1099-R tax statement. The employee contribution amount is shown on the Contribution and Recovered Data general tax screen (CONTRI/RECV, PF 17). The IRS refers to this amount as an employee’s cost (investment in the contract). Employee contributions are not a payment or income received during the tax year. Only employee and survivor beneficiaries receive an employee contribution amount on their Form RRB-1099-R. Spouse, divorced spouse and legal process partition payees do not receive nor can share an employee contribution amount. If an employee contribution amount is shown on a beneficiary’s Form RRB-1099-R, the beneficiary may be eligible to use the employee contribution amount. If an employee contribution is not shown on a beneficiary’s Form RRB-1099-R, the beneficiary is not eligible to use or share any employee contribution amount.

SSEB, VDB and supplemental annuity benefits do not involve use of the employee contribution amount.

The contributory amount paid (NSSEB and tier 2) and the employee contribution amount are used in conjunction with each other. To get a full understanding, you should read both the Contributory Amount Paid sections (shown above) and the Employee Contribution sections.
Significance of the Employee Contribution Amount - The contributory amount paid is considered income and is reported to the IRS. This amount is shown in Box 4, Contributory Amount Paid, on the Form RRB-1099-R tax statement. The contributory amount paid is either fully or partially taxable depending on whether the employee contribution amount has been used to compute a nontaxable (tax-free) portion of the contributory amount paid. If no employee contribution amount is shown on Form RRB-1099-R, then the contributory amount paid (Box 4) and total gross pension paid amount (Box 7) on Form RRB-1099-R are fully taxable.

The use and recovery of the employee contribution amount is important for beneficiaries since it affects the amount of taxable income to be reported on income tax returns for a tax year. There is a tax savings advantage in using (recovering) employee contributions since it will reduce the taxability of the contributory amount paid and in turn the amount of taxable income to report on income tax return(s). Beneficiaries may need to share the employee contribution amount (see the section below). Beneficiaries should refer to IRS Publication 575, Pension and Annuity Income, and Publication 939, General Rule for Pensions and Annuities, for more information concerning the tax treatment of the contributory amount paid and use of the employee contribution amount.

Sharing of the Employee Contribution Amount - The employee contribution amount shown on Form RRB-1099-R is attributable to the railroad account number. This means that the employee contribution amount must be shared by all eligible beneficiaries currently receiving a contributory amount paid under that same railroad account number.

- If an employee contribution amount is shown on the Form RRB-1099-R, the beneficiary is an eligible beneficiary who may use all or some (share) of the employee contribution amount shown to compute the nontaxable portion of their contributory amount paid. Therefore, the contributory amount paid and total gross paid shown on Form RRB-1099-R may be partially taxable.

- If an employee contribution amount is not shown on the Form RRB-1099-R or the beneficiary is a spouse or divorced spouse or a legal process partition payee, the beneficiary is not an eligible beneficiary and cannot use or share the employee contribution amount. Therefore, the contributory amount paid and total gross pension paid shown on Form RRB-1099-R are fully taxable.

When more than one beneficiary is or was entitled to a contributory amount paid under the same railroad account number, any eligible beneficiary may not use the entire employee contribution amount shown on their Form RRB-1099-R for themselves. They
must first determine the amount of the total employee contribution amount they are individually entitled to use. The RRB does NOT calculate this information for beneficiaries. That means the beneficiaries (or their tax preparers) must determine:

1. The portion of the total employee contribution amount still potentially available for use.

2. The portion of that amount that must be shared by those eligible beneficiaries’ currently receiving contributory amounts paid.

Changes to the Employee Contribution Amount - The employee contribution amount is based on the latest railroad service and earnings information available on the RRB’s records at the time of year-end tax statement processing. Railroad service and earnings information (and the corresponding employee contribution amount) often changes in the first year after an employee retires from railroad service. That is when the employee’s final railroad service and earnings information is furnished to the RRB by his or her employer. Each December, we run a mass adjustment operation called, the SCORE Run that updates the employee contribution amount if earnings information changes.

The SCORE Run is performed after the first post period in December. The updated employee contribution amount from the December SCORE Run is used in year-end tax statement processing in January. This means that the employee contribution amount shown on the automated original Form RRB-1099-R released in January will show the employee contribution amount determined from the previous December SCORE Run. Only eligible beneficiaries will show an employee contribution amount on their Form RRB-1099-R. At the time of Form RRB-1099-R tax statement issue, the employee contribution amount reported on that tax statement is the latest amount shown on the tax database. The updated employee contribution amount may increase or decrease from the previous amount. As a result, the employee contribution amount shown on the most recent Form RRB-1099-R may have increased or decreased from a previously issued Form RRB-1099-R. The previously issued Form RRB-1099-R is still correct since that was the employee contribution amount shown in the tax database at the time of tax statement issue. However, the latest employee contribution amount now shown should be used for the current tax year and for prior tax years.

NOTE: The Recalculate for Service and Compensation Updated to EDM (RESCUE) system was developed in 2006. RESCUE updates beneficiaries’ records based on the receipt of additional earnings and may update (change) the employee contribution amount. RESCUE was first run in July, 2006. Due to additional earnings, RESCUE may update the employee contribution amounts for cases in which the employee
contribution amount was constant for years. RESCUE runs may update the employee contribution amount in the tax database (and general tax screens). Therefore, the employee contribution amount may be updated (changed) either by the SCORE run in December or any RESCUE run during the year.

Any change in (1) an employee contribution amount; (2) any eligible beneficiary’s date of birth used to determine life expectancy or (3) any eligible beneficiary’s railroad retirement annuity beginning date (ABD) will affect the nontaxable amount of the contributory amount paid. These changes are fully retroactive to the beneficiary’s correct ABD.

In addition, any change in the total number of eligible beneficiaries receiving contributory amounts paid will affect the nontaxable amounts of these beneficiaries. This change is retroactive to the date on which the number of eligible beneficiaries changed.

Since changes are retroactive, the nontaxable amount of the contributory amount paid should be recomputed. This could affect the taxable amounts reported to the IRS on prior income tax returns. Generally, an increase in the employee contribution amount is advantageous, as it will yield a larger nontaxable amount. However, a decrease in the employee contribution amount may be disadvantageous since it may result in an increased tax liability. In any case, beneficiaries should determine if any change in their employee contribution amount would require them to file original or amended Federal income tax returns for prior tax years. As previously stated, the RRB does NOT calculate the nontaxable amount of the contributory amount paid for beneficiaries. It is up to the beneficiaries (or their tax preparers) to determine the taxable and nontaxable (tax-free) amounts of the contributory amount paid using the employee contribution amount.

NOTE: Manually produced original and corrected Form RRB-1099-R tax statements released throughout the calendar year for any tax year should use the latest updated employee contribution amount as shown on the Contribution and Recovered Data (CONTRI/RECV, PF 17) general tax screen. This only applies to eligible beneficiaries entitled to receive an employee contribution amount. There is wording on the back of the citizen and NRA tax statement mailers and TXL -1099-R general explanation letter which informs beneficiaries that the employee contribution amount shown is the latest reported employee contribution amount. The wording also states that the employee contribution amount shown is retroactive and to use the latest reported employee contribution amount on the most recent Form RRB-1099-R when filing and/or amending income tax returns. Generally, we do not identify cases where only the employee
contribution amount changed and issue corrected Form RRB-1099-R with the current employee contribution amount.

**Medicare Premium Total** - On the RRB tax statement forms (Form RRB-1099; Form RRB-1042S; Form RRB-1099-R) prior to tax year 1997, there was no box item on the tax statements that reported beneficiaries’ total Part B Medicare premiums deducted from their railroad retirement annuity payments. However, effective with tax year 1997 through 2010 tax statement forms (Form RRB-1099; Form RRB-1042S; Form RRB-1099-R), there is a separate box item on each tax statement entitled, MEDICARE PREMIUM TOTAL. An amount shown in this new box item represents the beneficiaries’ total Part B Medicare premiums deducted from their railroad retirement annuity payments during the tax year. Effective with tax year 2007 and later, the Medicare premium total amount includes the total Medicare Part B and/or B Income Related Monthly Adjustment Amount (IRMAA) withheld from the beneficiaries’ annuity payments. Effective with tax year 2011 and later, the Medicare premium total amount includes the total Medicare Part B, C, D and/or B IRMAA premiums withheld from the beneficiaries’ annuity payments. The Medicare premium total is shown in box 11 of the Form RRB-1099; box 13 of the Form RRB-1042S; and box 12 of the Form RRB-1099-R. The Medicare premium total is for informational purposes only. The RRB is not legally obligated by IRS to report the Medicare premium total on RRB tax statements.

However, if beneficiaries’ Medicare premiums were deducted from their social security benefits; paid by a third party (i.e., state); or paid by direct billing (quarterly or annual), the RRB will not report those Medicare premiums in the MEDICARE PREMIUM TOTAL box item on the tax statements since information concerning those premiums is not available in the tax database. In addition, Medicare premium refunds are not included into the Medicare premium total reported on the tax statements.

If Medicare premiums are deducted from railroad retirement annuity payments, then the Medicare premium total will normally be shown on Form RRB-1099 (for citizens) and Form RRB-1042S (for NRAs). However, if the beneficiary is not required to receive a Form RRB-1099 or Form RRB-1042S (i.e., beneficiary is not receiving, repaying, and/or had tax withheld from SSEB benefits), then the Medicare premium total will be reported on Form RRB-1099-R since that is the only tax statement that the beneficiary will receive. For more information concerning the Medicare Premium Total, refer to TOM 300.15, Medicare Premium Total shown on Tax Year 1997 and Later Tax Statements.

**NOTE:** If the beneficiary received social security benefits that were paid through the RRB, the beneficiary should receive Form SSA-1099 (for citizens) or Form SSA-1042S (for NRAs) and Notice 703 from the Social Security Administration (SSA). If the
beneficiary does not receive the SSA forms, the beneficiary should contact the SSA not the RRB for these forms.

**Release of Original Tax Statements** - The IRC requires that "original" Forms 1099, 1099-R and 1099C tax statements be furnished to recipients by January 31 of the year following the close of the tax year. In addition, the IRC requires that "original" Form 1042S tax statements be furnished to recipients by March 15 of the year following the close of the tax year. Information shown on original tax statements is reported to the IRS by the RRB each year (usually in February and August). In addition, all original tax statements are uploaded to the Statement general tax screen (PF 15) for reference. There are two ways to release original tax statements: 1) Automated Tax Statement Mailers, and 2) Manually Produced Tax Statements. Refer to TOM 305.05, Release of Original Tax Statements, and TOM 305.10, Due Date, for more detailed information.

- **Automated Original Tax Statement Mailers** - The color ink automated annual tax statement mailer packets are produced and issued by the outside printing/mailing contractor. These mailer packets contain the “original” tax statements and the vast majority of our beneficiaries receive the mailers each January. These mailers measure 8.5 x 14 inches in length and are in color. The original tax statements are shown on the front of the automated mailer. The General Information and Explanation of Tax Statement Box Items sections are shown on the back of the automated mailer. Information shown on the automated original tax statements is reported to the IRS by the RRB each year (usually in February). No letters are released with the automated tax statement mailers since all necessary information is contained on the back of those mailers. You may view samples of the current tax year original citizen and NRA tax statement mailers by accessing the RRB website, [www.rrb.gov](http://www.rrb.gov).
  - The two automated annual citizen tax statements are combined into a single mailer packet, Form RRB-1099/1099-R. This mailer packet contains a blue and white Copy C of Form RRB-1099, and green and white Copy B, C and 2 of Form RRB-1099-R.
  - The two automated annual NRA tax statements are combined into a single mailer packet, Form RRB1042S/1099-R. This mailer packet contains black and white Copies B and C of Form RRB-1042S, and green and white Copy B and C of Form RRB-1099-R.

- **Manually Produced Original Tax Statements** - The manually produced “original” tax statements are issued by Tax Clerical and Imaging Section (TCIS). These manually produced original tax statements are personal computer (PC) generated,
measuring 8.5 x 11 inches in length, and are in black and white ink color. The majority of these original tax statements are for the cases that were bypassed from automated tax statement processing (refer to TOM 305.15, Statement Extract/Year End Processing). Always use the latest correct information on the manually produced original tax statements. Information shown on these manually produced original tax statements is reported to the IRS by the RRB each year (usually in August). A TL-266 letter and the appropriate TXL letter are sent with the manually produced original tax statement to provide tax information for the beneficiary. The TL-266 letter informs beneficiaries that the enclosed tax statements are original tax statements. In lieu of the TL-266 letter, a special customized explanation letter may be substituted. There are four TXL Letters (TXL-1099, TXL-1042S, TXL-1099-R, and TXL-1099-R 1991) that provide general information and explanations for each box item on a particular tax statement. The corresponding TXL letter is released with the original tax statement (example, TXL-1099 is released with the original Form RRB-1099 tax statement). See TOM 315.15, TXL Letters – TXL-1099, TXL-1042S, TXL-1099-R and TXL-1099-R 1991, for more information concerning the TXL letters.

**Release of Corrected Tax Statements** – The RRB issues “corrected” Forms RRB-1099, RRB-1042S, RRB-1099-R, and IRS Form 1099C throughout the calendar year. Corrected tax statements have no due date to release since they are issued and released throughout the year as errors, adjustments and/or discrepancies are identified and corrected. Always use the latest corrected information on the corrected tax statements. Information shown on corrected tax statements is reported to the IRS by the RRB each year (usually in August). In addition, all corrected tax statements are uploaded to the Statement general tax screen (PF 15) for reference. The box labeled, CORRECTED, is checked on the paper corrected tax statement. A TL-265 letter and the appropriate TXL letter are sent with the corrected tax statement to provide tax information for the beneficiary. The TL-265 letter informs beneficiaries that the enclosed tax statements are corrected tax statements. In lieu of the TL-265 letter, a special customized explanation letter may be substituted. There are four TXL letters (TXL-1099, TXL-1042S, TXL-1099-R, and TXL-1099-R 1991) that provide general information and explanations for each box item on a particular tax statement. The corresponding TXL letters are released with the corrected tax statement (example, TXL-1099 is released with the corrected Form RRB-1099 tax statement). See TOM 315.15, TXL Letters – TXL-1099, TXL-1042S, TXL-1099-R and TXL-1099-R 1991, for more information concerning the or TXL letters. Refer to TOM 325, Corrected Tax Statements, for more information.

**Important IRS Phone Numbers and Website** – Beneficiaries can get help with unresolved tax issues, order free IRS forms and publications, ask tax questions, and get
more information from the IRS. Beneficiaries can call or visit their local IRS field office listed in the blue pages of their telephone directory. IRS phone and fax numbers, and websites are also found at the back of many IRS publications and forms. In addition, beneficiaries may visit the IRS on the Internet at www.irs.gov. Beneficiaries can call the IRS toll free at the following general phone numbers:

- 1-800-829-3676, to request free IRS forms, instructions and publications (these items can be downloaded from the IRS website);
- 1-800-829-1040, to ask the IRS specific tax related questions;
- 1-800-829-4059, to ask tax questions or to order forms and publications if beneficiary has access to TTY/TDD equipment;
- 1-267-941-1000 (not toll free), to ask the IRS tax related questions for those who are nonresident aliens or who reside outside of the United States;
- 1-877-777-4778, to contact the taxpayer advocate (the taxpayer advocate independently represents an individual’s interests and concerns within the IRS by protecting the individual’s rights and resolves problems with the IRS that have not been resolved, corrected or successfully handled); and/or
- 1-800-829-4477, to check the status of the income tax refunds.

**Important IRS Publications and Forms (Reference Sources)** - IRS has several reference sources to help determine taxable amounts and what amounts to show on income tax returns. IRS publications and forms are free for the public and can be downloaded from the IRS website (www.irs.gov) or you may call IRS at 1-800-829-3676 (see above) to request free copies In addition, the RRB website has links to the IRS website for the following IRS publications and forms.

- IRS Publication 575, Pension and Annuity Income, is the IRS booklet that provides general information concerning the taxability of the pension payments (NSSEB portion of tier 1, tier 2, VDB and supplemental annuity), use of the employee contribution amount, and Form RRB-1099-R, as well as an illustration of the tax statement.

- IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits, is the IRS booklet that provides general information concerning the taxability of SSEB portion of tier 1 benefits and social security benefits, and Form RRB-1099,
Form RRB-1042S, Form SSA-1099 and Form SSA-1042S, as well as illustrations of these tax statements.

- IRS Publication 939, General Rule for Pensions and Annuities, is the IRS booklet used in conjunction with IRS Publication 575 and provides information concerning the tax treatment of the contributory amount paid (NSSEB and/or tier 2), the use (recovery) of the employee contribution amount, IRS actuarial tables, and how to use those actuarial tables to determine taxable and nontaxable amounts of the contributory amount paid.

- Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, is the IRS form used by individuals to request a tax return filing extension from the IRS.

**Important SSA Phone Number and Website** - Beneficiaries can contact the SSA for information concerning social security benefits and/or SSA tax forms (Form SSA-1099 or Form SSA-1042S). Beneficiaries may call the SSA toll free at 1-800-772-1213 or visit the SSA on the Internet at www.ssa.gov.

**300.10 TB-85 Booklet, Information About The Taxation Of Railroad Retirement Annuities**

The Taxation Planning Group (TPG) recommended several initiatives be implemented to improve taxation reporting and accounting. One of the TPG initiatives is to provide additional information at initial retirement explaining the taxability of annuities and how annuity adjustments can affect tax liability.

To implement this initiative, Policy and Systems-Payment Analysis and Systems (PAS) developed a general Railroad Retirement Act (RRA) taxation booklet available for use January 1, 1997, and later. The booklet TB-85, Information About the Taxation of Railroad Retirement Annuities, details the taxability of, and U.S. Federal income tax withholding on, railroad retirement annuities, accruals and overpayments that our beneficiaries receive.

The main purpose for the TB-85 booklet is to provide one source where beneficiaries, field office personnel, tax preparers and interested parties can obtain answers to questions concerning the taxation of railroad retirement benefits.

When annuitants file for a railroad retirement annuity field office personnel should give them a copy of TB-85. In addition, each field office should maintain a small supply of these booklets for any requests that they may receive throughout the year.
The TB-85 will be reviewed and/or revised each year (if necessary) by P&S – PAS.

300.15 Medicare Premium Total Shown On Tax Year 1997 And Later Tax Statements

Medicare premium totals deducted from the railroad retirement benefit are reported on the RRB tax statements (Form RRB-1099; Form RRB-1042S; Form RRB-1099-R) for informational purposes only. We do not report Medicare premiums deducted from the annuitant’s social security benefits on the RRB tax forms. Use Form Letter RL-376. Form Letter RL-376 is available on RRAILS and includes a paragraph select item which reads:

Your Medicare Part B premiums are being deducted from the social security portion of your monthly payment. The premium deduction will not appear on your RRB-1099 or SSA-1099 tax forms.

Below is the information you requested:

MEDICARE PART B PREMIUM DEDUCTIONS FOR TAX YEAR ****
$X,XXX.xx PER MONTH x *** MONTHS = $X,XXX.xx

TOM 300.15 is divided into the following five sections:

A. Background;

B. Types of Medicare Premiums shown on RRB tax statements;

C. Types of Medicare Premiums NOT shown on RRB tax statements;

D. Medicare Premium Refunds NOT included into Medicare Premium Total;

E. Impact of Medicare Premium Total on Duplicate and Corrected RRB Tax Statements.

A. Background

Beneficiaries want to know the amount of Medicare premiums that they paid during the tax year for their own benefit and/or to help them determine (compute) the amounts to report on their personal income tax returns. Field office personnel want to reduce beneficiaries’ inquiries concerning the Medicare premium total paid during the tax year. One of the most common requests that
RRB headquarters received each year from both field office personnel and beneficiaries was to show on the RRB tax statement forms the total Medicare premiums that were deducted from beneficiaries' railroad retirement annuities during the tax year.

The request (reasons) to include a separate box item for Medicare on the RRB tax statements is based on the following:

- Generally, the amounts shown on the RRB tax statements are greater than the amounts that the beneficiaries received during the tax year so beneficiaries conclude that they are due additional money from the RRB. Beneficiaries come to this conclusion because they re-verify the amounts shown on their tax statements by comparing the total shown on their tax statements to the cumulative total actually received. The cumulative total is determined by adding up the amounts shown on their annuity checks (or bank statements) for a tax year. Beneficiaries may not realize that the amount shown on their annuity checks is in the "net" amount (i.e., amounts after certain annuity deductions). However, the amounts reported on the tax statements are in the "gross" amount (i.e., amounts before certain annuity deductions). The most common annuity deduction for railroad retirement annuities is the premium for Medicare.

Field office personnel receive inquiries from beneficiaries asking why the amounts shown on the tax statements differ from the amounts that the beneficiary actually received, i.e., tax statement total versus checks/bank statements total. Field office personnel investigate the amount difference. If it is determined that the difference is due to the Medicare premiums, field office personnel explain to the beneficiaries that the difference is the total amount of Medicare premiums paid during the year. In addition, field office personnel explain that the amounts shown on the tax statements are before the deduction for Medicare.

Example: In 2006, Mr. Jones is entitled to a railroad retirement benefit of $1,000.00 per month ($500.00 SSEB portion of tier 1 plus $257.00 NSSEB portion of tier 1 plus $100.00 tier 2 plus $100.00 VDB plus $43.00 supplemental annuity). The Contributory Amount Paid is the sum of the NSSEB and tier 2 benefits. Thus, the Contributory Amount Paid is $357.00 per month ($257.00 NSSEB plus $100.00 tier 2). Mr. Jones receives Medicare and $88.50 is deducted from his monthly railroad retirement benefit in 2006. Therefore, Mr. Jones' monthly annuity check is in the "net" amount of $911.50 ($1,000.00 minus $88.50) for 2006.
For tax year 2006, Mr. Jones received in January, 2007, a Form RRB-1099/1099-R tax statement mailer. Forms RRB-1099 and RRB-1099-R tax statements are shown on this mailer. On his Form RRB-1099, we reported a SSEB gross total of $6,000.00 ($500.00 x 12 months). On his Form RRB-1099-R, we reported the following gross totals: $4,284.00 Contributory Amount Paid ($357.00 x 12 months); $1,200.00 VDB ($100.00 x 12 months); and $516.00 supplemental annuity ($43.00 x 12 months).

If Mr. Jones decides to re-verify the amounts shown on his tax statements, he will compare the amounts shown on the tax statements to the cumulative sum of the annuity checks that he received during the year. Mr. Jones will add up the amounts on the tax statements and obtain a cumulative total of $12,000.00 ($6,000.00 SSEB + $4,284.00 Contributory Amount Paid + $1,200.00 VDB + $516.00 supplemental annuity.)

Mr. Jones will add up the amounts from the 12 annuity checks that he received and obtain a cumulative total of $10,938.00 ($911.50 x 12 checks).

Mr. Jones will contact the RRB (i.e., field offices) asking why there is a discrepancy of $1,062.00 ($12,000.00 minus $10,938.00) between the total shown on his tax statements and the total derived from his annuity checks. In addition, Mr. Jones will ask if he is due $1,062.00 from the RRB. Field office staff can check to see if Mr. Jones is receiving Medicare by looking at the Statement Supporting Data (STBRK) (PF15 then PF13) general tax screen. This general tax screen has a screen item entitled, SMIB PREMIUM TOTAL. An amount shown in the SMIB PREMIUM TOTAL is the Medicare premium total deducted from railroad retirement benefits since the tax database stores this information. In this example, $1,062.00 will be shown in the SMIB PREMIUM TOTAL. In addition, field office staff can view the Recurring Payment Summary (REC:SUM) (PF 21) and the Non-Recurring Payment Summary (NON-REC:SUM) (PF 23) general tax screens for the tax year in question. Both of these screens have a screen item entitled, SMIB. Field office staff can add the amounts shown in the SMIB item of these screens to determine the tax year’s Medicare total. This total should equal the total shown in the SMIB PREMIUM TOTAL on the Statement Supporting Data tax screen. Once verified, field office staff informs Mr. Jones that the $1,062.00 discrepancy is due to his deductions for Medicare ($88.50 x 12 months equal $1,062.00). In addition, field office staff state that the amounts shown on the tax statements are before Medicare deductions and that this situation is explained in the paragraph entitled, Medicare, on the back of the automated tax statement mailer or appropriate TL letter.
• Beneficiaries want to know the Medicare premiums total that they paid during the year so that they can use it when determining the amounts to show on their annual income tax returns. Beneficiaries contact the field offices asking for this information. Field office personnel referred to the Statement Supporting Data screen (PF15 then PF13) in order to provide beneficiaries with their Medicare premium total.

• The Social Security Administration (SSA) shows a separate item for beneficiaries' Medicare premiums total on Form SSA-1099 (for U.S. citizens) and Form SSA-1042S (for NRAs) tax statements. Beneficiaries and field office personnel feel that the RRB should follow SSA's example and show a separate item for the Medicare premiums total. For consistency, beneficiaries want the RRB to show their Medicare premium total on Form RRB-1099 and Form RRB-1042S to correspond with Form SSA-1099 and Form SSA-1042S.

B. Types of Medicare Premiums Shown On RRB Tax Statements:

The tax database stores the total Part B, C, D and/or B Income Related Monthly Adjustment Amount (IRMAA) Medicare premiums deducted from railroad retirement annuities. For tax years 1997 through 2006 tax statements, we only report the total Part B Medicare premiums deducted from beneficiaries' railroad retirement annuity payments during the tax year. Effective with tax year 2007, we report the total Medicare Part B and/or B IRMAA premiums deducted from railroad annuity payments. Effective with tax year 2011, we report the total Medicare Part B, C, D and/or B IRMAA premiums deducted from railroad annuity payments. If Medicare premiums are deducted from railroad retirement annuity payments, then the Medicare premium total will normally be shown on Form RRB-1099 (for citizens) and Form RRB-1042S (for NRAs). However, if the beneficiary is not required to receive a Form RRB-1099 or Form RRB-1042S (i.e., beneficiary is not receiving and/or repaying SSEB benefits), then the Medicare premium total will be reported on Form RRB-1099-R. See below:

• Form RRB-1099 and Form RRB-1099-R: If a "citizen" beneficiary is receiving both a Form RRB-1099 and Form RRB-1099-R for the same tax year, the Medicare premium total will be shown on the Form RRB-1099, not Form RRB-1099-R. Under no circumstances will the Medicare premium total be shown on both types of tax statements.

• Form RRB-1042S and Form RRB-1099-R: If an "NRA" beneficiary is receiving both a Form RRB-1042S and Form RRB-1099-R for the same tax year, the Medicare premium total will be shown on the Form RRB-1042S, not
the Form RRB-1099-R. Under no circumstances will the Medicare premium total be shown on both types of tax statements.

C. Types of Medicare Premiums NOT Shown On RRB Tax Statements:

We are not able to show the Medicare premium total for three categories of beneficiaries. However, it should be noted that we did not provide the Medicare premium total information for these same beneficiaries in the past since the tax database does not store this information for these types of beneficiaries. Thus, the Statement Supporting (STBRK) general tax screen (PF15 then PF13) did not show Medicare premium information for these beneficiaries. The three categories are:

**Category 1:** Beneficiaries whose Medicare premiums are deducted from their social security benefits, not their railroad retirement benefits for all or part of year. However, the RRB can provide a letter to the beneficiary stating the total amount of Medicare deducted from only the social security benefits. Field offices can prepare and release Form RL-376. Form RL-376 is available on RRAILS. Requests can be referred to the Medicare Section if the field office is unable to determine the amount of Medicare premiums deducted from benefit payments during the year. Refer to the NOTE below.

**NOTE:** There are beneficiaries who receive both railroad retirement and social security benefits and their Medicare premiums are initially deducted from their railroad retirement benefits (i.e., RRB has jurisdiction of the Medicare premium deduction). During the year, the beneficiary’s annuity may be adjusted causing the railroad retirement annuity to be less than the Medicare premium deduction. When that occurs, the Medicare premium cannot be deducted from the railroad annuity since the railroad annuity is not large enough to sustain the Medicare deduction. Therefore, the Medicare premium switches and gets deducted from the social security benefit since that benefit is large enough for the Medicare deduction. The RRB will report the Medicare premiums deducted from the railroad benefit on the RRA tax statements (Forms RRB-1099, RRB-1042S, or RRB-1099-R). However, the RRB will not report the Medicare premiums deducted from the social security benefit. At the same time, the Social Security Administration (SSA) will not report the Medicare premiums deducted from the social security benefit on the SSA tax statements (Form SSA-1099 or Form SSA-1042S) since the RRB initially had jurisdiction to handle the Medicare premium deduction. As a result, the beneficiary will receive a set of RRB and SSA tax statements, and only the RRB tax statements will show the Medicare premiums deducted from railroad benefits. The Medicare premium total shown on the RRB
tax statements does not include any premiums deducted from the social security benefit.

**Category 2:** Beneficiaries who are paying their Medicare premiums by direct bill on either a quarterly or annual basis.

**Category 3:** Beneficiaries whose Medicare premiums are paid by a third party. In most cases, the third party is the beneficiary’s State.

**D. Medicare Premium Refunds NOT Included into Medicare Premium Total:**

Medicare premium refunds made during the year are not considered in the Medicare premium total for the year. This may affect the accuracy of the amount reported on the tax statements.

Example: Mr. Jones receives Medicare and has a Medicare premium in the amount of $55.00. The RRB deducted $55.00 from his railroad annuity from January 1 through October 31. Therefore, from January through October, the RRB deducted $550.00 ($55.00 x 10 months) in Medicare premiums. However, it was determined that Mr. Jones' Medicare premium should be in the amount of $50.00 per month not $55.00. Therefore, from January through October, the RRB should have deducted a total of $500.00 ($50.00 x 10 months) in Medicare premiums. Mr. Jones is due a Medicare refund in the amount of $50.00 ($550.00 minus $500.00). Effective November, the RRB correctly deducted $50.00 from his annuity for November and December, and paid a Medicare refund of $50.00 to Mr. Jones as a nontaxable one-payment-only. On his tax statement for the year, the Medicare Premium Total would be $650.00 ($550.00 January thru October plus $50.00 for November plus $50.00 for December). The $50.00 Medicare premium refund will not be taken into consideration in the computation of the Medicare Premium Total shown on the tax statement. After paying the $50.00 Medicare premium refund, Mr. Jones only has $600.00 worth of Medicare premiums for the year however his tax statement for that same year will show $650.00 as the Medicare Premium Total. If only the Medicare premium total is in error, then a corrected tax statement will not be issued (see section E Impact of Medicare Premium Total on Duplicate and Corrected Tax Statements).
E. Impact of Medicare Premium Total on Duplicate and Corrected RRB Tax Statements

The addition of the Medicare Premium Total on the tax statements will impact the way we handle duplicate and corrected tax statements for tax year 1997 and later.

• Duplicate tax statements: The concept of the duplicate tax statement is to provide an exact copy of a previously released original or corrected tax statement. A duplicate tax statement can be on either RRAILS generated, or personal computer (PC) generated stand alone tax statement forms. The tax information shown on the "duplicate" tax statement should be the same as the tax information shown on the previously released tax statement. Therefore, the Medicare Premium Total box item for duplicate tax statements prior to tax year 1997 will be blank since Medicare was not on the original or corrected tax statements for those years. However, the Medicare Premium Total box item for duplicate tax statements for tax years 1997 and later will show an amount if an amount was shown on the previously released tax years 1997 and later original and corrected tax statements. See TOM 320, Duplicate Tax Statements.

• Corrected tax statements: If the Medicare premium total and any other item shown on the tax year 1997 and later tax statement(s) are in error, then a corrected tax year 1997 and later tax statement should be issued showing the corrections for both the Medicare premium total and the other item(s) error(s). A corrected tax statement can be on either the RRAILS generated or personal computer (PC) generated stand alone tax statement forms.

However, if only the total Medicare premium total is in error, then we will not issue a corrected tax year 1997 and later tax statement. A corrected tax year 1997 and later tax statement is not necessary since the Medicare premium total is only for informational purposes. In addition, we are not legally obligated by IRS to report the Medicare premium total on our tax statements. If the Medicare premium total amount on tax year 1997 and later tax statements is the only item in error and the correct Medicare premium amount has been verified, release Form Letter RL-376, which is available on RRAILS, stating the correct Medicare premium total amount.

The Medicare premium total is normally shown on Form RRB-1099 (for citizens) or Form RRB-1042S (for NRAs). Therefore, if a beneficiary receives a "combined" Form RRB-1099 and Form RRB-1099-R (for citizens) or Form RRB-
1042S and Form RRB-1099-R (for NRAs) for a tax year, the Medicare premium total box item on the Form RRB-1099-R will be blank. However, if the Form RRB-1099 or Form RRB-1042S is cancelled, then a "corrected" Form RRB-1099 or Form RRB-1042S is issued showing "zero" payment, repayment, tax withholding and/or Medicare premium total amounts. As a result, the Medicare premium total should be transferred to the Form RRB-1099-R since that is the only tax statement left to report tax information. Therefore, a "corrected" Form RRB-1099-R is issued showing the amounts shown on the cancelled Forms RRB-1099 or RRB-1042S amounts. Basically, if the Medicare premium total was reported on one type of tax statement and that tax statement type is cancelled (i.e., corrected tax statement is released reporting zero amounts), then the Medicare premium total should be transferred to the remaining tax statement type. The remaining tax statement type will be a corrected tax statement since it must include the payments, repayments and/or tax withholding from the cancelled tax statement.

Furthermore, we will not issue corrected tax statements for tax years prior to 1997 if the Medicare premium total is in error or if the beneficiaries request corrected tax statements that show their Medicare premium total for tax years prior to tax year 1997. See TOM 325.05, Corrected Tax Statements.

305 Release of Original Statements

305.05 Release of Original Tax Statements

There are three basic tax statement forms: Form RRB-1099, Form RRB-1099-R and Form RRB-1042S.

During January, P&S-PAS issues "original" automated annual tax statements to individuals who were paid or repaid railroad retirement annuities and/or who had taxes withheld from railroad retirement annuities in the previous year. Form RRB-1099/1099-R is the citizen automated annual tax statement mailer. Form RRB-1042S/1099-R is the NRA automated annual tax statement mailer.

Sample copies of Form RRB-1099/1099-R mailer and Form RRB-1042S/1099-R mailer can be found on the RRB website at http://www.rrb.gov/PandS/tax/mailer_examples.asp.

The mailer envelopes (both domestic and air mail) indicate that forwarding is required and that address corrections are requested from the postal service.
NOTE: Effective in tax year 1994, the RRB issued and released a fourth tax statement form, IRS Form 1099-C, Cancellation of Debt. This tax statement form reports the cancellation of a debt of $600.00 or more for overpayments which were not taxable when originally paid. In most cases, these are payments that occurred prior to 1984. See TOM 335 for more detailed information concerning IRS Form 1099-C, Cancellation of Debt.

305.10 Due Date

The Internal Revenue Code (IRC) requires that "original" Forms 1099, 1099-R and 1099-C tax statements be furnished to recipients by January 31 of the year following the close of the tax year. In addition, the IRC requires that "original" Form 1042S tax statements be furnished to recipients by March 15 of the year following the close of the tax year.

Per the IRC, when a recipient’s tax year ends earlier than the close of the calendar year (for example, beneficiary died during the calendar year), the RRB is required to release original Forms RRB-1099, RRB-1042S, RRB-1099-R and/or IRS Form 1099-C tax statements, IF REQUESTED BY THE DECEASED BENEFICIARY’S SURVIVOR(S) OR ATTORNEY OR EXECUTOR OF WILL OR ESTATE, within 30 days from the date the request was received. If the RRB honors the request and issues a tax statement prior to the close of the calendar year, a bypass code may be entered into the beneficiary’s tax record to prevent an automated year-end tax statement from being produced or issued. Refer to TOM 3105.20, Beneficiary Identification/Information Data (BENID/INFO), for a list of the bypass codes (and their corresponding explanations) used to prevent the release of automated original tax statement mailers. In addition, refer to the section entitled, Death Suppression Applied to Tax Statements, in TOM 300.05, General Information.

The RRB sets as its goal January 31 of the year following the close of the tax year as the due date to release (furnish) "original" tax statements that the RRB issues (i.e., automated mailers Form RRB-1099/1099-R and Form RRB-1042S/1099-R; Forms RRB-1099; RRB-1042S; RRB-1099-R; and IRS Form 1099-C) to beneficiaries. Automated annual original tax statement mailers are released to beneficiaries by the outside printing/mailing contractor in mid-January, to report tax information for the prior tax year. Information shown on original tax statements is reported to the IRS by the RRB each year (usually in February and August).

For any due date established by the Internal Revenue Service (IRS), the "file" or "furnish" requirement is met if the form (i.e., tax statement) is properly addressed and mailed First Class, or sent by an IRS designated delivery service on or before the due
date. If the due date falls on Saturday, Sunday or legal holiday, the due date is the next business day.

The RRB issues “corrected” Forms RRB-1099, RRB-1042S, RRB-1099-R, and IRS Form 1099C throughout the calendar year. Corrected tax statements have no due date to release since they are issued and released throughout the year as errors, adjustments and/or discrepancies are identified and corrected. Information shown on corrected tax statements is reported to the IRS by the RRB each year (usually in August).

The RRB issues “duplicate” Forms RRB-1099, RRB-1042S, RRB-1099-R, and IRS Form 1099C throughout the calendar year. Duplicate tax statements have no due date to release since they are issued and released throughout the year as requests for duplicate tax statements are received. Information shown on duplicate tax statements is not reported to the IRS since the information shown on the duplicate was previously sent to the IRS on the original or corrected tax statement. MPM Communications was selected as our multi-year contractor to produce and mail our tax statement mailers for tax years 2015 through 2020. The automated tax statement mailers produced by the contractor are considered “original” tax statements. We do not use the contractor to produce any corrected, bypassed or duplicate tax statements.

The chart below summarizes the “actual” number of automated citizen and NRA tax statement mailers produced and released by the contractor for tax years 1991 through current (includes the 10 [5 citizens + 5 NRAs] RRB quality control tax statements):

<table>
<thead>
<tr>
<th></th>
<th>CITIZEN</th>
<th>NRA</th>
<th>TOTAL MAILERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>563,404</td>
<td>2,730</td>
<td>566,134</td>
</tr>
<tr>
<td>2015</td>
<td>567,644</td>
<td>2,779</td>
<td>570,423</td>
</tr>
<tr>
<td>2014</td>
<td>571,237</td>
<td>2,885</td>
<td>574,122</td>
</tr>
<tr>
<td>2013</td>
<td>575,603</td>
<td>3,108</td>
<td>578,711</td>
</tr>
<tr>
<td>2012</td>
<td>580,156</td>
<td>4,961</td>
<td>585,117</td>
</tr>
<tr>
<td>2011</td>
<td>584,562</td>
<td>3,266</td>
<td>587,828</td>
</tr>
<tr>
<td>2010</td>
<td>588,736</td>
<td>3,489</td>
<td>592,225</td>
</tr>
<tr>
<td>Year</td>
<td>Revenue</td>
<td>Expenses</td>
<td>Net Revenue</td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>2009</td>
<td>593,266</td>
<td>3,603</td>
<td>596,869</td>
</tr>
<tr>
<td>2008</td>
<td>600,387</td>
<td>3,729</td>
<td>604,116</td>
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<tr>
<td>2007</td>
<td>609,280</td>
<td>3,852</td>
<td>613,132</td>
</tr>
<tr>
<td>2006</td>
<td>618,539</td>
<td>3,979</td>
<td>622,518</td>
</tr>
<tr>
<td>2005</td>
<td>632,868</td>
<td>4,202</td>
<td>637,070</td>
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<tr>
<td>2004</td>
<td>645,446</td>
<td>4,321</td>
<td>649,767</td>
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<tr>
<td>2003</td>
<td>660,963</td>
<td>4,553</td>
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<td>2002</td>
<td>680,135</td>
<td>4,717</td>
<td>684,852</td>
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<td>2001</td>
<td>694,038</td>
<td>5,260</td>
<td>699,298</td>
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<td>717,841</td>
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<tr>
<td>1999</td>
<td>740,950</td>
<td>5,728</td>
<td>746,678</td>
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<tr>
<td>1998</td>
<td>764,639</td>
<td>6,044</td>
<td>770,683</td>
</tr>
<tr>
<td>1997</td>
<td>789,424</td>
<td>5,839</td>
<td>795,263</td>
</tr>
<tr>
<td>1996</td>
<td>814,118</td>
<td>6,069</td>
<td>820,187</td>
</tr>
<tr>
<td>1995</td>
<td>839,229</td>
<td>6,680</td>
<td>845,909</td>
</tr>
<tr>
<td>1994</td>
<td>863,354</td>
<td>7,654</td>
<td>871,008</td>
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<tr>
<td>1993</td>
<td>882,537</td>
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<td>892,526</td>
</tr>
<tr>
<td>1992</td>
<td>910,295</td>
<td>7,627</td>
<td>917,922</td>
</tr>
<tr>
<td>1991</td>
<td>928,284</td>
<td>6,512</td>
<td>934,796</td>
</tr>
</tbody>
</table>

**Contractor Inspection** - During the tax statement production process, we run two to three pre-production tests that mimic actual production. These pre-production tests are provided for in the contract and contain 100 to 200 test cases. In addition, we add RRB
staff names (usually the three field office regional directors, and BIS and P&S tax analysts and managers responsible for tax statements) to the pre-production tests to use as a quality control measure. These tests help to identify any potential problems, errors or inconsistencies prior to actual production. The pre-production tests also help to insure that the beneficiaries receive their own tax statement and the correct information is shown on those tax statements. The pre-production tests verify that the correct information is sent to the contractor; the contractor correctly reads the information and prints the information in the correct box items on the tax statements; the correct mailing address is used and the appropriate postal barcodes are added; the tax statements are correctly folded and inserted into the correct envelope type (domestic or air mail); and the envelope is completely sealed. In accordance with the contract, the RRB may exercise the option to send RRB representatives to conduct an onsite inspection at the contractor’s printing/mailing facility prior to the actual production and mass mailing of the automated tax statement mailers. In addition, the RRB may perform this inspection over the phone if RRB representatives are not sent to the contractor’s facility. The RRB representatives use test cases from the actual production file and a contractor inspection checklist during the onsite inspection or phone inspection to insure that the automated mailers are produced and mailed with the appropriate requirements, all information is kept safe and secure, and all spoilage is properly destroyed (shredded). After the production test cases are reviewed and approved and the inspection has been conducted and approved, the RRB will give the contractor the approval to produce and mail the automated original tax statement mailers. In addition, we add RRB staff names (usually the three field office regional directors, and BIS and P&S tax analysts and managers responsible for tax statements) to the actual production file to use as a quality control measure. RRB staff will receive tax statements at their home or office address, and can review the tax statement for accuracy, print quality and to determine mail delivery time.

305.15 Statement Extract/Year-End Processing

The last work day in December is considered the last day to enter all tax activity for the tax year. By January 31 each year, we release automated original tax statements to most railroad retirement beneficiaries. In order to release these tax statements, we run a series of statement extract programs in early January (usually the first work day back from the New Year’s Day holiday) that extracts payment, repayment, Medicare, workers’ compensation, employee contribution, and tax withholding information for the previous tax year from the taxation database. The series of programs include the following: Database Sweep (26153); LAMBDA-Database Extract (26159); Audit Calculation (26763); Annual Extract (26184); Bypass Sort (26122); Bypass PC Upload (26290); Statement Database or STATTAXR Load (26294); and Bypass Code Update (26195). In addition, we upload the current tax year’s original tax statement information to the tax
database (and tax screens) for reference and documentation. The create date shown on the Statement Summary (STSUM, PF 14) general tax screen and the issue date shown on the Statement general tax screen (STMT, PF 15) are the same dates and is the date that the current tax year's original automated tax statements were uploaded to the tax database. In addition, we upload the bypass codes for the current bypass cases to the Beneficiary Identification/Information Data (BENID/INFO, PF 16) general tax screen.

This extracted information will be reported on the automated original tax statements. This information is different for each beneficiary (i.e., variable data). The variable data is formatted using the Formatted Print program (26189) so the data can be sent to the tax statement printing/mailing contractor in a readable format for production, printing, and mass mailing of original tax statements using the variable data. Prior to release to the contractor, we check the accuracy of the variable data on the tax statements by using a Tape Compare program (26481) to verify counts and amount totals. The Tape Compare program also checks the accuracy of the tax statement information submitted to IRS. (Original and corrected tax statement information is sent to the IRS using cartridges, disks or the IRS secure website called, Filing Information Returns Electronically (FIRE) system). Prior to tax year 2006, the variable data was copied onto cartridges and these cartridges were sent (by overnight delivery) to the tax statement printing/mailing contractor. Effective with tax year 2006 and later, the variable data is now sent to the tax statement printing/mailing contractor via electronic file transfer. Necessary security measures have been established to insure the safeguarding of our beneficiaries' personal information (limited access, selected personnel for transfer, passwords, encryption of information). Through the contractor, we release over 600,000 automated original tax statement mailer packets each January.

**Bypass Cases** - For those cases in which the release of an accurate automated original tax statement is questionable, or in which the computations required to prepare an original tax statement must be done manually, an automated original tax statement is not released. Instead, a bypass code is entered in the tax database to indicate that the record was bypassed for manual original tax statement release. The bypass code is entered into the beneficiary’s ANNTAXR record in the tax database either manually using RRBTAS or mechanically through one of the statement extract programs. A bypass code is either temporary (meaning the year end statement extract programs will initialize or remove the bypass code from the beneficiary’s ANNTAXR) or permanent (meaning TCIS or PAS must manually remove the bypass code from the beneficiary’s ANNTAXR using RRBTAS or the code stays in the ANNTAXR). A bypass notice (letter) or customized explanation letter is released to the beneficiary if the original tax statement cannot be released by January 31st. Refer to TOM 305.20, for more
information on bypass letters and the release of manually produced original tax statements for bypass cases.

The Tax Clerical and Imaging Section (TCIS) will focus their efforts to produce and release the original tax statements for bypass cases by January 31. In addition, Policy & Systems – Payment Analysis and Systems (PAS) issues a memo to TCIS in December stating that TCIS should handle bypass cases with tax withholding before bypass cases without tax withholding for tax return/refund purposes. There are situations in which TCIS may need customized instructions from PAS on how to complete the tax statements for a bypass case. PAS will issue instructions to TCIS for handling and those instructions and any other documentation (worksheets, screen prints, etc.) will be imaged for future reference.

The chart below summarizes the “actual” number of cases bypassed for tax years 1992 through current:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>BYPASS CASES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>80</td>
</tr>
<tr>
<td>2015</td>
<td>144</td>
</tr>
<tr>
<td>2014</td>
<td>168</td>
</tr>
<tr>
<td>2013</td>
<td>198</td>
</tr>
<tr>
<td>2012</td>
<td>124</td>
</tr>
<tr>
<td>2011</td>
<td>183</td>
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<tr>
<td>2010</td>
<td>134</td>
</tr>
<tr>
<td>2009</td>
<td>101</td>
</tr>
<tr>
<td>2008</td>
<td>125</td>
</tr>
<tr>
<td>2007</td>
<td>128</td>
</tr>
<tr>
<td>2006</td>
<td>164</td>
</tr>
</tbody>
</table>
2005  175
2004  316
2003  1,371 (see Note)
2002  132
2001  239
2000  151
1999  136
1998  233
1997  158
1996  136
1995  108
1994  990
1993  1,310
1992  1,921

NOTE: For tax year 2003, we had 1,371 bypass cases. However, of the 1,371 bypass cases, we specifically bypassed 1,141 cases that were intended to be handled mechanically.

The bypass category codes are listed and explained in detail in TOM 3105.20. Bypass codes 001, 002, 003, 005, 008, 009, 010, 012, 013, and 014 are still valid and are used. Bypass codes 004, 006, 007 and 011 are obsolete and are no longer used. A brief synopsis of the valid bypass codes are shown below.

<table>
<thead>
<tr>
<th>BYPASS CODE</th>
<th>DEFINITION</th>
</tr>
</thead>
</table>

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<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>No name/address in tax database</td>
</tr>
<tr>
<td>002</td>
<td>Unidentified paid amount (UPA) with no tier breakdown</td>
</tr>
<tr>
<td>003</td>
<td>Unidentified paid amount (UPA) over $25.00 with tier breakdown</td>
</tr>
<tr>
<td>005</td>
<td>Scrambled data/record. Information does not correspond to beneficiary’s annuity type.</td>
</tr>
<tr>
<td>008</td>
<td>Used for prior year death/non-death terminations; prior year suspensions with no payments or repayments; social security only cases; garnishment only cases.</td>
</tr>
<tr>
<td>009</td>
<td>Bypassed from the monthly TAS RECERT run.</td>
</tr>
<tr>
<td>010</td>
<td>Miscellaneous reasons – used for a permanent bypass</td>
</tr>
<tr>
<td>012</td>
<td>Special Purposes – currently used for partition and survivor work deduction cases.</td>
</tr>
<tr>
<td>013</td>
<td>Miscellaneous reasons and Tax Refund cases involving NRA taxes.</td>
</tr>
<tr>
<td>014</td>
<td>Current year tax statement is already issued upon request due to beneficiary’s death or annuity termination.</td>
</tr>
</tbody>
</table>

### 305.20 Annual Statement Bypass Letters

Fewer and fewer annuitant records are bypassed in automated tax statement processing due to questionable records or due to computations that require manual handling. This is due to continued improvements to the automated tax programs.

Form TXL-269, which replaced Form TL-269A, is automatically generated and released to annuitants whose original tax statements are bypassed in automated tax statement processing. Form TL-269A was obsolete in October 2007. It was used to inform an annuitant, who had a portion of his or her retirement benefits paid by court order to someone else, that his or her tax statement can now be prepared and issued through our mechanical process.

Form TXL-269 informs the annuitant that there is a delay in the release of their original tax statements and that the RRB will attempt to issue their tax statements as soon as
possible. In addition, the TXL-269 bypass letter informs annuitants that they may request from the IRS an extension to file their tax returns.

NOTE: We may issue customized explanation letters in lieu of the standard bypass letter (TXL-269). These customized letters are manually produced and provide specific information unique to a particular case.

Bypass Codes That Issue Bypass Letters - If an annuitant has a bypass code of 001, 002, 003, 005, 012 or 013, the annuitant will receive a TXL-269 bypass letter (most will receive TXL-269, a few will receive a customized letter). The TXL-269 or customized letters should be imaged for documentation and reference.

Bypass Codes That Do NOT Issue Bypass Letters - If an annuitant has a bypass code of 008, 009, 010, or 014 the annuitant will NOT receive a bypass letter.

The Tax Clerical and Imaging Section (TCIS) will review each case that has been bypassed and manually issue and release “original” tax statements to the annuitants. A TL-266 letter and the appropriate TXL letters (TXL-1099, TXL-1042S, TXL-1099-R or TXL-1099-R 1991) will be sent with these manually produced original tax statements. The TL-266 letter is the letter that explains that the enclosed tax statements are “original” tax statements. The TXL letters provides general information and explanations of the box items shown on a particular tax statement. There are four TXL letters (one for each tax statement type) and the appropriate TXL letters are sent with the corresponding original tax statements (example, TXL-1099 is sent with the Form RRB-1099 tax statement).

NOTE: We may issue customized explanation letters in lieu of the standard TL-266 letter. These customized letters are manually produced and provide specific information unique to a particular case.

If after review, it is determined that the annuitant does not need a tax statement, Form TXL-270 is released by TCIS. The TXL-270 letter should be imaged for documentation and reference. Refer to TOM 305.20.15, FORM TXL-270.

Prior to 1992, if a bypass case was not handled by the end of July (and, therefore, the annuitant was not able to file a tax return in time for the August 15 deadline), Form TL-271 was automatically generated and released to the annuitants. Effective with tax year 1992, all bypassed tax statements were completed by June. Form TL-271 is no longer released and is considered obsolete. Effective with tax year 1995 and later, our goal is to have all bypassed tax statements completed by March 1.
Refer to TOM 3105.20, Beneficiary Identification/Information Data (BENID/INFO), for a list of the numeric bypass codes and their corresponding explanations.

305.20.05 Form TXL-269

In order to minimize the number of inquiries to the field offices concerning bypassed cases, Form TXL-269 is automatically generated if the case falls into any of several bypass categories; except for legal partition cases (bypass code 012 indicates a legal partition case or a special category case). This notice advises the annuitant of the delay and that a manual review of their case is needed. This letter should be imaged for documentation and reference.

A separate notice will be released to each family member that is bypassed in automated tax statement processing under an account number that falls under all bypass categories, except legal partitions. However, not all family members are necessarily bypassed.

If the annuitant requests an explanation of the notice or why he/she did not receive a tax statement, field and headquarters personnel have the ability to answer the annuitant by accessing the Beneficiary Identification/Information Data General TAX screen (PF 16). The bypass code will be displayed under the MISC INFO section of this tax screen enabling personnel to provide the annuitant with an explanation that is based on the appropriate numeric code in TOM 3105.20, Beneficiary Identification/Information Data (BENID/INFO).

These notices are released in mid-January. However, the notices generated for cases with a bypass code of "001" may be delayed, since the name and/or address will need to be manually entered by a TCIS examiner.

Cases with bypass codes of 001 through 003, 005, and 013 will be manually reviewed by TCIS to determine if a tax statement is necessary.

Generally, cases with bypass codes of 013 are citizen or NRA beneficiaries who received a “NRA” tax refund during the tax year. Automated tax statement processing cannot correctly handle NRA tax refunds. Therefore, TCIS examiners enter a bypass code of 013 in order to produce and release correct manual tax statement(s) for the citizen or NRA beneficiary.

Generally, cases with bypass codes 010 and 014 do not need current year tax statements. **Cases with bypass code 010 are cases that are permanently bypassed and no longer receive tax statements.** Cases with bypass code 014 are
those cases in which current tax year tax statements have already been released. Code 014 cases involve deceased beneficiaries whose survivors (executor, attorney, trustee, family) request a tax statement prior to year end for financial reasons, e.g. will probate.

305.20.10 Form TL-269A

Form TL-269A was obsolete in October 2007, and has been replaced with Form TXL-269. Form TL-269A was created in order to minimize the number of inquiries to the field offices concerning legal partition bypassed cases. Our processing for issuing tax statements has improved whereas we can now issue the tax statements correctly mechanically.

305.20.15 Form TXL-270

If after releasing Form TXL-269, or a customized explanation letter, TCIS-TS reviews a case and determines that the annuitant does not need a tax statement, Form TXL-270 should be manually released. This notice (letter) informs the annuitant that a tax statement will not be released and gives a short explanation. This letter should be imaged for documentation and reference.

307 Undeliverable RRA Tax Statements

Each January, the Railroad Retirement Board (RRB) releases an annual Railroad Retirement Act (RRA) tax statement mailer to recipients who were paid, repaid, or had taxes withheld from railroad retirement benefits.

The mailing address used on the RRA tax statement is the address that is on RRB records at the time the tax statements are issued. The message “ADDRESS SERVICE REQUESTED” is printed on the envelope. If the annuitant has moved and filed a permanent change of address form with the Postal Service, the message instructs the Postal Service to forward the tax statement to the recipient’s new address and provide the RRB with the new address. The new address will be received on an address correction card, PS FORM 3547. Tax statements that cannot be forwarded or delivered are returned to the RRB headquarters.

307.05 Initial Handling Of Undeliverable RRA Tax Statements

The mailroom will forward all undeliverable RRA tax statements to the Tax Clerical and Imaging Section-Clerical Services Unit (TCIS-CSU). See FOM1 139, undeliverable mail procedure.
If a tax statement is returned because the address was missing or scrambled, TCIS-CSU will notify Policy & Systems-Payment Analysis & Systems (P&S-PAS) of the problem. P&S-PAS will investigate the problem and decide whether copies of the tax statement should be forwarded to them.

**310 Tax Statement Mailer Packets**

We release two types of "original" automated annual tax statement mailer packets to our beneficiaries. The type of mailer packet a beneficiary will receive depends upon whether the beneficiary is a citizen and/or legal resident of the United States or a nonresident alien (NRA) of the United States. These mailer packets are produced and released by an outside printing/mailing contractor. These mailer packets contain the beneficiaries' "original" tax statements for the tax year. Each year, we send the tax statements (including the tax statement mailers) to the IRS for review and approval concerning the format and written content shown on the tax statements.

**NOTE:** No letters are issued with the original tax statement mailers produced by the contractor since the general information and explanation of tax statement box items are shown on the back of the mailers. The TL-265 and appropriate TXL letters are sent with the corrected tax statements. The TL-266 and appropriate TXL letters are sent with the original tax statements manually produced by TCIS-TS. Only the appropriate TXL letters are sent with the duplicate tax statement.

**310.05 Form RRB-1099/1099-R**

For citizens or legal residents (resident aliens) of the United States, a standard Form RRB-1099/1099-R is sent to everyone who would normally receive a tax statement. This form is one originally printed page, size 8.5” x 14.” The front side contains all the tax statement forms: Copy C of the Form RRB-1099 followed by Copy C, Copy 2 and Copy B of the Form RRB-1099-R. On each copy of the tax statement forms, we show the RRB’s U.S. Federal/IRS identifying number, 36-3314600. At the top of the front side, the phrase, "UNFOLD TO SEE ALL TAX STATEMENT FORMS - SEE REVERSE SIDE FOR GENERAL INFORMATION", is printed in green colored ink above Copy C of Form RRB-1099. This phrase instructs the beneficiary to unfold the folded tax statement mailer packet. The contractor’s quality control cut marks (i.e., a black dot inside a blue ink color pre-printed square) shown in the top left corner of the front side of the citizen tax statement mailer. The recipient’s address box of Copy C of the Form RRB-1099 has been widened to allow for postal bar-coding and an endorsement line which helps to reduce our mailing postage costs. The box items on Forms RRB-1099 and RRB-1099-R representing the paid and tax withholding amounts have been bolded in order to make the amounts in these box items more noticeable. Therefore, the tax statements
become more user friendly because the amounts in the bolded box items are used by
beneficiaries and/or tax preparers when preparing income tax returns. The variable
data (beneficiary's tax amounts for the year) is imaged using laser printing. The back
side contains the general information at the top followed by the explanation of items for
Form RRB-1099, and the explanation of items for Form RRB-1099-R. In the general
information section, we ask beneficiaries to review the mailing address shown on the
tax statement mailer and provide the RRB with the correct and complete mailing
address if the address shown is incorrect or incomplete. We inform beneficiaries who
received social security benefits paid through the RRB that the SSA not the RRB will
send Form SSA-1099 tax statement and Notice 703. We inform beneficiaries that if
they do not receive the SSA tax statements they should contact the SSA not the RRB.
In addition, we provide the SSA general toll free telephone number, 1-800-772-1213,

If beneficiaries wish to determine if their SSEB portion of tier I and social security
benefits are taxable, then refer them to the Social Security Benefits worksheets found in
the Internal Revenue Service’s (IRS) Instructions for Form 1040 and/or 1040A Booklet.
If the beneficiary wants more detailed information about SSEB benefits, inform him or
her to get IRS Publication 915, Social Security Benefits and Equivalent Railroad
Retirement Benefits from the local IRS field office and/or U.S. Post Office.

**Form RRB-1099**

Printed in blue and white color ink; the variable data for each beneficiary is printed in
black ink. It reports SSEB or Overall Minimum (also called, O/M or special guaranty)
amounts paid to or repaid by a beneficiary during the tax year. SSEB or special
 guaranty amounts are roughly equivalent to social security benefits and are treated as
such for U. S. Federal income tax purposes. In addition, the workers’ compensation
offset is shown on Form RRB-1099. Effective with tax year 1992 and later, Form RRB-
1099 will show the U. S. Federal income tax withheld from the SSEB portion of tier I or
special guaranty. For information on SSEB benefits and Form RRB-1099, refer to IRS
Publication 915, Social Security and Equivalent Railroad Retirement Benefits. Effective
with tax year 1997 and later, there is a separate box item on Form RRB-1099 entitled,
MEDICARE PREMIUM TOTAL, which reports the total Medicare premiums deducted
from beneficiaries' railroad retirement annuity payments. The Medicare premium total is
normally shown on Form RRB-1099, however if Form RRB-1099 is not required, then
the Medicare premium total will be shown on Form RRB-1099-R. For those individuals
who would only get a Form RRB-1099, all copies of the Form RRB-1099-R statements
in the mailer will have the caption, "THIS FORM IS NOT REQUIRED FOR YOUR 20XX
TAXES." printed on the forms. The “XX” denotes the actual tax year for the tax
statement.
Form RRB-1099-R

Printed in green and white ink; the variable data for each beneficiary is printed in black ink. It reports the employee contributions amount, if applicable, and the gross amounts of the NSSEB portion of tier 1 and tier 2 (these two annuity components are combined and shown in Box 4 on the Form RRB-1099-R as "Contributory Amount Paid"), vested dual benefit (VDB), and supplemental annuity payments less the current year repayments made in and attributed to the tax year. These types of payments are treated as private pensions for U. S. Federal income tax purposes. The NSSEB and tier 2 (Contributory Amount Paid) are considered as contributory pension amounts. Contributory pension amounts may be fully taxable or partially taxable, depending on the presence and use of the employee contribution amount. The VDB and supplemental annuity are considered as noncontributory pension amounts. Noncontributory pension amounts are always fully taxable. Effective with tax year 1992 and later, for individuals affected by General Rule provisions, the RRB no longer provides the nontaxable and taxable amounts of railroad retirement annuities. The amounts shown on Form RRB-1099-R are considered a “normal distribution”. A distribution code of “7” denotes a normal distribution and should be used if a code is needed for those amounts when completing income tax return(s). Some tax return software programs/packages may ask for a distribution code. This means that beneficiaries or their tax preparers should use a code “7” if asked for a distribution code for the amounts shown on Form RRB-1099-R. The contributory amounts paid of disabled employee annuitants under minimum retirement age are fully taxable. Minimum retirement age is generally the age at which individuals could retire based on age and service (example, age 60 with 30 or more years of railroad service or age 62 with less than 30 years of railroad service). Employees who retired based on age and service and disabled employee annuitants who reach minimum retirement age may use the employee contribution amount shown on their Form RRB-1099-R to compute a nontaxable (tax-free) portion of their contributory amount paid. For information on pension payments (NSSEB, tier 2, VDB and supplemental annuity) and Form RRB-1099-R, refer to IRS Publication 575, Pension and Annuity Income.

Both Three-Year Rule and General Rule cases usually receive Form RRB-1099-R. However, those annuitants under the Three-Year Rule in which employee contributions were not recovered as of December 31, 1991, have been converted to General Rule as of tax year 1992. Therefore, if an annuitant was previously under the Three-Year Rule and contributions were not recovered and the annuitant did not previously receive Form RRB-1099-R; under the General Rule, they will receive Form RRB-1099-R.

Effective with tax year 1997 and later, there is a separate box item on Form RRB-1099-R entitled, MEDICARE PREMIUM TOTAL, which reports the total Medicare premiums
deducted from beneficiaries' railroad retirement annuity payments. The Medicare premium total is normally shown on Form RRB-1099, however if Form RRB-1099 is not required, then the Medicare premium total will be shown on Form RRB-1099-R. For those individuals who would only get a Form RRB-1099-R, Copy C of the Form RRB-1099 tax statement in the mailer will have the caption, "THIS FORM IS NOT REQUIRED FOR YOUR 20XX TAXES." printed on the form. The "XX" denotes the actual tax year for the tax statement.

If a repayment was made to any annuity component during a tax year, regardless if the annuitant has annuity entitlement for that same tax year, a tax statement reflecting the repaid amount(s) is released for that tax year.

Both Copy Cs of the Forms RRB-1099 and RRB-1099-R, near the top of the front side of the form, are to be retained by the beneficiary for documentation and record keeping purposes. The lower portion of the packet contains two copies of Form RRB-1099-R (Copy 2 and Copy B), which are perforated for easy detachment. Copy 2 of Form RRB-1099-R is filed with the state, city, or local income tax return when required. Please note that under Section 14 (45 U.S.C. Section 231m) of the RRA, railroad retirement annuities are not taxable for U.S. state income tax purposes. Copy B of Form RRB-1099-R is attached to the U. S. Federal income tax return if the form shows U. S. Federal income tax withheld in Box 9 (Box 9 will be bolded). Since these forms are folded and inserted in standard window envelopes, the name and address printed on Copy C of Form RRB-1099 is always used.

**CONTRACTOR'S QUALITY CONTROL CUT MARKS FOR CITIZEN TAX STATEMENT MAILERS ONLY**

The blank citizen tax statement mailers are pre-printed on huge paper rolls while the blank nonresident (NRA) tax statement mailers are individual paper sheets. The citizen rolls are fed through the contractor’s imaging/cutting machine. After the variable tax information is imaged (printed) onto the blank pre-printed citizen tax statement mailers, the machine performs a series of cuts that results in a single, fully imaged citizen tax statement mailer. The citizen tax statement mailer contains tax information for a specific individual. In order to ensure that the machine correctly images and cuts the citizen tax statement mailer, we requested that the contractor add quality control cut marks at the top of each citizen mailer. There is no need for cut marks on the NRA mailers since the blank NRA mailers are already cut into single, individual sheets. The cut mark is a pre-printed blue colored ink square. There may be two cut marks on a single correctly imaged and cut citizen tax statement mailer. The first cut mark is the pre-printed square. The second cut mark is a black dot that is imaged inside of the pre-printed square during actual imaging. All citizen mailers released will have both cut
marks (black dot inside a blue square). Both cut marks are located in the top left hand corner of the citizen mailer (across from the green colored ink pre-printed phrase, UNFOLD TO SEE ALL TAX STATEMENT FORMS – SEE REVERSE SIDE FOR GENERAL INFORMATION). Using these cut marks help prevent the erroneous imaging and cutting of the citizen tax statement mailers and ensures that a citizen beneficiary receives his/her own citizen tax statement mailer.

**CONTRACTOR'S SEQUENCE NUMBER**

The contractor's sequence number of the citizen mailer is located in the recipient's name and address box of Copy C of Form RRB-1099. The contractor sequence number is printed in a smaller font size and is aligned so that it is printed to the far right of the recipient's name to avoid any potential confusion. The contractor sequence number is printed by the contractor who uses this number as a tool for mailer identification. If there are printing errors on a specific mailer, the contractor uses the sequence number to identify and re-image that same mailer without having to re-image other mailers.

Prior to tax year 1992, two tax statements were issued when a Three-Year Rule case was converted to a General Rule case during a tax year. This occurred most frequently, but was not limited to, spouse-to-widow(er) conversions. A spouse who was a Three-Year annuitant could have been a General Rule widow(er) because of the change in their beginning date. Therefore in prior practice, both tax statement packets were valid and would be included when the annuitant filed his or his income tax return. Effective with tax year 1992, we converted all "Three-Year Rule, Not Recovered cases" to "General Rule, Not Recovered cases." Therefore, we only release one tax statement. For widow(er)s that were paid as a spouse for part of the tax year, they will use only the annuity payments they received as a widow(er) to figure their nontaxable amount.

NOTE: If a beneficiary receives social security benefits during the year, the beneficiary should have received Form SSA-1099 and Notice 703 from the Social Security Administration (SSA). Form SSA-1099 inquiries should be directed to the SSA field offices not the RRB. However, any Form SSA-1099 inquiries sent to the RRB should be directed to TCIS. Refer to TOM 325.10.15, Form SSA-1099 and/or Form SSA-1042S Inquiries, for more information.

**310.10 Form RRB-1042S/1099-R**

For nonresident aliens of the United States (NRAs), a standard Form RRB-1042S/1099-R is sent to all NRAs who would normally receive a tax statement. A NRA is defined as a person who is neither a citizen nor legal resident of the United States. This form is one
originally printed page, size 8.5” x 14.” The front side of the NRA mailer contains all the
tax statement forms: Copy C of Form RRB-1042S is at the top of the mailer followed by
Copy C of Form RRB-1099-R, Copy B of Form RRB-1042S, and lastly Copy B of Form
RRB-1099-R at the bottom of the mailer. On each copy of the tax statement forms, we
show the RRB’s U.S. Federal/IRS identifying number, 36-3314600. At the top of the
front side, the phrase, “UNFOLD TO SEE ALL TAX STATEMENT FORMS -- SEE
REVERSE SIDE FOR GENERAL INFORMATION”, is printed in green colored ink
above Copy C of Form RRB-1042S. This phrase instructs the NRA beneficiary to
unfold the folded tax statement mailer packet. The NRA beneficiary’s country of legal
residence and tax withholding percentage rate are shown on Forms RRB-1042S and
RRB-1099-R. Since the size of our envelope windows on both the domestic and air mail
envelopes is standardized, the recipient's address box on Copy C of Form RRB-1042S
is wider than the recipient's address box on Copy B of Form RRB-1042S to ensure that
the NRA's private tax information is not displayed through the envelope window. The
box items on Forms RRB-1042S and RRB-1099-R representing the paid and tax
withholding amounts have been bolded in order to make the amounts in these box items
more noticeable. Therefore, the tax statements become more user friendly because the
amounts in the bolded box items are used by beneficiaries and/or tax preparers when
preparing income tax returns. The variable data (beneficiary’s tax amounts for the year
is imaged using laser printing. The back side contains the general information at the top
followed by the explanation of items for Form RRB-1042S, and the explanation of items
for Form RRB-1099-R. In the general information section, we ask NRA beneficiaries to
review the mailing address shown on the tax statement mailer and provide the RRB with
the correct and complete mailing address if the address shown is incorrect or
incomplete. We inform NRA beneficiaries who received social security benefits paid
through the RRB that the SSA not RRB will send Form SSA-1042S tax statement and
Notice 703. If the NRA beneficiaries do not receive the SSA tax statements they should
contact the SSA not the RRB. In addition, we provide the SSA general toll free
telephone number, 1-800-772-1213, and the SSA website (www.ssa.gov).

For NRAs, taxes should have been withheld from their railroad retirement benefit
payments during the tax year, unless exempt under a tax treaty to which the United
States (U.S.) is a party. NRAs are not required to file a U. S. Federal income tax return
if: 1) their entire tax liability was fulfilled by withholding of tax on their benefits; 2) NRAs
only income from sources within the United States was not connected to a trade or
business; and 3) the correct amount of tax for the year was withheld. However, NRAs
may wish to file a tax return to receive a tax refund if too much tax was withheld from
their payments. If an NRA’s country of legal residence AND/OR tax withholding rate
changes during the tax year, the NRA may receive more than one set of “original” Form
RRB-1042S/1099-R mailers. If a NRA was also a resident of the United States during
the tax year, the NRA may receive an original Form RRB-1099/1099-R (citizen) mailer,
and may be required to file Form 1040, U.S. Individual Income Tax Return. If a NRA wishes more information on their filing requirements, inform the NRA to obtain IRS Publication 519, U.S. Tax Guide for Aliens, from the IRS.

**Form RRB-1042S**

Printed in black and white ink; the variable data for each beneficiary is printed in black ink. It reports SSEB or Overall Minimum (also called, O/M or special guaranty) amounts paid to or repaid by a beneficiary during the tax year. SSEB or special guaranty amounts are roughly equivalent to social security benefits and are treated as such for U. S. Federal income tax purposes. In addition, the workers’ compensation offset is shown on Form RRB-1042S. Effective with tax year 1992 and later, Form RRB-1042S shows the U. S. Federal income tax withheld from the SSEB portion of tier 1. For information on SSEB benefits and Form RRB-1042S, refer to IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits. The NRA beneficiary’s country of legal residence and tax withholding percentage rate is also shown on Form RRB-1042S. Effective with tax year 1997 and later, there is a separate box item on Form RRB-1042S entitled, MEDICARE PREMIUM TOTAL, which reports the total Medicare premiums deducted from beneficiaries' railroad retirement annuity payments. The Medicare premium total is normally shown on Form RRB-1042S, however if Form RRB-1042S is not required, then the Medicare premium total will be shown on Form RRB-1099-R. For those individuals who would only get a Form RRB-1042S, all copies of the Form RRB-1099-R statements in the mailer will have the caption, "THIS FORM IS NOT REQUIRED FOR YOUR 20XX TAXES." printed on the forms. The “XX” denotes the actual tax year for the tax statement.

**Form RRB-1099-R**

Printed in green and white ink; the variable data for each beneficiary is printed in black ink. It reports the employee contributions amount, if applicable, and the gross amounts of the NSSEB portion of tier 1 and tier 2 (these two annuity components are combined and shown in Box 4 on the Form RRB-1099-R as "contributory amount paid"), vested dual benefit (VDB) and supplemental annuity payments less the current year repayments made in and attributed to the tax year. These types of payments are treated as private pensions for U.S. Federal income tax purposes. The NSSEB and tier 2 (Contributory Amount Paid) are considered as contributory pension amounts. Contributory pension amounts may be fully taxable or partially taxable, depending on the presence and use of the employee contribution amount. The VDB and supplemental annuity are considered as noncontributory pension amounts. Noncontributory pension amounts are always fully taxable. The NRA beneficiary’s country of legal residence and tax withholding percentage rate is also shown on Form.
RRB-1099-R. Effective with tax year 1992 and later, for individuals affected by General Rule provisions, the RRB no longer provides the nontaxable and taxable amounts of railroad retirement annuities. The amounts shown on Form RRB-1099-R are considered a “normal distribution”. A distribution code of “7” denotes a normal distribution and should be used if a code is needed for those amounts when completing income tax return(s). Some tax return software programs/packages may ask for a distribution code. This means that beneficiaries or their tax preparers should use a code “7” if asked for a distribution code for the amounts shown on Form RRB-1099-R. The contributory amounts paid of disabled employee annuitants under minimum retirement age are fully taxable. Minimum retirement age is generally the age at which individuals could retire based on age and service (example, age 60 with 30 or more years of railroad service or age 62 with less than 30 years of railroad service). Employees who retired based on age and service and disabled employee annuitants who reach minimum retirement age may use the employee contribution amount shown on their Form RRB-1099-R to compute a nontaxable (tax-free) portion of their contributory amount paid. For information on pension payments (NSSEB, tier 2, VDB, and supplemental annuity) and Form RRB-1099-R, refer to IRS Publication 575, Pension and Annuity Income.

Effective with tax year 1997 and later, there is a separate box item on Form RRB-1099-R entitled, MEDICARE PREMIUM TOTAL, which reports the total Medicare premiums deducted from beneficiaries’ railroad retirement annuity payments. The Medicare premium total is normally shown on Form RRB-1042S, however if Form RRB-1042S is not required, then the Medicare premium total will be shown on Form RRB-1099-R. For those individuals who would only get a Form RRB-1099-R, all copies of the Form RRB-1042S tax statement in the mailer will have the caption, "THIS FORM IS NOT REQUIRED FOR YOUR 20XX TAXES." printed on the forms. The “XX” denotes the actual tax year for the tax statement.

If a repayment was made to any annuity component during a tax year, regardless if the annuitant has annuity entitlement for that same tax year, a tax statement reflecting the repaid amount(s) is released for that tax year.

Copy C of Forms RRB-1042S and RRB-1099-R on the front side of the form are to be retained by the beneficiary for documentation and record keeping purposes. Copy B of Forms RRB-1042S and RRB-1099-R are perforated for easy detachment. Copy B of Form RRB-1042S is attached to the U. S. Federal income tax return if the form shows U. S. Federal income tax withheld in Box 12 (Box 12 will be bolded). Copy B of Form RRB-1099-R is attached to the U. S. Federal income tax return if the form shows U. S. Federal income tax withheld in Box 9 (Box 9 will be bolded). Since these forms are folded and inserted in standard window envelopes, the name and address printed on Copy C of Form RRB-1042S is always used.
The NRA mailer does show any quality control cut marks.

**CONTRACTOR’S SEQUENCE NUMBER**

The contractor's sequence number of the NRA mailer is located in the recipient's name and address box of Copy C of Form RRB-1042S. The contractor sequence number is printed in a smaller font size and is aligned so that it is printed to the far right of the recipient's name to avoid any potential confusion. The contractor sequence number is printed by the contractor who uses this number as a tool for mailer identification. If there are printing errors on a specific mailer, the contractor uses the sequence number to identify and re-image that same mailer without having to re-image other mailers.

Each tax statement (Forms RRB-1042S and RRB-1099-R) reports the tax withholding percentage rate applied to the taxable amounts of an NRA's railroad retirement annuity; the amount of taxes withheld from those payments; and the latest country in which legal residence is claimed. If the NRA beneficiary's place (country) of residence AND/OR tax withholding rate changed during the year, they will receive an original tax statement for each change that will affect the tax withholding. Therefore, NRAs may receive multiple original tax statements for the same tax year.

As with citizens, prior to tax year 1992, two tax statements were issued to NRAs when a Three-Year Rule case was converted to a General Rule case during a tax year. This occurred most frequently, but was not limited to spouse-to-widow(er) conversions. A spouse who was a Three-Year Rule annuitant could have been a General Rule widow(er) because of the change in annuity beginning date. Therefore in prior practice, both tax statement packets were valid and would be included when the beneficiary filed a U.S. Federal income tax return. Effective with tax year 1992, we converted all "Three-Year Rule, Not Recovered cases" to "General Rule, Not Recovered cases". Therefore we only release one tax statement. For widow(er)s that were paid as a spouse for part of 1996, they will use only the annuity payments they received as a widow(er) to figure their nontaxable amount.

NOTE: If an NRA beneficiary receives social security benefits during the year, the NRA beneficiary should have received Form SSA-1042S and Notice 703 from the Social Security Administration (SSA). Form SSA-1042S inquiries should be directed to the NRA beneficiary's nearest SSA field office not the RRB. However, any Form SSA-1042S inquiries sent to the RRB should be directed to TCIS. Refer to TOM 325.10.15, Form SSA-1099 and/or Form SSA-1042S Inquiries, for more information.

**COMPUTER MATCHING AND PRIVACY PROTECTION ACT NOTICE**
Prior to tax year 2000, we showed the Computer Matching and Privacy Protection Act Notice at the bottom of the back of both the citizen and NRA tax statement mailers. In addition, this notice was also shown at the bottom of each of the four Taxation TXL Letters (TXL-1099; TXL-1042S; TXL-1099-R; and TXL-1099-R 1991). Effective with tax year 2000 and later mailers and TXL letters, we no longer show the Computer Matching and Privacy Protection Act Notice. The notice is now shown on the T-58 which accompanies the annual Railroad Retirement Act (RRA) rate notices (T-55, T-56, and T-57) released to beneficiaries each December.

ENCODED LINE

On both the citizen and NRA mailers, an encoded line is printed and appears above each beneficiary’s name and mailing address. In an effort to protect the annuitant’s personal identifiable information, this line only contains filler alpha/numeric/special characters and the tax statement year.

Example: XXXXX999012008*9999999

The first eight characters (Xs, and 9s) are filler positions, followed by the numeric month, century, and year the mailer is released (in this example, 012008 for January 2008); an asterisk symbol (*); and seven additional filler positions (9s).

When the mailer is inserted into window envelopes, the beneficiary’s name, mailing address, contractor’s sequence number, and the encoded line is seen through the window of the envelope.

ENVELOPES (DOMESTIC and AIR MAIL)

Tax statement mailers are mailed using two types of envelopes: Domestic envelopes or AIR Mail envelopes. Tax statement mailers with U.S. domestic mailing addresses are inserted and mailed in domestic envelopes. Tax statement mailers with foreign mailing addresses are inserted and mailed in air mail envelopes. The phrase, IMPORTANT TAX RETURN DOCUMENT ENCLOSED, is shown across both types of envelopes. The RRB eagle logo is used as the inside security pattern for the envelopes to insure privacy and confidentiality. The tax statement printing/mailing contractor is required to check with the U.S. Postal Service to insure that all mailing requirements for the tax statements are met. In addition, the contractor is required to insure that all envelopes are completely sealed. The pre-printed postal permit indicia (stamp) shown in the top right hand corner of the envelopes insures that all necessary postage/mailing costs have been paid. The return address shown in the top left hand corner of the envelopes...
is the RRB headquarters address in Chicago, Illinois. Therefore, if tax statements are undeliverable, they will be returned to RRB headquarters for handling.

310.15 Revisions To The Tax Statement Mailer Packets

For tax year 2011, date changes were made to both the Form RRB-1099/1099-R (1-2012) citizen tax statement mailer packet and the Form RRB-1042S/1099-R (1-2012) NRA tax statement mailer packet. Changes were also made to all forms to indicate that the "Medicare Premium Total" now includes all Part B, C, D and/or B Income Related Monthly Adjustment Amount (IRMAA) Medicare premiums withheld from monthly benefit payments. The individual tax statement forms on the mailers, ink color and the layout of the mailers have not changed.

315 Stand Alone Tax Statement Forms

Stand alone Forms RRB-1099, RRB-1042S and RRB-1099-R are used for manually produced original, duplicate and corrected tax statements. The stand alone tax statements can be released together or separately, depending on what kind of tax statements are required.

Prior to 1994, the Mainframe generated stand alone tax statement forms were the only type of stand-alone tax statement forms in use. Effective 1994 and later, there are now two types of stand-alone tax statement forms:

1. Mainframe generated stand alone tax statement forms, and
2. Personal computer (PC) generated stand alone tax statement forms.

Both types of stand-alone tax statement forms are valid and may be used interchangeably.

Both types of stand-alone tax statements were reviewed and approved by the IRS.

Effective January 1996 and later, taxation general information letter (TXL letter) is released with each Mainframe or PC generated stand alone tax statement form sent to the beneficiary by the RRB. There are four separate TXL letters (TXL-1099, TXL-1042S, TXL-1099-R and TXL-1099-R 1991) corresponding to each tax statement type (Form RRB-1099, Form RRB-1042S, Form RRB-1099-R, and Form RRB-1099-R (12-92)). The purpose for each TXL letter is to provide explanations of the box items found on the specific tax statement received by the beneficiary. Therefore, a beneficiary will have the explanations pertinent to their tax statement. See TOM 315.15, TXL Letters - TXL-1099;
TXL-1042S; TXL-1099-R, and TXL-1099-R 1991, for more information concerning each of the TXL letters.

Mainframe produced duplicate tax statements are released separately by the mailroom in RRB headquarters in Chicago, and include the specific TXL letter associated with the duplicate stand alone tax statement released. Therefore, if a beneficiary requests two separate types of tax statements (for example, Form RRB-1099 and Form RRB-1099-R), the mailroom does not place both types of tax statements for the same beneficiary (Form RRB-1099 and Form RRB-1099-R) into the same envelope. The mailroom mails each tax statement separately and there is a chance that the beneficiary may not receive both tax statements at the same time.

1. **Mainframe Generated Stand Alone Tax Statement Forms**

   The Mainframe generated stand alone tax statements are generated from the mainframe computer and are used mostly for duplicate tax statement requests (pressing PF9 - Duplicate Request on the Statement general tax screen (PF15)).

   The Mainframe generated stand alone tax statements include:

   - Form RRB-1099 (1-98);
   - Form RRB-1042S (1-98); and
   - Form RRB-1099-R (1-98);

   Form RRB-1099-R (1-98) is used for any corrected tax statements requests for tax years 1991 or earlier and any duplicate tax statement requests for tax years 1992 or later. Form RRB-1099-R (12-92) is only used for all duplicate tax statement requests for tax years 1991 or earlier. Requests for duplicate tax statements for tax years 1991 or earlier must be completed through RRAILS; they can no longer be requested through the mainframe.

   Prior to December 2006, we sent a supply of blank Mainframe generated stand alone tax statement forms to field offices each December. Effective December 2006 and later, we no longer send a supply of blank Mainframe generated stand alone tax statement forms to field offices.

2. PC Generated Tax Statement Stand Alone Forms

The PC generated stand alone tax statements are used by the examiners in TCIS-TS for any manually produced original or corrected tax statements requests. TCIS-TS examiners rarely use the Mainframe generated statements for any manual action involving tax statements. The PC generated tax statements are printed on white paper in black colored ink only.

There are only three PC generated stand alone tax statement forms. The three PC generated stand alone tax statements are as follows:

- Form RRB-1099 (PC) (1-98);
- Form RRB-1042S (PC) (1-98); and
- Form RRB-1099-R (PC) (1-98).

There is no PC generated stand alone tax statement form for the Form RRB-1099-R (12-92).

315.05 Explanation of Items on Forms RRB-1099 and RRB-1042S

The following are explanations of each item entry on the stand alone tax statement forms: Form RRB-1099 (1-98) and/or Form RRB-1099 (PC) (1-98) are for citizens or legal residents of the United States and Form RRB-1042S (1-98) and/or Form RRB-1042S (PC) (1-98) are for NRAs. These explanations apply to both the Mainframe generated tax statement forms and the PC generated tax statement forms. These explanations are similar to the explanations of items on the back of the citizen and NRA annual automated tax statement mailer packets. There is one copy of Form RRB-1099 and two copies of Form RRB-1042S furnished to the annuitant:

- RRB-1099:
  
  COPY C - For Recipient's Records. Form RRB-1099 Copy C is an informational tax statement; it need not be attached to the beneficiary’s U. S. Federal income tax return. The tax statement should be retained by the beneficiary with their tax records. It is recommended that the beneficiary photocopy this tax statement since only one copy of this tax statement is issued.

- RRB-1042S:
COPY B - To be filed with the beneficiary's U. S. Federal income tax return (for NRAs only). If a nonresident alien annuitant is required to file a U. S. Federal income tax return, Copy B of the RRB-1042S should be attached to the tax return.

COPY C - For Recipient's Records. Form RRB-1042S Copy C is an informational tax statement and should be retained by the beneficiary with their tax records.

The following are explanations of each entry on Form RRB-1099 (for citizens or legal residents of the United States) and Form RRB-1042S (for NRAs).

CORRECTED/DUPLICATE BOXES - This item is for both types of stand alone tax statement forms only. This item is not found on the automated original tax statement mailer packets since they are considered “original” tax statements. There are two boxes located at the top left hand side of the stand alone tax statement form indicated as "CORRECTED" or "DUPLICATE." One of these boxes is checked when either a corrected or duplicate Form RRB-1099 or Form RRB-1042S stand alone tax statement is prepared. Both boxes are checked if the stand alone tax statement is for a duplicate of a previously corrected tax statement. Neither box is checked if it is an original tax statement. Each original tax statement is valid unless it has been corrected. A duplicate tax statement is the same as a previously issued original or corrected tax statement. The RRB may issue corrected tax statements (box is checked) if there is an error in original tax statements. Corrected tax statements replace their corresponding original tax statements. Therefore, beneficiaries should use the latest duplicate or corrected tax statement that they received AND any original tax statement that the RRB has not corrected when filing and/or amending their income tax returns.

UNFOLD TO SEE ALL TAX STATEMENT FORMS - This phrase will be shown on both the automated citizen and NRA original tax statement mailer packets and the PC generated stand alone tax statement forms (Form RRB-1099 (PC) (1-98) and Form RRB-1042S (PC) (1-98)). This phrase informs the beneficiary to unfold the folded tax statement. This phrase is not shown on the Mainframe generated stand alone tax statements.

CONTRACTOR QUALITY CONTROL CUT MARKS - The cut marks only apply to the original citizen tax statement mailer. The cut marks will not be shown on the original NRA tax statement mailers, any Mainframe generated stand alone tax statements, or any PC generated stand alone tax statements. The cut marks on the original citizen mailers are either a black ink dot inside of a blue ink square or just a black ink dot. The cut marks are located in the top left hand corner of the citizen mailer across from the green colored ink phrase, UNFOLD TO SEE ALL TAX STATEMENT FORMS - SEE REVERSE SIDE FOR GENERAL INFORMATION. The cut marks insure that the
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contractor correctly images and cuts the original citizen mailer. Refer to TOM 310.05, Tax Statement Mailer Packets, for more information.

TAX YEAR - Under the heading "TAX YEAR," the tax year for which the tax statement represents is shown.

Box 1, CLAIM NO. AND PAYEE CODE: This item includes the beneficiary symbol and prefix (one to three letters) and claim number (six-digit or nine-digit number). The payee code is a one-digit number ranging from 1-9. Beneficiaries should always give the information contained in this box when they contact the RRB about a tax statement.

Box 2, RECIPIENT'S IDENTIFICATION NO: This is the United States taxpayer identifying number (TIN). A TIN is assigned to an individual or Estate by SSA or IRS. A TIN may be the United States social security number (SSN), or United States individual taxpayer identification number (ITIN), or United States employer identification number (EIN) for the person or Estate listed as the recipient. Generally, a SSN is assigned to a United States citizen, an ITIN is assigned to a nonresident alien, and an EIN is assigned to an Estate.

RECIPIENT'S NAME, STREET ADDRESS, CITY, AND ZIP CODE: Both the name and mailing address are limited to a total of 59 characters. The mailing address shown is the address that is on RRB records or the address provided by the recipient at the time the tax statement is requested or issued. Recipients should review the mailing address shown on the tax statement. If the mailing address is incorrect or incomplete, the recipient should contact the RRB and provide the RRB with the correct and complete mailing address.

For both the citizen and NRA annual automated original tax statement mailer packets only, the contractor sequence number is located in the recipient's name and mailing address box of Copy C of Form RRB-1099 for citizens and Copy C of Form RRB-1042S for NRAs. The contractor sequence number is printed in a smaller font size and is aligned so that it is printed to the far right of the recipient's name to avoid any potential confusion. The contractor sequence number is printed by the contractor who uses this number as a tool for mailer identification. If there are printing errors on a specific mailer, the contractor uses the sequence number to identify and re-image that same mailer without having to re-image other mailers.

Effective with 1994 and later Form RRB-1099/1099-R automated citizen mailers only, a postal bar-code line will appear above the recipient's mailing address and encoded line in the recipient's name and mailing address box. This postal bar-code is a discount device which reduces the mailing postage costs.
Effective with 2000 and later Form RRB-1099/1099-R automated citizen mailers only, a postal endorsement line will appear immediately above the RRB recipient’s name and mailing address box. This postal endorsement line is another discount device that reduces the mailing postage costs and insures that the tax statement gets to the correct mailing address sooner.

NOTE: In order to use a postal bar-code line and endorsement line, the recipient’s address box of Copy C of the Form RRB-1099 is widened in order for the entire postal bar-code line and endorsement line to be seen through the envelope window.

NOTE: The contractor’s sequence number will not be shown on corrected, duplicate, or manual original stand alone tax statement forms.

Box 3, GROSS SOCIAL SECURITY EQUIVALENT BENEFIT PORTION OF TIER 1 PAID IN THE YEAR SHOWN ABOVE: This figure includes the total of the SSEB portion of tier 1 or O/M special guaranty payment made to the beneficiary in the tax year indicated. The amount also includes pre-SSEB and SSEB tier 1 or O/M special guaranty payments made during the tax year that were for prior years.

In addition, the amount of any workers’ compensation offset is included in this amount. See Internal Revenue Code (IRC) 86(d)(3) for the definition of RRB tier 1 payments and SSA benefit payments as including any workers’ compensation offset amounts by which these payments were reduced. See IRC Section 6050F(a)(1)(C) for the requirement that both agencies (RRB and SSA) report on our annual tax statements the amounts of any workers’ compensation offset amounts included as gross payments on the tax statements.

This amount is BEFORE offset for U.S Federal income tax withholding, Medicare premium payments, legal process garnishment deductions, legal process assignment deductions, recovery for current year and/or prior year overpayment(s) of the SSEB portion of tier 1, recovery of RUIA benefits received while awaiting payment of railroad retirement annuity, and Workers' Compensation offset in the SSEB portion of tier 1. It is the amount AFTER offset for social security benefits, age reduction, public service pensions or public disability benefits, dual railroad retirement entitlement under another RRB claim number, work deductions, actuarial adjustments, legal process partition deductions, and annuity waiver.

Box 4, SOCIAL SECURITY EQUIVALENT BENEFIT PORTION OF TIER 1 REPAID TO RRB IN THE YEAR SHOWN ABOVE: This figure is the total of the SSEB portion of tier 1 or O/M special guaranty payments a beneficiary repaid in the tax year indicated on the tax statement for current and prior years by returning a payment (check), direct deposit
payment, by cash refund (full or partial), by full or partial withholding, or by an accrual offset. An accrual offset can be a social security accrual offsetting the SSEB portion of tier 1 or special guaranty overpayment made to another beneficiary.

NOTE: This figure can include repayments made during the tax year indicated on the tax statement for years prior to 1984.

Box 5, NET SOCIAL SECURITY EQUIVALENT BENEFIT PORTION OF TIER 1 PAID IN THE YEAR SHOWN ABOVE: This total is the amount in item 3 minus the amount in item 4. A figure in parenthesis is a negative amount.

If this amount is in parenthesis on automated annual tax statements, or is a negative amount on manually PC released tax statements, the beneficiary repaid more in the SSEB portion of tier 1 or O/M (special guaranty) payments than they received or were credited with receiving for the year. On the automated mailers, this item is bolded for easier reference.

NOTE: If a beneficiary is a citizen or legal resident of the United States and received more than one Form RRB-1099 or Form SSA-1099 for a tax year, a figure in parenthesis or negative amount can be used to offset a positive figure in Box 5 of the other Forms RRB-1099 or SSA-1099 for that same tax year. However, this offset cannot be done if the tax statements represent more than one tax year.

NOTE: If a beneficiary is a NRA and received more than one Form RRB-1042S or Form SSA-1042S for a tax year, a figure in parenthesis or negative amount can be used to offset a positive figure in Box 5 of the other Forms RRB-1042S or SSA-1042S for that same tax year. However, this offset cannot be done if the tax statements represent more than one tax year.

To see if any part of the SSEB is taxable, beneficiaries should refer to the Social Security worksheet in the Instructions for Form 1040 and/or 1040A booklet(s) and/or IRS Publication 915, Social Security and Equivalent Railroad Retirement Benefits.

Box 6, WORKERS' COMPENSATION OFFSET IN THE YEAR SHOWN ABOVE: This figure includes the total amount of Workers' Compensation payments which offsets the beneficiary's SSEB portion of tier 1 or O/M special guaranty payments made during the year.

The beneficiary's SSEB portion of tier 1 or O/M special guaranty tax liability is based on the rates before offset for Workers' Compensation. This amount is shown for informational purposes. It is an IRS reporting requirement and is included in the amount in Box 3.
Refer to the Workers’ Compensation Offset section in TOM 300.05, General Information, for additional information.

See Internal Revenue Code (IRC) 86(d)(3) for the definition of RRB tier 1 payments and SSA benefit payments as including any workers’ compensation offset amounts by which these payments were reduced. See IRC Section 6050F(a)(1)(C) for the requirement that both agencies (RRB and SSA) report on our annual tax statements the amounts of any workers’ compensation offset amounts included as gross payments on the tax statements.

Box 7, SOCIAL SECURITY EQUIVALENT BENEFIT PORTION OF TIER 1 PAID 1 YEAR PRIOR TO THE YEAR SHOWN ABOVE: This amount represents the SSEB portion of tier 1 or O/M special guaranty benefits that accrued 1 year prior to the tax year indicated on the tax statement, but were not paid until the tax year indicated on the tax statement. This amount is included in the amount in Box 3.

Box 8, SOCIAL SECURITY EQUIVALENT BENEFIT PORTION OF TIER 1 PAID 2 YEARS PRIOR TO THE YEAR SHOWN ABOVE: This amount represents the SSEB portion of tier 1 or O/M special guaranty benefits that accrued 2 years prior to the tax year indicated on the tax statement, but were not paid until the tax year indicated on the tax statement. This amount is included in the amount in Box 3.

Box 9, SOCIAL SECURITY EQUIVALENT BENEFIT PORTION OF TIER 1 PAID FOR 3 OR MORE YEARS PRIOR TO THE YEAR SHOWN ABOVE: This amount represents the SSEB portion of tier 1 or O/M special guaranty benefits that accrued for 3 or more years prior to the tax year indicated on the tax statement, but were not paid until the tax year indicated on the tax statement. This amount is included in the amount in Box 3. The entire tier 1 benefit paid prior to 1986 is treated as a social security equivalent benefit.

Box 10 (RRB-1099 ONLY), FEDERAL INCOME TAX WITHHELD: This item is the total amount of U.S. Federal income taxes withheld from the SSEB portion of tier 1 or O/M special guaranty payments. Current year SSEB tax refunds have been considered in this total. Prior to tax year 1997, this total is the excess tax withholding that beneficiaries requested in excess of their monthly NSSEB, tier 2, VDB, and supplemental annuity payments that they received. However, effective with tax years 1997 and later, this total is based on the amount of SSEB tax withholding requested on IRS Form W-4V, Voluntary Withholding Request. An amount shown in this box item should be included on beneficiaries' income tax return as tax withheld. If no taxes were withheld, a -0- will be shown. On the automated citizen mailers, this box item is bolded for easier reference.
CAUTION: In some cases, a tax withholding amount may be shown in this box even though the beneficiary did not request SSEB tax withholding via IRS Form W-4v. This may happen if the beneficiary previously had taxes withheld from their pension payments (NSSEB, Tier 2, and/or VDB), but the taxability of those payments has since changed. In these cases, the tax withholding amount is applied to the SSEB since that is the only remaining taxable component. This box only includes withholding in excess of the NSSEB, Tier 2, VDB and Supplemental Annuity payments the beneficiary received. The amount of withholding equal to the NSSEB, Tier 2, VDB and Supplemental Annuity payments will be shown in Box 9 on Form 1099-R.

Box 10 (RRB-1042S ONLY), COUNTRY: This item contains the country in which an NRA has claimed residency at the time they received railroad retirement payments for tax purposes. If the NRA has changed country of residence or citizenship during the year, the country of residence will be shown here and an original Form RRB-1042S tax statement will be produced for each country of residence or citizenship.

Box 11 (RRB-1099 ONLY), MEDICARE PREMIUM TOTAL: This is the total amount of Medicare premiums deducted from the beneficiary's railroad retirement annuity payments during the tax year indicated. This amount is for informational purposes and only applies to tax years 1997 and later. If the Form RRB-1099 is for a tax year prior to tax year 1997, this box item will not be filled even though the beneficiary had Medicare premiums deducted from their railroad retirement annuity payments during that same tax year prior to tax year 1997. Medicare premium refunds will not be included in the Medicare total. For tax year 1997 and later, the Medicare total is normally shown on Form RRB-1099 for citizens and legal residents of the United States. However, if Form RRB-1099 is not required for the tax year indicated, then the Medicare total will be shown in Box 12 on Form RRB-1099-R. If Medicare premiums were deducted from beneficiaries' social security benefits; paid by a third party (i.e., U.S. state); and/or paid by direct billing (quarterly or annually), the Medicare premium total will not be shown in this box item. See TOM 300.15, Medicare Premium Total shown on Tax Year 1997 and Later Tax Statements, for more detailed information.

Box 11 (RRB-1042S ONLY), RATE OF TAX: This is the rate at which tax was withheld on the SSEB portion of tier 1 or O/M special guaranty payments paid to NRAs in the tax year shown on the tax statement. The rate of withholding is either 0% or 15% or 30%. If the NRA changed his tax treaty claim during the year and the rate of tax also changed, this item will reflect the applicable rate of tax, and an original Form RRB-1042S tax statement will be produced for each succeeding change.

Box 12 (RRB-1042S ONLY), FEDERAL INCOME TAX WITHHELD: This item is the total amount of U.S. Federal income tax withheld from the SSEB portion of tier 1 or O/M
special guaranty payments while the (NRA) beneficiary was a legal resident of the
country listed in Box 10, Country. If no taxes were withheld, a -0- will be shown.
Current year SSEB tax refunds have been considered in this total. If the country of
legal residence and/or tax withholding rate changed during the tax year, the NRA
beneficiary will receive more than one original Form RRB-1042S for the tax year.
Therefore, the NRA beneficiary should add the amounts in Box 12 of all original Forms
RRB-1042S to determine the "total amount" of U.S. Federal income tax withheld for the
tax year. On the automated NRA mailers, this item is bolded for easier reference.

Box 13 (RRB-1042S ONLY), MEDICARE PREMIUM TOTAL: This is the total amount
of Medicare premiums deducted from the beneficiary’s railroad retirement annuity
payments during the tax year indicated. This amount is for informational purposes and
only applies to tax years 1997 and later. If the Form RRB-1042S is for a tax year prior
to tax year 1997, this box item will not be filled even though the beneficiary had
Medicare premiums deducted from their railroad retirement annuity payments during
that same tax year prior to tax year 1997. Medicare premium refunds will not be
included in the Medicare total. For tax year 1997 and later, the Medicare total is
normally shown on Form RRB-1042S for NRAs. However, if Form RRB-1042S is not
required for the tax year indicated, then the Medicare total will be shown in Box 12 on
Form RRB-1099-R. If Medicare premiums were deducted from beneficiaries’ social
security benefits; paid by a third party (i.e., U.S., state); and/or paid by direct billing
(quarterly or annually), the Medicare premium total will not be shown in this box item.
See TOM 300.15, Medicare Premium Total shown on Tax Year 1997 and Later Tax
Statements, for more detailed information.

315.10 Explanation Of Items On Form RRB-1099-R

Form RRB-1099-R is issued to both citizen and nonresident alien beneficiaries. The
following are explanations of each item entry on the Mainframe generated stand alone
tax statement Form RRB-1099-R (1-98) and the PC-generated Form RRB-1099-R (PC)
(1-98). These explanations are similar to the explanation of items on the back of the
citizen and NRA automated mailer packets. There are three copies of Form RRB-1099-R
for citizens and two copies of Form RRB-1099-R furnished to nonresident aliens:

• Copy C - For recipients' records. Copy C is an informational statement and should
  be retained by the beneficiary with their tax records.

• Copy 2 - To be filed with recipient's state, city, or local income tax return (for U.S.
  citizens only) when required. If a U.S. citizen annuitant is required to file a state, city
  or local income tax return, Copy 2 of the RRB-1099-R should be attached to the
  state, city or local income tax return.
According to Section 14 (U.S.C. 45 Section 231m) of the RRA, railroad retirement annuities are not taxable for state income tax purposes.

- Copy B - To be filled with recipient's U. S. Federal income tax return. If an annuitant is required to file a U. S. Federal income tax return and/or Copy B of the RRB-1099-R shows U. S. Federal income tax withheld in Box 9, this copy is attached to the U. S. Federal income tax return.

Form RRB-1099-R format changed due to the elimination of the General Rule provisions. The RRB no longer provides the nontaxable amount of railroad retirement annuities. Effective January 1, 1993, and later, all original and corrected tax statements will either be done on Form RRB-1099-R (1-98) or Form RRB-1099-R (PC) (1-98).

Effective January 1, 1995, and later, a corrected Form RRB-1099-R (1-98) will be issued on the PC-generated Form RRB-1099-R (PC) (1-98) if TCIS-TS handles the correction. Any duplicate tax statement requested for a Form RRB-1099-R that was created after January 1, 1993, will be issued on either a stand alone Form RRB-1099-R (1-98) or PC generated Form RRB-1099-R (PC) (1-98).

Form RRB-1099-R (12-92) will be issued only when a duplicate tax statement is requested for a Form RRB-1099-R (12-92) that was created prior to December 31, 1992. In summary, Form RRB-1099-R (12-92) is only used for all duplicate tax statement requests for tax years 1991 or earlier. Form RRB-1099-R (1-98) or Form RRB-1099-R (PC) (1-98) are used for any corrected tax statement requests for tax years 1991 or earlier and any duplicate tax statement requests for tax years 1992 or later.

**Mainframe Generated Stand Alone Form and PC-Generated Form RRB 1099-R (1-98)**

The following are explanations of each entry on the Mainframe generated stand alone form RRB-1099-R (1-98) and the PC generated form RRB 1099-R (PC) (1-98):

**CORRECTED/DUPLICATE BOXES** - This item is for both types of stand-alone tax statement forms only. This item is not found on the automated mailer packets since they are considered as "original" tax statements. There are two boxes located at the top left hand side of the stand alone tax statement form indicated as "CORRECTED" or "DUPLICATE." One of these boxes is checked when either a corrected or duplicate Form RRB-1099-R stand alone tax statement is prepared. Both boxes are checked if the stand alone tax statement is for a duplicate of a previously corrected tax statement. Neither box is checked if it is an original tax statement. Each original tax statement is valid unless it has been corrected. A duplicate tax statement is the same as a
previously issued original or corrected tax statement. The RRB may issue corrected tax statements if there is an error in the original tax statements. Corrected tax statements replace their corresponding original tax statements. Therefore, beneficiaries must use the latest duplicate or corrected tax statement received AND any original tax statement that the RRB has not corrected when filing and/or amending their income tax returns.

UNFOLD TO SEE ALL TAX STATEMENT FORMS - This phrase will be shown on both the automated citizen and NRA original tax statement mailer packets and the PC-generated stand alone tax statement form, Form RRB-1099-R (PC) (1-98). This phrase informs the beneficiary to unfold the folded tax statement.

CONTRACTOR QUALITY CONTROL CUT MARKS - The cut marks only apply to and are shown on the automated citizen tax statement mailer. The cut marks will not be shown on the automated NRA tax statement mailers, any Mainframe generated stand alone tax statements, or any PC generated stand alone tax statements. The cut marks on the automated citizen mailer are either be a black ink dot inside of a blue ink square or just a black ink dot. The cut marks are located in the top left hand corner of the citizen mailer across from the green colored ink phrase, UNFOLD TO SEE ALL TAX STATEMENT FORMS - SEE REVERSE SIDE FOR GENERAL INFORMATION. The cut marks insure that the contractor correctly images and cuts the automated citizen mailer. Refer to TOM 310.05, Tax Statement Mailer Packets, for more information.

TAX YEAR - Under the heading "TAX YEAR," the tax year for which the tax statement represents is shown.

Box 1, CLAIM NO. AND PAYEE CODE: This item includes the beneficiary symbol and prefix (one to three letters); and claim number (six-digit or nine-digit number). The payee code is a one-digit number ranging from 1-9. Beneficiaries should always give the information contained in this box when they contact the RRB about a tax statement.

Box 2, RECIPIENT’S IDENTIFICATION NO: This is the United States taxpayer identifying number (TIN). A TIN is assigned to an individual or Estate by SSA or IRS. A TIN may be the United States social security number (SSN), or United States individual taxpayer identification number (ITIN), or United States employer identification number (EIN) for the person or Estate listed as the recipient. Generally, a SSN is assigned to a United States citizen, an ITIN is assigned to a nonresident alien, and an EIN is assigned to an estate.

RECIPIENT’S NAME, STREET ADDRESS, CITY, AND ZIP CODE: Both the name and address line are limited to 59 characters. The mailing address shown is the address that is on RRB records OR the address provided by the recipient at the time the tax
statement is requested or issued. Recipients should review the mailing address shown on the tax statement. If the mailing address is incorrect or incomplete, the recipient should contact the RRB and provide the RRB with the correct and complete mailing address.

Box 3, EMPLOYEE CONTRIBUTIONS: This is the amount of railroad retirement payroll taxes paid by the railroad employee that exceeds the amount that would have been paid in social security payroll taxes if the railroad employee's railroad service had been covered under the Social Security Act. This amount is not a payment or income that the beneficiary received in the tax year indicated. The IRS refers to this amount as an employee's investment in the contract (cost). The employee contribution amount is shown on the Contribution and Recovered Data (CONTRI/RECV, PF 17) general tax screen.

Only employee and survivor annuitants receive (show) an employee contribution amount on their Form RRB-1099-R. Spouse, divorced spouse and legal process partition payees will not receive or show an employee contribution amount on their Form RRB-1099-R. If an employee contribution amount is shown on Form RRB-1099-R, the annuitant may be eligible to use some, or the total employee contribution amount. If an employee contribution amount is not shown on Form RRB-1099-R, the annuity is not eligible to use or share any employee contribution amount, and their contributory amount paid and total gross paid amount are fully taxable.

Refer to the Contributory Amount Paid section and the Employee Contribution sections in TOM 300.05, General Information, for additional information concerning the use of the employee contribution amount to reduce the taxability of the contributory amount paid.

Due to modifications to the automated tax systems, we are now able to report a more accurate employee contribution amount. The amount of the employee contributions shown in this box item is the latest amount reported. In prior years, we were only able to show employee contribution amounts which either increased or came onto the tax records for the first time. We are now able to report employee contribution amounts which also decreased. Therefore, if a beneficiary previously received a tax statement, this amount may have increased or decreased from the previously sent tax statement due to adjustments in the employee contribution amount. If the employee contributions amount reported on the latest received (or dated) Form RRB-1099-R is different from a previously received Form RRB-1099-R, the beneficiary should may need to file an original or an amended income tax return(s) using the employee contributions amount reported on the latest received (or dated) Form RRB-1099-R.
A change in the employee contributions may affect the nontaxable portion of the beneficiary's NSSEB/tier 2 payment. The beneficiary may need to recompute the nontaxable amount as explained in IRS Publication 575, Pension and Annuity Income and/or IRS Publication 939, General Rule for Pensions and Annuities. The total contributions shown have not been reduced by any amounts that the RRB previously calculated as recovered. If a beneficiary had a previous annuity entitlement that terminated and the beneficiary is calculating a nontaxable pension amount under the General Rule for their current annuity entitlement, the beneficiary should contact the RRB for confirmation of the correct employee contribution amount. However, if this box is blank, it means that the beneficiary has recovered all of their contributions as of December 31, 1991, and the beneficiary's NSSEB/tier 2 payment is fully taxable or the beneficiary is a spouse or divorced spouse whose NSSEB/tier 2 payment is fully taxable. Since we now use the General Rule method, the RRB no longer provides the employee contribution recovery information on the general tax screens.

The contributory amount paid (NSSEB and tier 2) is considered income and is reported to the IRS. The contributory amount paid (explained in Box 4 below) is either fully or partially taxable depending on whether the employee contribution amount has been used to compute a tax-free portion of the contributory amount paid. The use and recovery of the employee contribution amount is important for annuitants since it affects the amount of taxable income to be reported on income tax returns for a tax year. There is a tax savings advantage in using (recovering) employee contributions since it will reduce the taxability of the contributory amount paid and in turn the amount of taxable income. Annuitants should refer to IRS Publication 575, Pension and Annuity Income, and Publication 939, General Rule for Pensions and Annuities, for more information concerning the tax treatment of the contributory amount paid and use of the employee contribution amount.

Box 4, CONTRIBUTORY AMOUNT PAID: This is the gross amount of any NSSEB and any tier 2 benefits paid in the tax year indicated less any NSSEB and tier 2 repayments for that tax year and are attributed to that tax year. It is the sum of the NSSEB and tier 2 benefits. If the year for which the NSSEB and tier 2 repayment is for an earlier year or not known, that repayment amount will appear in Box 8. The amount in Box 4 is the total contributory pension paid for the tax year indicated and can be used by employees and survivors of deceased employees covered under General Rule provisions to compute their taxable NSSEB and taxable tier 2 amounts. Contributory pension amounts (NSSEB and tier 2) may be fully taxable or partially taxable depending on the presence and use of the employee contribution amount. For more information, beneficiaries should obtain IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 939, General Rule for Pensions and Annuities. The amount is BEFORE offset for U.S. Federal income tax withholding, Medicare premium deductions, legal process.
garnishment deductions, legal process assignment deductions, recovery of a “prior year” overpayment of NSSEB and/or tier 2, and recovery of RUIA benefits received while awaiting payment of the railroad retirement annuity. It is the amount AFTER offset for social security benefits, age reduction, public service pensions or public disability benefits, dual railroad retirement entitlement under another RRB claim number, work deductions, actuarial adjustments, annuity waivers, recovery of a known “current year” overpayment of NSSEB, and/or tier 2, and legal process partition deductions. It is also the amount after Workers’ Compensation offset for the NSSEB portion of tier 1 only. The contributory amounts paid of disabled employee annuitants under minimum retirement age are fully taxable. Minimum retirement age is generally the age at which individuals could retire based on age and service (age 60 with 30 or more years of railroad service or age 62 with less than 30 years of railroad service). Employees who retired based on age and service and disabled employee annuitants who reach minimum retirement age may use the employee contribution amount shown on their Form RRB-1099-R to compute a tax-free portion of their contributory amount paid. Refer to the explanation for Box 3, Employee Contributions, above for more information on the use of the employee contribution and impact on the contributory amount paid.

Refer to the Contributory Amount Paid section and the Employee Contribution sections in TOM 300.05, General Information, for additional information concerning the use of the employee contribution amount to reduce the taxability of the contributory amount paid.

Box 5, VESTED DUAL BENEFIT: This is the gross amount of vested dual benefit (VDB) payments made in the tax year indicated on the statement to the beneficiary less any VDB repayment for that tax year and attributed to that tax year. If the year for which the VDB repayment was made is for an earlier year or not known, the amount will appear in Box 8. VDB is considered a noncontributory pension amount. It is fully taxable for U.S. Federal income tax purposes.

The amount in this box is BEFORE offset for U.S. Federal income tax withholding, Medicare premium deductions, legal process garnishment deductions, legal process assignment deductions, recovery of a “prior year” overpayment of VDB, and recovery of RUIA benefits received while awaiting payment of the railroad retirement annuity. It is the amount AFTER offset for social security benefits, age reduction, public service pensions or public disability benefits, dual railroad retirement entitlement under another RRB claim number, work deductions, actuarial adjustments, annuity waivers, recovery of a known “current year” overpayment of VDB, and legal process partition deductions.

Box 6, SUPPLEMENTAL ANNUITY: This is the gross amount of supplemental annuity payments made during the tax year indicated on the statement less any supplemental
annuity repayment for that tax year and attributed to that tax year. If the year for which the supplemental annuity repayment was made is for an earlier year or not known, the amount will appear in Box 8. Supplemental annuity is considered a noncontributory pension amount. It is fully taxable for U.S. Federal income tax purposes.

The amount in this box is BEFORE offset for U.S. Federal income tax withholding, Medicare premium deductions, legal process garnishment deductions, legal process assignment deductions, recovery of a “prior year” overpayment of supplemental annuity benefits, and recovery of RUIA benefits received while awaiting payment of the railroad retirement annuity. It is the amount AFTER offset for social security benefits, age reduction, public service pensions or public disability benefits, dual railroad retirement entitlement under another RRB claim number, work deductions, actuarial adjustments, annuity waivers, recovery of a known “current year” overpayment of supplemental annuity benefits, and legal process partition deductions.

Box 7, TOTAL GROSS PAID: This total is the sum of the amounts shown in Boxes 4, 5, and 6 (i.e., the sum of the NSSEB portion of tier 1, tier 2, VDB and supplemental annuity gross amounts). The amount represents the total pension paid for the tax year indicated. On the automated mailers, this item is bolded for easier reference. The amount in this box is BEFORE offset for the deductions for U.S. Federal income tax withholding, Medicare premium deductions, legal process garnishment deductions, legal process assignment deductions, recovery of a “prior year” overpayment of NSSEB, tier 2, VDB or supplemental annuity benefit, and recovery of RUIA benefits received while awaiting payment of the railroad retirement annuity. It is the amount AFTER offset for social security benefits, age reduction, public service pensions or public disability benefits, dual railroad retirement entitlement under another RRB claim number, work deductions, actuarial adjustments, annuity waivers, recovery of a known “current year” overpayment of NSSEB, tier 2, VDB, or supplemental annuity benefit, and legal process partition deductions. The amount shown in this box may be partially taxable or fully taxable depending on the presence and use of the employee contribution amount.

Box 8, REPAYMENTS: Prior to January 1, 1996, the title heading in this box item was "PRIOR YEAR REPAYMENTS." Therefore, the Mainframe generated stand alone Form RRB-1099-R (1-93) had this box item entitled "PRIOR YEAR REPAYMENTS."

Effective January 1, 1996 and later, the title heading in this box item was renamed to "REPAYMENTS." Therefore, the automated citizen and NRA tax statement mailer packets for tax years 1995 and later and the PC-generated Form RRB-1099-R (PC) (1-98) have this box item entitled "REPAYMENTS." Effective January 1, 1998 and later, the Mainframe generated stand alone Form RRB-1099-R (1-98) was revised and the
This amount in this box item represents the sum of repayments for prior (earlier) years and repayments that we have not identified as a current year repayment made to the RRB in the tax year indicated. This box reflects the total gross repayments of the NSSEB portion of tier 1, tier 2, VDB and/or supplemental annuity benefits received in the tax year indicated on the Form RRB-1099-R for prior (earlier) years, or NSSEB portion of tier 1, tier 2, VDB and/or supplemental annuity repayments that we have not identified as a current year repayment made to the RRB in the tax year indicated on the Form RRB-1099-R. However, if we do not know that the repayment is for years before 1984, then it may be shown here.

The amount shown in this box item has not been deducted from the current year gross amounts in Boxes 4, 5, or 6 of Form RRB-1099-R.

A repayment is a return or recovery to the RRB of an amount previously paid. Only repayments that are attributable for the tax year indicated on the tax statement can be considered toward that tax year's taxes. Please refer to TOM 330, Repayments on Tax Statements, for more information.

Repayments attributable to payments prior to the tax year indicated on the tax statement are to be referred to the IRS and handled according to IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 525, Taxable and Nontaxable Income. It may be necessary to contact TCIS-TS to identify for which period the overpayment occurred.

Box 9, FEDERAL INCOME TAX WITHHELD: This is the total amount of U.S. Federal income tax withheld from the NSSEB portion of tier 1, tier 2, vested dual benefit, and supplemental annuity payments during the tax year indicated on the tax statement. If an amount is shown in this box item, then the amount should be included on the beneficiaries' income tax statements as tax withheld. If no taxes were withheld, an -0- should be shown. Current year NSSEB, tier 2, VDB and/or supplemental annuity tax refunds have been considered in this total. If the beneficiary is a NRA and his/her country of legal residence and/or tax withholding rate changed during the tax year, the NRA beneficiary will receive more than one original Form RRB-1099-R for the tax year. Therefore, the NRA beneficiary should add the amounts in Box 9 of all original Forms RRB-1099-R to determine the "total amount" of U.S. Federal income tax withheld for the tax year. On the automated mailers, this box item is bolded for easier reference.
CAUTION: Prior to tax year 1997, this box only included tax withholding up to the amount of NSSEB, Tier 2, VDB and Supplemental Annuity payments received. If a request for the withholding amount was greater than the total NSSEB, Tier 2, VDB and Supplemental Annuity amount, then the additional withholding was shown in Box 10 on Form RRB-1099. However, effective with tax year 1997, a request for a withholding amount greater than the total NSSEB, Tier 2, VDB and Supplemental Annuity amount cannot be applied to the SSEB portion of Tier 1. This is because a beneficiary must file an IRS Form W-4v, voluntary withholding request, to request SSEB tax withholding. In some cases, a tax withholding amount may be shown in Box 10 of Form RRB-1099 even though the beneficiary did not request SSEB tax withholding via IRS Form W-4v. This may happen if the beneficiary previously has taxes withheld from their pension payments (NSSEB, Tier 2, and/or VDB), but the taxability of those payments has since changed. In these cases, the tax withholding amount is applied to the SSEB since that is the only remaining taxable component.

Box 10, RATE OF TAX: This item should be blank for citizens or legal residents of the United States. This entry applies to NRAs only. An entry in this item indicates the rate at which tax was withheld on the NSSEB, tier 2, VDB, and supplemental annuity payments during the tax year indicated on the statement. The NRA rate of tax should be either 0%, 15%, or 30%. If the NRA changed countries of residence or citizenship during the year and the rate of tax also changed, then more than one original Form RRB-1099-R tax statement will be released.

Box 11, COUNTRY: This item should be blank for citizens or legal residents of the United States. This entry applies to NRAs only. An entry in this item indicates the country of which the NRA is a resident at the time railroad retirement payments were issued for tax purposes. If the NRA has changed his/her country of residence during the year, then more than one original Form RRB-1099-R tax statement will be released.

Box 12, MEDICARE PREMIUM TOTAL: This is the total amount of Medicare premiums deducted from the beneficiary’s railroad retirement annuity payments during the tax year indicated. This amount is for informational purposes and only applies to tax years 1997 and later. If the Form RRB-1099-R is for a tax year prior to tax year 1997, this box item will not be filled even though the beneficiary had Medicare premiums deducted from his/her railroad retirement annuity payments during that same tax year prior to tax year 1997. Medicare premium refunds will not be included in the Medicare total. For tax year 1997 and later, the Medicare total is normally shown on Form RRB-1099 (for citizens) or Form RRB-1042S (for NRAs). However, if Form RRB-1099 or Form RRB-1042S is not required for the tax year indicated, then the Medicare total will be shown in Box 12 on Form RRB-1099-R since that is the only tax statement that the beneficiary will receive. If Medicare premiums were deducted from beneficiaries' social security benefits; paid by
a third party (i.e., U.S. state); and/or paid by direct billing (quarterly or annually), the Medicare premium total will not be shown in this box item. See TOM 300.15, Medicare Premium Total shown on Tax Year 1997 and Later Tax Statements, for more detailed information.

**Stand Alone Form RRB-1099-R (12-92)**

The following are explanations of each item entry on the stand alone Form RRB-1099-R (12-92) (this form can only be requested thru RRAILS):

CORRECTED/DUPLICATE BOXES - There are two boxes on the top left hand side of the form indicating "CORRECTED" OR "DUPLICATE." Effective January 2, 1993, only the duplicate box is checked when duplicate, duplicate of a corrected, or duplicate of a duplicate RRB-1099-R tax statement created prior to December 31, 1992, is requested (see TOM 320, Duplicate Statements). Each original tax statement is valid unless it has been corrected. A duplicate tax statement is the same as a previously issued original or corrected tax statement. The RRB may issue corrected tax statements (box is checked) if there is an error in original tax statements. Corrected tax statements replace their corresponding original tax statements. Therefore, beneficiaries should use the latest duplicate or corrected tax statement that they received AND any original tax statement that the RRB has not corrected when filing and/or amending their income tax returns. This form is not used for any original, corrected, or PC generated tax statements created January 2, 1993, or later.

There is no PC generated Form RRB-1099-R (12-92) and there is no phrase printed at the top of the Form RRB-1099-R (12-92) informing the beneficiary to unfold to see all tax statement forms.

In addition, there is no MEDICARE PREMIUM TOTAL box item on Form RRB-1099-R (12-92) since this tax statement is for tax years prior to tax year 1992 and we will only report the Medicare premium total for tax years 1997 and later.

This version of the Form RRB-1099-R is only used for tax year 1991 and earlier so the volume of this tax statement is low. We only use this tax statement version for duplicate tax statement requests for tax years 1991 and earlier. Between calendar years 2000 and 2005, we issued an average of 17 duplicate Form RRB-1099-R (12-92) per year. As the years go on, this volume of use for this tax statement version will decrease to zero.

**TAX YEAR** - Under the heading "TAX YEAR," the tax year for which the tax statement represents is shown.
Box 1, CLAIM NO. AND PAYEE CODE: This item includes the beneficiary symbol and prefix (one to three letters) and claim number (six-digit or nine-digit number). The payee code is a one-digit number ranging from 1-9. Beneficiaries should always give the information contained in this box when they contact the RRB about a tax statement.

Box 2, RECIPIENT’S IDENTIFICATION NO: This is the United States taxpayer identifying number (TIN). A TIN is assigned to an individual or Estate by SSA or IRS. A TIN may be the United States social security number (SSN), or United States individual taxpayer identification number (ITIN), or United States employer identification number (EIN) for the person or Estate listed as the recipient. Generally, a SSN is assigned to a United States citizen, an ITIN is assigned to a nonresident alien, and an EIN is assigned to an Estate.

RECIPIENT’S NAME, STREET ADDRESS, CITY, STATE, AND ZIP CODE: Both the name and address line are limited to 59 characters. The mailing address shown is the address that is on RRB records OR the address provided by the recipient at the time the tax statement is requested or issued. Recipients should review the mailing address shown on the tax statement. If the mailing address is incorrect or incomplete, the recipient should contact the RRB and provide the RRB with the correct and complete mailing address.

Box 3, TOTAL CONTRIBUTIONS RECOVERED THROUGH THE YEAR SHOWN ABOVE: This amount is only shown when the employee’s contributions were not recovered before the year of the tax statement. This amount should be the same for all beneficiaries on a claim number.

In Three-Year Rule cases, this box contains the total amount of any non-social security equivalent benefit (NSSEB) portion of tier 1 and any tier 2 annuity portion paid to all beneficiaries on one claim number from the ABD through the tax year indicated on the statement. In General rule cases, this box contains the total nontaxable non-social security benefit (NSSEB) portion of tier 1 and the nontaxable tier 2 portion paid from the ABD through the tax year indicated. Inform beneficiaries to refer to IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 939, General Rule for Pensions and Annuities, for more information.

Box 4, EMPLOYEE CONTRIBUTIONS: This is the amount of railroad retirement payroll taxes paid by the railroad employee that exceeds the amount that would have been paid in social security payroll taxes if the railroad employee's railroad service had been covered under the Social Security Act. Essentially, this is the tier 2 tax plus excess FICA taxes paid. The IRS refers to this amount as an employee’s investment in the contract (cost). This amount is not a payment or income that the beneficiary received in
the tax year indicated. The amount of the employee contributions shown in this box item is the latest amount reported. The employee contributions amount is shown on the Contribution and Recovered Data (CONTRI/RECV, PF 17) general tax screen. This amount is the total amount of the employee's contributions shown only when the contributions were not recovered before the tax year indicated on the statement. If the employee contributions amount reported on the latest received (or dated) Form RRB-1099-R is different from a previously received Form RRB-1099-R, the beneficiary should may need to file an original or an amended income tax return(s) using the employee contributions amount reported on the latest received (or dated) Form RRB-1099-R.

If beneficiaries are using the Simplified General Rule method to compute the taxable/nontaxable NSSEB/tier 2, this amount is considered the employee's cost in the contract. The beneficiary should contact the RRB ONLY IF the beneficiary had a previous annuity entitlement that terminated and the beneficiary is calculating a nontaxable pension amount under the General Rule for the beneficiary's correct employee contribution amount. Inform beneficiaries to refer to IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 939, General Rule for Pensions and Annuities, for more information.

Box 5, CONTRIBUTIONS RECOVERED: For Three-Year Rule cases or 1987 General Rule cases, an "X" is shown in either the "Yes" or "No" box for this item. It indicates whether the employee's contributions have been recovered. If neither box is checked, this indicates that payments with annuity beginning dates from July 2, 1986, through December 31, 1986, are under the 1986 General Rule. These payments have a permanent nontaxable amount and employee contribution recovery is not considered. A check in either the Three-Year Rule or General Rule box indicates which rule is applicable. Inform beneficiaries to refer to IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 939, General Rule for Pensions and Annuities, for more information.

Box 6, RATE OF TAX: This entry applies to NRAs only. It is the latest rate at which their NSSEB portion of tier 1, tier 2, vested dual benefits and supplemental annuity is taxed. This item should be blank for U.S. citizens and residents. The NRA rate of tax should be either 0%, 15%, or 30%. If the NRA changed countries of residence or citizenship during the year and the rate of tax also changed, this item will reflect the latest applicable rate of tax.

Box 7, FEDERAL TAX WITHHELD: This is the total amount of U.S. Federal income taxes withheld from the NSSEB portion of tier 1, tier 2, vested dual benefit and
supplemental annuity payments during the tax year indicated on the statement. If no taxes were withheld, a -0- should be shown.

Box 8, COUNTRY: This entry applies to NRAs only. It contains the country in which the NRA has claimed residency during the year. If the NRA has changed their country of residence during the year, the latest country of residence will be shown here.

Box 9, TAXABLE CONTRIBUTORY AMOUNT: This is the gross amount of any taxable NSSEB portion of tier 1 and any taxable tier 2 benefits paid in the tax year indicated on the statement less any repayments for that tax year. If the year for which the NSSEB and tier 2 repayment was made is not known, the amount will appear in box 13. Any nontaxable NSSEB portion of tier 1 and any nontaxable tier 2 benefits are not included in this amount. Therefore, this box may contain an amount less than the annuitant actually received. If payments received in the tax year indicated on the statement are not taxable, an -0- will be shown in this box. Inform beneficiaries to refer to IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 939, General Rule for Pensions and Annuities, for more information.

The amount is BEFORE U.S. Federal income tax withholding, Medicare premium deductions, legal process garnishment deductions, legal process assignment deductions, recovery of a “prior year” overpayment of NSSEB and/or tier 2, and recovery of RUIA benefits received while awaiting payment of the railroad retirement annuity. It is the amount AFTER work deductions, actuarial adjustments, annuity waivers, and legal process partition deductions, and recovery of a “current year” overpayment of NSSEB and/or tier 2. It is also the amount after Workers’ Compensation offset for the NSSEB portion of tier 1 only.

Box 10, TAXABLE VESTED DUAL BENEFIT: This is the total of the gross taxable vested dual benefit (VDB) payments made in the tax year indicated on the statement to the beneficiary less any VDB repayment for that tax year. If the year for which the VDB repayment was made is not known, the amount will appear in Box 13.

The amount is BEFORE U.S. Federal income tax withholding, Medicare premium deductions, legal process garnishment deductions, legal process assignment deductions, recovery of a “prior year” overpayment of VDB, and recovery of RUIA benefits received while awaiting payment of the railroad retirement annuity. It is the amount AFTER work deductions, actuarial adjustments, annuity waivers, and legal process partition deductions, and recovery of a “current year” overpayment of VDB.

Box 11, TAXABLE SUPPLEMENTAL ANNUITY: This is the total of the gross taxable supplemental annuity payments made during the tax year indicated on the statement
less any supplemental annuity repayment for that tax year. If the year for which the supplemental annuity repayment was made is not known, the amount will appear in Box 13.

The amount is BEFORE U.S. Federal income tax withholding, Medicare premium deductions, legal process garnishment deductions, legal process assignment deductions, recovery of a “prior year” overpayment of supplemental annuity benefit, and recovery of RUIA benefits received while awaiting payment of the railroad retirement annuity. It is the amount AFTER work deductions, actuarial adjustments, annuity waivers, and legal process partition deductions, and recovery of a “current year” overpayment of supplemental annuity benefit.

Box 12, TOTAL GROSS TAXABLE: This total is the sum of the amounts shown in boxes 9, 10 and 11 (i.e., the sum of the NSSEB portion of tier 1, tier 2, vested dual benefit, and supplemental annuity gross taxable amounts). The amount is BEFORE U.S. Federal income tax withholding, Medicare premium deductions, legal process garnishment deductions, legal process assignment deductions, recovery of a “prior year” overpayment of NSSEB, tier 2, VDB, and supplemental annuity benefit, and recovery of RUIA benefits received while awaiting payment of the railroad retirement annuity. It is the amount AFTER work deductions, actuarial adjustments, annuity waivers, and legal process partition deductions, and recovery of a “current year” overpayment of NSSEB, tier 2, VDB, and supplemental annuity benefit.

Box 13, TOTAL REPAYED: This figure represents the total taxable repayments made to the RRB during the tax year indicated on the statement for prior years. This box reflects the total taxable repayments of the NSSEB portion of tier 1, tier 2, vested dual benefit and supplemental annuity benefits received in the tax year indicated on the statement for prior years or for the tax year indicated on the statement, if it cannot be identified as a repayment for that tax year. The repayment cannot be for years before 1984.

If a repaid amount is shown in this item, it will be necessary to identify for the beneficiary the years for which the repayments apply. Only repayments that are attributable for the tax year indicated on the statement can be considered toward that tax year's taxes.

Refer to TOM 330, Repayments on Tax Statements, for more information.

Repayments attributable to payments prior to the tax year indicated on the statement are to be referred to IRS and handled according to IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 525, Taxable and Nontaxable Income. It may be necessary to contact TCIS-TS to identify for which period the overpayment occurred.
Box 14, CONTRIBUTORY AMOUNT PAID: This is the total amount of the Gross NSSEB and the Gross tier 2 benefits paid during the tax year indicated on the statement. This is included for use by employee and survivor annuitants in computing the Simplified General Rule. Inform beneficiaries to refer to IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 939, General Rule for Pensions and Annuities, for more information.

Box 15, NUMBER OF MONTHLY PAYMENTS: This is the number of monthly payments received in the tax year indicated on the statement. This figure is provided for use by employee and survivor annuitants in computing the Simplified General Rule. An asterisk (*) will be shown when the number of monthly payments cannot be determined by the automated system.

In some situations, the number of monthly payments displayed in box 14 may not be accurate. This may happen:

- In partial to final recertifications, when retroactive payments for prior to the tax year indicated on the statement were paid in that tax year; the number of months prior to the tax year indicated on the statement should be counted in that tax year if these payments were not previously considered in calculating the nontaxable amount. This can occur if the recertification crosses tax years and the recert annuity beginning date (ABD) is earlier than the partial award ABD.

EXAMPLE: An employee is paid a partial award effective October 1989. A final recertification award is paid in June 1990 which retroacts to July 1989. The months of October 1989 through December 1989 were counted as payment months for 1989 and should not be counted again for 1990. For tax year 1990, the number of payment months should include July 1989 through September 1989 and any payments months paid in 1990.

- When payments are returned for which a tax liability is not charged, the month(s) that the payment(s) represent should not be included in the number of monthly payments used for Simplified General Rule computation. Since we cannot determine the number of months included in the returned payment(s), the number of monthly payments will be shown before any returned payment(s).

EXAMPLE: A check dated October 1, 1990, was sent out and returned due to the death of an annuitant in September 1990. Ten monthly payments were counted and are shown on the tax statement. This number is before the returned check is subtracted. Only nine monthly payments should have been shown on the tax statement.
This inflated count not only occurs in death terminations, but can also occur in other situations involving erroneously released final payments to some employees and survivors.

### 315.15 TXL Letters - TXL-1099, TXL-1042S, TXL-1099-R and TXL-1099-R 1991

In January 1996, Policy and Systems-PAS created four separate Tax Statement General Information letters for each type of mainframe generated or PC generated stand alone tax statement forms (Form RRB-1099, Form RRB-1042S, Form RRB-1099-R, and Form RRB-1099-R (12-92)). The purpose for each of these TXL letters is to provide general information and explanations of box items found on the specific stand alone tax statement received by the beneficiary. Therefore, a beneficiary will have the explanations pertinent to his/her tax statement thus avoiding explanations for tax statements that the beneficiary did not receive. In addition, Headquarters and field office personnel release the TXL letters to individuals and/or organizations (i.e. attorneys, tax preparers, IRS/AARP tax instructor volunteers for the elderly) requesting written tax information concerning tax statements.

The current TXL letters have a revision date of (02-2012). Any TXL letters with a revision date prior to (02-2012) are obsolete. These TXL letters are on the RRAILS system and in the RRB website (www.rrb.gov).

The TXL letters are not sent with the automated citizen and NRA annual tax statement mailer packets released by January 31 each year since the back side of the packets already contains general information and explanations of items on each tax statement form. Therefore, the TXL letters are used only in conjunction with all duplicate and manually produced mainframe generated and PC generated stand alone tax statement forms.

Effective January 1996 and later, TXL letters are released by Headquarters and field office personnel with each stand alone tax statement forms.

The TXL letters are:

1. TXL-1099 which explains the Form RRB-1099 tax statement;
2. TXL-1042S which explains the Form RRB-1042S tax statement;
3. TXL-1099-R which explains the Form RRB-1099-R tax statement;
4. TXL-1099-R 1991 which only explains the Form RRB-1099-R (12-92).
Form RRB-1099-R (12-92) and its corresponding TXL-1099-R 1991 are used only for duplicate tax statement requests for tax years 1991 and earlier.

The content of the TXL letters comes from the general information section and the explanation of items section on the automated citizen and NRA annual tax statement mailer packets released each January.

The chart below should be used by headquarters and field office personnel as a guide in determining which TXL letters to use with the mainframe generated or PC generated stand alone tax statements:

<table>
<thead>
<tr>
<th>#</th>
<th>TAX STATEMENT</th>
<th>CORRESPONDING TL or TXL FORM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Form RRB-1099</td>
<td>TXL-1099</td>
</tr>
<tr>
<td></td>
<td>Form RRB-1099 (PC)</td>
<td>TXL-1099</td>
</tr>
<tr>
<td>2.</td>
<td>Form RRB-1042S</td>
<td>TXL-1042S</td>
</tr>
<tr>
<td></td>
<td>Form RRB-1042S (PC)</td>
<td>TXL-1042S</td>
</tr>
<tr>
<td>3.</td>
<td>Form RRB-1099-R</td>
<td>TXL-1099R</td>
</tr>
<tr>
<td></td>
<td>Form RRB-1099-R (PC)</td>
<td>TXL-1099R</td>
</tr>
</tbody>
</table>

TXL letters are used for both the mainframe generated and PC generated tax stand alone tax statement forms.

Headquarters and field office personnel should pay special attention to the difference in use between the TXL-1099-R and the TXL-1099-R 1991 in order to prevent any confusion. Although the TXL titles are slightly similar, the TXL-1099-R is associated with the Form RRB-1099-R (1-98 version) tax statement, while the TXL-1099-R 1991 is only associated with the Form RRB-1099-R (12-92 version) tax statement. For easy identification, the tax statement form titles (i.e. Form RRB-1099-R (12-92)) are in bold print and are located in the bottom left hand corner of each tax statement.
All TXL letters have the following characteristics:

1. The TXL letters measure 8.5" by 11".

2. The RRB’s address, eagle insignia and TXL letter number and version date will be printed on the top front side of each TXL letter.

3. The TXL letters will be printed in black ink on white paper.

4. General tax statement explanations will be on the front side and the explanations of each box item on the tax statement will be on the back side of the TXL letter.

5. On each TXL letter, we inform recipients (beneficiaries) of tax statements to review the mailing address shown on the tax statements. If the mailing address shown is incorrect or incomplete, we ask recipients to contact the RRB and provide the RRB with the correct and complete mailing address.

6. The TXL letters will be pre-folded (tri-folded) for easy insertion into envelopes. The top fold will contain the RRB’s address, eagle insignia and TXL letter number and version date.

7. Each year, we will update each TXL form with annual revisions if necessary.

The current TXL forms have a revision date of (02-2012). The TXL forms showing a revision date of (02-2012) are valid and applicable. Any TXL forms with a revision date prior to (02-2012) are obsolete.

Headquarters and field office personnel may photocopy TXL letters should their supply run low (be sure to photocopy the front and back sides of the TXL letters). In addition, the TXL letters are on RRAILS and the RRB website (www.rrb.gov) so headquarters and field office personnel may print out extra copies of the appropriate TXL letters. If you print the TXL letters from the RRB website, be sure to print the PDF versions.

320 Duplicate Tax Statements

Duplicate tax statements are exact copies of previously released (original or corrected) tax statements for the same tax year. Information shown on the duplicate tax statement should match the original or corrected tax information. The box labeled, DUPLICATE, in the top left hand corner of the paper tax statement form will be checked with an “X” to indicate a duplicate tax statement or a duplicate of a corrected tax statement (corrected box will also be checked). The tax year the duplicate tax statement represents will be printed in the center of the duplicate tax statement next to the label, TAX YEAR.
The mailing address shown on the duplicate tax statement may be different from the mailing address shown on the original or corrected tax statement, as authorized field office and headquarters users have the ability to modify the address on the duplicate tax statement if the address has changed since the original statement was issued or if requested by the beneficiary. Duplicate tax statement information is not sent to the IRS since the information was reported to the IRS on either the original or corrected IRS transmission file.

Duplicate tax statements may be generated via the Automated Duplicate Tax Statement System or RRAILS.

**320.05 Automated Duplicate Tax Statements**

The automated duplicate statement request system is used to enter a request for release of a duplicate copy of the any tax statement for tax years 1992 through the most current tax year. Requests for automated duplicate tax statements can be made by authorized field office and headquarters users by pressing the PF 9 DUP key on the Statement general (PF 15) tax screen.

NOTE: Annuitants can also request duplicate tax statements via the RRB website ([www.rrb.gov](http://www.rrb.gov)). These online requests are sent through the automated duplicate tax statement process.

NOTE: Tax statements for tax years prior to 1991 can no longer be requested through the automated duplicate statement request system.

Automated duplicate tax statement requests are stored in a transaction database for batch processing. The Duplicate Statement Request screen is linked to the Tax Accounting System (TAS) system and, specifically, to the Statement general tax screen (STMT or PF 15). Therefore, you must have access to TAS in order to access the duplicate (DUP) screen. For detailed instructions, refer to TOM 3105.55.

Automated duplicate tax statements are printed and mailed from RRB headquarters in Chicago. The mailroom will enclose the appropriate taxation general information letter with the duplicate tax statement. The duplicate tax statement program is run each work day. This means that duplicate tax statements are printed each work day. Allow 5 to 7 work days for mail delivery from the date of the request. Duplicate tax statements addressed to foreign countries may take longer to arrive at their destination.
320.10 RRAILS Produced Duplicate Tax Statements

RRAILS can be used to prepare Duplicate Tax Statement Forms; RRB-1099 Tax Statement for SSEB Annuity Payments, RRB-1099R Tax Statement for Annuities or Pensions, RRB-1042S Tax Statement for Non-Resident Aliens, and RRB-1099R (12-92) Tax Statement for Annuities or Pension for tax years prior to 1992. The PC generated duplicate tax statement can be printed from your office printer.

NOTE: Duplicate statements created through RRAILS are not updated to the TAS database and are not reflected on the TAX STATEMENT SUMMARY screen. Therefore field offices should document in the contact log the preparation and issuance of a duplicate tax statement.

Access RRAILS. Detailed user procedure can be found in FOM-1-1596.5.

Select New Case to open the RRAILS New Contact client window. This will allow you to lookup and download the beneficiary name, claim number, and address information. Once the beneficiary's information has been acquired, select the appropriate duplicate tax statement form from the RRAILS Shelf; RRB-1099, RRB-1099R, RRB 1099R (12-92), RRB-1042S, RRB-1099R2 (Combined 1099/1099R Form), and RRB-1042S2 (Combined 1042S/1099R Form).
The appropriate form pop-up window will appear in Word. The annuitant’s name, address, claim number, payee code and recipient’s identification number will be prefilled.
Press Ctrl/Shift/F2 and follow the screen prompt instructions; you may receive a pop-up box that asks “Do you need to see more than 14 statements?” select ‘yes’ to continue. Select the appropriate tax statement year. The duplicate tax statement form will be prefilled with the applicable tax statement information. The address may be modified, if necessary. Before mailing, enclose the appropriate taxation general information letter, i.e. TXL-1099, TXL-1042S, TXL-1099-R and TXL-1099-R 1991 with the duplicate tax statement(s). The letters can be found on RRAILS or the RRB website (www.rrb.gov). In some situations, a special customized explanation letter may be released with the duplicate tax statement and corresponding TXL letters. See TOM 315.15 for detailed information about the tax letters.
320.15 When to Release Duplicate Tax Statements

Since all original automated tax statement mailer packets for the latest tax year are not required to be received until January 31, it should not be necessary to request duplicate tax statements prior to that date. Allow adequate mailing time from the date of the release by the contractor. Requests for duplicate tax statements for the latest tax year should be made beginning in February. Requests for duplicate tax statements for any tax year other than the latest tax year can be made at any time.
325 Corrected Tax Statements

325.05 Overview

The concept of the corrected tax statement is to provide the latest correct tax information to the annuitant and the IRS. Tax information includes the RRB claim number and payee code, taxpayer identification number (social security number, individual taxpayer identifying number, employer identification number), mailing address, payment amounts, repayment amounts, tax withholding amounts, workers' compensation offset amount, Medicare premium total, employee contributions amount, NRA tax withholding rate percentages (0%, 15% or 30%) for those taxed as nonresident aliens of the United States, and country of residence for tax purposes for those taxed as nonresident aliens of the United States.

Original tax statements are released in January of each year. Corrected tax statements can only be released after the corresponding original tax statements have been released. Corrected tax statements are released throughout the year as discrepancies or errors are identified by annuitants, tax preparers, Field Service, Tax Clerical Imaging Section-Tax Section (TCIS-TS), and/or Policy and Systems – Payment Analysis and Systems (PAS). In most situations, the annuitant may question the validity of the information shown on the original tax statement that they received and contact their nearest field office for review of that tax statement. If the field office believes that an error is made on the original tax statement, the field office will contact TCIS-TS (by phone or email) and request a corrected tax statement. Field service does not issue corrected tax statements. TCIS-TS will review the original tax statement to determine if there is an error and if the error warrants the release of a corrected tax statement. In some situations, TCIS-TS may forward the inquiry to the tax analysts in PAS for review, investigation and/or determination of a corrected tax statement. In addition, PAS may also identify errors and/or determine if a particular category of cases require corrected tax statements. Based on volume, PAS may need to determine if TCIS-TS will manually produce corrected tax statements or if the corrected tax statements can be produced mechanically. We issue about 645 manually produced corrected tax statements per year.

Corrected tax statements can be released for any tax year. However, we try to only issue corrected tax statements for the latest tax year plus three prior tax years.

The box labeled, CORRECTED, in the top left hand corner of the paper tax statement form will be checked with an "X" to indicate a corrected tax statement or a duplicate of a corrected tax statement (duplicate box will also be checked). The tax year the corrected tax statement represents will be printed in the center of the corrected tax statement next
to the label, TAX YEAR. In addition, the date the corrected tax statement was produced is shown in the top right hand corner of the corrected tax statement. This date helps to identify the latest dated tax statement.

Corrected tax statement information is updated to the tax database and the Statement general tax screen (STMT, PF 15). The corrected tax statement can be viewed and is indicated as a "corrected" on the tax screen.

A TL-265 letter (explains the corrected tax statement) or a special customized explanation letter will be released with a corrected tax statement. In addition, the appropriate TXL letters (TXL-1099, TXL-1042S, TXL-1099-R, TXL-1099-R 1991) which explains the box items found on the corrected tax statement will be released with a corrected tax statement.

–The Tax Clerical Imaging Section-Tax Section (TCIS-TS) is the section responsible for issuing corrected tax statements. Field offices do not produce or issue corrected tax statements. Corrected tax statements are manually produced on the personal computer (PC generated) and are only produced after the corresponding original tax statement was issued.

The RRB sends all tax information reported on corrected tax statements to the IRS (usually in August each year). Original and corrected tax statement information is sent to the IRS using cartridges, disks or the IRS secure website called, Filing Information Returns Electronically (FIRE) system. Therefore, recipients of corrected tax statements must use the latest dated corrected tax statements (and any original tax statements that the RRB has not corrected) when filing and/or amending their income tax return(s) for the tax year indicated on the corrected tax statement(s).

Refer to the TAX Statement Summary General Tax screen (PF 14) and/or the Statement General Tax screen (PF 15) in order to determine if a corrected tax statement is required. Be sure that an original annual automated tax statement was issued. Refer to TOM 325.10.05, Requesting Corrected Tax Statements.

Special attention should be given to the following:

- If an "original" Form RRB-1099-R statement was released, and a "corrected" tax statement is required, effective January 2, 1993 and later, the tax statement will be done on the mainframe generated Form RRB-1099-R stand alone or, effective January 1997 and later, the PC generated Form RRB-1099-R stand alone. Insert into window envelopes and release the entire package which includes the tax statement(s), TXL-1099-R letter, and the letter (TL-265 or customized letter)
explaining why the corrected Form RRB-1099-R is different from the original Form RRB-1099-R.

• If there is no SSEB amount or repaid amount, a Form RRB-1099 (for citizens or legal residents of the United States) or Form 1042S (for NRAs) was not released. This will include situations where the beneficiary was not entitled to tier 1 or the O/M (special guaranty) amount. Similarly affected are those beneficiaries who had a tier 1, but no SSEB (i.e., 60/30 annuitants under age 62 and occupational disability annuitants without a disability freeze).

• Prior to tax year 1992, no Form RRB-1099-R was released in Three-Year Rule cases, if the contributory amount (tier 2 plus NSSEB amount) was not yet taxable because the employee's contributions had not been recovered, and no vested dual benefit or supplemental annuity was paid in the tax year.

For tax year 1986, General Rule annuitants were sent Form RRB-1099-R tax statements erroneously computed under the Three-Year Rule. If these General Rule annuitants requested a corrected Form RRB-1099-R for tax year 1986, we sent out a Form RRB-1099-R tax statement (not the Form RRB-1099-R (12-92)) computed under the Three-Year Rule.

MAILING ADDRESS ON CORRECTED TAX STATEMENTS:

The mailing address shown on a corrected tax statement may not be the same as the mailing address shown on the previously issued tax statement. This is because TCIS-TS examiners have the ability to change the mailing address on a corrected tax statement with the latest and most current available mailing address. Therefore, the mailing address shown on corrected tax statements is either the address that was on RRB records at the time the previously released tax statement was issued OR the latest address shown on DATAQ OR the address provided by the person requesting the corrected tax statement. As a result, the mailing address shown on the corrected tax statement should be the most current mailing address. Changing the mailing address for a corrected tax statement will not change the address shown on DATAQ. If the mailing address is different from the mailing address shown on DATAQ, a change of address (COA) should be made using standard COA procedures. Recipients of corrected tax statements should review the mailing address shown on the tax statement. If the mailing address is incorrect or incomplete, the recipient should immediately contact and provide the RRB with the correct and complete mailing address.

INCORRECT TAXPAYER IDENTIFYING NUMBER (TIN):
Annuitants and field offices should request a corrected tax statement when the error on the tax statement is an incorrect taxpayer identifying number (TIN). This error is rare and as a result, we have a very small volume of these cases. A TIN, according to Internal Revenue Service (IRS) regulations, is a nine-digit number that is either a United States social security number (SSN), a United States individual taxpayer identification number (ITIN) or an employer identification number (EIN). A TIN is assigned to individuals by the Social Security Administration (SSA) or the IRS. Generally, a SSN is assigned to a U.S. citizen, an ITIN is assigned to a nonresident alien, and an EIN is assigned to an Estate.

A TIN (SSN or ITIN or EIN) is the tax statement recipient's identification number shown in Box 2 on all tax statements. The TIN shown on the tax statement will be reported to the IRS. As a result, IRS (as well as the RRB) will associate all payments, repayments and tax withholding amounts to the TIN shown on the tax statement. Therefore, if the tax statement shows an incorrect TIN, contact TCIS-TS by phone, memorandum, letter correspondence or e-mail and advise TCIS-TS of the correct TIN (SSN, ITIN or EIN). TCIS-TS will issue a "corrected" set of tax statements with the incorrect TIN (SSN, ITIN, EIN) shown in Box 2 of the tax statements. This corrected set will report zero payment, repayment, and tax withholding amounts for the incorrect TIN. As a result, the amounts reported to IRS (as well as RRB records) under the incorrect TIN will be canceled. The zero corrected tax statements (and any other documentation such as worksheets, memos, notes or letters) may be imaged for folder documentation. The corrected zero tax statements may be updated to the Statement general tax screen (PF 15). In some situations, the tax analyst in Policy & Systems may contact IRS to inform IRS of the tax statement showing the incorrect TIN.

We do not want to release a tax statement showing a TIN to an individual who is not assigned that TIN. This insures privacy of an individual's TIN and prevents identity theft. Therefore, the zero corrected tax statement may be sent to the individual (if the name and address is known) who is assigned the TIN that was incorrectly reported on a previously issued RRB tax statement. You may have to request a SSA MBR using the TIN to obtain the individual's name and mailing address. (This is especially true if the individual is a non railroad beneficiary and therefore not in any RRB database.) A customized explanation letter will be sent to the individual explaining the situation. The letter may be sent alone or with the zero corrected tax statement. Information from the zero corrected tax statement may be sent to the IRS or the tax analyst in P&S may contact the IRS so that the IRS cancels the original tax statement under the same TIN.

TCIS-TS will then issue an "original" set of tax statements with the correct TIN (SSN, ITIN, EIN) shown in Box 2 of the tax statements. This original set will report the
payment, repayment and tax withholding amounts for the correct TIN. As a result, the amounts will be associated with the correct TIN and will be reported to IRS. In addition, RRB records will be correct. The original tax statements showing the correct TIN will be sent to the correct individual. A customized explanation letter or TL-266 (standard letter that accompanies original tax statements) will be sent to the individual with the original tax statements.

NOTE: If you are unsure as to how to handle corrected tax statements with an incorrect TIN, please refer the case to the tax analysts in Policy and Systems.

In summary, TCIS-TS will correct the TIN on the tax statement(s) by preparing two sets of tax statements (corrected and original) in the following manner:

- A corrected copy set containing all identifying data as originally issued will be prepared. All box items involving money amounts will be filled with an -0-. This set will contain the erroneous TIN in Box 2 of the tax statement(s). This zero corrected tax statement with the incorrect TIN may be sent to the IRS.

- Customized explanation letters may be sent to the affected individuals.

- An original set containing all correct identifying date will be prepared. All box items will contain the correct values. The correct TIN will be in Box 2 of the tax statement(s). This original tax statement with the correct TIN will be sent to the individual and IRS.

- If tax statements are sent to individuals, the appropriate TXL letters that explains the box items on the tax statement may be sent to accompany the tax statements.

- Make any necessary corrections for the TIN on-line.

- Send to Imaging all necessary documentation concerning the case (tax statements, tax statement worksheets, letters, memos, e-mails, notes, etc.) for future reference.

Any corrected Form RRB-W-2P tax statements for years prior to tax year 1991 will be printed on Form RRB-1099-R (01-98). There will be an extremely small volume for this category of corrected tax statements.

INCREASING OR DECREASING TAX WITHHOLDING AMOUNTS ON CORRECTED TAX STATEMENTS:

A corrected tax statement may show an increase in tax withholding ONLY IF the tax withholding amount shown on the original or previously issued corrected tax statement
DOES NOT represent all of the taxes actually withheld from one or more payments and deposited with the U.S. Treasury in the tax year in question. There is no need to send case referrals/inquiries involving an increase in tax withholding to Policy & Systems – Payment Analysis and Systems (P&S-PAS).

A corrected tax statement may show a decrease in tax withholding ONLY IF P&S-PAS has approved of the decreased tax withholding amount. Therefore, TCIS tax examiners, field office staff or other interested parties should refer all case referrals/inquiries involving a potential decrease in tax withholding to PAS. PAS (tax analysts) will approve the decrease in tax withholding only if the tax withholding amount shown on the original or previously issued corrected tax statement DOES NOT represent taxes actually withheld from one or more payments and deposited with the U.S. Treasury in the tax year in question and if timing restrictions imposed by the IRS are met.

If we included tax withholding on a tax statement that has been issued to the annuitant and the taxes were actually withheld from one or more payments and deposited with the U.S. Treasury, any corrected tax statement issued MUST contain that tax withholding amount. Refer to TOM 20.35, RRA Taxation Guidelines and Principles – Tax Withholding, principle 4.

MEDICARE PREMIUM CORRECTIONS:

If the Medicare premium total and any other item shown on the tax year 1997 and later tax statement(s) are in error, then a corrected tax year 1997 and later tax statement should be issued showing the corrections for both the Medicare premium total and the other item(s). A corrected tax statement can be on either the mainframe generated or personal computer (PC) generated stand alone tax statement forms.

The Medicare premium total is normally shown on Form RRB-1099 (for citizens) or Form RRB-1042S (for NRAs). Therefore, if a beneficiary receives a combined Form RRB-1099 and Form RRB-1099-R (for citizens) OR Form RRB-1042S and Form RRB-1099-R (for NRAs) for a tax year, the Medicare premium total box item on Form RRB-1099-R will be blank. However, if a "corrected" Form RRB-1099 or Form RRB-1042S is issued showing "zero" payment, repayment, and/or tax withholding amounts, then the Medicare premium total should be transferred to the Form RRB-1099-R since that is the only tax statement reporting tax information (i.e., Forms RRB-1099 or RRB-1042S are canceled). Therefore, a "corrected" Form RRB-1099-R will be issued showing the amounts that were on the canceled Forms RRB-1099 or RRB-1042S (i.e., correct payment, repayment, tax withholding, and/or Medicare premium total amounts). Basically, if the Medicare premium total was reported on a tax statement and that tax
statement is canceled (i.e., corrected tax statement is released reporting zero amounts), then the Medicare premium total should be transferred to the remaining tax statement. The remaining tax statement will be a corrected tax statement since it must include the payments from the canceled tax statement.

However, if only the total Medicare premium total is in error, then we will not issue a corrected tax year 1997 and later RRA tax statement. A corrected tax year 1997 and later RRA tax statement is not necessary since the Medicare premium total is only for informational purposes only. In addition, we are not legally obligated by IRS to report the Medicare premium total on our tax statements. If the Medicare premium total amount on tax year 1997 and later RRA tax statements is the only item in error and the correct Medicare premium amount has been verified by TCIS-TS and/or Medicare Programs Section (MPS), then TCIS-TS and/or MPS will issue a "letter" stating the correct Medicare premium total amount.

Furthermore, we will not issue corrected tax statements for tax years prior to 1997 if the Medicare premium total is in error OR if the beneficiary requests a corrected tax statement that shows their Medicare premium total for tax years prior to tax year 1997 OR if Medicare premiums deducted from social security benefits is not shown on any RRB or SSA tax statement. See TOM 300.15, Medicare Premium Total Shown on Tax Year 1997 and Later Tax Statements.

NOTE: TCIS-TS must manually compute and release original tax statements between January and the beginning of April of each tax season. Inform beneficiaries who request an original or corrected tax statement that every attempt will be made to furnish the tax statement to them prior to the tax filing deadline (April 15). Issuing original tax statements prior to the tax filing deadline will be given highest priority. Requests received after April 1 may not be processed in time.

325.10 Manual Corrected Tax Statements

Manual corrected tax statements will be done by TCIS-TS. Corrected tax statements will be done in the date order they are received. Each tax year before April 15, we can correct any tax statements for the past three tax years and the open tax year (i.e., from January through April 15, 2007, we could correct 2003, 2004, 2005, 2006 tax statements). However, after April 15, we can only correct the most recent three tax years (i.e., 2004, 2005, 2006). However, if an annuitant requests a corrected tax statement for a year prior to the 3-year period because IRS has requested it, then TCIS-TS will prepare a corrected tax statement for that year. See TOM 325.05, Overview.
Generally, the IRS only allows taxpayers to amend their income tax returns for the past three tax years. However, if an annuitant requests a corrected tax statement for a year prior to the 3-year period because IRS has requested it, then TCIS-TS will prepare a corrected tax statement for that year.

The RRB sends all tax information reported on corrected tax statements to the IRS (usually in August each year). Therefore, recipients of corrected tax statements must use the corrected tax statements when filing and/or amending their income tax return(s) for the tax year indicated on the corrected tax statement(s).

A TL-265 or a TL-266 letter will accompany the corrected tax statement(s) sent to the beneficiary. Both letters provides the beneficiary with general information concerning their tax statements. The TL-265 states that an error was found in the tax statements and a corrected set of tax statements is enclosed. The TL-266 states that the tax statements enclosed are an original set of tax statements.

There are situations in which a special customized letter is sent with the corrected tax statement(s) rather than the standard TL-265 or TL-266 letters. This is because special explanations and/or specific instructions are needed and are included in the special customized letter.

If the Medicare premium total and any other item shown on the tax year 1997 and later tax statement(s) are in error, then a corrected tax year 1997 and later tax statement should be issued showing the corrections for both the Medicare premium total and the other item(s). A corrected tax statement can be on either the mainframe generated or personal computer (PC) generated stand alone tax statement forms.

The Medicare premium total is normally shown on Form RRB-1099 (for citizens) or Form RRB-1042S (for NRAs). Therefore, if a beneficiary receives a combined Form RRB-1099 and Form RRB-1099-R (for citizens) OR Form RRB-1042S and Form RRB-1042S-R (for NRAs) for a tax year, the Medicare premium total box item on Form RRB-1099-R will be blank. However, if a "corrected" Form RRB-1099 or Form RRB-1042S is issued showing "zero" payment, repayment, and/or tax withholding amounts, then the Medicare premium total should be transferred to the Form RRB-1099-R since that is the only tax statement reporting tax information (i.e., Forms RRB-1099 or RRB-1042S are canceled). Therefore, a "corrected" Form RRB-1099-R will be issued showing the amounts that were on the canceled Forms RRB-1099 or RRB-1042S (i.e., correct payment, repayment, tax withholding, and/or Medicare premium total amounts). Basically, if the Medicare premium total was reported on a tax statement and that tax statement is canceled (i.e., corrected tax statement is released reporting zero amounts), then the Medicare premium total should be transferred to the remaining tax statement.
The remaining tax statement will be a corrected tax statement since it must include the payments from the canceled tax statement.

However, if only the total Medicare premium total is in error, then we will not issue a corrected tax year 1997 and later tax statement. A corrected tax year 1997 and later tax statement is not necessary since the Medicare premium total is only for informational purposes only. In addition, the RRB is not legally obligated by IRS to report the Medicare premium total on RRB tax statements. If the Medicare premium total amount on tax year 1997 and later tax statements is the only item in error and the correct Medicare premium amount has been verified by TCIS-TS and/or Medicare Programs Section (MPS), then TCIS-TS and/or MPS will issue a “letter” stating the correct Medicare premium total amount.

Furthermore, we will not issue corrected tax statements for tax years prior to 1997 if the Medicare premium total is in error OR if the beneficiary requests a corrected tax statement that shows their Medicare premium total for tax years prior to tax year 1997. See TOM 300.15, Medicare Premium Total Shown on Tax Year 1997 and Later Tax Statements.

325.10.05 Requesting Corrected Tax Statements

Requests for corrected annual tax statements should be sent to TCIS-TS via OUTLOOK e-mail (TCIS-TS Group Mailbox) using the e-G-115. The request should include: the annuitant's name, the RRB claim number, the folder location (charge), the tax year(s) needing correction(s), the type of tax statements needing correction(s), a brief explanation of the problem, sender's location (field office), the sender's name, phone and/or fax number (include area code), and e-mail address.

During January of each year, the original tax statements for the latest tax year are issued. The due date to release the original tax statements to recipients is January 31st. It takes about 2 to 3 work days (depending on weather conditions) from the date the original tax statements are released to arrive at their destination. For foreign mailing addresses, it may take longer for original tax statements to arrive. We must allow a reasonable amount of time for the original mailers to arrive before a corrected or duplicate tax statement for that same tax year is requested. TCIS-TS will release corrected tax statements for the latest tax year two days after the original tax statements for the latest tax year are mailed. This will allow time for beneficiaries to receive their original tax statements before the corrected tax statements arrive. Release of corrected tax statements to areas where the original tax statements have not yet been mailed will be delayed until after the original tax statements are mailed.
Corrected tax statements for any year other than the latest tax year will be released at any time. After January, corrected tax statements for the latest tax year will be released at any time.

325.10.10 Handling Tax Inquiries

You should be able to answer most questions with a general explanation of how RRA benefits are taxed. The general TAX screens can be accessed to aid in field inquiries. Data from manually prepared original and corrected tax statements is updated to TAX screens PF14/PF15 on a regular basis. Page 2 of the statement tax record (PF15 then press PF13) also contains items directly related to statement amounts, but not shown on the tax statements. The general TAX screens will be changed for current year activity. Please note that the on-line RRB W-4P Election Process Screens (PF2) are on the Selection Menu. Also, the information concerning IRS Form W-4V, Voluntary Withholding Certificate, is shown on the Withholding Election (PF 18) general tax screen.

TAX STATEMENT TYPE CODES and CODE DESCRIPTIONS:

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<th>Code</th>
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<td>Original Forms RRB-1099 and RRB-1099-R</td>
</tr>
<tr>
<td>12</td>
<td>Original Forms RRB-1042S and RRB-1099-R</td>
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<td>Original Form RRB-1099-R only</td>
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<td>Original Form RRB-1099 only</td>
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</tr>
<tr>
<td>31</td>
<td>Corrected Form RRB-1099/Original Form RRB-1099-R</td>
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• Beneficiary tax inquiries received in Headquarters and the preparation of original and corrected manual tax statements will be handled by the Unemployment and Programs Support Division’s Tax Clerical Imaging Section-Tax Section (TCIS-TS).

• Any Congressional and Board Member Office (for example, LMOs) inquiries should be sent to the Director of Unemployment and Programs Support Division.

All requests received from annuitants at Headquarters will also be sent an e-mail OR acknowledgment letter, Form TXL-82F (8-10), by TCIS-TS.

All annuitant requests for corrected or original tax statements received by field offices should be acknowledged by sending Form TXL-82F (8-10) to the annuitant.

Annuitants who received bypass notices should not be sent Form TXL-82F since they were previously informed of the delay of their tax statements in the TL-269 bypass letter or special customized explanation letter.

**325.10.15 Form SSA-1099 And/Or Form SSA-1042S Inquiries**

If a beneficiary receives social security benefits during the tax year, the beneficiary should receive Form SSA-1099 (or Form SSA-1042S if the beneficiary is a NRA) and Notice 703 from the Social Security Administration (SSA). Form SSA-1099 and/or Form SSA-1042S inquiries should be directed to the beneficiary's local SSA field office not the RRB. However, if any Form SSA-1099 and/or Form SSA-1042S inquiries are sent to the RRB, these inquiries should be directed to the Retirement Benefits Division (RBD).

SSA tax inquiries should be forwarded to the RBD mailbox. Only upon beneficiary request, RBD will complete a worksheet entitled, Dual SSA/RRB Inquiry Worksheet, with the total amount of SSA benefits paid by the RRB for a specific beneficiary. Based on the beneficiary’s social security number, the worksheet is sent to one of seven different SSA payment centers (each center handles a certain social security number.)
range). The appropriate SSA payment center issues an original and/or corrected SSA tax statement (Form SSA-1099 or Form SSA-1042S) with the information shown on the worksheet. RBD images a copy of each of the worksheets for documentation. RBD issues about 200 to 300 worksheets per year with the heaviest volume during the tax season (January through April 15).

### 325.15 Automated Corrected Tax Statements

Corrected tax statements are produced manually by TCIS-TS. Based on volume and complexity of the correction, the tax analysts in Policy and Systems may determine if a certain category of corrected tax statements should be produced mechanically (automated). Although automated corrected statements have been released in the past, they were released as the result of a one-time-only correction program. Automated corrected tax statement processing is rare. There is currently no existing processing for preparing corrected tax statements automatically on a recurring basis.

### 325.15.05 Duplicate Corrected Tax Statements

Automated duplicate corrected statements can be released only if a manual corrected statement has been released and updated to TAX screens PF14/15. These type of tax statements are called “duplicate of a corrected” tax statement. Both boxes labeled DUPLICATE and CORRECTED will be checked on the paper tax statement. The Statement general tax screen (PF 15) will show “duplicate of corrected” tax statement.

Effective January 1993 and later, for any manually corrected Form RRB-1099-R tax statement created January 2, 1993 or later, a request for a duplicate will be done on the Form RRB-1099-R (01-98). If a corrected tax statement was created prior to January 1, 1993, then a request for a duplicate can only be done on RRAILS using the Form RRB-1099-R (12-92). Requests for duplicate corrected RRB-W-2P statements for years prior to 1991 will also be printed on the Form RRB-1099-R (12-92) on RRAILS. Duplicate corrected statements are requested the same way as duplicate statements. See TOM 320.05, Automated Duplicate Statements.

### 330 Repayments on Tax Statements

A repayment, for RRA tax statement reporting purposes, is the return or recovery to the RRB of an amount previously paid.

The return of an amount previously paid is:

- Return of a paper check, or
• Return of an electronic funds transfer (EFT) payment.

The recovery of an amount previously paid is:

• Full reimbursement by cash, personal check, cashier’s check, money order, or credit/debit card (refer to the section below entitled, Cash Refunds for Overpayments Involving Current Year Tax Withholding);

• Partial reimbursement by cash, personal check, cashier’s check, money order, or credit/debit card (refer to the section below entitled, Cash Refunds for Overpayments Involving Current Year Tax Withholding);

• Installment payments over a specified period of time by cash, personal check, cashier’s check, money order or credit/debit card;

• Full annuity withholding by annuity suspension for one or more months;

• Partial annuity withholding by annuity offset for one or more months;

• Recovery from an annuity accrual payment of the overpaid beneficiary or any family member (for example: employee, spouse, widow, divorced spouse, or child) of the overpaid beneficiary;

• Actuarial adjustment for the life of the annuity;

• Reclamation (check or EFT) due to annuity terminations or non-receipt;

• Receipt of an amount collected by the Office of Inspector General (OIG);

• Receipt of an amount collected by the Department of Justice (DOJ);

• Receipt of an amount collected by an official RRB designated collection agency (see RCM 6.6.230, Delinquent Debt Referrals to Private Collection Agencies), or

• Receipt of an amount withheld (offset) from an U.S. Federal income tax refund (see RCM 6.6.240, IRS Tax Refund Offset Program).

A repayment is reportable for the tax year in which the repayment transaction (return or recovery) occurs at the RRB. The phrase “at the RRB” refers to RRB headquarters, field offices, and RRB deposit accounts. Refer to the section below entitled, Two Conditions to Accept Repayments for Tax Purposes.
NOTE: A current year pension (NSSEB, tier 2, VDB, supplemental annuity) repayment is one that occurs in the same year as the payment it represents. A current year pension repayment may not be reported on an annual tax statement. This is because the current year pension payment that a current year repayment represents was never reported on a tax statement as a taxable paid amount. To compensate, we net any current year pension repayment accumulated for tax statement reporting purposes from any like current year pension payment accumulated for tax statement reporting purposes. In these situations, we report neither the current year repayment amount nor the corresponding current year payment amount.

We similarly net award accrual pension payments returned or recovered in the year of issue by allocating the accrual returns as negative payments and negative deductions. In these situations, the negative amounts offset the positive amounts, both by component and tax year, and we report neither the accrual payments nor the returns/recoveries.

Refer to RCM 6.6, Recovery of Overpayments, for more information. In addition, refer to TOM 20.20, RRA Taxation Guidelines and Principles – Recoveries – Positive Repayments and Negative Payments, for information concerning repayments. Refer to TOM 20.45, RRA Taxation Guidelines and Principles – Who Should Receive Tax Statements, for information concerning who should receive tax statements if a repayment is made.

**Two Conditions to Accept Repayments for Tax Purposes:**

There are two conditions for a repayment to be reported on a tax statement for a tax year. Refer to the NOTE above concerning current year pension repayments. If both of the following conditions are not met, then we cannot report the repayment on the tax statements.

If you are unsure as to which tax year to attribute a repayment, please refer the case to the tax analysts in Policy and Systems.

1. Repayment Payable to RRB – Any repayment must be payable to the RRB.

   The overpayment letters issued by the RRB instruct beneficiaries to make repayments by sending any check, money order or credit/debit card charge, payable to the “Railroad Retirement Board.”

   Any repayment (reimbursement) made by personal check, cashier’s check, money order, or credit/debit card must be made payable to the RRB in order for the RRB to apply repayment credit. The check, money order, or credit/debit card must be made
payable to the RRB so that the RRB can negotiate (cash) or deposit the repayment amount into any RRB financial (bank) account. In the event that the check or money order was made payable to an RRB official and/or RRB department (for example, Field Office representative, Director of Unemployment and Programs Support Division, Office of Inspector General, Bureau of Fiscal Operations, Debt Recovery Division), the check or money order must be endorsed over to the RRB agency. Refer to RCM 6.6.30, Methods of Recovery. Also, refer to TOM 2315.35, Cash Refund and Credit Card Repayment.

2. Proof of Repayment Date to Determine Which Tax Year to Credit Repayment – We need the date the repayment was received at the RRB to attribute (credit) the repayment to the appropriate tax year. The phrase “at the RRB” refers to RRB headquarters, field offices, and RRB deposit accounts.

A repayment is reportable on a tax statement for the tax year in which the repayment transaction (return or recovery) occurs at the RRB. To attribute a repayment to a particular tax year, use the EARLIEST DATE of the following transactions (see NOTE 1 below).

- Date repayment was actually received at the RRB or returned to the RRB (look for the official RRB date stamp),
- Date repayment(s) were withheld from recurring annuity payments,
- Date accrual or one payment only (OPO) was established with a vouchered award action and applied to the overpayment,
- Date accrual or OPO was established without a vouchered award action (G-363 or PC equivalent) and applied to the overpayment,
- Date shown on any paper receipt given to beneficiaries by RRB field office or headquarters staff,
- Date repayment was cashed by the RRB,
- Date repayment was charged by the RRB for credit/debit card transactions,
- Date repayment was endorsed over to the RRB agency if it was erroneously made payable to an RRB office or official rather than the agency,
- Date repayment was deposited into Lockbox (refer to NOTE 2 below),
• Date repayment was deposited into Unapplied Cash Account,
• Date repayment was deposited into an overpaid account, or
• Date shown on PAR screen as the date repayment was made.

NOTE 1: Examiners and analysts may have to request claim folders, contact field offices, check the Imaging system, check PAR screens and tables, and/or request copies of checks and Lockbox information from BFO-DRD to obtain all necessary information in order to determine the earliest date.

NOTE 2: The Lockbox is a deposit account used by the RRB to receive reimbursements. The Unapplied Cash Account is an all purpose deposit account sometimes used by the RRB to temporarily hold money received prior to allocation to an overpaid account.

Impact of Two Conditions on the Reporting of Repayments on Tax Statements:

• If a repayment was received in a year and meets the above two conditions, then the repayment should be reported on the “original” tax statements for that year.

• If a repayment was received in a year and meets the above two conditions but was not reported on the original tax statements for that year, then “corrected” tax statements for that year should be issued reporting the repayment.

Cash Refunds for Overpayments Involving Current Year Tax Withholding:

• Cash refund amount is net of tax withholding (after offset for tax withholding)

When a cash refund is made in the current year for a current year overpayment and the amount of the cash refund is net of (after) tax withholding, the cash refund transaction should be posted so that the current year tax withholding amounts are negated and give current year repayments equal to the amount of the cash refund received. Repayment amounts should not exceed the gross payments and should never exceed the amount of the cash refund actually received. By negating the taxes, we can recover current year tax withholding amounts from the agency’s tax deposits. If handled correctly, the current year tax statements will contain the correct payment, repayment, and tax withholding totals.

Recovery of accrual pension paid amounts (NSSEB, tier 2, VDB, and supplemental annuity) recovered in the year of issue should be posted as negative paid amounts.
rather than positive repaid amounts. Recovery of accrual SSEB paid amounts recovered in the year of issue should be posted as positive repaid amounts.

Example 1:

John Smith is paid a “gross” monthly railroad retirement benefit of $1,000.00 in the current year. Taxes of $125.00 are withheld from that monthly benefit. Therefore, John is paid a “net” monthly railroad retirement benefit of $875.00. John returned to railroad service for two months in the current year. John is overpaid $2,000.00 ($1,000.00 x 2 months) for those two months. John made a cash refund of $1,750.00 ($875.00 x 2 months) in that same year. John made a repayment equal to his net payments. We should post positive current year repayments of $1,750.00 since that is the amount actually received. We should post negative tax withholding amounts of $250.00 ($125.00 TWH x 2 months).

Example 2:

John Smith is paid a “gross” accrual benefit in the current year of $2,000.00 ($1,000 SSEB CY + $750 NSSEB CY + 250 tier 2 Post 1983). Taxes of $550.00 ($300 SSEB + $200 NSSEB + $50 tier 2) are withheld from that accrual. Therefore, John is paid a “net” accrual of $1,450.00 ($2,000 accrual payment - $550 tax withholding). John is not entitled to the accrual payment and is overpaid the full $2,000.00. John made a cash refund of $1,450.00 in that same year. John made a repayment equal to his net accrual payment. We will report a total recovery amount of $1,450.00 since that is the actual amount that we received. Therefore, we should post a positive $700 SSEB current year repayment for the recovery of the SSEB portion and we should post a negative $550 NSSEB current year paid and a negative $200 tier 2 post 1983 paid for the recovery of the pension portion. We should post total negative tax withholding amounts of $550.00 (negative $300 SSEB TWH + negative $200 NSSEB TWH + negative $50 tier 2 TWH) to recover all of the current year taxes withheld and deposited.

- Cash refund amount is gross of tax withholding (before offset for tax withholding)

    When a cash refund is made in the current year for a current year overpayment and the amount of the cash refund is gross of (before) tax withholding, the cash refund transaction should be posted so that the current year tax withholding amounts are negated and give current year repayments equal to the amount of the cash refund received. Repayment amounts should not exceed the gross payments and should equal the amount of the cash refund actually received. By negating the taxes, we can recover current year tax withholding amounts from the agency tax
deposits. If handled correctly, current year tax statements will contain the correct payment, repayment, and tax withholding totals.

Recovery of accrual pension paid amounts (NSSEB, tier 2, VDB, and supplemental annuity) recovered in the year of issue should be posted as negative paid amounts rather than positive repaid amounts. Recovery of accrual SSEB paid amounts recovered in the year of issue should be posted as positive repaid amounts.

Example 1:

John Smith is paid a “gross” monthly railroad retirement benefit of $1,000.00 in the current year. Taxes of $125.00 are withheld from that monthly benefit. Therefore, John is paid a “net” monthly railroad retirement benefit of $875.00. John returned to railroad service for two months in the current year. John is overpaid $2,000.00 ($1,000.00 x 2 months) for those two months. John made a cash refund to the RRB of $2,000.00 ($1,000.00 x 2 months) in that same year. John made a repayment equal to his gross payments. We should post positive current year repayments of $2,000.00 since that is the amount actually received. We should post negative tax withholding amounts of $250.00 ($125.00 TWH x 2 months).

Example 2:

John Smith is paid a “gross” accrual benefit in the current year of $2,000.00 ($1,000 SSEB CY + $750 NSSEB CY + 250 tier 2 Post 1983). Taxes of $550.00 ($300 SSEB + $200 NSSEB + $50 tier 2) are withheld from that accrual. Therefore, John is paid a “net” accrual of $1,450.00 ($2,000 accrual payment - $550 tax withholding). John is not entitled to the accrual payment and is overpaid the full $2,000.00. John made a cash refund of $2,000.00 in that same year. John made a repayment equal to his gross accrual payment. We will report a total recovery amount of $2,000.00 since that is the actual amount that we received. Therefore, we should post a positive $1,000 SSEB current year repayment for the recovery of the SSEB portion and we should post a negative $750 NSSEB current year paid and a negative $250 tier 2 post 1983 paid for the recovery of the pension portion. We should post total negative tax withholding amounts of $550.00 (negative $300 SSEB TWH + negative $200 NSSEB TWH + negative $50 tier 2 TWH) to recover all of the current year taxes withheld and deposited.

**330.05 Repayments Shown On Tax Statements**

It is important to remember certain points about repayment amounts as they pertain to the tax statements:
• Social Security Equivalent Benefit (SSEB) portion of tier 1 repayments are reported on Form RRB-1099 (for citizen beneficiaries) or Form RRB-1042S (for NRA beneficiaries).

• Non-Social Security Equivalent Benefit (NSSEB) portion of tier 1, tier 2, vested dual benefit (VDB) and supplemental annuity repayments are considered as pension repayments and are reported on Form RRB-1099-R for both citizen and NRA beneficiaries.

• On Forms RRB-1099 and RRB-1042S tax statements, the entire Social Security Equivalent Benefit (SSEB) portion of tier 1 amount paid in the current tax year and repaid in the current tax year is shown on the tax statements in separate items. We also show an item for the net SSEB amount for the current tax year which is the difference between the SSEB paid in the current tax year minus the SSEB repaid in the current tax year. No consideration is given to when the overpayment occurred, only that the repayment was made in the current tax year.

• Pre-SSEB and SSEB repayments are reportable on Form RRB-1099 and Form RRB-1042S tax statements regardless of whether the amounts repaid were ever reported to the IRS as taxable payments. Pre-SSEB repayments are tier 1 repayments for years before 1986, including years before 1984. Refer to TOM 20.20, RRA Taxation Guidelines and Principles – Recoveries – Positive Repayments and Negative Payments, for additional information.

• A pension (NSSEB, tier 2, VDB, and supplemental annuity) repayment is reportable on the Form RRB-1099-R tax statement only if the amount repaid was previously reported as a taxable payment on any annual tax statement.

• Whenever we exclude reporting on tax statements of any Pre-SSEB, NSSEB, tier 2, VDB, or supplemental annuity amounts issued AFTER the death of an annuitant, we do not report a repayment on tax statements for recovery of one of these payments. Refer to TOM 20.20, RRA Taxation Guidelines and Principles – Recoveries – Positive Repayments and Negative Payments, for additional information.

• Whenever we report on tax statements of any Pre-SSEB, SSEB, NSSEB, tier 2, VDB, or supplemental annuity amounts issued AFTER the death of an annuitant, we will report a repayment on tax statements for recovery of one of these payments. The repayments will be reported on tax statements for the tax year that we received the repayments at the RRB. In most cases, the repayments will
be reported on the tax statements for the tax year following the annuitant’s year of death. Refer to TOM 20.20, RRA Taxation Guidelines and Principles – Recoveries – Positive Repayments and Negative Payments, for additional information.

For Form RRB-1099-R, a prior (earlier) year repayment amount which is the accumulation of the repayments for NSSEB, tier 2, VDB and supplemental annuity amounts taxable in a previous (earlier) year, or NSSEB, tier 2, VDB and supplemental annuity repayments that we have not identified or attributed as current year repayments made to the RRB in the current tax year are shown in Box 8, Repayments. For information on how to handle prior year repayment amounts, refer to IRS Publication 575, Pension and Annuity Income, and/or IRS Publication 525, Taxable and Nontaxable Income.

In order to determine what credit a beneficiary may take for a pension repayment amount, the individual needs to know the years to which the repayment applies. In most cases, if the overpayment occurred and was repaid in the current tax year, the repaid amount has already been subtracted from the total gross paid amount in Box 7, Total Gross Paid, of Form RRB-1099-R. However, in some cases, it is not known when the overpayment occurred. In these situations, a current tax year overpayment and repayments may not have been subtracted from Box 7, Total Gross Paid, but is instead included in the Box 8, Repayments, amount on Form RRB-1099-R.

Field offices are contacted by beneficiaries for assistance concerning which year(s) the repayment amounts shown in Box 8, Repayments, of Form RRB-1099-R apply, the field offices may be able to identify the years by reviewing field copies of overpayment letters.

- Field office personnel should direct any inquiries about repaid amounts on Forms RRB-1099-R that they cannot handle to TCIS-TS.

- If an annuity is in code 35, 36, 69, and 95 suspense (all code 66 in TAS and RECURR tax screens) to recover an overpayment by full withholding, tax statement(s) will be released showing the amount(s) paid and repaid for the tax year. Generally, the RECURR tax screen with code 66 will show paid amounts equal to repaid amounts in the same annuity components, and tax withholding will not be applied. Even though the person is not receiving monthly payments directly, the IRS considers the payments as income because the RRB is acting as the person's agent by receiving the annuity payments and applying those payments toward the overpayment on the person's behalf. Therefore, the annuity
is considered paid for the current tax year and the overpayment is being repaid for the current and/or prior tax years.

If you need information concerning a specific prior year repayment amount by individual annuity component (the NSSEB portion of tier 1, tier 2, VDB and supplemental annuity), then you can obtain this information from the Recurring and/or Non-Recurring Payment Breakdown general tax screens.

The repayment amounts shown under the REPAID column of the Recurring Payment Breakdown general tax screen (PF20) continues to be displayed as separate individual annuity component prior year repayment amounts. See TOM 3105.40.05.

The repayment amounts shown under the REPAIDS column of the NON-Recurring Payment Breakdown general tax screen (PF22) continues to be displayed as separate individual annuity component prior year repayment amounts, also. See TOM 3105.45.05.

335 IRS Form 1099-C, Cancellation of Debt

In accordance with section 6050P of the Revenue Reconciliation Act of 1993, the U.S. Railroad Retirement Board (RRB) is required to report the cancellation of a debt of $600.00 or more for overpayments which were not taxable (nontaxable) when originally paid. In most cases, these are payments that occurred prior to 1984 or other nontaxable payments (such as lump sum death payments). These payments were not reported as taxable payments on any Railroad Retirement Act (RRA) tax statement (Form RRB-1099, Form RRB-1042S, Form RRB-1099-R). The amount of the canceled debt must be reported to the Internal Revenue Service (IRS) on IRS Form 1099-C, Cancellation of a Debt.

Therefore, effective with tax year 1994 and later, the RRB will issue and release IRS Form 1099-C, Cancellation of Debt, in these cases. The IRS Form 1099-C tax statement must be issued to beneficiaries by January 31. In addition, the RRB must report all IRS Form 1099-C tax statement information (i.e., number of IRS Forms 1099-C issued and total amount canceled) to the IRS by filing Form 1096, Annual Summary and Transmittal of U.S. Information Returns, tax return with the IRS by February 28.

Unlike our other RRA tax statement forms (Form RRB-1099, Form RRB-1042S, and Form RRB-1099-R), the RRB has not created its own version of the IRS Form 1099-C since the volume of use for this tax statement form is low. Each year, the Policy & Systems – Payment Analysis and Systems (P&S-PAS) tax analyst requests blank copies of IRS Form 1099-C tax statements from the IRS rather than create an RRB tax
statement form. Copies of blank IRS Form 1099-C tax statements can be obtained from the IRS by calling the IRS at 1-800-829-3676 or accessing the IRS website (www.irs.gov) and printing copies of the tax statement form.

As the years progress, we expect to issue and release only a few to zero IRS Forms 1099-C for each tax year.

**NOTE:** Due to the low volume of cases involving IRS Form 1099-C tax statements, the Policy & Systems – Payment Analysis and Systems (P&S-PAS) tax analysts handle all IRS Form 1099-C tax statements and explanation letters. Refer all inquiries concerning IRS Form 1099-C to P&S-PAS.

The chart below shows how many IRS Forms 1099-C we issued and released since tax year 1994.

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If no IRS Forms 1099-C are issued for a tax year, then there is no need to file Form 1096, Annual Summary and Transmittal of U.S. Information Returns, tax return for that tax year.

There are three copies of IRS Form 1099-C tax statement. Beneficiaries only receive Copy B of IRS Form 1099-C. Beneficiaries do not receive Copy A or Copy C of IRS Form 1099-C. Copy A is sent to the IRS and Copy C is for the creditor (RRB).

Copies of the beneficiaries’ IRS Forms 1099-C and any accompanying explanation letters will be sent to Imaging for documentation and future reference. Copies may be filed down in the beneficiary’s claim folder. In addition, a Reading File book is kept in P&S-PAS that contains copies of the beneficiaries’ IRS Form 1099-C tax statements (Copies A, B, and C) and letters.

335.05 General

For tax years 1994 through 1998, the Tax Clerical Imaging Section-Tax Section (TCIS-TS) handled the record keeping and issuance of IRS Form 1099-C tax statement while

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Policy and Systems – Payment Analysis and Systems (PAS) issued the Form 1096 income tax return (reports IRS Form 1099-C tax statement information).

Effective with tax year 1999 and later, PAS began handling the record keeping and issuance of both IRS Form 1099-C tax statements and Form 1096 income tax return due to the low volume of IRS Form 1099-C tax statements.

Due to the low volume, we anticipate that PAS not TCIS-TS will continue to handle the IRS Form 1099-C tax statement and tax return process. However, should this situation change, the instructions that follow can be used by the work group or individuals assigned to handle the issuance of the IRS Form 1099-C tax statements. PAS will continue to issue the tax return.

In most cases, the claims adjudication units calculate the amount of the overpayment and notify the beneficiary of the amount that is owed to the RRB by issuing an overpayment letter. In addition, a PAR record for the overpayment amount is established. Recipients of the overpayment letters either reimburse the RRB by full repayment or partial repayment (installments) OR do not reimburse the RRB. For those who repay, no debt is waived or canceled. For those who do not repay, then the debt is either left open or waived/canceled. If the debt is left open or the debt is waived/canceled and under $600.00, no IRS Form 1099-C is issued. If the debt is waived/canceled AND is $600.00 or more AND was nontaxable when originally paid AND was not reported as a taxable payment on any RRA tax statement, then an IRS Form 1099-C tax statement is due the debtor.

The responsibility of the Bureau of Fiscal Operations-Debt Recovery Division (BFO/DRD) and the Bureau of Hearings and Appeals (BHA) is to make the determination as to whether or not the debt that is owed to the RRB should be canceled (waived). If BFO/DRD and/or BHA determines that the debt should be canceled, then BFO/DRD and/or BHA will close out the debt on PAR and issue the debtor a waiver confirmation letter. The letter confirms that the debt has been canceled (waived) and no further recovery action will occur even if money becomes available.

The responsibility of P&S-PAS is to issue and report the waivers to the debtors (on IRS Form 1099-C tax statements) and the IRS (on Form 1096 tax return). P&S-PAS does not make any waiver/cancellation determination or issue waiver confirmation letters.

Prior to tax year 1998, if it was determined that the debt should be waived, then BFO/DRD or BHA closed the debt on PAR and sent a waiver confirmation letter to the debtor stating that the debt has been waived/canceled and no further recovery action would occur. BFO/DRD or BHA then completed a waiver case worksheet with the
following beneficiary information: name, address, social security number, RRB claim number, amount of the debt to be waived, and the date when the debt was waived. Upon completion of the waiver case worksheet, BFO/DRD or BHA sent the waiver case worksheet to TCIS-TS or the PAS tax analysts. However, if TCIS-TS (or PAS tax analysts) received a waiver case worksheet which did not contain the required beneficiary information, then TCIS-TS (or PAS tax analysts) returned the waiver case worksheet to BFO/DRD or BHA for completion.

Effective with tax year 1999 and later, PAS began handling the issuance of the IRS Form 1099-C tax statements and Form 1096 tax return process. The cases that had debts waived/cancelled are shown on PAR. PAR shows the amount of the debt waived/canceled, type of debt (overpayment), and the date the debt was waived/canceled. Since all necessary information is show in PAR, PAS no longer asked for the waiver case worksheet from BFO/DRD or BHA. Instead, PAS asked BFO to run a query against the PAR database to identify all nontaxable debts waived for a tax year, i.e.…Residual Lump Sum (07A), Lump Sum Death Payment (08A), Separation Allowance Lump Sum Amount (09A) and Tax Refund (12A). The responsibility of the PAS tax analysts is to complete the IRS Form 1099-C and accompanying explanation letter.

The explanation letter provides the following information: 1) beneficiary’s name and address; 2) RRB claim number; 3) the reason why beneficiaries received a IRS Form 1099-C; 4) the amount of the debt to be canceled (waived) and the date when the debt was cancelled (waived); 5) interest, penalties, and/or administrative costs which are included in the amount of the debt to be canceled; and 5) general information concerning IRS Form 1099-C.

Refer to TOM 335.25, Examiner Instructions on How to Complete the Accompanying Explanation Letter.

In addition, PAS tax analysts release duplicates of Copy B of IRS Form 1099-C and copies of the explanation letters only upon beneficiary request. See TOM 335.20. Since 1994, we have not had any requests for duplicate or corrected IRS Form 1099-C tax statements.

PAS tax analysts are responsible for releasing a completed IRS Form 1099-C to the beneficiary by January 31 each year per IRS regulations. PAS tax analysts will release all IRS Forms 1099-C for the tax year on a scheduled mass mailing date sometime in January each year. Field offices will be given advance notice of the mass mailing date by PAS. In addition, PAS tax analysts also release an explanation letter to the beneficiary along with the IRS Form 1099-C. The PAS tax analysts may also include a
copy of the waiver confirmation letter as additional documentation. PAS tax analysts must also report all Form 1099-C information to the IRS by filing Form 1096, Annual Summary and Transmittal of U.S. Information Returns, tax return by the due date of February 28 each year per IRS regulations. If no IRS Forms 1099-C is issued for a tax year, then there is no need to file Form 1096, Annual Summary and Transmittal of U.S. Information Returns, tax return for that tax year.

For any due date established by IRS, the "file" or "furnish" requirement is met if the form (i.e., tax statement or tax return) is properly addressed and mailed First Class, or sent by an IRS designated delivery service on or before the due date. If the date falls on Saturday, Sunday, or a legal holiday, then the due date is the next business day.

335.10 Copy A, Copy B And Copy C OF IRS Form 1099-C

There are three copies to an IRS Form 1099-C. However, the beneficiary and field office personnel will only see Copy B of the IRS Form 1099-C:

Copy A:

This original pink and white colored copy is sent to the IRS by PAS. This is not a carbon copy.

Copy B:

This is a carbon copy which is sent to the beneficiary (debtor) and informs the beneficiary to retain this copy for his/her tax records. A photocopy of this copy is sent to Imaging. In addition, a Reading File book is kept in PAS which contains photocopies of Copy B and the explanation letter and will serve as a duplicate for any duplicate request. General instructions and explanations of box items are located on the back of this copy.

Copy C:

This is a carbon copy which stays at the RRB (creditor). P&S-PAS will retain this copy in the Reading File book kept in PAS.

335.15 Explanation Of Items And Examiner Entries Made On IRS FORM 1099-C

The following are the explanations for the box items on IRS Form 1099-C.
VOID box:

This box is located at the top of Copy A and Copy C of IRS Form 1099-C. A check in this box indicates that the IRS Form 1099-C contains an error and is invalid. Therefore, IRS will ignore this IRS Form 1099-C. White-out cannot be used to correct an error. An original IRS Form 1099-C will not have this box checked.

CORRECTED box:

This box is located at the top of all three copies of IRS Form 1099-C. This box will be checked only if this is a corrected IRS Form 1099-C. An original IRS Form 1099-C will not have this box checked.

Box 1 Date Canceled

Date the RRB canceled (waived) the debt. PAS tax analyst(s) will enter the date the debt was waived.

Box 2 Amount of Debt Canceled

Debt amount that the RRB canceled (waived). PAS tax analyst(s) will enter the amount of debt canceled (waived). This debt amount includes any interest, penalties and/or administrative costs.

Box 3 Interest Included in Box 2

This is the amount of interest which is already included in the amount of debt reported in Box 2, Amount of Debt Canceled. Leave this item blank.

Box 4 BLANK

Prior to tax year 1998 IRS Forms 1099-C, this box item was entitled, Penalties, Fines, Administrative Costs Included In Box 2. An amount shown in this box was the amount of penalties, fines or administrative costs which is already included in the amount of debt reported in Box 2, Amount of Debt Canceled.

Effective with tax year 1998 and later IRS Forms 1099-C, this box item is now blank.

Box 5 Debt description

PAS tax analyst(s) will enter the following sentence in this box: "U.S. Railroad Retirement Board (RRB) benefit overpayment." In addition, the PAS tax analyst(s) may
also include the type of overpayment waived (for example, “RRB benefit overpayment - Lump Sum Death Payment”).

Box 6 Check for Bankruptcy

This box item is always blank. However, if the box is marked, the creditor (RRB) has indicated the debt was canceled in a bankruptcy proceeding.

Box 7 Fair Market Value of Property

This box item is always blank.

CREDITOR’S name, street address, city, state and ZIP code

The RRB is the creditor. PAS tax analyst(s) will enter the following in this box:

    "U. S. Railroad Retirement Board
    844 N. Rush St.
    Chicago, IL 60611-2092"

CREDITOR’S Federal identification number

PAS tax analyst(s) will enter the following in this box:

    "36-3314600"

DEBTOR’S identification number

The beneficiary is the debtor. PAS tax analyst(s) will enter in this box the beneficiary’s own United States taxpayer identifying number (TIN) from the waiver confirmation letter. You may have to check DATAQ, tax screens or claim folder for the TIN. Generally, a TIN is a social security number for U.S. citizens, individual taxpayer identification number (ITIN) for nonresident aliens, and employer identification number (EIN) for estates or trusts.

DEBTOR’S name and address

PAS tax analyst(s) will enter in this box the beneficiary’s name and address from the waiver confirmation letter. In some situations, the debtor’s address may not be known or may be invalid. You may have to request a SSA MBR using the debtor’s TIN (social security number) to obtain the latest known address shown for the debtor at the SSA.
Account number

PAS tax analyst(s) will enter in this box the beneficiary’s RRB claim number from the waiver confirmation letter.

Refer to TOM 335.25, for Examiner Instructions on How to Complete IRS Form 1099-C and Accompanying Explanation Letter.

335.20 How to Handle Inquiries and Request Duplicates of IRS Form 1099-C

Refer all beneficiary inquiries regarding the reason, amount or calculation of the overpayment amount to RBD or SBD.

NOTE: Due to the low volume of cases involving IRS Forms 1099-C tax statements, the Policy and Systems-Payment Analysis and Systems (P&S-PAS) tax analysts are currently handling all IRS Forms 1099-C tax statements and explanation letters. As a result, most inquiries or requests for duplicate or corrected tax statements should be referred to P&S-PAS.

Refer all beneficiary inquiries concerning the accuracy of the waiver amount that is reported on the IRS Form 1099-C to BFO/DRD. If BFO/DRD does not have any information, then contact BHA.

Unlike our other tax statement forms (Form RRB-1099, Form RRB-1042S and Form RRB-1099-R), IRS Form 1099-C is not shown on the Statement (STMT) general tax screens (PF 15) due to the low volume of this tax statement form. Field office personnel will not be able to view and/or request IRS Form 1099-C on-line.

Therefore, send all beneficiary requests for a duplicate Copy B of IRS Form 1099-C or a duplicate of the explanation letter to the PAS Supervisor using OUTLOOK e-mail’s e-G-115. By doing this, PAS can keep track of any duplicate requests. The PAS supervisor will contact the PAS tax analyst handling the IRS Forms 1099-C. Upon receipt of the duplicate request, the PAS tax analyst(s) will photocopy Copy B of IRS Form 1099-C and/or the explanation letter filed in the Reading File book kept in PAS. If there is no IRS Form 1099-C and/or explanation letter in the Reading File book, then the PAS tax analyst(s) will either check the Imaging system or request the claim folder from its present folder location. The PAS tax analyst(s) may check Imaging to see if Copy B of IRS Form 1099-C and/or the explanation letter is in the system. If the necessary information is in Imaging, then the PAS tax analyst(s) will obtain a print of Copy B of IRS Form 1099-C and/or the explanation letter and release those prints to the beneficiary. If the information is not in Imaging, the PAS tax analyst(s) will check the claim folder.
Once the claim folder is in PAS, the PAS tax analyst(s) will photocopy the IRS Form 1099-C and/or the explanation letter filed in the folder and release the photocopies to the beneficiary.

If beneficiaries have questions concerning the taxability of their canceled debt and/or how they should file IRS Form 1099-C with their income tax return, refer them to their local IRS office, own tax preparer and/or IRS booklet, Instructions for Form 1040 and/or Form 1040A. In addition, IRS has a number of publications that are available and may be of assistance to our beneficiaries concerning this topic (IRS Publications 225, 334, 525, 544, 908 and IRS Form 982).

335.25 Examiner Instructions On How To Complete IRS Form 1099-C And Accompanying Explanation Letter

The following are the general instructions (procedure steps) to complete an IRS Form 1099-C and explanation letter:

NOTE: Due to the low volume of cases involving IRS Form 1099-C tax statements, the P&S-PAS tax analysts not TCIS-TS examiners handle all IRS Forms 1099-C and explanation letters.

If a case is reviewed and determined that an IRS Form 1099-C tax statement is not necessary, then the only action is to document that the case has been reviewed and no IRS Form 1099-C is required.

Step 1:

PAS tax analyst(s) will receive a supply of the current tax year IRS Form 1099-C tax statements. In addition, the PAS tax analyst(s) can download free copies of blank IRS Form 1099-C tax statements from the IRS website (www.irs.gov). There are three copies of IRS Form 1099-C in a set and three different IRS Forms 1099-C on a page. Each different IRS Form 1099-C is for a different beneficiary.

Step 2:

PAS tax analyst(s) will use the waiver confirmation letter or data obtained from BFO/DRD or BHA to enter all information onto IRS Form 1099-C.

The entries for IRS Form 1099-C are found in TOM 335.15.

In addition, all entries onto IRS Form 1099-C will be typed by PAS tax analysts. PAS tax analysts should press/type hard when they are typing so that entries will be shown.
on each copy (especially Copy C). If PAS tax analysts deem it necessary, then they may insert carbon paper behind the Copy A page and the Copy B page.

NOTE: If the required entry items are not shown on the waiver confirmation letter or from the information obtained from BFO, the PAS tax analyst will contact BFO/DRD or BHA for clarification.

Step 3:

All correct and original IRS Forms 1099-C will not have the VOID and/or CORRECTED box(es) checked.

However, if you make an error entering the information on Copy A of IRS Form 1099-C, check the VOID box and go to the next Copy A on the page, or to another page and enter the correct information.

Do not use white-out to correct an error on IRS Form 1099-C.

Check the CORRECTED box on Copy A of IRS Form 1099-C only when you are sending a corrected IRS Form 1099-C to the beneficiary after an IRS Form 1099-C for the same tax year was previously sent.

Step 4:

After the IRS Form 1099-C has been correctly completed, PAS tax analyst(s) should do a customized explanation letter. This customized explanation letter will be released along with Copy B of IRS Form 1099-C to the beneficiary.

PAS tax analyst(s) should enter on the explanation letter the following information:

a) Beneficiary’s name and address;

b) RRB claim number;

c) Date canceled (waived); and

d) Amount canceled (waived).

Step 5:
The PAS tax analyst should produce an original explanation letter plus three copies. Also, photocopies should be made of each completed page of the IRS Form 1099-C (Copy A, Copy B, and Copy C):

- 2 photocopies of Copy A;
- 2 photocopies of Copy B;
- 1 photocopy of Copy C.

Step 6:

PAS tax analyst(s) should have the following:

a) The original explanation letter plus 3 photocopies;

b) The original completed pages of IRS Form 1099-C (Copies A, B and C):

- 2 photocopies of Copy A;
- 2 photocopies of Copy B; and
- 1 photocopy of Copy C.

c) You may include a copy of the waiver confirmation letter as an attachment.

Step 7:

PAS tax analyst(s) will release the original Copy B of IRS Form 1099-C with the original explanation letter to the beneficiary on the scheduled mass mailing date. PAS tax analyst(s) will use the mass mailing date as the stamp date on the original explanation letter and photocopies. The mass mailing date will be sometime in January, but no later than January 31 each year. Field offices will be given advance notice of the mass mailing date by P&S-PAS.

Step 8:

PAS tax analyst(s) will retain all the original Copy C of IRS Forms 1099-C and photocopies of the explanation letters in the IRS Form 1099-C Technical (Tech) Files. Photocopies will be sent to the IRS Form 1099-C Reading File book.
A photocopy of Copy B of IRS Form 1099-C and the explanation letter will be sent to Imaging and/or the beneficiary’s claim folder.

Step 9:

PAS tax analyst(s) will send (file) the original pink and white colored Copy A of IRS Form 1099-C to the IRS along with the Form 1096, Annual Summary and Transmittal of U.S. Information Returns, tax return by February 28 each year per IRS regulations. If there are no IRS Forms 1099-C to send to IRS, there is no need to file Form 1096.

For any due date established by IRS, the "file" or "furnish" requirement is met if the form (i.e., tax statement or tax return) is properly addressed and mailed First Class, or sent by an IRS designated delivery service on or before the due date. If the date falls on Saturday, Sunday, or legal holiday the due date is the next business day.

For further information, see the instructions for Form 1096, Annual Summary and Transmittal of U.S. Information Returns, and/or the Instructions for Debtor on the back of Copy B of IRS Form 1099-C, Cancellation of Debt.