

# Instructions for Form Ct-1

# 2023

## Employer's Annual Railroad Retirement Tax Return

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Volume 2 of 2



Department of the Treasury  
**Internal Revenue Service**

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if they provide paid family leave to employees that otherwise meets the requirements of the Expanded FMLA. For leave taken after March 31, 2020, and before April 1, 2021, compensation is qualified family leave compensation if paid to an employee who has been employed for at least 30 calendar days when an employee is unable to work due to the need to care for a son or daughter under 18 years of age or incapable of self-care because of a mental or physical disability because the school or place of care for that child has been closed, or the childcare provider for that child is unavailable, due to a public health emergency. See *Son or daughter*, earlier, for more information. For leave taken after March 31, 2021, and before October 1, 2021, the leave can be granted for any other reason provided by the EPSLA, as amended for purposes of the ARP.

For leave taken after March 31, 2020, and before April 1, 2021, the first 10 days for which an employee takes leave may be unpaid. During this period, employees may use other forms of paid leave, such as qualified sick leave, accrued sick leave, annual leave, or other paid time off. After an employee takes leave for 10 days, the employer provides the employee paid leave (that is, qualified family leave compensation) for up to 10 weeks. For leave taken after March 31, 2021, and before October 1, 2021, the 10-day rule discussed above doesn't apply and the paid leave can be provided for up to 12 weeks.

***Rate of pay and limit on compensation.***

The rate of pay must be at least two-thirds of the employee's regular rate of pay (as determined under the Fair Labor Standards Act of 1938), multiplied by the number of hours the employee would have otherwise been scheduled to work. For leave taken after

March 31, 2020, and before April 1, 2021, the qualified family leave compensation can't exceed \$200 per day or \$10,000 in the aggregate per employee. For leave taken after March 31, 2021, and before October 1, 2021, the limit resets and the total qualified family leave compensation can't exceed \$200 per day or \$12,000 in the aggregate per employee.

For more information about qualified family leave compensation, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

### **Line 2—Tier 1 Employer Medicare Tax**

Enter the compensation (other than tips and sick pay), including qualified sick leave compensation paid in 2023 and qualified family leave compensation paid in 2023, subject to Tier 1 Employer Medicare tax in the *Compensation* column. Multiply by 1.45% and enter the result in the *Tax* column.

### **Line 3—Tier 2 Employer Tax**

Enter the compensation (other than tips), including qualified sick leave compensation paid in 2023 and qualified family leave compensation paid in 2023, subject to Tier 2 Employer tax in the *Compensation* column. Don't enter more than \$118,800 per employee. Multiply by 13.1% and enter the result in the *Tax* column.

### **Line 4—Tier 1 Employee Tax**

Enter the compensation, including tips reported (but excluding sick pay), qualified sick leave compensation paid in 2023, and qualified family leave compensation paid in 2023, subject to Tier 1 Employee tax in the *Compensation* column. Multiply by 6.2% and enter the result in the *Tax* column. The total amount listed in the *Compensation* column for lines 4 and 10 combined may not be more than \$160,200 per employee.

Stop collecting the 6.2% Tier 1 **Employee** tax when the employee's compensation (including sick pay), tips, qualified sick leave compensation paid in 2023, and qualified family leave compensation paid in 2023, reach the maximum for the year (\$160,200 for 2023). However, your liability for Tier 1 **Employer** tax on compensation continues until the compensation paid in 2023 (including sick pay), but **not including tips**, totals \$160,200 for the year.

### **Line 5—Tier 1 Employee Medicare Tax**

Enter the compensation, including tips reported (but excluding sick pay), qualified sick leave compensation paid in 2023, and qualified family leave compensation paid in 2023, subject to Tier 1 Employee Medicare tax in the *Compensation* column. Multiply by 1.45% and enter the result in the *Tax* column. For information on reporting tips, see *Tips*, earlier.

## **Line 6—Tier 1 Employee Additional Medicare Tax Withholding**

Enter the compensation, including tips reported (but excluding sick pay), qualified sick leave compensation paid in 2023, and qualified family leave compensation paid in 2023, that is subject to Tier 1 Employee Additional Medicare Tax withholding. You're required to begin withholding Tier 1 Employee Additional Medicare Tax in the pay period in which you pay compensation in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Tier 1 Employee Additional Medicare Tax is only imposed on the employee. There is no employer share of Tier 1 Additional Medicare Tax. All compensation (including sick pay) that is subject to Tier 1 Medicare tax is subject to Tier 1 Employee Additional Medicare Tax if paid in excess of the \$200,000 withholding threshold.

Go to [IRS.gov/ADMTfaqs](https://www.irs.gov/ADMTfaqs) for more information on Tier 1 Employee Additional Medicare Tax.

## **Line 7—Tier 2 Employee Tax**

Enter the compensation, including tips reported, qualified sick leave compensation paid in 2023, and qualified family leave compensation paid in 2023, subject to Tier 2 Employee tax in the *Compensation* column. Only the first \$118,800 of the employee's compensation (including tips, qualified sick leave compensation paid in 2023, and qualified family leave compensation paid in 2023) is subject to this tax. Multiply by 4.9% and enter the result in the *Tax* column. For information on reporting tips, see *Tips*, earlier.



*Any compensation paid during the current year that was earned in prior years (reported to the Railroad Retirement Board on Form BA-4, Report of Creditable Compensation Adjustments) is taxable at the current year tax rates, unless*

*special timing rules for nonqualified deferred compensation apply. See Pub.15-A. Include such compensation with current year compensation on lines 1–7, as appropriate.*

## **Lines 8–12—Tier 1 Taxes on Sick Pay**



*Don't include qualified sick leave compensation paid in 2023 or qualified family leave compensation paid in 2023 on lines 8 through 12.*

Enter any sick pay payments during the year that are subject to Tier 1 taxes, Tier 1 Medicare taxes, and Tier 1 Employee Additional Medicare Tax withholding in the *Compensation* column. Multiply by the rate for the line and enter the result in the *Tax* column for that line. For Tier 1 Employer taxes, the total amount listed in the *Compensation* column for lines 1 and 8 combined may not be more than \$160,200 per employee. For Tier 1 Employee taxes, the total amount listed in the *Compensation* column for lines 4 and 10

combined may not be more than \$160,200 per employee. Tier 1 Medicare taxes aren't subject to a dollar limitation.

All compensation (including sick pay) that is subject to Tier 1 Medicare tax is subject to Tier 1 Employee Additional Medicare Tax if paid in excess of the \$200,000 withholding threshold.

If you're a railroad employer paying your employees sick pay, or a third-party payer who didn't notify the employer of the payments (thereby subject to the employee and employer tax), make entries on lines 8–12. If you're subject to only the employer or employee tax, complete only the applicable lines. Multiply by the appropriate rates and enter the results in the *Tax* column.

### **Line 13—Total Tax Based on Compensation**

Add lines 1 through 12 and enter the result on line 13.

## Line 14—Adjustments to Taxes Based on Compensation



*Don't use line 14 for prior period adjustments. Make all prior period adjustments on Form CT-1 X.*

### Enter on line 14:

- A fractions-of-cents adjustment (see *Adjustment for fractions of cents*, later);
- Credits for overpayments of penalty or interest paid on tax for earlier years; and
- Any uncollected Tier 1 Employee tax, Tier 1 Employee Medicare tax, Tier 1 Employee Additional Medicare Tax, and Tier 2 Employee tax on tips.

Enter the total of these adjustments in the *Tax* column. If you're reporting both an addition and a subtraction, enter only the difference between the two on line 14. If the net adjustment is negative, report the amount on line 14 using a minus sign, if

possible. If your computer software doesn't allow the use of minus signs, you may use parentheses.

Don't include on line 14 any 2022 overpayment that is applied to this year's return (this is included on line 20).

**Required statement.** Except for adjustments for fractions of cents, explain amounts entered on line 14 in a separate statement. Include your name, EIN, calendar year of the return, and "Form CT-1" on each page you attach. Include in the statement the following information.

- An explanation of the item the adjustment is intended to correct showing the compensation subject to Tier 1 and Tier 2 taxes and their respective tax rates.
- The amount of the adjustment.
- The name and account number of any employee from whom employee tax was undercollected or overcollected.

- How you and the employee have settled any undercollection or overcollection of employee tax.

**Adjustment for fractions of cents.** If there is a small difference between the total employee tax (lines 4–7 and 10– 12) and the total actually withheld from employee compensation including tips, it may be caused by rounding to the nearest cent each time you figured payroll. The difference, positive or negative, is your fractions-of-cents adjustment to be reported on line 14. If the actual amount withheld is less, report a negative adjustment in the entry space. If the actual amount is more, report a positive adjustment.



*If this is the only entry on line 14, you're not required to attach a statement explaining the adjustment.*

## **Line 15—Total Taxes After Adjustments**

Combine the amounts shown on lines 13 and 14 and enter the result on line 15.



*Form CT-1 and these instructions use the terms "nonrefundable" and "refundable" when discussing credits.*

*The term "nonrefundable" means the portion of the credit which is limited by law to the amount of certain taxes. The term "refundable" means the portion of the credit which is in excess of those taxes.*

## **Line 16—Nonrefundable Portion of Credit for Qualified Sick and Family Leave Compensation for Leave Taken After March 31, 2020, and Before April 1, 2021**



*Complete line 16 **only** if qualified sick leave compensation and/or qualified family leave compensation was paid in 2023 for leave taken after March 31, 2020, and before April 1, 2021.*

Certain private employers with fewer than 500 employees that provide paid sick leave under the EPSLA and/or provide paid family leave under the Expanded FMLA are eligible to claim the credit for qualified sick and family leave compensation for leave taken after March 31, 2020, and before April 1, 2021. For purposes of this credit, qualified sick leave compensation and qualified family leave compensation are compensation (determined without regard to the exclusions under section 3231(e)(1)) paid under the EPSLA and Expanded FMLA. Enter the nonrefundable portion of the credit for qualified sick and family leave compensation from Worksheet 1, Step 2, line 2j. The credit for qualified sick and family leave compensation consists of the qualified sick leave compensation, the qualified family leave compensation, the qualified health plan expenses allocable to that compensation, and the Tier 1 Employer Medicare tax allocable to that compensation. The nonrefundable portion of the credit is

limited to the Tier 1 Employer tax (line 1) and Tier 1 Employer tax—Sick Pay (line 8).

Any credit in excess of the remaining amount of the Tier 1 Employer tax (line 1) and Tier 1 Employer tax—Sick Pay (line 8) is refundable and reported on Form CT-1, line 23. For more information on the credit for qualified sick and family leave compensation, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

**Qualified health plan expenses allocable to qualified sick and family leave compensation.** The credit for qualified sick leave compensation and qualified family leave compensation is increased to cover the qualified health plan expenses that are properly allocable to the qualified leave compensation for which the credit is allowed. These qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage

under an accident or health plan. The amount of qualified health plan expenses generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, the qualified health plan expenses shouldn't include amounts that the employee paid for with after-tax contributions. For more information, go to [IRS.gov/PLC](https://www.irs.gov/PLC).



*nonrefundable and refundable portions) of the credit for qualified sick and family leave compensation in your gross income for the tax year that includes the last day of any calendar quarter in which a credit is allowed.*

**Line 17b—Nonrefundable Portion of Credit for Qualified Sick and Family Leave Compensation for Leave Taken After March 31, 2021, and Before October 1, 2021**



*Complete line 17b **only** if qualified sick leave compensation and/or qualified family leave compensation was paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021.*

Employers with fewer than 500 employees and certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit if they provide paid sick leave to employees that otherwise meets the requirements of the EPSLA, as amended for purposes of the ARP, and/or provide paid family leave to employees that otherwise meets the requirements under the Expanded FMLA, as amended for purposes of the ARP, for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021. For purposes of this credit, qualified sick leave compensation and

qualified family leave compensation are compensation determined without regard to the exclusions from the definition of compensation under section 3231(e)(1), that an employer pays that otherwise meet the requirements of the EPSLA or Expanded FMLA, as enacted under the FFCRA and amended for purposes of the ARP. Enter the nonrefundable portion of the credit for qualified sick and family leave compensation from Worksheet 2, Step 2, line 2p.

The credit for qualified sick and family leave compensation consists of the:

- Qualified sick leave compensation and/or qualified family leave compensation;
- Qualified health plan expenses allocable to qualified sick and family leave compensation;
- Collectively bargained defined benefit pension plan contributions, subject to the qualified leave compensation limitations,

allocable to the qualified sick and family leave compensation;

- Collectively bargained apprenticeship program contributions, subject to the qualified leave compensation limitations, allocable to the qualified sick and family leave compensation; and
- Tier 1 Employer tax and Tier 1 Employer Medicare tax allocable to the qualified sick and family leave compensation.

The nonrefundable portion of the credit is limited to the Tier 1 Employer Medicare tax (line 2) and Tier 1 Employer Medicare tax—Sick pay (line 9). You can't claim the credit for leave taken after March 31, 2021, and before October 1, 2021, if you made qualified sick or family leave compensation available in a manner that discriminates in favor of highly compensated employees, full-time employees, or employees on the basis of employment tenure. See Highly compensated employee, later, for the definition.

For leave taken after March 31, 2021, and before October 1, 2021, the credit for qualified sick and family leave compensation is reduced by the amount of the credit allowed under section 41 (for the credit for increasing research activities) with respect to compensation taken into account for determining the credit for qualified sick and family leave compensation; and any compensation taken into account in determining the credit for qualified sick and family leave compensation can't be taken into account as compensation for purposes of the credits under sections 45A, 45P, 45S, and 51. For leave taken after March 31, 2021, and before October 1, 2021, qualified compensation also doesn't include compensation that was used as payroll costs in connection with a Shuttered Venue Operator Grant under section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act; or a restaurant revitalization grant under section 5003 of the

ARP. Employers can receive both a Small Business Interruption Loan under the Paycheck Protection Program (PPP) and the credit for qualified sick and family leave compensation; however, employers can't receive both loan forgiveness and a credit for the same compensation. The same compensation can't be treated as both qualified sick leave compensation and qualified family leave compensation.

Any credit in excess of the remaining amount of the Tier 1 Employer Medicare tax (line 2) and Tier 1 Employer Medicare tax—Sick pay (line 9) is refundable and reported on Form CT-1, line 24b. For more information on the credit for qualified sick and family leave compensation, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

**Qualified health plan expenses allocable to qualified sick and family leave compensation.** The credit for qualified sick leave compensation and qualified family leave compensation is increased to cover the

qualified health plan expenses that are properly allocable to the qualified leave compensation for which the credit is allowed. These qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under an accident or health plan. The amount of qualified health plan expenses generally includes both the portion of the cost paid by the employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, qualified health plan expenses don't include amounts that the employee paid for with after-tax contributions. For more information, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

**Collectively bargained defined benefit pension plan contributions.** For purposes of qualified sick and family leave compensation, collectively bargained defined

benefit pension plan contributions are contributions for a calendar quarter:

- Paid or incurred by an employer on behalf of its employees to a defined benefit plan, as defined in section 414(j), which meets the requirements of section 401(a);
- Made based on a pension contribution rate; and
- Required to be made under the terms of a collective bargaining agreement in effect during the quarter.

***Pension contribution rate.*** The pension contribution rate is the contribution rate that the employer is obligated to pay under the terms of a collective bargaining agreement to a defined benefit plan, as the rate is applied to contribution base units, as defined by section 4001(a)(11) of the Employee Retirement Income Security Act of 1974 (ERISA). ***Allocation rules.*** The amount of collectively bargained defined benefit pension

plan contributions allocated to qualified sick leave compensation and/or qualified family leave compensation during a quarter is the pension contribution rate (expressed as an hourly rate) multiplied by the number of hours qualified sick leave compensation and/or qualified family leave compensation was provided to employees covered under the collective bargaining agreement during the quarter.

**Collectively bargained apprenticeship program contributions.** For purposes of qualified sick and family leave compensation, collectively bargained apprenticeship program contributions are contributions for a calendar quarter:

- Paid or incurred by an employer on behalf of its employees to a registered apprenticeship program, which is an apprenticeship registered under the National Apprenticeship Act of August 16, 1937, and meets the standards of Federal

Regulations under subpart A of Part 29 and Part 30 of title 29;

- Made based on an apprenticeship program contribution rate; and
- Required to be made under the terms of a collective bargaining agreement in effect during the quarter.

***Apprenticeship program contribution***

***rate.*** The apprenticeship program contribution rate is the contribution rate that the employer is obligated to pay under the terms of a collective bargaining agreement for benefits under a registered apprenticeship program, as the rate is applied to contribution base units, as defined by section 4001(a)(11) of ERISA.

***Allocation rules.*** The amount of collectively bargained apprenticeship program contributions allocated to qualified sick leave compensation and/or qualified family leave compensation in a quarter is the

apprenticeship program contribution rate (expressed as an hourly rate) multiplied by the number of hours qualified sick leave compensation and/or qualified family leave compensation was provided to employees covered under the collective bargaining agreement during the quarter.

**Highly compensated employee.** A highly compensated employee is an employee who meets either of the following tests.

1. The employee was a 5% owner at any time during the year or the preceding year.
2. The employee received more than \$135,000 in pay for the preceding year.

You can choose to ignore test (2) if the employee wasn't also in the top 20% of employees when ranked by pay for the preceding year.

## **Line 18—Total Nonrefundable Credits**

Add lines 16 and 17b. Enter the total on line 18.

## **Line 19—Total Taxes After Adjustments and Nonrefundable Credits**

Subtract line 18 from line 15 and enter the result on line 19.

## **Line 20—Total Deposits for the Year**

Enter the total Form CT-1 deposits for the year, including any overpayment that you applied from filing Form CT-1 X and any overpayment that you applied from your 2022 return.

## **Line 23—Refundable Portion of Credit for Qualified Sick and Family Leave Compensation for Leave Taken After March 31, 2020, and Before April 1, 2021**



*Complete line 23 **only** if qualified sick leave compensation and/or qualified family leave compensation was paid in 2023 for leave taken after March 31, 2020, and before April 1, 2021.*

Certain private employers with fewer than 500 employees that provide paid sick leave under the EPSLA and/or provide paid family leave under the Expanded FMLA are eligible to claim the credit for qualified sick and family leave compensation. Enter the refundable portion of the credit for qualified sick and family leave compensation from Worksheet 1, Step 2, line 2k. The credit for qualified sick and family leave compensation consists of the qualified sick leave compensation, the qualified family leave compensation, the qualified health plan expenses allocable to that compensation, and the Tier 1 Employer Medicare tax allocable to that compensation. The refundable portion of the credit is allowed after the Tier 1 employer taxes from lines 1

and 8 are reduced to zero by nonrefundable credits.

**Line 24b—Refundable Portion of Credit for Qualified Sick and Family Leave Compensation for Leave Taken After March 31, 2021, and Before October 1, 2021**



*Complete line 24b **only** if qualified sick leave compensation and/or qualified family leave compensation was paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021.*

Employers with fewer than 500 employees and certain governmental employers without regard to number of employees (except for the federal government and its agencies and instrumentalities unless described in section 501(c)(1)) are entitled to a credit if they provide paid sick leave to employees that otherwise meets the requirements of the EPSLA, as amended for purposes of the ARP, and/or provide paid family leave to

employees that otherwise meets the requirements under the Expanded FMLA, as amended for purposes of the ARP, for leave taken after March 31, 2021, and before October 1, 2021. Enter the refundable portion of the credit for qualified sick and family leave compensation from Worksheet 2, Step 2, line 2q. The refundable portion of the credit is allowed after the Tier 1 employer Medicare taxes from lines 2 and 9 are reduced to zero by nonrefundable credits.

### **Line 25—Total Deposits and Refundable Credits**

Add lines 20, 23, and 24b. Enter the total on line 25.

### **Line 28—Balance Due**

If line 19 is more than line 25, enter the difference on line 28. Otherwise, see the instructions for line 29, later. You don't have to pay if line 28 is under \$1. Generally, you should have a balance due only if your total

railroad retirement taxes based on compensation (line 19) are less than \$2,500. However, see *Accuracy of Deposits Rule*, earlier, regarding payments made under the accuracy of deposits rule.

If you were required to make federal tax deposits, pay the amount shown on line 28 by EFT. If you weren't required to make federal tax deposits or you're a monthly schedule depositor making a payment under the accuracy of deposits rule, you may pay the amount shown on line 28 by EFT, check, or money order. For more information on electronic payment options, go to [IRS.gov/Payments](https://www.irs.gov/payments).

If you pay by EFT, file your return using the address under *Where To File*, earlier. Don't file Form CT-1(V), Payment Voucher. If you pay by check or money order, make it payable to "United States Treasury." Enter your EIN, "Form CT-1," and "2023" on your

check or money order. Complete Form CT-1(V) and enclose with Form CT-1.

## **Line 29—Overpayment**

If line 25 is more than line 19, enter the difference on line 29. **Never make an entry on both lines 29 and 28.** If line 29 is less than \$1, we will send you a refund or apply it to your next return only if you ask us in writing to do so.

If you deposited more than the correct amount for the year, you can have the overpayment refunded or applied to your next return by checking the appropriate box on line 29. Check only one box on line 29. If you don't check either box or if you check both boxes, generally we will apply the overpayment to your next return. Regardless of any boxes you check or don't check on line 29, we may apply your overpayment to any past due tax account that is shown in our records under your EIN.

## **Lines 30–33 and Lines 36–41**

The amounts entered on lines 30–33 and lines 36–41 are amounts that you use on the worksheets at the end of these instructions to figure certain credits. If you're claiming these credits, you must enter the applicable amounts.



*Complete lines 30–33 **only** if qualified sick leave compensation and/or qualified family leave compensation was paid in 2023 for leave taken after March 31, 2020, and before April 1, 2021.*

### **Line 30—Qualified Sick Leave Compensation for Leave Taken After March 31, 2020, and Before April 1, 2021**

Enter the qualified sick leave compensation you paid in 2023 to your employees for leave taken after March 31, 2020, and before April 1, 2021, including any qualified sick leave compensation that was above the Tier 1 compensation base and any qualified sick

leave compensation excluded from the definition of compensation under section 3231(e)(1). This amount is also entered on Worksheet 1, Step 2 , line 2a. See the instructions for line 16 for information about the credit for qualified sick and family leave compensation for leave taken after March 31, 2020, and before April 1, 2021. For more information about qualified sick leave compensation, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

### **Line 31—Qualified Health Plan Expenses Allocable to Compensation Reported on Line 30**

Enter the qualified health plan expenses allocable to qualified sick leave compensation paid in 2023 for leave taken after March 31, 2020, and before April 1, 2021. This amount is also entered on Worksheet 1, Step 2, line 2b.

## **Line 32—Qualified Family Leave Compensation for Leave Taken After March 31, 2020, and Before April 1, 2021**

Enter the qualified family leave compensation you paid in 2023 to your employees for leave taken after March 31, 2020, and before April 1, 2021, including any qualified family leave compensation that was above the Tier 1 compensation base and any qualified family leave compensation excluded from the definition of compensation under section 3231(e)(1). This amount is also entered on Worksheet 1, Step 2, line 2e. See the instructions for line 16 for information about the credit for qualified sick and family leave compensation for leave taken after March 31, 2020, and before April 1, 2021. For more information about qualified family leave compensation, go to [IRS.gov/PLC](https://www.irs.gov/PLC).

## **Line 33—Qualified Health Plan Expenses Allocable to Compensation Reported on Line 32**

Enter the qualified health plan expenses allocable to qualified family leave compensation paid in 2023 for leave taken after March 31, 2020, and before April 1, 2021. This amount is also entered on Worksheet 1, Step 2, line 2f.



*Complete lines 36, 37, and 38 **only** if qualified sick leave compensation was paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021.*

## **Line 36—Qualified Sick Leave Compensation for Leave Taken After March 31, 2021, and Before October 1, 2021**

Enter the qualified sick leave compensation you paid in 2023 to your employees for leave taken after March 31, 2021, and before

October 1, 2021, including any qualified sick leave compensation that was above the Tier 1 compensation base and any qualified sick leave compensation excluded from the definition of compensation under section 3231(e)(1). See the instructions for line 17b, earlier, for more information about qualified sick leave compensation for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 2, Step 2, line 2a.

**Line 37—Qualified Health Plan Expenses Allocable to Qualified Sick Leave Compensation Reported on Line 36**

Enter the qualified health plan expenses allocable to qualified sick leave compensation paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 2, Step 2, line 2b.

## **Line 38—Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Sick Leave Compensation Reported on Line 36**

Enter the collectively bargained defined benefit pension plan contributions and collectively bargained apprenticeship program contributions allocable to qualified sick leave compensation paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 2, Step 2, line 2c.



*Complete lines 39, 40, and 41 only if qualified family leave compensation was paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021.*

**Line 39—Qualified Family Leave Compensation for Leave Taken After March 31, 2021, and Before October 1, 2021**

Enter the qualified family leave compensation you paid in 2023 to your employees for leave taken after March 31, 2021, and before October 1, 2021, including any qualified family leave compensation that was above the Tier 1 compensation base and any qualified family leave compensation excluded from the definition of compensation under section 3231(e)(1). See the instructions for line 17b, earlier, for more information about qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 2, Step 2, line 2g.

## **Line 40—Qualified Health Plan Expenses Allocable to Qualified Family Leave Compensation Reported on Line 39**

Enter the qualified health plan expenses allocable to qualified family leave compensation paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 2, Step 2, line 2h.

## **Line 41—Amounts Under Certain Collectively Bargained Agreements Allocable to Qualified Family Leave Compensation Reported on Line 39**

Enter the collectively bargained defined benefit pension plan contributions and collectively bargained apprenticeship program contributions allocable to qualified family leave compensation paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021. This amount is also entered on Worksheet 2, Step 2, line 2i.

## **Part II. Record of Railroad Retirement Tax Liability**

This is a summary of your yearly tax liability, not a summary of deposits made. If line 19 is less than \$2,500, don't complete Part II or Form 945-A.

If you're a monthly schedule depositor, enter your tax liability for each month and figure the total liability for the year. If you don't enter your tax liability for each month, the IRS won't know when you should have made deposits and may assess an "averaged" FTD penalty. See section 11 of Pub. 15. If your tax liability for any month is negative, don't enter a negative amount for the month. Instead, enter zero for the month and subtract that negative amount from your tax liability for the next month.

### **Adjusting tax liability for nonrefundable credits claimed on lines 16 and 17b.**

Monthly schedule depositors and semiweekly schedule depositors must account for

nonrefundable credits claimed on lines 16 and 17b when reporting their tax liabilities on Part II or Form 945-A. The total tax liability for the year must equal the amount reported on line 19. Failure to account for the nonrefundable credits on Part II or Form 945-A may cause Part II or Form 945-A to report more than the total tax liability reported on line 19. Don't reduce your monthly tax liability reported on Part II or your daily tax liability reported on Form 945-A below zero.

***Nonrefundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2020, and before April 1, 2021 (line 16).*** The nonrefundable portion of the credit for qualified sick and family leave compensation paid in 2023 for leave taken after March 31, 2020, and before April 1, 2021, is limited to the Tier 1 employer taxes reported on Form CT-1, lines 1 and 8, on compensation paid in the year. In completing

Part II or Form 945-A, you take into account the nonrefundable portion of the credit for qualified sick and family leave compensation paid in 2023 against the liability for the first payroll payment of the year, but not below zero. Then reduce the liability for each successive payroll payment of the year until the nonrefundable portion of the credit is used. Any credit for qualified sick and family leave compensation paid in 2023 for leave taken after March 31, 2020, and before April 1, 2021, that is remaining at the end of the year because it exceeds the Tier 1 employer taxes reported on Form CT-1, lines 1 and 8, is claimed on line 23 as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on Part II or Form 945-A.

**Example.** Maple Co. is a monthly schedule depositor that pays employees every Friday. In 2023, Maple Co. had pay dates every Friday starting on January 6, 2023. Maple Co.

paid qualified sick and family leave compensation on March 10 and March 17 for leave taken after March 31, 2020, and before April 1, 2021. The nonrefundable portion of the credit for qualified sick and family leave compensation for the year is \$3,000. On Part II, Maple Co. will use the \$3,000 to reduce the liability for the January 6 pay date, but not below zero. If any nonrefundable portion of the credit remains, Maple Co. applies it to the liability for the January 13 pay date, then the January 20 pay date, and so forth until the entire \$3,000 is used.

***Nonrefundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021 (line 17b).*** The nonrefundable portion of the credit for qualified sick and family leave compensation paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021, is limited to the Tier 1 employer

Medicare tax reported on Form CT-1, lines 2 and 9, on compensation paid during the year. In completing Part II or Form 945-A, you take into account the nonrefundable portion of the credit for qualified sick and family leave compensation paid in 2023 against the liability for the first payroll payment of the year, but not below zero. Then reduce the liability for each successive payroll payment of the year until the nonrefundable portion of the credit is used. Any credit for qualified sick and family leave compensation paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021, that is remaining at the end of the year because it exceeds the Tier 1 employer Medicare tax reported on Form CT-1, lines 2 and 9, is claimed on line 24b as a refundable credit. The refundable portion of the credit doesn't reduce the liability reported on Part II or Form 945-A.



*You may reduce your deposits by the amount of the nonrefundable and refundable portions of the credit for qualified sick and family leave compensation, as discussed earlier under Reducing your deposits for the credit for qualified sick and family leave compensation.*



*The amount shown on line V must equal the amount shown on line 19.*

If you're a semiweekly schedule depositor or if you accumulate \$100,000 or more in tax liability on any day in a deposit period, you must complete Form 945-A and file it with Form CT-1. Don't complete lines I–V if you file Form 945-A. The \$100,000 tax liability threshold requiring a next-day deposit is determined before you consider any reduction of your liability for nonrefundable credits. For more information, including an example, see frequently asked question 17 at [IRS.gov/ETD](https://www.irs.gov/ETD).

## **Third-Party Designee**

If you want to allow an employee of your business, a return preparer, or another third party to discuss your Form CT-1 with the IRS, check the “Yes” box in the *Third-Party Designee* section. Also, enter the designee's name, phone number, and any five digits that person chooses as their personal identification number (PIN).

By checking “Yes” you authorize the IRS to talk to the person you named (your designee) about any questions we may have while we process your return. You also authorize your designee to do all of the following.

- Give us any information that is missing from your return.
- Call us for information about processing your return.
- Respond to certain IRS notices that you have shared with the designee about math

errors and return preparation. The IRS won't send notices to your designee.

You're not authorizing the designee to receive any refund check, bind you to anything (including additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authority, see Pub. 947.

The authorization will automatically expire 1 year from the due date (without regard to extensions) for filing your Form CT-1. If you or your designee wants to revoke this authorization, send the revocation or withdrawal to the IRS office at which you file your Form CT-1.

## **Who Must Sign**

The following persons are authorized to sign the return for each type of business entity.

- **Sole proprietorship**—The individual who owns the business.

- **Corporation (including a limited liability company (LLC) treated as a corporation)**—The president, vice president, or other principal officer duly authorized to sign.
- **Partnership (including an LLC treated as a partnership) or unincorporated organization**—A responsible and duly authorized partner, member, or officer having knowledge of its affairs.
- **Single-member LLC treated as a disregarded entity for federal income tax purposes**—The owner of the LLC or a principal officer duly authorized to sign.
- **Trust or estate**—The fiduciary. Form CT-1 may also be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

**Alternative signature method.** Corporate officers or duly authorized agents may sign Form CT-1 by rubber stamp, mechanical

device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39, 2005-28 I.R.B. 82, available at [IRS.gov/irb/2005-28\\_IRB#RP-2005-39](http://IRS.gov/irb/2005-28_IRB#RP-2005-39).

## **Paid Preparer Use Only**

A paid preparer must sign Form CT-1 and provide the information in the *Paid Preparer Use Only* section of Part I if the preparer was paid to prepare Form CT-1 and isn't an employee of the filing entity. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you're a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12. For more information about applying for a PTIN online, go to [IRS.gov/PTIN](http://IRS.gov/PTIN). You can't use your PTIN

in place of the EIN of the tax preparation firm.

Generally, you're not required to complete this section if you're filing the return as a reporting agent and have a valid Form 8655 on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, by advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

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**Worksheet 1. Credit for Qualified Sick and Family Leave Compensation Paid in 2023 for Leave Taken After March 31, 2020, and Before April 1, 2021**

Keep for Your Records 

**Determine how you will complete this worksheet**

If you paid qualified sick leave compensation and/or qualified family leave compensation for leave taken after March 31, 2020, and before April 1, 2021, complete Step 1 and Step 2. **Caution:** Use Worksheet 2 to figure the credit for qualified sick and family leave compensation paid in 2023 for leave taken after March 31, 2021, and before October 1, 2021.

**Step 1. Figure the Tier 1 Employer Tax**

1a	Enter the amount from Form CT-1, line 1 (Tax Column) .....	1a	_____
1b	Enter the amount from Form CT-1, line 8 (Tax Column) .....	1b	_____
1c	<b>Tier 1 Employer tax.</b> Add lines 1a and 1b .....	1c	_____

**Step 2. Figure the credit for qualified sick and family leave compensation**

2a	Qualified sick leave compensation reported on Form CT-1, <a href="#">line 30</a> .....	2a	_____
2a(i)	Enter the amount, if any, included on line 2a that is compensation excluded from the definition of compensation under section 3231(e)(1) .....	2a(i)	_____
2a(ii)	Subtract line 2a(i) from line 2a .....	2a(ii)	_____
2b	Qualified health plan expenses allocable to qualified sick leave compensation reported on Form CT-1, <a href="#">line 31</a> .....	2b	_____
2c	Tier 1 Employer Medicare tax on qualified sick leave compensation. Multiply line 2a(ii) by 1.45% (0.0145) .....	2c	_____
2d	<b>Credit for qualified sick leave compensation.</b> Add lines 2a, 2b, and 2c .....	2d	_____
2e	Qualified family leave compensation reported on Form CT-1, <a href="#">line 32</a> .....	2e	_____
2e(i)	Enter the amount, if any, included on line 2e that is compensation excluded from the definition of compensation under section 3231(e)(1) .....	2e(i)	_____
2e(ii)	Subtract line 2e(i) from line 2e .....	2e(ii)	_____
2f	Qualified health plan expenses allocable to qualified family leave compensation reported on Form CT-1, <a href="#">line 33</a> .....	2f	_____
2g	Tier 1 Employer Medicare tax on qualified family leave compensation. Multiply line 2e(ii) by 1.45% (0.0145) .....	2g	_____
2h	<b>Credit for qualified family leave compensation.</b> Add lines 2e, 2f, and 2g .....	2h	_____
2i	<b>Credit for qualified sick and family leave compensation.</b> Add lines 2d and 2h .....	2i	_____
2j	<b>Nonrefundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2020, and before April 1, 2021.</b> Enter the smaller of line 1c or line 2i. Enter this amount on Form CT-1, line 16 .....	2j	_____
2k	<b>Refundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2020, and before April 1, 2021.</b> Subtract line 2j from line 2i and enter this amount on Form CT-1, line 23 .....	2k	_____

**Worksheet 2. Credit for Qualified Sick and Family Leave Compensation Paid in 2023 for Leave Taken After March 31, 2021, and Before October 1, 2021**

Keep for Your Records 

**Determine how you will complete this worksheet.**  
 If you paid qualified sick leave compensation and/or qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021, complete Step 1 and Step 2. **Caution:** Use Worksheet 1 to figure the credit for qualified sick and family leave compensation paid in 2023 for leave taken after March 31, 2020, and before April 1, 2021.

<b>Step 1. Figure the Tier 1 Employer Medicare Tax</b>			
1a	Enter the amount from Form CT-1, line 2 (Tax Column) .....	1a	_____
1b	Enter the amount from Form CT-1, line 9 (Tax Column) .....	1b	_____
1c	<b>Tier 1 Employer Medicare tax.</b> Add lines 1a and 1b .....		1c _____
<b>Step 2. Figure the credit for qualified sick and family leave compensation</b>			
2a	Qualified sick leave compensation for leave taken after March 31, 2021, and before October 1, 2021 (Form CT-1, <a href="#">line 36</a> ) .....	2a	_____
2a(i)	Enter the amount, if any, included on line 2a that is compensation excluded from the definition of compensation under section 3231(e)(1) .....	2a(i)	_____
2a(ii)	Subtract line 2a(i) from line 2a .....	2a(ii)	_____
2a(iii)	Enter the amount, if any, included on line 2a that was not included as compensation on Form CT-1, lines 1, 4, 8, and 10, because the qualified sick leave compensation was limited by the Tier 1 compensation base .....	2a(iii)	_____
2a(iv)	Subtract line 2a(iii) from line 2a(ii) .....	2a(iv)	_____
2b	Qualified health plan expenses allocable to qualified sick leave compensation taken after March 31, 2021, and before October 1, 2021 (Form CT-1, <a href="#">line 37</a> ) .....	2b	_____
2c	Amounts under certain collectively bargained agreements allocable to qualified sick leave compensation for leave taken after March 31, 2021, and before October 1, 2021 (Form CT-1, <a href="#">line 38</a> ) .....	2c	_____
2d	Tier 1 Employer tax on qualified sick leave compensation. Multiply line 2a(iv) by 6.2% (0.062) .....	2d	_____
2e	Tier 1 Employer Medicare tax on qualified sick leave compensation. Multiply line 2a(ii) by 1.45% (0.0145) .....	2e	_____
2f	<b>Credit for qualified sick leave compensation.</b> Add lines 2a, 2b, 2c, 2d, and 2e .....		2f _____
2g	Qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021 (Form CT-1, <a href="#">line 39</a> ) .....	2g	_____
2g(i)	Enter the amount, if any, included on line 2g that is compensation excluded from the definition of compensation under section 3231(e)(1) .....	2g(i)	_____
2g(ii)	Subtract line 2g(i) from line 2g .....	2g(ii)	_____
2g(iii)	Enter the amount, if any, included on line 2g that was not included as compensation on Form CT-1, lines 1, 4, 8, and 10, because the qualified family leave compensation was limited by the Tier 1 compensation base .....	2g(iii)	_____
2g(iv)	Subtract line 2g(iii) from line 2g(ii) .....	2g(iv)	_____
2h	Qualified health plan expenses allocable to qualified family leave compensation taken after March 31, 2021, and before October 1, 2021 (Form CT-1, <a href="#">line 40</a> ) .....	2h	_____
2i	Amounts under certain collectively bargained agreements allocable to qualified family leave compensation for leave taken after March 31, 2021, and before October 1, 2021 (Form CT-1, <a href="#">line 41</a> ) .....	2i	_____
2j	Tier 1 Employer tax on qualified family leave compensation. Multiply line 2g(iv) by 6.2% (0.062) .....	2j	_____
2k	Tier 1 Employer Medicare tax on qualified family leave compensation. Multiply line 2g(ii) by 1.45% (0.0145) .....	2k	_____
2l	<b>Credit for qualified family leave compensation.</b> Add lines 2g, 2h, 2i, 2j, and 2k .....		2l _____
2m	<b>Credit for qualified sick and family leave compensation.</b> Add lines 2f and 2l .....		2m _____
2n	Enter any credit claimed under section 41 for increasing research activities with respect to any compensation taken into account for the credit for qualified sick and family leave compensation .....	2n	_____
2o	<b>Credit for qualified sick and family leave compensation after adjusting for other credits.</b> Subtract line 2n from line 2m .....		2o _____
2p	<b>Nonrefundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021.</b> Enter the smaller of line 1c or line 2o. Enter this amount on Form CT-1, line 17b .....		2p _____
2q	<b>Refundable portion of credit for qualified sick and family leave compensation for leave taken after March 31, 2021, and before October 1, 2021.</b> Subtract line 2p from line 2o and enter this amount on Form CT-1, line 24b .....		2q _____