

Beginning with payments made in 1984, regular railroad retirement annuities became taxable

e income for federal income tax purposes. At that time the Railroad Retirement Board (RRB) was required to apply tax withholding rules under the Internal Revenue Code to all taxable railroad retirement payments.

Although supplemental annuities (SUP ANN) have been taxable since 1966, the RRB did not withhold federal income tax from the SUP ANN prior to 1984. Since 1984, the RRB has been required to apply tax withholding rules to all taxable railroad retirement payments, including the SUP ANN.

To apply tax withholding rules, it must first be determined whether a payment is being made to a U.S. citizen or resident (or someone who is treated as one for federal income tax purposes) or to a nonresident alien (NRA). Taxes are withheld differently depending on whether citizen or NRA tax withholding rules apply.

This article explains both types of tax withholding rules and the calculations involved

The RRB is required to calculate tax withholding on the taxable components of the annuity. For Federal income tax purposes, the following components are considered taxable income:

- eighty-five percent of the net social security equivalent benefit (SSEB) portion of tier 1 or special guaranty (O/M) payment in NRA cases only;
- the taxable non-social security equivalent benefit (NSSEB) portion of tier 1;
- the taxable tier 2;
- the vested dual benefit (VDB); and
- the supplemental annuity.

These payments are subject to tax withholding as part of a recurring monthly payment, as part of an accrual to a living annuitant, or as part of annuities due but unpaid at death.

Withholding is applied based on when the payment is made and the amount actually paid. The effective date of the payment is immaterial, except when a SSEB, O/M, NSSEB, tier 2, or VDB payment is for the period prior to 1984. These payments are not taxable.

The tax withholding amount is computed separately for the recurring payment and any accrued payment due.

The Internal Revenue Service (IRS) has ruled that the residual lump sum (RLS) is not taxable until the employee contributions have been recovered. However, since the RLS represents a refund of the railroad retirement taxes withheld from the employee's pay prior to 1975 less any benefits already paid on the employee's account, it should never be taxable. The lump sum death payment (LSDP) is a nontaxable payment.

205 Citizen Tax Withholding Rules

205.05 Citizen Tax Withholding Rules

Tax laws require the RRB to withhold benefits for income tax purposes unless the beneficiary has elected no tax withholding. In certain instances, the RRB is required to withhold taxes in the absence of an election. U.S. citizens and legal residents have the right to request the RRB not to withhold taxes.

"Citizen Rules" applies to a known citizen or bona fide resident of the United States, Guam, or the Commonwealth of the Northern Mariana Islands, or a known citizen of Puerto Rico or American Samoa, or an unknown individual physically residing in the United States or Guam.

When citizen tax withholding rules apply, a beneficiary may decline tax withholding, or control the amount of taxes withheld, by filing IRS Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. If a beneficiary does not file an IRS Form W-4P, tax withholding is based on a mandatory rate prescribed by the Internal Revenue Code.

IRS Form W-4P is used by citizens and legal residents to elect tax withholding. The RRB will also accept IRS Form W-4V.

Beginning 1-1-97, U.S. citizens may request SSEB tax withholding by filing IRS Form W-4V, Voluntary Withholding Request, with the RRB. Form W-4V is required before taxes can be deducted from the SSEB portion of tier 1.

In U.S. citizen and legal resident cases, the non-SSEB taxable components are comprised of:

- the VDB from 12-83 and later,
- the supplemental annuity from 1966 and later, and
- the taxable NSSEB portion of tier 1 and tier 2 once the employee's contributions have been recovered in Three Year Rule cases, or the taxable NSSEB portion of tier 1 and tier 2 in General Rule cases.

205.05.05 Citizen

Citizen rules apply to a known citizen or bona fide resident of the United States, Guam, or the Commonwealth of the Northern Mariana Islands, or a known citizen of Puerto Rico or American Samoa, or an unknown individual physically residing in the United States or Guam. If this is not the case, nonresident alien rules apply.

Citizen rules always take precedence when a beneficiary has dual citizenship.

If a beneficiary claims to have renounced citizenship, or has no citizenship, citizen rules still apply if he or she is a legal resident of the United States, Guam, or the Commonwealth of the Northern Mariana Islands.

205.05.10 Nonresident Citizen

A nonresident citizen, including one with dual citizenship status, may be affected under a tax treaty in effect between the United States and the beneficiary's country of legal residence.

Effective January 1, 1988, a nonresident citizen may not decline tax withholding from either a recurring monthly benefit or accrual payments. If no tax withholding is requested using IRS Form W-4P, the mandatory citizen tax withholding will be applied.

205.10 Citizen Tax Withholding Calculation

If citizen withholding has been elected, the marital status claimed or assumed will be used to calculate the tax withholding amount. Effective for payments made in 1987 or later, where no W-4P has been filed and the taxable NSSEB/tier 2/VDB/SUPP is equal to or greater than the minimum mandatory tax withholding amount, mandatory tax withholding applies. Effective January 1988, this also applies to a nonresident citizen if he/she has requested that no tax withholding be applied (see section [205.05.10](#)).

[Click here](#) to view the minimum mandatory tax withholding amounts for the current and prior years.

205.10.05 IRS Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments

To have taxes withheld on the pension portions (NSSEB portion of tier 1, tier 2, VDB and supplemental annuity) of the annuity, an applicant/annuitant or his or her representative payee, must file a tax withholding election using IRS Form W-4P, *Withholding Certificate For Periodic Pension or Annuity Payments*.

An annuitant/applicant or his or her representative payee must file an IRS Form W-4P to request:

- no Federal taxes be withheld,
- taxes be withheld based on the claimed marital status,
- an additional dollar amount be withheld each month, or
- to change or cancel existing tax withholding.

The W-4P ON-LINE system is used to enter tax withholding election information. The system can calculate the amount of taxes that will be withheld based on the information the user enters.

The information from items 1c, 2iii, 3, 4(a), 4(b) and 4(c) of the form is updated to TAS. See [section 3110](#) for instructions on how to enter W-4P information.

Only an election form (IRS Forms W-4V/W-4P) may be used by railroad retirement beneficiaries to decline or change citizen tax withholding. If a different form or a written statement is submitted, advise the annuitant/applicant or his or her representative payee to file the appropriate IRS form to effect a withholding election.

Applicants/annuitants or representative payees are required to complete and sign IRS Form W-4P.

The IRS does not allow forms completed by applicants/annuitants or representative payees to be modified by anyone handling those forms after completion. If an item is omitted on a returned form, RRB personnel MAY NOT complete the item for the applicant/annuitant or representative payee, no matter what the circumstances.

You may circle or highlight item numbers individuals need to complete on IRS Form W-4P. Do **not**, however, highlight the actual response areas, as doing so may obscure the responses once the forms are imaged.

Citizens and residents may file an IRS Form W-4P at any time. However, the form is not valid if filed more than six months before tax withholding could apply to regular annuity payments.

205.10.10 IRS Form W-4V, Voluntary Withholding Request

Beginning 1-1-97, annuitants who are U.S. citizens may file IRS Form W-4V at the RRB if they want taxes withheld from the SSEB portion of tier 1. A new Form W-4V is needed to cancel SSEB tax withholding.

205.10.15 Mandatory Citizen Tax Withholding

The RRB is required to initiate tax withholding from the taxable components of annuity payments to U.S. citizens and legal residents. Unless a citizen or legal

resident takes action requesting no tax withholding, the RRB is required by law to withhold a portion of the annuity on a monthly basis if the taxable components exceed a certain level. For example, the mandatory tax withholding level for tax year 2023 was \$2,096 per month.

The mandatory rate is based on an assumed default IRS marital status.

205.10.20 Tax Tables

Citizen tax withholding is calculated using the W-4P On-Line System.

See [TOM 3110.05](#) for further instructions on how to use the W-4P On-Line System.

Taxes are calculated for the total positive accrual before any recovery is made. Therefore, the total taxes to be withheld may exceed the net amount due after all deductions. The tax withholding amount is reduced following the \$95.00 or \$10.00 rules as they apply. See [section 205.10.25](#).

205.10.25 Limiting Tax Withholding Amounts

Prior to 1-1-97, if the total of the table tax withholding amount and any additional amount exceeded the total of the taxable pension components (NSSEB/tier 2/VDB/SUPP), the tax withholding amount was NOT reduced to equal the taxable pension amount. Instead, the excess taxes were merely withheld from the SSEB amount. If the SSEB/NSSEB split was known, taxes were attributed first to the NSSEB, and next to the SSEB.

Effective 1-1-97, the RRB can no longer deduct excess pension taxes from the SSEB. The IRS advised us that SSEB taxes are voluntary and can be withheld only when a beneficiary files IRS Form W-4V.

If the rounded tax withholding amount would reduce the total annuity payment (SSEB or O/M, NSSEB, tier 2, VDB, SUPP) to less than a certain amount, the rounded tax withholding amount will be reduced so a minimum payment may be made. Reduce the rounded tax withholding amount as required by the \$120.00 or \$10.00 Rule.

\$120.00 Rule: Beneficiary Not Enrolled For Supplementary Medical Insurance

If the total annuity payment would be reduced to less than \$120.00 after taxes are withheld, reduce the rounded tax withholding amount by whole dollars until at least \$120.00 may be paid or until the tax withholding amount is zero. This rule applies only to the recurring rate. Prior to 11-1-1987 it also applied to accruals. The \$120.00 Rule has previously been called the \$95.00 Rule, the \$75.00 Rule, the \$50.00 Rule and the \$25.00 Rule. See the examples below:

Example 1: Annuitant is not enrolled for SMI and taxes of \$150.00 are computed.

Computation without the \$120.00 Rule	
Annuity Rate before Taxes	\$259.88
Taxes Computed	\$150.00
Annuity Rate after Taxes	\$ 109.88
Computation with the \$120.00 Rule	
The taxes and annuity rate are adjusted as follows:	
Annuity Rate before Taxes	\$259.88
Reduced Taxes	\$139.00
New Annuity Rate after Taxes	\$120.88

Example 2: Annuitant is not enrolled for SMI and taxes of \$5.00 are computed.

Computation without the \$120.00 Rule	
Annuity Rate before Taxes	\$88.50
Taxes Computed	\$ 5.00
Annuity Rate after Taxes	\$83.50
Computation with the \$95.00 Rule	
The taxes and annuity rate are adjusted as follows:	
Annuity Rate before Taxes	\$88.50
Reduced Taxes	\$00.00
New Annuity Rate after Taxes	\$88.50

\$10.00 Rule: Beneficiary Enrolled for Supplementary Medical Insurance

If the total annuity payment is less than \$10.00 after deduction for supplementary medical insurance premiums and taxes, reduce the rounded tax withholding amount by whole dollars until at least \$10.00 may be paid after deduction for supplementary medical insurance premiums and taxes, or until the tax withholding amount equals zero. Effective 11-1-87, this rule is applied only to the recurring rate. Prior to 11-1-87, this rule also applied to accruals. See the following examples:

Example 1: Annuitant is enrolled for SMI and taxes of \$30.00 are computed.

Computation without the \$10.00 Rule	
Annuity Rate before Deductions	\$126.58
SMI Premium	\$ 88.50
Rate After SMI	\$ 38.08
Taxes Computed	\$ 30.00
Annuity Rate after SMI and Taxes	\$ 8.08
Computation with the \$10.00 Rule	
The taxes and annuity rate are adjusted as follows:	
Annuity Rate before Deductions	\$126.58
SMI Premium	\$ 88.50
Rate After SMI	\$ 38.08
Reduced Taxes	\$ 28.00
New Annuity Rate after SMI and Taxes	\$ 10.08

Example 2: Annuitant is enrolled for SMI and taxes of \$150.00 are requested.

Computation without the \$10.00 Rule	
Annuity Rate before Deductions	\$218.50
SMI Premium	\$ 88.50
Rate After SMI	\$130.00
Taxes Computed	\$130.00
Annuity Rate after SMI and Taxes	\$ -0-
Computation with the \$10.00 Rule	
The taxes and annuity rate are adjusted as follows:	
Annuity Rate before Deductions	\$218.50
SMI Premium	\$ 88.50
Rate After SMI	\$130.00
Reduced Taxes	\$120.00
New Annuity Rate after SMI and Taxes	\$ 10.50

SMIB Reducing or Removing Tax Withholding Elections from the SSEB or Pension Portion of an Annuitant's Benefit Example

Tax withholding amounts are calculated based on the annuity rate after the deduction for SMIB. TAS RECERT processing assumes SMIB premiums are deducted from the railroad retirement (RR) annuity. As such, it does not

accurately calculate tax withholding amounts when premiums are deducted from the annuitant's social security (SS) benefit amount and will assume the net RR rate is too small to apply the requested tax withholding amount. When this occurs, the tax withholding amount can result in a lower requested amount or be reduced to \$0 (zero). When reduced to \$0, tax withholding will cease.

Example 1 – Tax Withholding on SSEB Portion of Benefit Impacted

The taxes and annuity rate are adjusted as follows:	
Taxable SSEB Amount	\$585.00
Assumed SMI Premium Deduction	\$597.50
Rate After SMI	\$0
Reduced Taxes	\$0
New Annuity Rate after SMI and Taxes	\$585.00

Example 2 – Tax Withholding on Pension Portion of Benefit Impacted

The taxes and annuity rate are adjusted as follows:	
Taxable Pension Amount	\$674.00
Assumed SMI Premium Deduction	\$479.30
Rate After SMI	\$195.30
Reduced Taxes	\$185.00
New Annuity Rate after SMI and Taxes	\$ 10.30

210 Nonresident Alien Tax Withholding Rules

210.05 General

For United States income tax purposes, the United States is defined as the 50 States and the District of Columbia. A **known** individual is someone who has claimed citizenship and residence for income tax purposes. An **unknown** individual is someone who has not claimed citizenship and residence for income tax purposes.

An individual is taxed under nonresident alien rules if he or she is:

- An individual who is a **known citizen** of a country **other than** the United States, Guam, or the Commonwealth of the Northern Mariana Islands, Puerto Rico, or American Samoa **and who is** a **known resident** for tax purposes of a country **other than** the United States, Guam, or the Commonwealth of the Northern Mariana Islands, or

- An **unknown** individual residing **outside** the United States, Guam, and the Commonwealth of the Northern Mariana Islands.

A beneficiary taxed under nonresident alien (NRA) rules may not decline tax withholding or control the amount of taxes being withheld in the same manner as a beneficiary taxed under U.S. citizen rules. Nonresident alien beneficiaries are subject to a 30% tax withholding rate mandated by the Internal Revenue Code, unless they are eligible for reduced tax withholding under an income tax treaty between their country of legal residence for tax purposes and the United States. A claim for reduced tax withholding under an income tax treaty is called a tax treaty exemption claim.

A nonresident annuitant, beneficiary or alien may file Form RRB-1001, *Nonresident Questionnaire*, to furnish citizenship, residence for tax purposes, and tax treaty exemption claim information to the RRB.

Two Internal Revenue Service (IRS) publications that provide general information about NRAs are Publication [515](#), Withholding of Tax on Nonresident Aliens and Foreign Entities and Publication [519](#), U.S. Tax Guide for Aliens. These publications may be helpful when discussing Federal income tax issues with NRA annuitants.

When discussing Federal income tax issues with annuitants, be careful to only provide general information. Do not advise annuitants on what to do, as we are prohibited from giving tax advice. Annuitants requesting tax advice should be referred to the IRS.

[210.10 Mandatory Nonresident Alien Tax Withholding](#)

If Form RRB-1001, *Nonresident Questionnaire*, has not been filed, and if the beneficiary is assumed to be a nonresident alien because of his or her mailing address, tax withholding is based on a rate mandated by the Internal Revenue Code. The mandatory rate is 30 percent of 85 percent of the SSEB portion of tier 1 or O/M payments, and 30 percent of the NSSEB portion of tier 1, tier 2, the vested dual benefit, and the supplemental annuity.

When the mandatory rate is applied to an assumed NRA, it remains in effect until a Form RRB-1001 is filed and citizenship and residence information, including any necessary proof of residence, and any applicable tax treaty exemption claim information, is furnished. This is true even if an assumed NRA changes his or her mailing address to the United States, Guam, or the Northern Mariana Islands.

The mandatory rate will be applied to a known NRA who changes his or her mailing address from one country to another and does not file a new Form RRB-1001. This is true whether or not that known NRA was previously taxed at a non-tax treaty rate of 30 percent or at a reduced rate under a tax treaty.

210.15 Reduced Nonresident Alien Tax Withholding Under Income Tax Treaties

The United States has signed income tax treaties with a number of countries that provide for reduced tax withholding of Railroad Retirement Act annuity payments for eligible individuals who claim exemption under the treaties. An eligible individual is someone who is:

1. A nonresident alien of the United States, and
2. A resident, for tax purposes, of a tax treaty country, and
3. Has submitted a properly completed Form RRB-1001, *Nonresident Questionnaire*, containing all of the following:
 - a. A valid signature, and
 - b. Claimed residence for tax purposes in a tax treaty country, and
 - c. Proof of residence for tax purposes, if required, in that tax treaty country, and
 - d. The individual's United States taxpayer identifying number, and
 - e. A tax treaty exemption claim.

The Internal Revenue Code requires an individual's United States Taxpayer Identification Number (TIN) be included on a tax treaty exemption claim form. It is not acceptable to submit a Form RRB-1001 without a U.S. TIN, and simply send the TIN to the RRB on follow-up correspondence or rely on a TIN already in the Taxation Accounting System (TAS). A tax treaty exemption claim is not valid under those circumstances.

If an individual needs to apply for a United States TIN in order to qualify for a tax treaty exemption, the individual should hold onto Form RRB-1001 until the TIN is secured. Once the number is secured, the individual should enter the U.S. TIN in item 3 of Form RRB-1001, complete all other required entries as described on Form TB-26, Completion Instructions for Form RRB-1001, *Nonresident Questionnaire*, and submit the completed Form RRB-1001 to the appropriate RRB office.

Nonresident alien (NRA) income tax is typically withheld at a 30 percent rate. NRA income tax reduced under an income tax treaty is withheld at 0 percent or 15 percent rates.

A list of tax treaty countries and applicable tax withholding percentages can be found in the PAS document titled "[NRA Table Report](#)".

Tax treaty exemption claims affect future payments only. These claims are not retroactive. Unless there is a change in circumstance, these claims are valid through December 31 of the third year following RRB receipt of a properly completed tax treaty exemption claim form. For example, with no change in circumstance, a form received on October 15, 2011, will be valid through December 31, 2014.

A change in circumstance for tax purposes is an event, such as a change in country of residence that would cause a tax treaty exemption claim to expire before December 31 of the third year following receipt of the tax treaty exemption claim form.

Form RRB-1001 should not be developed or processed simply to extend future tax treaty exemption expiration dates.

- Do not provide Form RRB-1001 to annuitants whose records indicate they are currently entitled to and receiving reduced tax withholding under income tax treaties.
- Do not process Form RRB-1001 received from annuitants whose records indicate they are currently entitled to and receiving reduced tax withholding under income tax treaties.

Advise these annuitants in writing that reduced tax withholding currently applies and provide the date their tax treaty exemption claim is due to expire. Advise that we will not send/process a Form RRB-1001, *Nonresident Questionnaire*, package at this time. We will instead send them a renewal package at the appropriate time.

Exception: If an annuitant's tax treaty exemption claim is due to expire at the end of the current tax year or the next tax year, and if the annuitant indicates he or she will be unavailable at the time a renewal package would be sent, go ahead and send a Form RRB-1001 package now. The individual may know that he or she will be out of the country or otherwise unable to send the response when the regular renewal package is due to be sent.

Note: If an annuitant currently receiving reduced tax withholding under an income tax treaty indicates he or she is permanently moving to another country and requests a Form RRB-1001, provide a Form RRB-1001 package. A new Form RRB-1001 is always required when a NRA's country of residence changes. See Item 3 of [TOM 210.45](#), When to Release Form RRB-1001 to Applicants and Annuitants.

[210.20 How Nonresident Alien Tax Withholding is Calculated](#)

NRA tax withholding is calculated using a 30 percent IRS mandatory percentage rate, unless the beneficiary has claimed exemption under a tax treaty in effect

between his or her country of legal residence for tax purposes and the United States. Reduced tax withholding under an income tax treaty is applicable at either 0 percent or 15 percent.

Taxes are calculated separately for each recurring and nonrecurring annuity component according to the applicable percentage rates. The applicable percentage rate is multiplied times any positive regular annuity component amount. The result is rounded to the nearest dollar. All regular annuity dollar rounded tax withholding amounts are added together. The total is then subtracted from the regular annuity payment.

For recurring payments, if the dollar rounded tax withholding amount reduces the total regular annuity payment to less than a certain minimum amount, the recurring rate will be adjusted. The minimum amount is \$125.00 if there is no monthly SMIB deduction or \$10.00 if there is a monthly SMIB deduction. The rounded tax withholding amount will be reduced so a \$125.00 or \$10.00 minimum recurring annuity payment may be made.

Supplemental annuity tax withholding is handled separately, but in the same general manner as regular annuity component tax withholding. The applicable percentage rate is multiplied times the supplemental annuity after other deductions have been applied, and the result is rounded to the nearest dollar.

210.25 Form RRB-1001, Nonresident Questionnaire

Form RRB-1001, *Nonresident Questionnaire*, is used to secure country of citizenship, country residence for tax purposes, and tax treaty claim information for nonresident applicants and annuitants. This information is needed to determine if a nonresident annuitant should be taxed under U.S. citizen tax rules or under nonresident alien (NRA) tax rules. For those taxed under NRA tax rules, the information determines if and how tax withholding does or does not apply to annuity payments.

210.30 Form RRB-1001, Nonresident Questionnaire, Renewals

Form RRB-1001, *Nonresident Questionnaire*, is also used to secure tax treaty exemption claim renewals. Tax treaty exemption claims provide qualifying individuals with reduced income tax withholding based on tax treaties between the United States and the individuals' countries of residence for tax purposes. RRB-1001 forms are automated letters generated by the annual run of the Nonresident Alien Monitoring program.

210.35 When Citizenship Only Information is Received on Regular Correspondence

Acceptable citizenship information may be received via ordinary correspondence. If the annuitant or his or her RRB approved representative payee has signed and

dated such a statement, and if no pre-existing conflict regarding the individual's claim of citizenship exists, the statement of citizenship should be accepted for RRA taxation purposes.

In that instance, receipt stamp and Image the citizenship information and send a request to the Tax, Clerical and Imaging Section–Tax Section (TCIS-TS) to enter the citizenship only information. See [TOM 210.75.50](#), Form RRB-1001 and Related Information That Must be Handled by the Tax Clerical and Imaging Section–Tax Section for more information. Send the annuitant/representative payee a Form RRB-1001 package. See [TOM 210.70](#) for information about Form RRB-1001 packages. Advise on RRAILS Form TXL-26 that we will process the claim of United States citizenship, but the individual should complete and return Form RRB-1001 to provide all needed information for our records.

210.40 Separate Form RRB-1001 are Needed for Some Separate Annuity or Beneficiary Entitlements

A Form RRB-1001 should be secured for **each separate annuity or benefit entitlement, excluding entitlements that will convert in the future**. This means it is necessary to secure more than one Form RRB-1001 from some individuals. For example, two Form RRB-1001 should be secured when a surviving divorced widow is also or becomes entitled to a legal process partition payment.

Only one Form RRB-1001 should be secured when one annuity entitlement will convert or has converted to another annuity entitlement. For example, one Form RRB-1001 should be secured from a spouse. A new Form RRB-1001 is not needed when the spouse becomes a widow.

210.45 When to Release Form RRB-1001 to Applicants and Annuitants

Form RRB-1001, *Nonresident Questionnaire*, is primarily released to individuals from three different sources –Tax, Clerical, and Imaging Section – Tax Section (TCIS-TS), field offices, and from headquarters as part of our annual tax treaty exemption monitoring process. A Form RRB-1001 should be released as follows:

1. **In advance of** an individual living outside the 50 United States and Washington, D.C. filing an application for an annuity, including an annuity due but unpaid at death. If a TAS record does not exist, processing Form RRB-1001 will create one.
2. In response to an annuitant wishing to establish citizenship or residence for tax purposes or a tax treaty exemption claim on our records.

3. In response to a nonresident alien permanently changing his or her country of residence. Do not secure a new form in response to a temporary change in country of residence. See Note 4 below.
4. In response to an annuitant questioning the accuracy of mandatory nonresident alien tax withholding being applied to annuity payments. Release a form only if reduced tax withholding might be applicable under an income tax treaty between the United States and the annuitant's country of legal residence for tax purposes.
5. When securing a new application after a period of termination and a tax treaty exemption claim associated with the terminated entitlement is about to expire. Check first to determine if a Form RRB-1001 was recently released as part of the latest annual Nonresident Alien Tax Treaty Exemption Monitoring Program operation. [See TOM 210.55](#), Report Listings of Annuitants Who Receive NRA Monitoring Program Renewal Packages. While a new Form RRB-1001 would not typically be needed if the individual is converting from one entitlement to another (see [TOM 210.40](#) above), a new one is needed if the existing form is about to expire, and the individual did not receive a renewal package.
6. If United States citizenship has not been established (see NOTE 1: below), in response to (**preferably in advance of**) a change of address **within** one of the 50 United States, the District of Columbia, Guam, or the Commonwealth of the Northern Mariana Islands to an address **outside** the 50 United States, the District of Columbia, Guam, or the Commonwealth of the Northern Mariana Islands.
7. If United States citizenship has not been established (see NOTE 1: below), in response to (**preferably in advance of**) a change of address from a country **outside** the 50 United States, the District of Columbia, Guam, or the Commonwealth of the Northern Mariana Islands to a **different** country **outside** the 50 United States, the District of Columbia, Guam, or the Commonwealth of the Northern Mariana Islands.

Note 1: United States citizenship has been established in the TAS if the "Tax Citizenship Status Cd" item in the upper left corner of the Citizenship and Residency Information General Tax Screen (PF7) contains "1 US". It has not been established if this item does not contain "1 US".

Note 2: For Federal income tax purposes, the United States is defined as the 50 states and the District of Columbia (Washington, D.C.). It **does not** include any possessions or territories of the United States, such as Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, Puerto Rico, or the U.S. Virgin Islands.

Note 3: A change of address from a country **outside** the 50 United States, the District of Columbia, Guam, or the Commonwealth of the Northern Mariana Islands to an address **within** one of the 50 United States or the District of Columbia **will not** change the established tax rule (U.S. citizen or NRA) or cause a change in tax withholding.

Note 4: A temporary change of address, often a seasonal change, does not warrant release of Form RRB-1001. Any permanent tax status information should remain on our records. If permanent tax status information is not on our records, a temporary change of address may trigger a change in tax status. In that instance, secure a Form RRB-1001 to secure and establish permanent tax status information for our records.

210.50 Annual NRA Monitoring Program Release of Form RRB-1001 to Annuitants

The RRB issues tax treaty exemption claim renewal packages to eligible individuals approximately three months prior to the date their tax treaty exemptions are due to expire. These packages contain cover letter Form TXL-26, generated by the annual Nonresident Alien Monitoring Program. Form TXL-26 contains a Form RRB-1001 at the bottom of the form. The packages also contain Form TB-26, *Form RRB-1001 Completion Instructions*, and a return envelope. Both Field office staff and Tax, Clerical and Imaging Section-Tax Section staff process these forms.

If Form RRB-1001 is completed properly and processed before the cost-of-living mass adjustment in December, these individuals' tax treaty exemptions will be renewed until December 31 of the third year following receipt of the renewal exemption claim forms. Reduced tax withholding will continue with the monthly payment dated January of the year following receipt of the form. If properly completed forms are received late, they will be entered into TAS as soon as possible but tax treaty exemption claims will not be applied retroactively.

210.55 Report Listings of Annuitants Who Receive NRA Monitoring Program Renewal Packages

Each year, the NRA Monitoring Program creates two report listings of annuitants to whom we issued tax treaty exemption renewal packages. These reports are available on Boardwalk.

Access the listings by opening "Applications" under "Boardwalk Resources" on the Boardwalk main page. Go to "Associated Links" in the right-hand column and you will find "NRA Monitoring Report 4" and "NRA Monitoring Report 5."

Report 4 lists annuitants residing in Canada, Mexico, and any United States Possessions or Territories to whom we released renewal packages. Report 5

lists annuitants residing in any other countries to whom we released renewal packages. All annuitants are listed in ascending RR claim number order.

[210.60 NRA Table Report](#)

A list of tax treaty countries and applicable tax withholding percentages used by the TAS can be found in the document titled "[NRA Table Report](#)".

[210.65 Restrictions on Form RRB-1001 Items RRB Personnel May Pre-Complete or Alter](#)

1. Pre-Completion of Form RRB-1001

RRB personnel may not pre-complete any items on Form RRB-1001. There are no exceptions.

2. Alteration of Form RRB-1001 Items After Receipt from the Annuitant or Beneficiary

The Internal Revenue Service does not allow forms completed by applicants/annuitants to be modified by anyone handling those forms after annuitant completion. If an item is omitted on a returned form, RRB personnel **MAY NOT** complete the item for the annuitant, no matter what the circumstances.

Image any incomplete forms. Use RRAILS Form TXL-26, *Transmittal Letter for Form RRB-1001, Nonresident Questionnaire*, to return incomplete forms to annuitants and beneficiaries. Form TXL-26 has variable language to identify what action is required of the annuitant or beneficiary.

Two receipt dates should be viewable on the front of forms returned to annuitants for completion. (1) The original date the incomplete form was received at an RRB office and (2) the date the returned form was received at an RRB office.

You may circle or highlight item numbers of individuals need to complete on Form RRB-1001. **Do not, however, highlight the actual response areas**, as doing so may obscure the responses once the forms are imaged.

[210.70 Form RRB-1001 Packages](#)

Form RRB-1001 packages consist of the following materials:

1. Form TXL-26, *Transmittal Letter for Form RRB-1001, Nonresident Questionnaire*

If Form RRB-1001 is released in response to an inquiry or is being returned because of incomplete information, please state the reason for release.

2. Form RRB-1001, *Nonresident Questionnaire*
3. Form TB-26, *Completion Instructions for Form RRB-1001, Nonresident Questionnaire*
4. A RRB-1001 unfranked return envelope addressed to your office. If the annuitant sends you a form handled by the Tax, Clerical, and Imaging Section – Tax Section (TCIS-TS) or by another field office, please send the form to the originating office for handling. TCIS-TS initiated Forms should have TCIS or TCIS-TS notated under the address section on the bottom of Form RRB-1001.

Return envelopes addressed to TCIS-TS contain “RRB-1001” in the lower left corner and “TCIS” notated below the “RRB-1001”.

5. IRS Form W-7, *Application For IRS Individual Taxpayer Identification Number*

If a United States taxpayer identifying number is needed for a tax treaty exemption claim and the individual would not qualify to receive a social security number, include an IRS Form W-7, *Application For IRS Individual Taxpayer Identification Number*, in the Form RRB-1001 package (see <http://www.irs.gov/pub/irs-pdf/fw7.pdf>.) An individual who would not qualify to receive a social security number 1) is **not** a United States citizen, **AND** 2) has **not** been admitted to the United States for permanent residence or United States employment.

6. Instructions for Form W-7, *Completion Instructions for Form W-7, Application For IRS Individual Taxpayer Identification Number*.

Advise the annuitant to follow the mailing instructions for IRS Form W-7. The RRB does not process these forms. The individual should hold Form RRB-1001 until he or she receives an ITIN from the IRS. The ITIN should then be entered in item 3 of Form RRB-1001 before the form is sent to the RRB.

If you are serving a Spanish speaking individual, you may wish to send both IRS Form W-7 and IRS Form W-7(SP), a Spanish language version of the W-7 (see <http://www.irs.gov/pub/irs-pdf/fw7sp.pdf>).

210.75 Returned Form RRB-1001

210.75.05 Returned Form RRB-1001– Receipt Date the Front of the Forms

Date the Section 3 side – the side with the questions and answers - of Form RRB-1001 Form RRB with a stamp (preferably) or notation that identifies both the date the form was received and the office in which the form was received.

Form RRB-1001 Form RRB received in headquarters should contain two dates. The date the form was received in the mailroom and the date the form was received in TCIS-TS. If the mailroom date is on the back of the incoming envelope, TCIS-TS should handwrite the mailroom receipt date somewhere on the Section 3 side of the form.

210.75.10 Returned Form RRB-1001 - Review Signatures

Review the signature in item 9 to be sure it is acceptable.

Unsigned Forms

Unsigned forms may not be accepted. No information from an unsigned form may be entered in the TAS. Return unsigned forms to the sender. Opt for Form TXL-26 item that states "You did not sign the form in item 9".

Forms Signed By Annuitants

Unless something on the form looks suspicious, accept the signature of the annuitant as valid. If something on the form looks suspicious, check the name and address in TAS or DATAQ or PREH to see if the annuitant has a representative payee. If yes, send a Form RRB-1001 package to the rep payee. If no, determine if a representative payee is needed.

Forms Signed by Annuitants' Representative Payees

If the person who signed the form is the RRB recognized representative payee, accept the signature as valid.

Annuitant Signatures by Mark

Accept an otherwise properly completed Form RRB-1001 signed by a mark so long as the following is true:

- a. The annuitant is competent, but physically impaired, and cannot sign Form RRB-1001, **and**
- b. The annuitant's name is printed on the Form RRB-1001 signature line, **and**
- c. The annuitant enters his or her mark on the Form RRB-1001 signature line to the right of his or her name, **and**
- d. There are two witnesses to the annuitant's signature by mark who know the annuitant and who also sign and date the Form RRB-1001, and who provide the RRB with their mailing addresses.

or

An RRB employee identified by field office, signs as a witness to the annuitant's signature by mark. If an RRB employee signs as a witness, no other witnesses are necessary.

Witnesses to a signature by mark should sign and date the signature side of the form. Their mailing addresses should be entered where there is room, even if that's on a separate piece of paper.

NOTE: A power of attorney can serve as a witness to a competent annuitant's signature by mark but cannot sign for the annuitant.

Forms Signed by Someone Claiming Power of Attorney

a. Person Claiming Power of Attorney is the RRB Recognized Representative Payee

Check the name and address in TAS. If the individual who signed the form is the RRB appointed representative payee, accept the signature as valid.

b. There is a RRB Recognized Representative Payee, But the Person Claiming Power of Attorney is Not the Representative Payee

If the individual who signed the RRB-1001 is not the RRB appointed representative payee, do not process the form. Write "Not Processed" and your initials and the date on the front of the RRB-1001. Be sure the earliest RRB office receipt date is also shown on the front. Send the RRB-1001 to be imaged.

Send the individual who signed the RRB-1001 a letter explaining that someone else is the RRB appointed representative payee, and we are sending that individual a Form RRB-1001 package to complete for the annuitant. Send a copy of the letter to be imaged.

Release a RRB-1001 package to the RRB recognized representative payee. Send a copy of the RRB-1001 package transmittal letter to be imaged.

c. There is No RRB Recognized Representative Payee

Send the individual who signed the RRB-1001 a letter explaining that because he or she is not the RRB appointed representative payee, we are unable to process the RRB-1001. Send a copy of the letter to be imaged.

Check WorkDesk and the Contact Log to see if a representative payee assignment is pending or an application received but not yet processed.

1) There is either a pending assignment or a pending application.

Do not process the RRB-1001. Hold the material for 30 days and recheck the name and address block on TAS. Pend another 30 days as necessary. Once a representative payee is appointed, follow the instructions in item 5.a. above.

2) There is neither a pending assignment nor a pending application.

a) Tax, Clerical, and Imaging Section – Tax Section (TCIS-TS) Action

- 1)) Do not process Form RRB-1001. Image the form and any associated materials.
- 2)) Determine which field office services the annuitant's address.
 - If the annuitant's address is inside the United States determine the field office in the usual manner.
 - If the annuitant's address is in Canada, refer to [RCM Section 10.3, Appendix B](#) - Canadian Provinces & Territories by Field Offices.
 - If the annuitant's address is in Mexico, refer to [RCM Section 10.3, Appendix C](#) - Mexican States and Territories by Field Office.
 - If the annuitant's address is outside the United States, Canada, and Mexico, the Chicago District Office services the annuitant.
- 3)) Send the field office an e-mail assignment to develop for a representative payee. Advise that a Form RRB-1001 was received that could not be processed. Advise that the unprocessed Form RRB-1001 has been imaged and a new Form RRB-1001 will be required.

b) Field Office Action

Do not process the Form RRB-1001.

Image Form RRB-1001, front and back, and all pertinent associated materials. If the initial receipt stamp was made on the receiving envelope rather than on Form RRB-1001, either image the envelope or transfer the receipt date to the front of

Form RRB-1001, taking care not to obscure any **of the individual's responses**. Develop for a representative payee.

Form Signed by Someone Other than the Annuitant, Not the RRB Recognized Representative Payee and Not Claiming Power of Attorney

If the form is signed by someone other than the annuitant or the RRB recognized representative payee, and the signer does not claim to have power of attorney, check to see if there is a representative payee in TAS or DATAQ or on PREH. If there is no indication of a representative payee, check WorkDesk and the Contact Log to see if a representative payee assignment is pending or an application received but not yet processed.

a. There is either a pending assignment or a pending application.

Do not process the RRB-1001. Hold the material for 30 days and recheck the name and address block on TAS. Pend another 30 days as necessary. Once a representative payee is appointed, follow the instructions in item 5 above.

b. There is neither a pending assignment nor a pending application.

Do not process the Form RRB-1001. Image it. Send a Form RRB-1001 package to the annuitant. Explain on the transmittal letter that we received a RRB-1001 we cannot accept because someone else signed it. Request the annuitant complete and sign the new form. This should result in the annuitant signing and submitting the form, or in a request for the necessary paperwork to establish a representative payee on record. Image a copy of the transmittal letter.

210.75.15 Returned Form RRB-1001- Reviewing Forms for United States Taxpayer Identifying Numbers

Form RRB-1001, Item 3, United States Taxpayer Identifying Number (TIN) **is not** a required item entry. If the individual submits a Form RRB-1001 without a United States TIN, an otherwise properly signed form may be used to establish citizenship and/or residence. Proof of residence may be needed as described in [TOM 210.75.35](#).

A form received from a U.S. citizen residing anywhere or from a NRA claiming residence in a non-tax treaty country should not be returned for entry of a U.S. TIN in Item 3, even if the tax treaty exemption claim box is checked YES. That's because these individuals are not eligible for tax treaty exemptions, and a U.S. TIN is only required to validate a tax treaty exemption claim.

There are three types of United States TINs used to report RRA payments to the Internal Revenue Service (IRS). For individuals, enter Social Security Numbers and Individual Taxpayer Identification Numbers in Item 3 of Form RRB-1001. For

estates or administrators of estates, enter Employer Identifying Numbers in Item 3 of Form RRB-1001.

1. Social Security Numbers (SSNs)

SSNs are assigned by the Social Security Administration to citizens of other countries who plan to work in the United States.

2. Individual Taxpayer Identification Numbers (ITINs)

ITINs are assigned by the Internal Revenue Service to citizens of other countries who are not eligible to receive SSNs.

3. Employer Identifying Numbers (EINs)

EINs are assigned by the Internal Revenue Service to Estates of deceased individuals. Submit Form RRB-1001 received from Estates or Administrator of Estates of deceased individuals to the Tax, Clerical and Imaging Section-Tax Section for handling.

Note: Some individuals handling Form RRB-1001 appear to equate Taxpayer Identifying Numbers and Individual Taxpayer Identification Numbers, perhaps because of the similarity of IRS acronyms TIN and ITIN. TINs and ITINs are two different types of numbers. A TIN is a United States Taxpayer Identifying Number. An ITIN, along with a SSN and an EIN, are specific **types** of TINs.

210.75.20 Returned Form RRB-1001 - Determine if Forms Must be Returned for Reasons Other than the Signature

a. Form RRB-1001

RRB-1001 items 1 through 7 and 9 are required items. If any item is not completed or if the answer is illegible, the form must be returned to the annuitant.

If only items 5 and 6 are completed legibly and if the form has an acceptable signature, enter the acceptable response into the Taxation Accounting System (TAS). See [TOM 210.80](#) for information about entering Form RRB-1001 information into TAS.

Image the original form and return it to the annuitant for completion of the missing information. See [TOM 210.75.45](#) regarding return of incomplete Form RRB-1001 to the applicant/annuitant or his or her RRB recognized representative payee.

A response to the tax treaty exemption claim item **is not** a required response. You do not need to return the form to the annuitant if a response to the tax treaty exemption claim question is the only omission on the form. It's also acceptable to return the form after it is imaged and advise the annuitant that a response to the item was omitted. You may not alter a form once it's completed by the annuitant, so under these circumstances, you may not answer the question for the annuitant. For tax treaty exemption claim renewals, the items 1 through 9 are required entries.

210.75.25 Returned Form RRB-1001 - Review for Country of Citizenship Claims, Section 3, Item 1

Claims of citizenship should be accepted as stated unless there is a known or suspected conflict with previously submitted information. Refer to [RCM 4.9.10.10](#), Citizenship Claims for RRA Taxation Purposes, for additional information. Please also see notes 1, 2, and 3 at the end of this section.

1. Conflicts

Conflicts can be determined from information on Form RRB-1001, and by comparing information on Form RRB-1001 with TAS information available on the Online Form RRB-1001 screen. For example:

- The form contains a claim of non-United States citizenship and TAS contains a claim of United States citizenship. In the upper portion of the Form RRB-1001 online screen is the citizenship and country of residence information in TAS before receipt of the new form. If Form RRB-1001 claims citizenship in a country other than the United States and TAS contains a 1 (U.S. citizen), there is a conflict.
- The form contains a claim of United States citizenship and TAS contains a claim of non-United States citizenship. In the upper portion of the Form RRB-1001 online screen is the citizenship and country of residence information in TAS before receipt of the new form. If Form RRB-1001 claims U.S. citizenship and TAS contains a 2 (alien of the United States), there is a conflict.

Conflicts can also exist if information on the Imaging system or in the claim folder is inconsistent with information on an incoming Form RRB-1001.

2. Claims of Dual Citizenship

a. One of the Claimed Countries of Citizenship is the United States

If an individual claims dual citizenship and one of the countries is the United States, consider the individual to be a United States citizen. United States citizenship takes priority over a second claimed country of citizenship.

Enter United States citizenship when processing Form RRB-1001 using the Online Form RRB-1001Process. Image the original form and screen print.

Send a request to the Tax, Clerical and Imaging Section, Tax Section (TCIS-TS), advising that the Form RRB-1001 has been imaged. Request TCIS-TS enter the second country of citizenship into TAS. TCIS-TS will enter the second country into the “Dual Citizenship Country Code” field in the individual’s Annuitant Tax Record.

b. Neither of the Claimed Countries of Citizenship is the United States

Do not process Form RRB-1001. Be sure the receipt date is legible on the Section 3 side of the form. Image the form. Send a request to TCIS-TS to handle the dual citizenship claim, advising that the Form RRB-1001 has been imaged. TCIS-TS should refer these to Policy and Systems, Payment Analysis and Systems for instructions.

3. Claimed Country of Citizenship is Acceptable, Claimed Country of Residence is Not Acceptable

If Form RRB-1001 has an acceptable signature (see [TOM 210.75.10](#)) and the claimed country of citizenship is acceptable, but the country of residence is not, enter the citizenship information into TAS and return the original form to the annuitant for the missing response. See [TOM 210.75.45](#) on returning incomplete Form RRB-1001 to the annuitant or representative payee. See [TOM 3115.25](#) for information on how to handle citizenship and residence entries using the Online Form RRB-1001Process.

Note 1: Establishing United States citizenship will change NRA tax rules to U.S. citizenship tax rules and remove NRA tax withholding.

Note 2: If an annuitant responds that his or her country of citizenship is “Puerto Rico, U.S.A.”, the country is Puerto Rico, not the United States.

Note 3: There are two Virgin Islands countries, the U.S. Virgin Islands and the British Virgin Islands. We have special handling instructions for the U.S. Virgin Islands, but not for the British Virgin Islands. If an annuitant responds that his or her country of citizenship is the “U.S. Virgin Islands” or the “U.S. Virgin Islands, U.S.A.”, refer the Form RRB-1001 to the Tax, Clerical and Imaging Section – Tax Section (TCIS-TS) for handling. TCIS-TS should refer these to Policy and Systems, Payment Analysis and Systems for instructions.

210.75.30 Returned Form RRB-1001 - Review for Country of Residence Claims, Section 3, Item 2

The claimed country of residence for tax purposes should be accepted as given unless (1) there is a known conflict with previously submitted information, or (2)

the claimed country of residence disagrees with the country in the annuitant's mailing address.

A claim of residence in a tax treaty country may not be considered reliable if a) the claimed country of residence on Form RRB-1001 is a tax treaty country, but the mailing address is not in the claimed country of residence, or b) the annuitant has payments sent to an address that is not in the tax treaty country.

Note 1: If an annuitant responds that his or her country of residence is “Puerto Rico, U.S.A.”, the country is Puerto Rico, not the United States.

Note 2: There are two Virgin Islands countries, the U.S. Virgin Islands and the British Virgin Islands. We have special handling instructions for the U.S. Virgin Islands, but not for the British Virgin Islands. If an annuitant responds that his or her country of residence is the “U.S. Virgin Islands” or the “U.S. Virgin Islands, U.S.A.”, refer the Form RRB-1001 to the Tax, Clerical, and Imaging Section – Tax Section (TCIS-TS) for handling. TCIS-TS should refer these to Policy and Systems, Payment Analysis and Systems for instructions.

210.75.35 Returned Form RRB-1001 - When Proof of Residence For Tax Purposes is Required

Proof of residence is required when any one of the following situations exists. If one of these situations does exist, see [RCM 4.9.10.10](#), Residence Claims for RRA Taxation Purposes.

1. An **established or assumed nonresident alien** claims to be a legal resident for income tax purposes of a country other than the country in his or her mailing address.
2. An **assumed or established nonresident alien** provides a change of address to one of the 50 states or Washington D.C., and, with the change of address, claims to be a resident of the United States for income tax purposes.
3. An **established nonresident alien** provides a change of address from one foreign country to a different foreign country. With the change of address, the individual now claims to be a legal resident of the second country and claims exemption under the second country's income tax treaty.
4. An **assumed or established nonresident alien** claims legal residence **in a foreign country** and has a mailing address **in a different country** at one of the following:
 - a. A financial institution, or
 - b. In-care-of (c/o) another individual, or

- c. At a post office box (P.O. Box).
5. An **established nonresident alien** claims legal residence **in the United States** and has a mailing address at one of the following:
- a. A financial institution, or
 - b. In-care-of (c/o) another individual, or
 - c. At a post office box (P.O. Box).

Check the Section 2, RRB/State Department Use item on Form RRB-1001 to see if a U.S. Embassy or Consulate Office or RRB field office has already developed for any required proof of residence. If so, see if the proof identified in Section 2 is acceptable according to [RCM 4.9.10.10](#), Residence Claims for RRA Taxation Purposes. If it is, see if it supports the claimed country of legal residence shown in Section 3 item 6 of Form RRB-1001. If it does, and if the reviewing official signed and dated Section 2, accept the claimed country of legal residence shown in Item 2 on the form. If not, develop for proof of residence according to RCM 4.9.10.10, Residence Claims for RRA Taxation Purposes.

210.75.40 Returned Form RRB-1001– Review for Tax Treaty Exemption Claims, Section 3 Item 7

A tax treaty exemption claim of “Yes” in item 7 of Form RRB-1001 may not be accepted without:

1. A valid signature in item 9.
2. The individual's **United States** taxpayer identifying number (U.S. TIN) in item 3. A U.S. TIN is one of the following:
 - a Social Security Number (SSN)
 - an Individual Taxpayer Identification Number (ITIN)
 - an Employer Identifying Number (EIN)
3. A valid country of legal residence claim in item 6 for a country has an income tax treaty with the United States that would allow for reduced tax withholding of SSEB payments or for reduced tax withholding of pension (NSSEB, tier 2, VDB, and supplemental annuity) payments.

210.75.45 Form RRB-1001 That Must be Returned to the Annuitant or Representative Payee

Image incomplete Form RRB-1001. Use Railroad Retirement Tax Notice TXL-26, available on RRAILS, to return incomplete forms to the annuitant or his or her RRB approved representative payee.

If required citizenship or residency information is missing from a Form RRB-1001, return the form with Form TXL-26, marking the checkbox "Item _____ was not completed or was illegible. Enter the missing Form RRB-1001 item number."

It is not necessary to return a Form RRB-1001 for completion of missing tax treaty claim information. If the annuitant did not answer the tax treaty claim question, you may process the form showing that the question was not answered. You may also image and return the form to the annuitant for completion of the question. Since you may not alter a completed form, you may not complete the item for the annuitant.

210.75.50 Returned Form RRB-1001 and Related Information That Must be Handled by the Tax, Clerical and Imaging Section–Tax Section (TCIS-TS)

Below are 10 situations in which Form RRB-1001 must be handled by TCIS-TS. Before submitting a form copy to TCIS-TS, please take the following actions:

- Be sure the receipt date in the field office is legible on the Section 3 side of the form.
- Image the form before sending a copy to TCIS-TS.
- If entry is attempted very near the TAS Recert operation run date or the December Cost of Living Mass Adjustment run date, please send an e-mail to TCIS-TS with a copy of the Form RRB-1001 and any related material attached, and a brief explanation of why you are referring it. Doing this may avoid a processing delay.

1. Citizenship Information Only is Provided

Do not use the Online Form RRB-1001 Process to enter citizenship only information received on Form RRB-1001 or other written statements. Send citizenship only forms and statements to the Tax Clerical and Imaging Section-Tax Section (TCIS-TS) for entry.

2. Dual Citizenship is Claimed and Neither Country is the United States

Submit claims of dual citizenship in which neither claimed country is the United States to TCIS-TS for handling.

TCIS-TS should refer these claims to Policy and Systems, Payment Analysis and Systems for direction.

3. Citizenship or Residence in the United States Virgin Islands is Claimed

Submit claims of citizenship in the United States Virgin Islands and/or residence in the United States Virgin Islands to TCIS-TS for handling.

TCIS-TS is to refer these claims to Policy and Systems, Payment Analysis and Systems for direction.

4. IRS Form W-8BEN is Submitted Instead of Form RRB-1001

Submit IRS Forms W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, to TCIS-TS.

TCIS-TS is to refer these claims to Policy and Systems, Payment Analysis and Systems (PAS) for direction. PAS will advise regarding release of a Form RRB-1001 package with a special cover letter to the annuitant.

5. Form RRB-1001 are Correctly Entered into the Online Process Screen, but the Entries Do Not Clear the Screen Edits

Once Form RRB-1001 information has been correctly updated to the Online Process screen, do not keep entering information if screen edits prevent acceptance of the form.

Forward the form to TCIS-TS for entry into the Form RRB-1001 online process. This may occur for any of a number of reasons, the most common being failure to pass valid ITIN range edits. If entry is attempted very near the TAS Recert operation run date or the December Cost of Living Mass Adjustment run date, please fax a copy of the form to TCIS-TS with a brief explanation that your entry attempt did not pass the ITIN (or whatever is applicable) screen edit.

6. Form RRB-1001 are Correctly Entered into TAS, but Expected Annuity Adjustment Action Does Not Occur.

Once Form RRB-1001 information has been correctly updated to the Taxation Accounting System (TAS), and the expected annuity adjustment does not occur, do not keep entering information into the Online RRB-1001 Process. Something else is preventing the annuity adjustment and needs to be addressed. Additionally, each time a new form is entered, history from the previous form is written over. Re-entering information can inhibit the investigation into why the original form entry was not successful.

If you encounter this situation, contact TCIS-TS after you have confirmed that the original entry information in TAS appears to be correct.

7. Form RRB-1001 are Correctly Entered into TAS, but an Estate's EIN has Been Entered in the SSN Feld.

Form RRB-1001 contains an Employer Identifying Number (EIN) in the SSN field in TAS. Contact TCIS-TS after all field action is taken and request the EIN be manually removed from the SSN field and entered in the EIN field in TAS. 000000000 should then be entered in the SSN field.

8. Form RRB-1001 Contains a Country of Citizenship or Country of Residence that is Not on the NRA Table Report.

If Form RRB-1001 contains a country of citizenship or a country of residence that is not on the NRA Table Report, submit the form to TCIS-TS to handle. If this occurs close to monthly TAS Recert operation run or a mass adjustment run, fax the request for TCIS-TS handling.

9. Form RRB-1001 is Entered into TAS Early

A Form RRB-1001 completed so it **will not** renew reduced tax withholding under an income tax treaty should be held until just prior to the start of the December cost of living mass adjustment. The existing tax treaty exemption claim is valid through December of the year of expiration.

Entering the form prior to the October or November TAS Recert operations is a handling error that will result in early loss of the tax treaty exemption. If early entry is detected by field office staff, send a copy of the receipt dated and imaged copy of Form RRB-1001 to TCIS-TS as soon as possible indicating an early entry error.

See [TOM 210.90.10](#), Negative Impact of Early Entry of Certain Form RRB-1001 into TAS, for additional information.

10. Form RRB -1001 is Entered into TAS Late

A Form RRB-1001 completed so it **will** establish or renew reduced tax withholding under an income tax treaty may be entered as soon as it is received. These forms should not be held for later processing. Holding a form for later processing can result in late implementation of reduced tax withholding under the tax treaty. If late entry is detected by field office staff, send a copy of the receipt dated and imaged copy of Form RRB-1001 to TCIS-TS as soon as possible indicating a late entry error.

See [TOM 210.90.05](#), Negative Impact of Late Entry of Certain Form RRB-1001 Information into TAS, for additional information.

[210.80 Entering Valid Form RRB-1001 Data into the Taxation Accounting System](#)

Use the Online Form RRB-1001 process to enter Form RRB-1001 information into TAS. Follow instructions in [TOM 3115](#) on how to access and use the Online Form RRB-1001 process.

TAS individual field changes should be handled manually by TCIS-TS. Do not use the online Form RRB-1001 process as a TAS correction process.

[210.85 Image Processed Form RRB-1001 and the Completed Online Form RRB-1001 Process Screen Print](#)

Offices should image the front and back of Form RRB-1001 Form RRB. If any receipt stamps are on the receiving envelope or the back of Form RRB-1001, either image the envelope or back of the form or transfer the receipt date to the front of Form RRB-1001, taking care not to obscure any of the individual's responses.

Make a print of the Online Form RRB-1001 Process screen after all entries are made and the screen message displays "THIS TRANSACTION WILL HAVE:" along with the potential TAS contents of the "TAX CITZ STAT CD:" and "TAX TRTY EXEMPT CD:" fields. Sign and date the screen print, and image it along with Form RRB-1001.

Image all online entry actions taken on Form RRB-1001. **It is important to document all form entry attempts, not just the forms themselves.** Without this information, we cannot always tell when correct or incorrect information was actually updated to TAS.

Print a copy of the Online Form RRB-1001 Process screen after all entries have been made and successfully updated to the RRB-1001 transactional database. When this occurs, the message "RRB-1001 TRANSACTION HAS BEEN ADDED TO THE DATABASE" will appear in the lower portion of the screen. Sign and date the printed copy and identify your field or Headquarters' office. Image this documentation along with the associated Form RRB-1001.

[210.90 Negative Impacts of Late or Early Entry of Form RRB-1001 Information into the Taxation Accounting System \(TAS\)](#)

[210.90.05 Negative Impact of Late Entry of Certain Form RRB-1001 Information into TAS](#)

Process properly completed Form RRB-1001 as soon as possible after receipt so they are in place for both daily and monthly award actions. Use the monthly Operations calendars to note the dates of the monthly TAS Recert runs in January through November, and the date of the Tax Recalculation portion of the annual cost of living mass adjustment in December.

Enter all properly completed Form RRB-1001 by 2:00 P.M. Chicago time on the business day before the day TAS Recert or the Tax Recalculation is posted on the calendar. Continue to enter forms received after the 2:00 P.M. timeframes described above, as TAS Recert and Tax Recalculation program start times vary. Be aware, however, that forms entered after the 2:00 P.M. timeframes may or may not make the pending TAS Recert or Tax Recalculation runs.

Special rules apply to entry of Form RRB-1001 when tax treaty exemptions expire at year end. See [TOM 210.90.10](#) for more information.

Should RRB delays that are disadvantageous to annuitants come to your attention, please take all form handling actions needed and then notify TCIS-TS.

Before submitting a form copy to TCIS-TS, please take the following actions:

- Be sure the receipt date in the field office is legible on the front of the form.
- Image the form before sending a copy to TCIS-TS.
- If entry is attempted very near the TAS Recert operation run date or the December Cost of Living Mass Adjustment run date, please send an e-mail to TCIS-TS with a copy of the Form RRB-1001 and any related material attached, and a brief explanation of why you are referring it. Doing this may avoid a processing delay.

RRB delays in implementing current year nonresident alien tax withholding creates significant manual work for TCIS-TS.

As timing allows, TCIS-TS does the following:

1. If late form handling crossed a tax year, modifies the tax treaty exemption expiration date in TAS,
2. Bypasses automated tax statement processing for the year following the year of the tax treaty exemption expiration,
3. Determines the amount of the income tax refund awards needed to reimburse annuitants for over-withholding of taxes for the year following the year of the tax treaty exemption expiration,
4. Processes one payment only award actions to pay the tax refunds,
5. Prepares special award letters for the refund payments,
6. Adjusts the RRB's tax deposits for the income tax refunds, and

7. Prepares and releases manual tax statement(s) after the close of the tax year following the year of the tax treaty exemption expiration.

This work can be avoided by timely and accurate entry of Form RRB-1001 information into the Taxation Accounting System (TAS).

210.90.10 Negative Impact of Early Entry of Certain Form RRB-1001 into TAS

Some of the Form RRB-1001 issued by the Nonresident Alien Monitoring Program target individuals whose tax treaty exemption claims will expire at year's end. **If you receive a Form RRB-1001 that is incomplete and the form information or lack of information would cause the individual to lose his or her tax treaty exemption claim, do not process the Form RRB-1001 at the time of receipt.** Wait until after the November TAS Recert operation has run. **The best time to enter these forms would be a few days before the December Cost of Living (COL) mass adjustment begins.** See [TOM 210.15](#), Reduced Nonresident Alien Tax Withholding Under Income Tax Treaties. Items 5, 6, and 7, define conditions that constitute both eligible individuals and properly completed tax treaty exemption claims on Form RRB-1001.

If you receive an incomplete form, return the incomplete form to the annuitant requesting completion. Follow the rules in [TOM 210.65](#), Restrictions on Form RRB-1001 Items RRB Personnel May Pre-Complete or Alter. Be sure to image the incomplete form and your request for annuitant action before releasing the material to the annuitant. Retain access to a copy of the incomplete form for possible entry into the Form RRB-1001 online process before the COL. You should do this if you did not receive a response from the annuitant. See the second arrow below.

- If you returned an incomplete form **and received** a properly completed form before the COL mass adjustment, enter the properly completed form information into the online process. Image the properly completed form and your online entry screen print.
- If you returned an incomplete form and **did not receive** a properly completed form before the COL mass adjustment, **enter the improperly completed form information** into the online process. Image your online entry screen print. You should have already imaged the incomplete form before returning it to the annuitant. Entering the improperly completed form will result in loss of reduced tax withholding, and the imaged form and screen entry print will document why and when this happened.

Delaying entry of an improperly completed form received in October or November will allow the individual to receive reduced tax withholding through the monthly payment dated December 1 of the expiration year. **Processing incomplete Form RRB-1001 earlier than they have to be processed will**

result in loss of tax treaty exemptions before the current form officially expires. In these instances, 30% mandatory nonresident alien tax withholding may then be applied to payments that could be covered by reduced rates.

Should disadvantageous early processing by the RRB come to your attention, complete all form handling actions and then notify TCIS-TS. Include a copy of the receipt dated and Imaged Form RRB-1001 that was entered early before submitting notice that early handling was involved. **RRB errors resulting in early loss of reduced tax treaty rates in the year of the tax treaty exemption expiration creates significant manual work for TCIS-TS.**

As timing allows, TCIS-TS does the following:

1. Bypasses automated tax statement processing for the year of the tax treaty exemption expiration, and, if needed, for the following year,
2. Determines the amount of the income tax refund awards needed to reimburse annuitants for over-withheld taxes in the year of the tax treaty exemption expiration, and, if needed, for the following year,
3. Processes one payment only award actions to pay tax refunds for the year of the tax treaty exemption expiration, and, if needed, for the following year,
4. Prepares special award letters for the tax refund payments,
5. Takes action to adjust the RRB's tax deposits for the income tax refunds, and
6. Prepares and releases manual tax statement(s) after the close of the tax year of the tax treaty exemption expiration, and, if needed, for the following year.

This work can be avoided by timely and accurate entry of Form RRB-1001 information into the Taxation Accounting System (TAS).

215 Manual Tax Withholding Input

In determining the amount of tax withholding that should be applied to an annuitant, the RRB uses information supplied on IRS Form W-4P, RRB-1001, and IRS Form W-4V.

The IRS Form W-4P and IRS W-4V are completed only by citizens, while the RRB-1001 is completed by NRAs and those citizens moving to a foreign country to claim U.S. citizenship.

The information provided on the W-4P is entered on-line for updating the automated tax record. An explanation of the On-Line W-4P system is found in [TOM 3110](#).

215.10 Forms IRS W-4P, IRS W-4V, and RRB-1001

IRS Form W-4P and RRB-1001 are the forms a beneficiary may complete that may affect the amount of taxes withheld from annuity payments. Citizens may also submit IRS Form W-4V.

IRS Form W-4P can only be used by beneficiaries whose tax withholding is calculated using citizen rules.

Form RRB-1001 may be used by any railroad retirement beneficiary living outside of the 50 states or the District of Columbia to inform the RRB of his/her citizenship, residence, and tax treaty exemption status.

215.15 Handling IRS W-4Ps or IRS W-4Vs from Nonresidents

An IRS W-4P or IRS W-4V that is received showing an address outside the 50 states or the District of Columbia should be held until TAS Screen PF19 (Citizenship and Residency Information) is checked for RRB-1001 data.

215.15.05 When the IRS W-4P or IRS W-4V May Be Processed

1. For cases where withholding is elected on the IRS W-4P or IRS W-4V if,
 - a. TAS has a citizenship status code of:

0	Assumed U.S.,
1	U.S. citizen,
4	citizen of Guam,
5	citizen of Puerto Rico,
8	U.S. citizen residing in Romania, or
9	Resident alien regardless of the country of legal residence code, the IRS W-4P or IRS W-4V may be processed if;

- b. TAS has a country of legal residence code of:

US	United States,
RQ	Puerto Rico,
GQ	Guam, or
CQ	Northern Mariana Islands,

regardless of the citizenship status code, the IRS W-4P may also be processed.

- For cases where no withholding is elected on the IRS W-4P, if:

TAS has a citizenship status code of:

4	citizen of Guam, or
5	citizen of Puerto Rico,

regardless of the country of legal residence code or IRS W-4P address, the IRS W-4P (or IRS W-4V) may be processed.

215.15.10 When the IRS W-4P and IRS W-4V May Not Be Processed

If the IRS W-4P has a "yes" or "no" withholding election, or the W-4V has one of the four tax withholding percentages checked, you must also check the tax citizenship status code on TAS. If the code is:

2 = alien, and

a country of legal residence code other than US (United States), RQ (Puerto Rico), GQ (Guam), or CQ (Northern Mariana Islands), compare the country in the TAS address to the country in the RRB W-4P address. If the countries are the same, the IRS W-4P may not be processed. Release a letter acknowledging receipt of the IRS W-4P (or IRS W-4V if submitted) stating that NRA beneficiaries may not elect or decline tax withholding. The IRS W-4P should be enclosed and returned to the beneficiary. A copy should be retained for the file.

215.15.15 When to Refer the IRS W-4P or IRS W-4V to TCIS-TS

- Whether the IRS W-4P has a "yes" or "no" withholding election, (or IRS W-4V has a box checked in Item 6) refer the case to TCIS-TS if TAS has a citizenship status code of:

- a. 6 =no withholding applies under the revised Organic Act of the Virgin Islands, the Organic Act of Guam, or under Northern Mariana Islands Statute, regardless of the country of legal residence code:
or
 - b. 7 =U.S. citizen residing in Egypt, refer the IRS W-4P and TAS Screen PFI9 printout to TCIS-TS.
2. If a "no" withholding election is made on the IRS W-4P, further editing may be required. based on the Tax Reform Act of 1986, a U.S. citizen whose physical residence address is outside the 50 states, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, or the Virgin Islands may not elect "no" withholding from pension or annuity payments effective January 1, 1988. Therefore, in such cases, if TAS Screen PF19 shows a citizenship status code of:
- 1 = U.S. citizen, or
 - 8 = U.S. citizen residing in Romania
- and the IRS W-4P address is outside the 50 states, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands or the Virgin Islands; do not process the IRS W-4P. Refer these to TCIS-TS. Please notate that this is a U. S. citizen living abroad.

215.15.20 When Investigation Is Required

Whether the IRS W-4P has a "yes" or "no" withholding election, if:

- 1. TAS Screen PFI9 has a citizenship status code of:

0 = undetermined or assumed U.S. citizen,

and both the country of legal residence code and the RRB W-4P address are outside the 50 states, the District of Columbia, Guam, or the Northern Mariana Islands, do not take any action on the IRS W-4P. Forward the IRS W-4P to TCIS-TS.

TCIS-TS will release an RRB-1001 package to the beneficiary with Form Letter TL-26. TCIS-TS will check the box, "You reside outside the United States, and we have not received a questionnaire from you." TCIS-TS will control the case for return of the RRB-1001 by earmarking the "General Instructions" side of the form with the notation "IRS W-4P" in the upper right-hand corner. When the form is returned it will not be batched with other RRB-1001's for processing. TCIS-TS should keep the file, including the IRS W-4P, in a file cabinet marked "NRA's". See the instructions in Section [TOM 210.75.10](#) for handling the RRB-1001 once it is returned.

2. TAS Screen PFI9 has a citizenship status code of:

2 = alien, or

3 = assumed alien,

and a country of legal residence code other than U.S., GQ (Guam), or CQ (Northern Mariana Islands). Compare the country on TAS screen PF16 to the country in the IRS W-4P address. If the countries are different, or if the citizenship status code is "3", do not take immediate action on the IRS W-4P. In both situations, forward the IRS W-4P to TCIS-TS.

TCIS-TS will release an RRB-1001 package to the beneficiary with Form Letter TL-25. If the citizenship status code is "3" and the country of legal residence code is OC, TCIS-TS will check the box, "You reside outside the United States, and we have not received a questionnaire from you." Otherwise TCIS-TS will check the box, we need to verify your citizenship status and country of 'legal residence." TCIS-TS will control the case as described in "1" above and handle the RRB-1001 once returned as described in Section [TOM 210.75.10](#).

220 Automated Tax Withholding

220.05 General

The automated tax withholding test is performed on daily award activity. These are described in [Sections 220.10](#) and [220.15](#).

Taxes are calculated according to citizen or NRA rules. If taxes should be initiated, changed, or removed according to the test, the withholding adjustment occurs before the award clears final processing through DAISY.

220.10 Daily Award Activity

The tax withholding test is performed on the recurring rate portion for award activity received from the ROC and SURPASS systems and processed through DAISY. The tax withholding test is also performed on the accrual portion of these payments.

220.15 Tax Withholding Recertification (TAS RECERT)

In June of 1985, the TAS withholding recertification program (TAS RECERT) began running. TAS RECERT automatically recertifies recurring payments to reflect IRS W-4P, IRS W-4V, and NRA tax withholding adjustments. TAS RECERT calculates taxes based on citizen or NRA rules using the latest IRS W-4P, W-4V or RRB-1001 information and compares it to the amount of taxes currently in effect. If a change in tax withholding is indicated, TAS RECERT creates an automated award that is taken into the daily award activity to adjust the check

rate and tax withholding. Prior to 12/94, TAS RECERT never ran in December. Now, we process disability freeze (DF) records in December.

Common events that may cause a change in tax withholding:

- IRS Form W-4P, IRS W-4V, or RRB-1001 filed,
- Tier 2 contributions have been recovered,
- There is a change in NRA tax withholding percentages,
- There is a change in a tax treaty,
- There is a change in citizen tax withholding tables,
- There is a change in the annuity amount or components,
- A supplemental annuity is awarded, or
- There is a change of address to a foreign country.

A tax withholding adjustment may be made in the following situations also:

- There is a change in the total amount of taxes to be withheld (taxes have been initiated, have increased, decreased, or been removed):
- There is no change in the total amount of taxes in a citizen case, but the proration of the tax withholding amount between the annuity components changes (administrative recertification).
- There is a change in the type of taxes even if taxes are zero (citizen withholding rules to NRA withholding rules and vice versa): or
- Tier 2 contribution has been recovered in a citizen case even if taxes are zero.

Generally, an automated TL-120 notice will be produced for each recertification unless it is an administrative recertification. The notice will furnish the reason for the adjustment, the gross recurring amount payable (railroad and supplemental), the amount of any taxes withheld, the amount of any supplemental medical insurance premium deduction, and any partial withholding amount in effect.

The following cases cannot be adjusted by TAS RECERT:

- Suspension or terminations, or

- The check rate in the database does not match the check rate in CHICO (total of railroad retirement and supplemental annuity payments), and there is no unidentified paid amount in the database.

225 Manual Tax Withholding Input

Prior to 1987, manual tax withholding was computed on Form G-357T. Effective for January 1987 vouchers and later, Form G-357T is no longer used and manual tax withholding is not done.

However, manual actions can be taken to affect automated tax withholding as explained in [Section 210.15](#).

225.15 Processing A Zero Accrual Recert To Effect Tax Withholding

If TAS RECERT is not operational or does not select a case for recertification to automatically withhold taxes, TCIS-TS can request the Retirement and Survivor Benefits Division (RSBD) to process a zero accrual recertification award to the same rate. The award will trigger the withholding module in TAS (William) to change the tax withholding amount.

If a change is required, TCIS-TS will check the information from IRS Form W-4P and/or Form RRB-1001 (unless mandatory rules apply). This information can be seen on the Citizenship and Withholding/Attainment TAS screens (PF18 and 19).

If the citizenship election or nonresident data is correct, a zero accrual recert should be processed. If the data is incorrect, TCIS-TS should process a corrected IRS W-4P or RRB-1001. After the forms have been processed, TCIS-TS will process the zero accrual recert.

230 Tax Withholding Notices

230.05 Automated Tax Withholding Notice Module

Whenever tax withholding is initiated, adjusted, or removed automatically as described in [Sections 220.10](#) and [220.15](#), a tax withholding notice on Form TL-120 is generated. This is in addition to any other railroad retirement award or adjustment notice that may be released manually or automatically.