

Program Letter

United States
Railroad Retirement Board
Office of Programs



Quality Reporting Service Center

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Date: 03/05/2021

TO: **Certification Contact Officials**

SUBJECT: Reporting of Payments Made under Public Law (P.L.) 116-127

Please share this information with the appropriate members of your staff who file service and compensation reporting forms for employees of your organization.

Background

On March 18, 2020, Congress passed Public Law (P.L.) 116-127 known as the Families First Coronavirus Response Act (FFCRA) in response to the COVID-19 pandemic. The FFCRA requires covered employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. Based on the FFCRA, the Internal Revenue Service (IRS) issued guidance which stated certain sick leave payments and family leave payments pursuant to P.L. 116-127 were subject to taxation for employees under the Railroad Retirement Tax Act (RRTA).

The law also provided certain tax credits for qualifying employers with fewer than 500 employees and tax exemptions for employers who pay sick and family and medical leave benefits under the FFCRA.

Reporting Impact of P.L. 116-227

As a result of IRS's guidance, the Railroad Retirement Board (RRB) has reviewed Section 1(h) of the Railroad Retirement Act (RRA) which defines compensation and Section 9 of the Railroad Retirement Act which requires covered employers to file reports of compensation paid to their employees. In the agency's review, it has determined that FFCRA payments *do meet* the definition of compensation within the definition of the term in Section 1(h) of the RRA and are *reportable* as compensation under Section 9 of the RRA.

Therefore, any employer with fewer than 500 employees and whose employees received FFCRA sickness or family leave payments are required to report those payments that were made from April 1, 2020 through December 31, 2020 to the RRB as Tier I and Tier II compensation.

Questions

If you have any additional questions concerning creditable and reportable service and compensation under the RRA or RUIA or these new changes, please contact the Quality Reporting Service Center at the email or telephone number shown above. If you have questions about taxable compensation, please contact the Internal Revenue Service, as that agency administers the Railroad Retirement Tax Act (RRTA).

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