

Justification

***Withholding Certificate for Railroad Retirement Monthly Annuity Payments**
Form RRB W-4P

The RRB requests reinstatement of the information collection. The collection expired on May 31, 2007 as OMB disapproved the RRB's request for an extension on April 23, 2007.

Details related to OMB's disapproval follow.

- Based on RRB responses, OIRA will grant a 30-day emergency extension request for the first ICR (3220-0198), **but cannot approve the 90-day emergency extension request for the second ICR (3220-0149)**. Further information is provided below and will be included in the Terms of Clearance.
- As stated in a memorandum from John Graham on November, 8, 2002, emergency extension requests will not be granted unless the 60-day Federal Register notice is published, unless it demonstrates exceptional circumstances. The exceptional circumstances, as you know, only apply when there could be public harm, a large volume of public comments, or similar situations involving unanticipated obstacles. As you **submitted** the 60-day notice on April 19, 2007 (published April 27, 2007), this **still** applies; in the future, please submit EEs into ROCIS on or after publication of the 60-day notice.

While we understand that there were circumstances that prevented publication of the 60-day notice on the day of the EE, based on the responses and initial request from the e-mail dated on April 17, 2007 there is no information that leads OIRA to believe that obstacles other than internal issues prevented publication.

1. Circumstances of information collection - Under the Railroad Retirement Solvency Act of 1983, (Public Law 98-76), railroad retirement annuitants' Tier II and vested dual benefits are taxable under private pension rules effective January 1, 1984. Under the Tax Reform Act of 1986 (Public Law 99-514), effective January 1, 1986, the non-social security equivalent benefit portion of Tier I is also taxable under private pension rules. For beneficiaries age 62 and over, a portion of the Tier I benefit may be treated as a social security benefit and is therefore not subject to the tax withholding that applies to pensions, while the remaining portion of the Tier I benefit continues to be treated as a contributory private pension and subject to tax withholding. Beginning January 1, 1997, annuitants can voluntarily chose to have Federal income tax withheld from the social security equivalent benefit (SSEB) portion of their Tier I benefits. To make this choice, annuitants complete IRS Form W-4V, Voluntary Withholding Certificate.

2. Purposes of collecting/consequences of not collecting the information -
The Internal Revenue Code requires all payers of tax liable private pensions to U.S. citizens or residents to:

- notify each recipient at least concurrent with initiating withholding that the payer is, in fact, withholding benefits for tax liability and that the recipient has the option to elect not to have the payer withhold, or to withhold at a specific rate;
- to actually withhold benefits for tax purposes (in the absence of the recipient's election not to withhold) for all annuitants whose monthly taxable benefits exceed \$1497.00 in 2006 (the table dollar amount that corresponds to IRS' mandatory withholding at the rate equal to a tax status of married with three exemptions); and
- to notify at least annually all beneficiaries that they have the option to change their withholding status or elect not to have benefits withheld.

Form RRB W-4P, Withholding Certificate for Railroad Retirement Payments, is the form provided by the Railroad Retirement Board (RRB) to its annuitants to exercise their withholding option. Form RRB W-4P is available as a stand alone form and also is **contained within** RRB informational booklet **TXB-25**, Important Information About Tax Withholding and Railroad Retirement Payments. The TXB-25 also contains general information, the Paperwork Reduction/Privacy Act Notice, the burden statement and worksheets for use by an annuitant to determine the number of allowances to be entered on Form RRB W-4P.

Annuitants generally receive a TXB-25 at the time they file their annuity application. If they file their annuity application by mail, a TXB-25 is mailed to them upon receipt of the application. Annuitants also receive RRB Form T-55, Cost-of Living-Notice as part of the RRB's annual cost-of-living notification process. A Form T-58, Railroad Retirement Information and Reminder, is mailed with each Form T-55, which includes language that reminds annuitants that they may change the amount of tax withheld. When an RRB field office receives a request to change tax withholding from an annuitant, a TXB-25 is mailed to the requestor.

The RRB W-4P is patterned after IRS's Form W-4P, Withholding Certificate for Pension or Annuity Payments (OMB 1545-0415). Form RRB W-4P obtains the essentially the same information as obtained by the W-4P. The format and the wording of the RRB W-4P is slightly different.

The RRB proposes no changes to Form RRB-W-4p.

3. Planned use of improved information technology or technical/legal impediments to further burden reduction – Not practicable because form is developed according to IRS standards and IRS requires a physical signature.
4. Efforts to identify duplication - While some of the RRB's beneficiaries may have completed an IRS Form W-4P because of other private pension benefits, new withholding information needs to be obtained relevant to railroad retirement taxable benefits.
5. Small business respondents - N.A.
6. Consequences of less frequent collection - N.A.
7. Special circumstances - N.A.
8. Consultations outside the agency - In accordance with 5CFR 1320.8(d), comments were invited from the public regarding the information collection. The notice to the public was published on page 21057 of the April 27, 2007, Federal Register. No comments or requests for additional information were received.
9. Payments or gifts to respondents - N.A.
10. Confidentiality - Privacy Act Systems of Records, RRB-22, Railroad Retirement, Survivor and Pensioner Insurance Benefit System.
11. Sensitive questions - N.A.
12. Estimate of respondent burden - Based on our most recent experience, we estimate the number of beneficiaries filing Form RRB W-4P at 25,000 annually, an increase of 5,000 from that previously reported to OMB. The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

The estimated average time needed to complete Form RRB W-4P is shown on page 9 of booklet TB-25 and is as follows:

Recordkeeping 40 min.*
Learning about the law or the form.... 25 min.**

Preparing the form..... 59 min.***

- * Time required maintaining records pertaining to an annuitant's tax return, such as home mortgage interest, charitable contributions, medical expenses and the like.
- ** Reading the instructions for the completion of Form RRB W-4P.
- *** Includes the estimated time for completion of any of the three worksheets, along with completion of the form itself.

The RRB uses the information obtained by Form RRB W-4P solely to carry out the requirements of the Internal Revenue Code relating to private pension tax liability. Therefore, (as we have done with OMB's approval since 1984; see ROCIS OMB Control Number History - 3220-0149) the only part of the burden the RRB is assuming under its public information collection is a token burden of 1 hour, the overall burden, in substance, being imposed by the IRS.

13. Estimated annual cost to respondents or record keepers - N.A.
14. Estimate of cost to Federal government - N.A.
15. Explanation for change in burden – The amount of responses received fluctuates from year to year. The increase in responses from 20,000 to 25,000 is based on the amount of responses received during FY2006.
16. Time schedule for data collection and publication - The results of this collection will not be published.
17. Request not to display OMB expiration date - Given the costs associated with redrafting, reprinting and distributing the form in this collection in order to keep the appropriate OMB expiration date in place, the RRB requests the authority to not display the OMB expiration date on the forms associated with this collection.
18. Exceptions to Certification Statement - None