

Employee Representative's Quarterly Railroad Tax Return

Do not detach

| | | | | |
|---|--|---|----------------|----------|
| 1 | Taxable compensation paid during this quarter subject to Tier I tax . . . \$ | × | 12.4% (.124) | 1 |
| 2 | Taxable compensation paid during this quarter subject to Tier I Medicare tax . . . \$ | × | 2.9% (.029) | 2 |
| 3 | Taxable compensation paid during this quarter subject to Tier II tax . . . \$ | × | 14.75% (.1475) | 3 |
| 4 | Credit (attach explanation in duplicate). | | | 4 |
| 5 | Total taxes for quarter (add lines 1 through 3, subtract line 4). Pay to the "United States Treasury". ▶ | | | 5 |

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 ▶ _____

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

General Instructions

Section references are to the Internal Revenue Code.

Item to note. The filing address for Form CT-2 has changed. See **Where to file** below.

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 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 2002 is 12.4%. It applies only to the first \$84,900 paid to you during 2002 for services performed as an employee representative. The Tier I Medicare tax is 2.9%. It applies to all compensation paid to you during 2002 for services performed as an employee representative.

The Tier II tax rate for 2002 is 14.75%. It applies only to the first \$63,000 paid to you during 2002 for services performed as an employee representative.

Who must file. As an employee representative, you must file Form CT-2 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."

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, 2002 |
| April, May, June | September 3, 2002 |
| July, August, September | December 2, 2002 |
| October, November, December | February 28, 2003 |

Where to file. Form CT-2 contains three copies. Send both the **Original** and **Duplicate** to the Internal Revenue Service Center, Cincinnati, OH 45999-0007. 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.

(Continued on back of Duplicate)

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Do not detach

File this Duplicate copy with the Original 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**)

Duplicate

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 is not 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 and

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 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** 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.

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.

Specific Instructions

Note: *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 3** below), then for lines 1 and 3 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 I tax by 12.4% (.124). This applies only to the first \$84,900 paid during 2002 for services you performed as an employee representative.

Line 2. Multiply the compensation subject to Tier I Medicare tax by 2.9% (.029). This applies to **all** compensation paid to you during 2002 for services performed as an employee representative.

Line 3. Multiply the compensation subject to Tier II tax by 14.75% (.1475). This applies only to the first \$63,000 paid to you during 2002 for services performed as an employee representative.

(Continued on back of Taxpayer's Copy)

Employee Representative's Quarterly Railroad Tax Return

Detach and keep this copy

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|---|--|---|----------------|----------|--|
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Before filing this return, examine each copy to make certain that the period for which the return is filed is shown and that correct entries are made on lines 1 through 5, in accordance with the instructions.

Employee representative's name, address, and social security number, and name of organization represented, exactly as shown on **Original**, including any corrections.

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

Taxpayer's Copy

Line 4. 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.

Line 5. Pay this amount to the "United States Treasury." Enter on your check or money order your social security number, "Form CT-2," and the quarter (e.g., 200212 for the fourth quarter of 2002).

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

Name, address, etc. Type or print your name, address, 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, 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 2002 as "Jan., Feb., Mar. 2002."

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form 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 I and Tier II) and Tier I Medicare taxes. This form is used to determine the amount of such taxes that you owe. Section 6109 requires you to provide your social security number. 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, and the District of Columbia for use in administering their tax laws. We may also disclose this information to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism. If you fail to provide this information in a timely manner, you may be subject to penalties and interest.

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, 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 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 **Original** copy.

