

IMPORTANT INFORMATION ABOUT

**TAX WITHHOLDING
AND
RAILROAD RETIREMENT PAYMENTS**



**FOR USE
WITH FORM RRB W-4P**

**U.S. RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-2092**

<http://www.rtb.gov>

TXB-25 (05-2007)

UNITED STATES OF AMERICA
RAILROAD RETIREMENT BOARD

**WITHHOLDING CERTIFICATE FOR
RAILROAD RETIREMENT PAYMENTS**

FORM APPROVED
O.M.B. NO. 3220-0149

SECTION 1 - GENERAL INSTRUCTIONS

Part of your railroad retirement benefits may be subject to Federal income tax withholding. Use this form to inform the Railroad Retirement Board (RRB) whether you want taxes withheld from your benefits, and how much to withhold. Read the attached booklet. Then, carefully complete items 1, and 3 through 11, as appropriate, on the other side of this form. If items 1, 3, and 5 have been completed for you, please check to be sure the information is correct. Return the completed form to an RRB office.

If you need help completing this form, contact the nearest office of the RRB or the Internal Revenue Service. If you have any questions about your tax obligation, contact the nearest office of the Internal Revenue Service.

Tax Withholding and Railroad Retirement Payments

Regular railroad retirement annuities consisting of tier 1, tier 2, and vested dual benefit components, have been subject to United States Federal income tax since 1984. Supplemental annuities have been subject to Federal income tax since 1966.

Taxable as a Social Security Benefit

The portion of the tier 1 component of a railroad retirement annuity that is equivalent to what the Social Security Administration would pay if railroad service were covered under the Social Security Act is treated the same as a Social Security benefit for Federal income tax purposes. Special guaranty amounts paid to some railroad retirement beneficiaries are also treated like Social Security benefits for Federal income tax purposes. The portions of a railroad retirement annuity that are taxable the same as Social Security benefits are generally referred to as social security equivalent benefits (SSEB).

To find out whether any of your social security equivalent benefits are taxable, you must compare the **base amount** for your filing status with the total of:

1. All your taxable income, including taxable pensions, wages, interest, and dividends,
2. Your tax-exempt interest income, and
3. One-half of your social security equivalent benefits.

Your **base amount** is:

- \$25,000 if you are single, head of household, or qualifying widow(er),
- \$25,000 if you are married filing separately and **lived apart** from your spouse at all times during the year,
- \$32,000 if you are married filing jointly, or
- \$ -0- if you are married filing separately and **lived with** your spouse at any time during the year.

If your taxable income and tax-exempt interest income, **plus one-half of the amount of your social security equivalent benefits**, is more than your base amount, some of your benefits may be taxable.

You can choose to have taxes withheld from the SSEB portion of your railroad retirement annuity by filing IRS Form W-4V. File the completed form at any Railroad Retirement Board (RRB) office. Forms W-4V are available from IRS offices. The RRB will not withhold taxes from the SSEB portion of your annuity unless you file IRS Form W-4V.

Taxes on the Non-Social Security Equivalent Benefit Portion of Tier 1, Tier 2 Benefits, Vested Dual Benefits, and Supplemental Annuity Payments

The non-social security equivalent benefit (NSSEB) portion of tier 1 benefits, tier 2 benefits, vested dual benefits, and supplemental annuity payments are considered taxable income regardless of the amount of any other income you may have. These portions of your annuity are subject to Federal income tax withholding. If you file Form RRB W-4P to have taxes withheld based on your marital status and tax withholding allowances, we will withhold taxes from these portions of your annuity. We will not withhold taxes from the SSEB portion of your annuity unless you also file IRS Form W-4V.

Railroad retirement annuities are not taxable by states in accordance with section 14 of the Railroad Retirement Act (45 U.S.C. § 231m). The RRB will not withhold state income taxes from railroad retirement payments.

Purpose of Form RRB W-4P

Form RRB W-4P is used by United States citizens or a legal residents for U.S. tax purposes. If you live outside the 50 states or Washington D.C., see the Note at top of page 5. Complete Form RRB W-4P to request:

- no Federal taxes be withheld from your railroad retirement payments,
- Federal taxes be withheld based on the marital status and the number of allowances you want to claim, or
- an additional amount be withheld from your railroad retirement payments.

You are **not** required to file a Form RRB W-4P. If you do not file Form RRB W-4P to request tax withholding, we will withhold taxes only if the combined taxable NSSEB, tier 2, vested dual benefit, and supplemental annuity components of your monthly railroad retirement annuity exceed \$1,521.99. If you exceed this amount and do not file a Form RRB W-4P, we will withhold taxes as if you were married and claiming three allowances.

File Form RRB W-4P no earlier than 6 months before the date your annuity is subject to tax withholding. We will adjust your withholding according to your RRB W-4P request. Your request remains in effect until you change or cancel it with a new Form RRB W-4P. You may file a new Form RRB W-4P at any time. The adjustment to your payment will serve as notification that your request is in effect.

How to Complete Form RRB W-4P

Complete items 1 through 6 and item 11. If you answer "yes" to item 6, also complete items 7 through 10, as appropriate.

Item 1. RRB Claim Number, and Item 3. Your Social Security Number

Be sure to provide your RRB Claim Number and your Social Security Number. If you submit a Form RRB-W-4P that does not contain your correct RRB Claim Number and Social Security Number, we are required to withhold tax as if you are single claiming zero withholding allowances even if you choose not to have income tax withheld. Exception: If you submitted a previous Form RRB-W-4P that is still in effect, we will continue to withhold tax according to your previous request.

Item 6. Withholding or No Withholding Election:

Fill in the "YES" box if you want Federal income tax withheld from your railroad retirement payments.

Fill in the "NO" box if you do not want Federal income tax withheld from your railroad retirement payments. If you answer "NO" to item 6, **remember that having no tax withheld from your annuity payments does not reduce the amount of the taxes you may owe.** There are penalties for not paying enough tax during the year, either by tax withholding or by estimated tax payments. Internal Revenue Service Publication 505, *Tax Withholding and Estimated Tax*, explains estimated tax payments and penalties in detail.

Note: *Beneficiaries who are United States citizens residing outside the United States, **may not** elect no withholding of taxes from their railroad retirement payments. If the "NO" box is completed, the RRB will withhold taxes as if married and claiming three allowances.*

Item 7. Marital Status for Tax Withholding Purposes:

Fill in your marital status for tax withholding purposes.

Item 8. Withholding Allowance for Tax Withholding Purposes:

Enter the number of withholding allowances you claim in item 8. Use the worksheets on pages 6 and 7 to figure the number of your allowances. Generally, the more allowances you claim, the less tax is withheld. If you have more than one pension or annuity or if your spouse also has a pension or annuity, you may claim all of your allowances on one Form RRB W-4P or you may claim some on each Form RRB W-4P, but you may **NOT** claim the same allowances more than once. Your withholding will usually be more accurate if you claim all allowances on the Form RRB W-4P for the largest payment and claim zero on all other Forms RRB W-4P.

Note: *The worksheets are only guides. They will give only **approximate** withholding allowance information.*

Item 9. Additional Dollar Amount for Tax Withholding Purposes:

Answer "Yes" if you want an additional dollar amount withheld from your monthly benefits. This additional amount, which is computed on line 1 of the *Multiple Pensions/More Than One Income Worksheet* on pages 6 and 7 will be added to any tax withholding amount computed based on the marital status and number of allowances you have entered in items 7 and 8 of Form RRB W-4P.

If you do not want an additional dollar amount withheld from each payment, fill in the "NO" box and go to item 11.

Item 10. Additional Dollar Withholding Amount:

Enter the additional dollar amount you want withheld from each annuity payment. This includes all accrual payments regardless of the amount of the accrual. Use the amount from line 1 of the *Multiple Pensions/More Than One Income Worksheet* on pages 6 and 7. Show whole dollars. Do **not** show cents

Personal Allowances Worksheet

- A. Enter "1" for **yourself** if no one else can claim you as a dependent..... A. _____
- B. Enter "1" if $\left\{ \begin{array}{l} 1. \text{ You are single and have only one pension; or} \\ 2. \text{ You are married, have only one pension, and your spouse has no income subject to withholding; or} \\ 3. \text{ Your income from a second pension or a job, or your spouse's pension or wages (or the total of all) is \$1,000 or less.} \end{array} \right\}$ B. _____
- C. Enter "1" for your **spouse**. You may choose to enter "0" if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (This may help you avoid having too little tax withheld.)..... C. _____
- D. Enter number of **dependents** (other than your spouse or yourself) whom you will claim on your return..... D. _____
- E. Enter "1" if you will file as **head of household** on your tax return E. _____
- F. **Child Tax Credit (including additional child tax credit):**
- If your total income will be less than \$57,000 (\$85,000 if married), enter '2' for each eligible child.
 - If your total income will be between \$57,000 and \$84,000 (\$85,000 and \$119,000 if married), enter '1' for each eligible child plus '1' **additional** if you have four or more eligible children..... F. _____
- G. Add lines A through F and enter total here. NOTE: This may be different from the number of exemptions you claim on your tax return..... G. _____
- For accuracy, complete all worksheets that apply.*
- If you plan to **itemize or claim other adjustments to income** and want to reduce your withholding, use the **Deductions and Adjustments Worksheet** below.
 - If you have **more than one source of income subject to withholding or a spouse with income subject to withholding AND** your combined income from all sources exceed \$40,000, (\$25,000 if married), see the **Multiple Pensions/More-Than-One-Income Worksheet** below if you want to avoid too little tax withheld.
 - If **neither** of the above situations applies to you, **stop here** and enter the number from line G above in item 8 of Form RRB W-4P.

Deductions and Adjustments Worksheet

Note: Complete this Worksheet only if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2007 tax return.

- Enter an estimate of your 2007 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2007 you may have to reduce your itemized deductions if your income is over \$156,400 (\$78,200 if married filing separately). Get Publication 919 for details.)..... 1. \$ _____
- Enter: $\left\{ \begin{array}{l} \$10,700 \text{ if married filing jointly or qualifying widow(er)} \\ \$7,850 \text{ if head of household} \\ \$5,350 \text{ if single or married filing separately} \end{array} \right\}$ 2. \$ _____
- Subtract** line 2 from line 1. If line 2 is greater than line 1, enter zero..... 3. _____
- Enter an estimate of your 2007 adjustments to income. These include alimony, IRA contributions and student loan interest..... 4. \$ _____
- Add** lines 3 and 4 and enter the total (include any credit amounts from worksheet 7 in Pub. 919) 5. \$ _____
- Enter an estimate of your 2007 income not subject to withholding (such as dividends or interest income)..... 6. \$ _____
- Subtract** line 6 from line 5. Enter the result, but not less than zero..... 7. \$ _____
- Divide** the amount on line 7 by \$3,400 and enter the result here. Drop any fraction..... 8. _____
- Enter the number from the Personal Allowance Worksheet, line G, above..... 9. _____
- Add** lines 8 and 9 and enter the total here. If you plan to use the Multiple Pensions/More Than One Income Worksheet, also enter the total on line 1 below. Otherwise stop here and enter this total on Form RRB W-4P, item 8. 10. _____

Multiple Pensions/More Than One Income Worksheet

Note: Complete this Worksheet only if the instructions under line G of the Personal Allowances Worksheet above direct you here. This applies if you (and your spouse if married filing a joint return) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).

- Enter the number from line G above (or from line 10 above if you used the Deductions and Adjustments Worksheet)..... 1. _____
- Find the number in **Table 1** on page 10 that applies to the **LOWEST** paying pension or job and enter it here. **However**, if you are married filing jointly and the amount from the highest paying pension or job is \$50,000 or less, do not enter more than "3"..... 2. _____
- If line 1 is **GREATER THAN OR EQUAL TO** line 2, **subtract** line 2 from line 1. Enter the result here (if zero, enter "0") and on Form RRB W-4P, item 8. **Do not** use the rest of this worksheet. **NOTE:** If line 1 is **LESS THAN** line 2, enter "0" on Form RRB W-4P, item 8 page 11. Complete lines 4–9 to calculate the additional withholding amount necessary to avoid a year end tax bill..... 3. _____
- Enter the number from line 2 of this worksheet 4. _____
- Enter the number from line 1 of this worksheet..... 5. _____
- Subtract** line 5 from line 4 6. _____
- Find the amount in **Table 2** on page 10 that applies to the **HIGHEST** paying pension or job and enter it here..... 7. \$ _____
- Multiply line 7 by Line 6 and enter the result here. This is the additional annual withholding needed..... 8. \$ _____
- Divide** line 8 by the number of pay periods remaining in 2007. (For example, divide by 12 if you are paid every month. and you complete this form in December 2006) Enter the result here. See the instructions for item 9 and item 10 of Form RRB W-4P. This is the additional amount to be withheld from each payment..... 9. \$ _____

Item 11. Signature and Date:

Sign your name and enter the current date. The form must be signed to be valid. It should be signed by the person who is responsible for signing any U.S. income tax return filed on the social security number entered in item 3.

Accrual Payments

Each payment you receive will be taxed based on what you claim on your RRB W-4P. This includes accrual payments. We will also withhold any additional amounts you request in item 10. If the additional amount is more than the accrual payment, we will withhold the entire accrual payment. If the additional amount is less than the accrual, we will withhold the entire additional amount. Even if the additional amount is more than the accrual payment, we cannot withhold any portion of your SSEB, unless IRS Form W-4V is filed with the RRB.

Statement of Annuity Payments and Taxes Withheld

No later than January 31 following the tax year, you will receive a statement showing the total annuity payments made to you during the preceding calendar year. This statement also shows the total amount of any taxes withheld from your payments. Use this statement to complete any income tax return you must file with the Internal Revenue Service for the tax year.

Tax Refunds

You may request a refund of any excess taxes withheld by filing an income tax return with the Internal Revenue Service after the end of the tax year. If you decide that too much tax is being withheld from your railroad retirement benefits, you can request a change in your withholding by filing a new Form RRB W-4P and/or IRS Form W-4V.

For Further Information

Contact the nearest office of the Internal Revenue Service if you need more information about taxation, tax withholding, your personal tax obligations, or if you need help completing Form RRB W-4P. Contact the nearest office of the RRB for any information you need about your railroad retirement payments.

Nondiscrimination on the Basis of Disability.

Under Section 504 of the Rehabilitation Act of 1973 and RRB regulations, no qualified person may be discriminated against on the basis of disability. RRB programs and activities must be accessible to all qualified applicants and beneficiaries including those who are vision or hearing-impaired. Disabled persons needing assistance should contact the nearest RRB office. Complaints of alleged discrimination by the RRB on the basis of disability must be filed within 90 days in writing with the Director of Administration, Railroad Retirement Board, 844 North Rush Street, Chicago Illinois 60611-2092. Questions about individual rights under this regulation may be directed to the RRB's Director of Equal Opportunity.

Paperwork Reduction/Privacy Act Notice.

The information requested on Form RRB W-4P is required to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under section 3405(e) and 6109 of their regulations. Failure to provide this information may result in inaccurate withholding on your payment(s). Routine use of this information include giving it 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. 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 this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	40 min.
Learning about the Law or the form	24 min.
Preparing and sending the form	59 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form RRB W-4P simpler, send them to the Chief of Information Management, **Railroad Retirement Board**, 844 North Rush Street, Chicago, Illinois 60611-2092. Please DO NOT return the form to this address.

Table 1: Multiple Pensions/More Than One Income Worksheet

Married Filing Jointly	
AND wages from LOWEST paying pension or job is	Enter on line 2, pages 6 & 7
0 — 4,500	0
4,501 — 9,000	1
9,001 — 18,000	2
18,001 — 22,000	3
22,001 — 26,000	4
26,001 — 32,000	5
32,001 — 38,000	6
38,001 — 46,000	7
46,001 — 55,000	8
55,001 — 60,000	9
60,001 — 65,000	10
65,001 — 75,000	11
75,001 — 95,000	12
95,001 — 105,000	13
105,001 — 120,000	14
120,001 and over	15

All Others	
If wages from LOWEST paying pension or job is —	Enter on line 2, pages 6 & 7
0 — \$ 6,000	0
6,001 — 12,000	1
12,001 — 19,000	2
19,001 — 26,000	3
26,001 — 35,000	4
35,001 — 50,000	5
50,001 — 65,000	6
65,001 — 80,000	7
80,001 — 90,000	8
90,001 — 120,000	9
120,001 and over	10

Table 2: Multiple Pensions/More Than One Income Worksheet

Married Filing Jointly	
If wages from HIGHEST paying pension or job is —	Enter on line 7, pages 6 & 7
0 — \$ 65,000	\$510
65,001 — 120,000	850
120,001 — 170,000	950
170,001 — 300,000	1,120
300,001 and over	1,190
All Others	
If wages from HIGHEST paying pension or job is —	Enter on line 7, pages 6 & 7
0 — \$ 35,000	\$510
35,001 — 80,000	850
80,001 — 150,000	950
150,001 — 340,000	1,120
340,001 and over	1,190

TAX WITHHOLDING ELECTION

1. RRB CLAIM NUMBER	2. PAYEE CODE	6. Do you want Federal Income Tax withheld from your railroad retirement payment? NOTES: Answering "NO" does not reduce the amount of taxes you may owe. Citizens residing outside the United States may not elect "NO". ☐ Yes → Go to item 7 ☐ No → Go to item 11
3. YOUR SOCIAL SECURITY NUMBER	7. What is your marital status for tax withholding purposes? ☐ Single ☐ Married ☐ Married, withhold at single rate	
4. YOUR DAYTIME TELEPHONE NUMBER	8. How many tax withholding allowances do you want? NOTE: The more allowances you claim, the less tax will be withheld. → Number of allowances	
	9. In addition to the computed amount based on the answers to items 7 and 8, do you want an additional dollar amount withheld from each annuity payment? ☐ Yes → Go to item 10 ☐ No → Go to item 11	
5. NAME, ADDRESS, AND ZIP CODE		10. If you answered yes in item 9, enter the ADDITIONAL amount you want withheld from each annuity payment here. → \$.00 Show whole dollars only
		11. SIGNATURE AND DATE (<i>This certificate must be signed to be valid</i>)

If there is no return address on the reverse side, you can locate the nearest RRB Office by visiting our Web site at **www.rrb.gov** or by calling our toll-free Help-Line at **1-800-808-0772**.

Detach the Form RRB W-4p on the next page, complete it and return in the envelope provided.

There is also a second Form W-4P on the last page for your convenience.

EACH FORM RRB W-4P RECEIVED SUPERSEDES PREVIOUS RRB W-4P SUBMITTED.

TAX WITHHOLDING ELECTION			
1. RRB CLAIM NUMBER	2. PAYEE CODE	6. Do you want Federal Income Tax withheld from your railroad retirement payment? NOTES: Answering "NO" does not reduce the amount of taxes you may owe. Citizens residing outside the United States may not elect "NO". ☐ Yes → Go to item 7 ☐ No → Go to item 11	
3. YOUR SOCIAL SECURITY NUMBER		7. What is your marital status for tax withholding purposes? ☐ Single ☐ Married ☐ Married, withhold at single rate	
4. YOUR DAYTIME TELEPHONE NUMBER		8. How many tax withholding allowances do you want? NOTE: The more allowances you claim, the less tax will be withheld. → Number of allowances	
		9. In addition to the computed amount based on the answers to items 7 and 8, do you want an additional dollar amount withheld from each annuity payment? ☐ Yes → Go to item 10 ☐ No → Go to item 11	
5. NAME, ADDRESS, AND ZIP CODE		10. If you answered yes in item 9, enter the ADDITIONAL amount you want withheld from each annuity payment here. Show whole dollars only \$.00	
		11. SIGNATURE AND DATE <i>(This certificate must be signed to be valid)</i>	

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