

Employee Representative's Quarterly Railroad Tax Return

OMB No. 1545-0002

▶ **Complete both copies of Form CT-2.**

1	Taxable compensation paid during this quarter subject to Tier 1 tax	\$ _____	× 12.4% (.124)	1
2	Taxable compensation paid during this quarter subject to Tier 1 Medicare tax	\$ _____	× 2.9% (.029)	2
3	Taxable compensation paid during this quarter subject to Tier 1 Additional Medicare Tax	\$ _____	× 0.9% (.009)	3
4	Taxable compensation paid during this quarter subject to Tier 2 tax	\$ _____	× 13.1% (.131)	4
5	Credit (attach explanation in duplicate)			5
6	Total taxes for quarter (add lines 1 through 4, subtract line 5). See instructions for payment details		▶	6

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. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature ▶ _____ Date ▶ _____

Pay by EFTPS or Enclose Your Check or Money Order	Employee representative's name, address, and social security number, and name of organization represented.		Return for Calendar Quarter (Months and year)		T
					FF
					FP
					I
					T
					ORIGINAL

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

For Privacy Act and Paperwork Reduction Act Notice, see page 3. IRS.gov/ct2 Cat. No. 16030S Form **CT-2** (Rev. 1-2016)
Do not cut or separate the forms on this page.

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4	Taxable compensation paid during this quarter subject to Tier 2 tax	\$ _____	× 13.1% (.131)	4
5	Credit (attach explanation in duplicate)			5
6	Total taxes for quarter (add lines 1 through 4, subtract line 5). See instructions for payment details		▶	6

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 above.	Return for Calendar Quarter (Months and year as on ORIGINAL)	DUPLICATE
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Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form CT-2 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/ct2.

What's New

Tax rates and compensation bases for 2016. The Tier 1 tax rate is 12.4%. The Tier 1 compensation base is \$118,500. The Tier 1 Medicare tax rate is 2.9%. There is no compensation base limit for Tier 1 Medicare tax. The Tier 2 tax rate on employee representatives is 13.1%. The Tier 2 compensation base is \$88,200.

Reminders

Tier 1 Additional Medicare Tax. In addition to the Tier 1 Medicare tax of 2.9%, employee representatives are subject to 0.9% Additional Medicare Tax on compensation in excess of \$200,000, beginning in the pay period in which your compensation for the calendar year exceeds \$200,000. If you pay any Additional Medicare Tax during the year, you must complete and file Form 8959, Additional Medicare Tax, with your federal income tax return. See the Instructions for Form 8959. For more information on Additional Medicare Tax, visit IRS.gov and enter "Additional Medicare Tax" in the search box.

General Instructions

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 a tax on an employee representative, which is based on compensation.

These taxes are comprised of Tier 1 and Tier 2 taxes. The amount of compensation subject to each tax is different.

The Tier 1 tax rate is 12.4%. It applies only to the first \$118,500 paid to you during 2016 for services performed as an employee representative. The Tier 1 Medicare tax rate is 2.9%. It applies to all compensation paid to you during 2016 for services performed as an employee representative. The Tier 1 Additional Medicare Tax is 0.9%. It applies to compensation paid to you during 2016 that exceeds \$200,000 for services performed as an employee representative.

The Tier 2 tax rate on employee representatives is 13.1%. It applies only to the first \$88,200 paid to you during 2016 for services performed as an employee representative.

Who Must File

You must file Form CT-2 for the first quarter in which you are paid taxable compensation for services you performed as an employee representative. Continue filing returns for each quarter, even if you aren't paid taxable compensation. When your taxable compensation payments stop completely, you must file a final return. Write "Final Return" at the top of Form CT-2.

When To File

Due dates for filing Form CT-2 and paying the tax each quarter are as follows:

Quarter covered:	Due by:
January, February, March	May 31, 2016
April, May, June	August 31, 2016
July, August, September	November 30, 2016
October, November, December	February 28, 2017

If any due date shown above falls on a Saturday, Sunday, or legal holiday, you may file your return and pay the tax on the next business day. The term "legal holiday" means any legal holiday in the District of Columbia. If we receive Form CT-2 after the due date, we will treat Form CT-2 as filed on time if the envelope containing Form CT-2 is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service on or before the due date. If you don't follow these guidelines, we will consider Form CT-2 filed when it is actually received. See Pub. 15 for more information on legal holidays and IRS-designated private delivery services.

Where To File

Form CT-2 contains two copies. Be sure to make an additional copy of Form CT-2 for your records. Send both the **ORIGINAL** and **DUPLICATE** to the Department of the Treasury, Internal Revenue Service Center, Cincinnati, OH 45999-0007.

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 late in filing a return or paying the taxes, send an explanation with the return. Interest is charged on taxes paid late at the rate set by law.

Records

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

Definitions

Employee representative. An employee representative is:

1. Any officer or official representative of a railway labor organization that isn't an employer under section 3231(a) who (a) was in the service of an employer and (b) is authorized and designated to represent employees under the Railway Labor Act, or
2. Any individual who is regularly assigned to or regularly employed by an employee representative as defined above in connection with the duties of the employee representative's office.

Compensation. Compensation means payment in money, or in something that may be used instead of money, for services performed as an employee representative. It doesn't 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 1 taxes, compensation doesn't include sickness or accident disability payments received (a) under a workers' compensation law, (b) under section 2(a) of the Railroad Unemployment Insurance Act for days of sickness due to an on-the-job injury, (c) under the Railroad Retirement Act, or (d) more than 6 months after the month in which the employee representative last worked for the railway labor organization. For purposes of Tier 2 taxes, compensation doesn't include payments made under a sickness or accident disability plan or a medical or hospitalization plan in connection with sickness or accident disability.

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 substantial 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.

Specific Instructions

If you perform services as both an employee representative and an employee and your total pay for these services is more than the applicable maximum (see *Line 1* and *Line 4*, later), then for lines 1 and 4 subtract your pay as an employee from the maximum to determine the amount subject to the employee representative's tax.

Line 1. Multiply the compensation subject to Tier 1 tax by 12.4% (.124). This tax applies only to the first \$118,500 paid to you during 2016 for services performed as an employee representative.

Line 2. Multiply the compensation subject to Tier 1 Medicare tax by 2.9% (.029). This tax applies to **all** compensation paid to you during 2016 for services performed as an employee representative.

Line 3. Multiply the compensation subject to Tier 1 Additional Medicare Tax by 0.9% (.009). This tax applies only to compensation that exceeds \$200,000.

Line 4. Multiply the compensation subject to Tier 2 tax by 13.1% (.131). This tax applies only to the first \$88,200 paid to you during 2016 for services performed as an employee representative.

Line 5. Enter a 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. However, don't include a credit for an overpayment of Additional Medicare Tax for an earlier year. Any Additional Medicare Tax paid will be credited against the total tax liability shown on your Form 1040, U.S. Individual Income Tax Return. If you have filed Form 1040 for the earlier year, you should make a claim for refund for Additional Medicare Tax paid using Form 1040X, Amended U.S. Individual Income Tax Return.

Line 6. You may pay the amount shown on line 6 using the Electronic Federal Tax Payment System (EFTPS) or by check or money order. To get more information about EFTPS or to enroll in EFTPS, visit www.eftps.gov, or call 1-800-555-4477 or 1-800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.

If you pay by check or money order, make it payable to "United States Treasury." Enter on your check or money order your social security number (SSN), "Form CT-2," and the quarter (for example, 201601 for the first quarter of 2016).

Signature. You or your authorized agent must sign the **ORIGINAL** copy of Form CT-2.

Name, address, etc. Type or print your name, address, SSN, and the name of the labor organization for which you perform services.

Return for calendar quarter. Enter the months of the quarter and the year of the return. For example, show the first quarter of 2016 as "Jan., Feb., Mar. 2016."

Paid preparer. A paid preparer must sign Form CT-2 and provide the information in the *Paid Preparer Use Only* section if the preparer was paid to prepare Form CT-2 and isn't an

employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you the original return and duplicate copy to be filed with the IRS and another copy of the return for your records.

If you are a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, write the firm's name and the EIN of the firm. If you are a paid preparer, you can apply for a PTIN at www.irs.gov/ptin, or by filing Form W-12. You can't use your PTIN in place of the EIN of the tax preparation firm.

Generally, you aren't required to complete this section if you are 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.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Form CT-2 to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Section 3211 and section 6011 and its regulations require employee representatives to report and pay over to the IRS railroad retirement taxes (Tier 1, Tier 2, Tier 1 Medicare tax, and Additional Medicare Tax). Form CT-2 is used to determine the amount of such taxes that you owe. Section 6109 requires you to provide your identification numbers.

Routine uses include giving this information to the Railroad Retirement Board for use in administering the Railroad Retirement Act, to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement agencies and intelligence agencies to combat terrorism. If you fail to provide this information in a timely manner, or provide false or fraudulent information, you may be subject to penalties.

You aren't 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 Form CT-2 will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 13 min.; **Learning about the law or the form**, 13 min.; **Preparing the form**, 24 min.; **Copying, assembling, and sending the form to the IRS**, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form CT-2 simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/formspubs. Click on *More Information* and then click on *Give us feedback*. You may also mail your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Don't** send Form CT-2 to this address. Instead, see *Where To File*, earlier.