

Program Letter

United States
Railroad Retirement Board
Bureau of the Actuary and Research



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TO: **Certification Contact Officials**

SUBJECT: **Form BA-15, Report of Stock Options and Other Payments**

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

Beginning with the 2022 reporting season, employers are required to annually submit Form BA-15, *Report of Stock Options and Other Payments*. The 2021 BA-15 report is due February 28, 2022.

Form BA-15 is due by the last day of February each year, and must be submitted in an electronic format via File Transfer Protocol, Secure Email, or CD-ROM. Employers submitting Form BA-15 should follow the steps listed below under the section "How to report." **Whether you submit by File Transfer Protocol (FTP), CD-ROM or secure E-mail, please confirm that your report is properly formatted.** The BA-15 record layout is available on rrb.gov in the appendices of the [Rail Employer Reporting Instructions \(RERI\)](#) or [Labor Employer Reporting Instructions \(LERI\)](#). Select Form BA-15.

Purpose of collecting stock options and other payments reports

The information on stock options and other payments is essential in determining the payroll tax amounts involved in the financial interchange with the Social Security Administration and the Centers for Medicare & Medicaid Services. In addition, cash flow projections of the social security equivalent benefit account and railroad retirement account and cost estimates made for proposed amendments to laws administered by the Railroad Retirement Board (RRB) are dependent upon input developed from the information collected.

How to report

The instructions and formats for submitting the stock options and other payments report are contained in the [Part V Chapter 8](#) of the RERI or LERI pages. Reports sent by secure E-mail (see [Program Letter 2008-05](#)), CD-ROM or using File Transfer Protocol (FTP) are required to be accompanied by [Form G-440, Report Specifications Sheet](#).

The employer is required by section 209.2 of the RRB's Regulations to report and submit a Form BA-15, Report of Stock Options and Other Payments for all employees that received non-qualified stock options (NQSOs) and/or ratification payments during the previous year. The report includes:

- Medicare wages and tips,
- Railroad Retirement Tax Act (RRTA) gross (i.e., unlimited) compensation amounts,
- The amount of NQSOs received, and
- The amount of ratification payments received.

Failure to report or the making of a false or fraudulent report can result in criminal prosecution or civil penalties, or both.

Reports should include initial entries for the reporting year, and up to three years of replacement records, if an error was discovered on a previous report. Please note the following:

- Under the RRTA, non-qualified stock options are not considered taxable compensation, per *Wisconsin Central Ltd., v. United States* (see https://www.rrb.gov/SCOTUS_Decision).
- In *Union Pacific Railroad Co. v. U.S.*, the Eighth Circuit Court of Appeals determined whether certain ratification payments were taxable under the RRTA. If railroad workers have received ratification payments from the railroad employer that were not included in the employee's reported RRTA compensation, include those payments on the Form BA-15. Please consult your tax advisor for additional guidance.¹
- Amounts in the BA-15 are not limited to the annual Tier I or Tier II creditable maximum amounts for the year.
- The RRTA gross compensation reported for an employee should not be less than the Tier I amount reported for the employee for the same year as reported to the RRB on Form BA-3, Report of Creditable Compensation.

Form BA-15 is not required if you have no employees receiving NQSOs and/or ratification payments. Instead, check the appropriate box on the Form G-440, Report Specifications Sheet, submitted with your Form BA-3, Annual Report of Creditable Compensation.

Completed BA-15 reports of stock options and other payments that are not submitted electronically should be mailed to:

Railroad Retirement Board
Bureau of the Actuary and Research
844 N. Rush Street
Chicago, IL 60611-1275

¹ Note that the IRS has taken the position that it will continue to treat ratification payments as subject to RRTA. See AOD-2019-02, IRB 2019-4.

Estimated completion time

We estimate this form will take an average of 300 minutes per positive response to complete and an average of 15 minutes per negative response to complete. Responses include the time needed for reviewing the instructions, getting the needed data, and reviewing the completed form. Federal agencies may not conduct or sponsor, and respondents are not required to respond to, a collection of information unless it displays a valid OMB number. If you wish, send any comments regarding the accuracy of our estimate or any other aspect of this form, including suggestions for reducing the completion time, to the Associate Chief Information Officer for Policy and Compliance, Railroad Retirement Board, 844 North Rush Street, Chicago, IL 60611-1275.

Who do you contact with questions concerning this Form BA-15?

If you have any questions about this letter, please contact the individual listed on the top of this program letter or e-mail BA15@rrb.gov.