

# **CURRENT**

## **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, IL 60611-1275**

**Visit our website at [www.rrb.gov](http://www.rrb.gov)**

**TXB-25 (01-16)**

## Introduction

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. Form W-4V is available at any IRS office. 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 legal residents for U.S. tax purposes. 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.

If you live outside the 50 states or Washington D.C., Guam, and the Northern Mariana Islands, see the Note under item 6 in the following section.

You are not required to file a Form RRB W-4P. However, if you do not file and your combined taxable NSSEB, Tier 2, Vested Dual benefit and Supplemental annuity components of your monthly railroad retirement annuity exceed \$1,730.50 we will automatically 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.

### Item 6, Withholding or No Withholding Election

Answer "Yes" if you want Federal income tax withheld from your railroad retirement payments.

Answer "No" 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:** We may **not** accept a "No" tax withholding election on Form RRB W-4P if:

- a. The individual's United States social security number is not provided on the form or
- b. The individual resides outside the 50 United States, Washington D.C., Guam and the Commonwealth of the Northern Mariana Islands. If the "No" box is checked, the RRB will withhold taxes as if you were married and claiming three allowances.

### Item 7, Marital Status

Enter your marital status for tax withholding purposes.

### Item 8, Withholding Allowance

Enter the number of withholding allowances you want to claim. Use the worksheets on pages 5 and 6 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 withheld from Annuity payments**

Answer "Yes" if you want an additional dollar amount withheld from your monthly benefits. This additional amount, which is computed on the **Multiple Pensions/More Than One Income Worksheet** on page 6 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 9 of the **Multiple Pensions/More Than One Income Worksheet** on page 6. Show whole dollars. Do not show cents.

**Item 11. Signature and Date**

The form must be signed to be valid. It should be signed and dated 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. If what you claimed on your RRB W-4P along with item 10 (additional amount) is more than the accrual payment we will also withhold the entire accrual payment. Even, if the tax withholding amount calculated 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. The RRB's nationwide toll-free telephone number is 1-877-772-5772, or visit our website at [www.rrb.gov](http://www.rrb.gov).

## **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 60611-1275. Questions about individual rights under this regulation may be directed to the RRB's Director of Equal Opportunity.

### **Paperwork Reduction Act and Privacy Act Notices**

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 uses 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.....39 minutes
- Learning about the Law or the form.....24 minutes
- Preparing and sending the form.....59 minutes

If you have suggestions for making Form RRB W-4P simpler, send them to the address shown below. Please DO NOT return the form to this address.

Chief of Information Resources Management  
U.S. Railroad Retirement Board  
844 North Rush Street, 4th floor  
Chicago, IL 60611-1275

### Personal Allowances Worksheet

- A. Enter "1" for yourself if no one else can claim you as a dependent. A. \_\_\_\_\_
- B. Enter "1" if: B. \_\_\_\_\_
- You are single and have only one pension; or
  - You are married, have only one pension, and your spouse has no income subject to withholding; or
  - Your income from a second pension or a job or your spouse's pension or wages (or the total of all) is \$1,500 or less.
- C. Enter "1" for your **spouse**. But, you may choose to enter "-0-" if you are married and have either a spouse who has income subject to withholding or more than one source of income subject to withholding. (Entering "-0-" may help you avoid having too little tax withheld.) C. \_\_\_\_\_
- D. Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax 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). See Pub. 972, Child Tax Credit, for more information. F. \_\_\_\_\_
- If your total income will be less than \$70,000 (\$100,000 if married), enter "2" for each eligible child; then **less** "1" if you have two to four eligible children or **less** "2" if you have five or more eligible children.
  - If your total income will be between \$70,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child.
- 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 adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet**.
- If you are **single and have more than one source of income subject to withholding** or are **married and you and your spouse both have income subject to withholding** and your combined income from all sources exceeds \$50,000 (\$20,000 if married), use the **Multiple Pensions/More-Than-One-Income Worksheet** to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line G on line 8 of Form RRB W-4P.

Detach and return form to the Railroad Retirement Board

Form Approved  
OMB No. 3220-0149

Withholding Certificate for Railroad Retirement Payments		
1. RRB Claim Number	2. Payee Code	6. Do you want Federal Income Tax withheld from your railroad retirement payment? <input type="checkbox"/> Yes => Go to item 7 <input type="checkbox"/> No => Go to item 11 <small>Notes: Answering "No" does not reduce the amount of taxes you may owe. Citizens residing outside the United States may not elect "No".</small>
3. Your Social Security Number		7. What is your marital status for tax withholding purposes? <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> 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. <span style="float: right;">Number of allowances <input style="width: 50px;" type="text"/></span>
		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? <input type="checkbox"/> Yes => Go to item 10 <input type="checkbox"/> No => Go to item 11
5. Name, Address, and Zip Code		10. If you answered "Yes" in item 9, enter the <b>ADDITIONAL</b> amount you want withheld from each annuity payment here. <span style="float: right;">Show whole dollars only <input style="width: 100px;" type="text"/></span>
		11. SIGNATURE AND DATE (This certificate must be signed to be valid)

Form RRB W-4P (04-14)

Each Form RRB W-4P received supersedes any previous RRB W-4P submitted

## Deductions and Adjustments Worksheet

**Note.** Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

1. Enter an estimate of your 2016 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 10% (7.5% if either you or your spouse was born before January 2, 1952) of your income, and miscellaneous deductions. For 2016, you may have to reduce your itemized deductions if your income is over \$311,300 and you are married filing jointly or are a qualifying widow(er); \$285,350 if you are head of household; \$259,400 if you are single and not head of household or a qualifying widow(er); or \$155,650 if you are married filing separately. See Pub. 505 for details. 1. \$ \_\_\_\_\_
2. Enter: \$12,600 if married filing jointly or qualifying widow(er)  
\$9,300 if head of household  
\$6,300 if single or married filing separately. 2. \$ \_\_\_\_\_
3. **Subtract** line 2 from line 1. If zero or less, enter "-0-". 3. \$ \_\_\_\_\_
4. Enter an estimate of your 2016 adjustments to income and any additional standard deduction (see Pub. 505). 4. \$ \_\_\_\_\_
5. **Add** lines 3 and 4 and enter the total. (Include any credit amounts from the *Converting Credits to Withholding Allowances for 2016 Form W-4* worksheet in Pub. 505.) 5. \$ \_\_\_\_\_
6. Enter an estimate of your 2016 income not subject to withholding (such as dividends or interest). 6. \$ \_\_\_\_\_
7. **Subtract** line 6 from line 5. If zero or less, enter "-0-". 7. \$ \_\_\_\_\_
8. **Divide** the amount on line 7 by \$4,050 and enter the result here. Drop any fraction. 8. \_\_\_\_\_
9. Enter the number from the **Personal Allowances Worksheet**, line G. 9. \_\_\_\_\_
10. **Add** lines 8 and 9 and enter the total here. If you use the **Multiple Pensions/More-Than-One-Income Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4P, line 8. 10. \_\_\_\_\_

### Multiple Pensions/More-Than-One-Income Worksheet

**Note:** Complete *only* if the instructions under line G of the Personal Allowances Worksheet direct you here. This applies if you (and your spouse if married filing jointly) 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).

1. Enter the number from line G (or from line 10 above if you used the **Deductions and Adjustments Worksheet**). 1. \_\_\_\_\_
2. Find the number in **Table 1** below 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 \$65,000 or less, do not enter more than "3". 2. \_\_\_\_\_
3. If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4P, line 8. **Do not** use the rest of this worksheet. 3. \_\_\_\_\_

**Note:** If line 1 is **less than** line 2, enter "-0-" on Form W-4P, line 8. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

4. Enter the number from line 2 of this worksheet. 4. \_\_\_\_\_
5. Enter the number from line 1 of this worksheet. 5. \_\_\_\_\_
6. **Subtract** line 5 from line 4. 6. \_\_\_\_\_
7. Find the amount in **Table 2** below that applies to the **HIGHEST** paying pension or job and enter it here. 7. \$ \_\_\_\_\_
8. **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed. 8. \$ \_\_\_\_\_
9. **Divide** line 8 by the number of pay periods remaining in 2016. For example, divide by 12 if you are paid every month and you complete this form in December 2015. Enter the result here and on Form RRB W-4P, line 10. This is the additional amount to be withheld from each payment. 9. \$ \_\_\_\_\_

Table 1				Table 2			
Married Filing Jointly		All Others		Married Filing Jointly		Others	
If wages from <b>LOWEST</b> paying job or pension are	Enter on <b>Line 2</b> above	If wages from the <b>LOWEST</b> paying job or pension are	Enter on <b>Line 2</b> above	If wages from <b>HIGHEST</b> paying job or pension are	Enter on <b>Line 7</b> above	If wages from <b>HIGHEST</b> paying job or pension are	Enter on <b>Line 7</b> above
\$0 - \$6,000	0	\$0 - \$9,000	0	\$0 - \$75,000	\$610	\$0 - \$38,000	\$610
6,001 - 14,000	1	9,001 - 17,000	1	75,001 - 135,000	1,010	38,001 - 85,000	1,010
14,001 - 25,000	2	17,001 - 26,000	2	135,001 - 205,000	1,130	85,001 - 185,000	1,130
25,001 - 27,000	3	26,001 - 34,000	3	205,001 - 360,000	1,340	185,001 - 400,000	1,340
27,001 - 35,000	4	34,001 - 44,000	4	360,001 - 405,000	1,420	400,001 and over	1,600
35,001 - 44,000	5	44,001 - 75,000	5	405,001 and over	1,600		
44,001 - 55,000	6	75,001 - 85,000	6				
55,001 - 65,000	7	85,001 - 110,000	7				
65,001 - 75,000	8	110,001 - 125,000	8				
75,001 - 80,000	9	125,001 - 140,000	9				
80,001 - 100,000	10	140,001 and over	10				
100,001 - 115,000	11						
115,001 - 130,000	12						
130,001 - 140,000	13						
140,001 - 150,000	14						
150,001 and over	15						