

DO NOT DETACH

1	Total work-hours for which compensation was paid during this quarter . . . . .	×	\$0.35	<b>1</b>
2	Taxable compensation paid during this quarter subject to Tier I tax . . . \$ . . . . .	×	12.4%	<b>2</b>
3	Taxable compensation paid during this quarter subject to Tier I Medicare tax . . \$ . . . . .	×	2.9%	<b>3</b>
4	Taxable compensation paid during this quarter subject to Tier II tax . . . \$ . . . . .	×	14.75%	<b>4</b>
5	Credit (attach explanation in duplicate). . . . .			<b>5</b>
6	Total taxes for quarter (add lines 1 through 4, subtract line 5). Pay to the INTERNAL REVENUE SERVICE. . . ▶			<b>6</b>

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_, 19\_\_

<b>Please Be Sure To Enclose Your Payment With This Return</b>	Employee representative's name, address, and social security number, and name of organization represented. (If incorrect, please make any necessary changes.)	<b>Return for Calendar Quarter</b>	<b>T</b>
		(Months and year)	<b>FF</b>
			<b>FP</b>
			<b>I</b>
			<b>T</b>
			<b>ORIGINAL</b>

For Paperwork Reduction Act Notice, see the back of this page.

Cat. No. 16030S

## Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping**, 26 min.; **Learning about the law or the form**, 13 min.; **Preparing the form**, 31 min.; **Copying, assembling, and sending the form to the IRS**, 17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001.

**DO NOT** send this form to this office. Instead, see **Where To File** on the back of the **TAXPAYER'S COPY**.

**Purpose of Form.**—Use this form to report railroad retirement taxes imposed on compensation received by employee representatives.

**Railroad Retirement Taxes.**—The Railroad Retirement Tax Act imposes two taxes on an employee representative. One is based on compensation and the other is based on work-hours.

*Taxes based on compensation.*—These taxes are divided into Tier I and Tier II taxes. The amount of the compensation subject to each tax is different.

The Tier I tax rate for 1997 is 12.4%. It applies only to the first \$65,400 paid to you during 1997 for services performed as an employee representative. The Tier I Medicare tax is 2.9%. It applies to all compensation paid to you during 1997 for services performed as an employee representative.

The Tier II tax rate for 1997 is 14.75%. It applies only to the first \$48,600 paid to you during 1997 for services performed as an employee representative.

*Tax based on work-hours.*—This supplemental annuity work-hour tax is 35 cents for each work-hour for which compensation is paid during the quarter. Employee representatives will be told by the Railroad Retirement Board the tax rate for each quarter before the quarter begins.

(Continued on back of DUPLICATE)

**Employee Representative's Quarterly Railroad Tax Return**

DO NOT DETACH

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5	Credit (attach explanation in duplicate). . . . .			<b>5</b>	
6	Total taxes for quarter (add lines 1 through 4, subtract line 5). Pay to the INTERNAL REVENUE SERVICE. . . ▶			<b>6</b>	

**File this duplicate copy with the original return.**

Employee representative's name, address, and social security number, and name of organization represented, exactly as shown on original.

**Return for Calendar Quarter**  
(Months and year as on original)

**DUPLICATE**

**Who Must File.**—As an employee representative, you must file a return for the first quarter in which you are paid taxable compensation for services you performed as a representative. Continue filing returns for each quarter, even if you are not paid taxable compensation. When your taxable compensation payments stop completely, file a return marked "Final Return." Attach to the final return a statement giving the name of the person keeping your records and the address where they will be kept.

**When To File.**—Due dates for filing the return and paying the tax each quarter are as follows:

<b>Quarter covered:</b>	<b>Due by:</b>
January, February, March	June 2, 1997
April, May, June	September 2, 1997
July, August, September	December 1, 1997
October, November, December	March 2, 1998

If you will not receive taxable compensation in the future, send a return marked "Final Return," as explained under **Who Must File**.

**Where To File.**—This return contains three copies of Form CT-2. Send both the **ORIGINAL** and **DUPLICATE** to the Internal Revenue Service Center, Kansas City, MO 64999. Keep the **TAXPAYER'S COPY** for your records.

**Penalties and Interest.**—The law provides a penalty for late filing or late payment unless you can show reasonable cause for the delay. If you are unavoidably late in filing a return or paying the taxes, send an explanation with the return. Interest is charged on taxes paid late.

**Records.**—You must keep records pertaining to employee representative taxes for at least 4 years after the taxes are due or were paid, whichever is later.

**Privacy Act Information.**—See the Instructions for Form 1040, 1040A, or 1040EZ for the Privacy Act Notice.

## Definitions

**1. Employee Representative.**—The term "employee representative" means:

(a) Any officer or official representative of a railway labor organization that is not an employer under section 3231(a) who (1) was in the service of an employer and (2) is authorized and designated to represent employees under the Railway Labor Act, and

(b) Any individual who is regularly assigned to or regularly employed by an employee representative as defined in (a) above in connection with the duties of the employee representative's office.

**2. Compensation.**—Compensation means payment in money, or in something that may be used instead of money, for services performed as an employee representative. It does not include payments for medical or hospital expenses connected with disabilities. It also does not include payments made specifically for traveling or other bona fide and necessary expenses that meet the rules in the regulations under section 62. For purposes of Tier I taxes, compensation does not

*(Continued on back of TAXPAYER'S COPY)*

**Employee Representative's Quarterly Railroad Tax Return**

DETACH AND KEEP THIS COPY

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Before filing return, examine each copy to be certain that the period for which the return is filed is shown, and that correct entries are made on lines 1 through 6, in accordance with the instructions.

**YOUR COPY**

Employee representative's name, address, and social security number, and name of organization represented, exactly as shown on original.

**Return for Calendar Quarter**  
(Months and year as on original)

**TAXPAYER'S COPY**

include sickness or accident disability payments received (a) under a workmen's compensation law, (b) under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness due to on-the-job injury, (c) under the Railroad Retirement Act, or (d) more than 6 months after the calendar month the employee representative last worked for the railway labor organization.

If you perform services as both an employee representative and as an employee and the total pay for these services is more than the applicable maximum, subtract the pay as an employee from the maximum to get the amount subject to the employee representative tax.

Compensation is considered paid when actually paid or when constructively paid. Constructively paid means that the pay (a) has been credited to the employee representative's account or set apart with no limit or condition on how or when the payment will be made and (b) is available to draw on at any time and to control.

**3. Work-hours.**—For an explanation of work-hours, see **Line 1. Supplemental Annuity Work-Hour Tax** in the **Instructions for Form CT-1**.

**Line 1.** Multiply the work-hours for which compensation was paid to you by \$0.35.

**Line 2.** Multiply the compensation subject to Tier I tax by 12.4%. This applies to only the first \$65,400 paid during 1997 for services you performed as an employee representative.

**Line 3.** Multiply the compensation subject to Tier I Medicare tax by 2.9%. This applies to all compensation paid to you during 1997 for services performed as an employee representative.

**Line 4.** Multiply the compensation subject to Tier II tax by 14.75%. This applies to only the first \$48,600 paid to you during 1997 for services performed as an employee representative.

**Line 5. Credit.**—Enter any credit for an overpayment of tax, penalty, or interest erroneously paid for an earlier quarter. Attach two copies of a detailed statement explaining the credit claimed.

**Signature.**—You or your authorized agent must sign each return.

**Name, address, etc.**—Type or print your name, address, and social security number, and the name of the labor organization for which you perform services. If the IRS has preaddressed the form, check to be sure it is correct. If incorrect, please make any necessary changes.

**Return for Calendar Quarter.**—The IRS usually fills in this space. If it is blank, enter the months of the quarter and the year of the return. For example, show the first quarter of 1997 as "Jan., Feb., Mar. 1997."

