

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

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 choose 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 that all payers of tax liable private pensions to U.S. citizens or residents:
 - 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;
 - 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 \$2,038.00 in 2019 (the table dollar amount that corresponds to IRS' mandatory withholding at the rate equal to a tax status of married with three exemptions); and
 - 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 provided by the Railroad Retirement Board (RRB) to its annuitants to exercise their withholding option. Form RRB W-4P is provided as a stand-alone document. In addition, Form RRB W-4P 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 Act and Privacy Act Notices, 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 the RRB's receipt of the application. Annuitants also receive Form RL-6, *Annual Rate Newsletter*, as part of the RRB's annual cost-of-living notification process. The RL-6 includes language that reminds annuitants that they may change the amount of tax withheld. When an RRB 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 1545-0074). Form RRB W-4P obtains essentially the same

information as obtained by the IRS Form 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 - None. The form is developed according to IRS standards and IRS requires a physical signature.
4. Efforts to identify duplication - To our knowledge, this information collection does not duplicate any other information collection. Though Form RRB W-4P obtains essentially the same information as obtained by the IRS Form W-4P, some of the RRB's beneficiaries complete an IRS Form W-4P because of other private pension benefits while the majority of beneficiaries complete Form RRB W-4P, which is used by the RRB to obtain new withholding information needed 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 8896 of the February 18, 2020, 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. In accordance with OMB Circular M-03-22, a Privacy Impact Assessment for this information collection was completed and can be found at <https://www.rrb.gov/sites/default/files/2017-06/PIA-BPO.pdf>.
11. Sensitive questions - N.A.
12. Estimate of respondent burden - Based on our most recent experience, we continue to estimate the number of beneficiaries filing Form RRB W-4P at 25,000 annually.

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

Recordkeeping.....	39 min*
Learning about the law or the form.....	24 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 that the RRB is assuming under its public information collection is a token burden of 1 hour; as the overall burden, in substance, is 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 - N.A.
- 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 - The RRB started an extensive multi-year IT Modernization Initiative at the beginning of Fiscal Year 2019 to transform our operations into the 21st Century using multiple contractor services to improve mission performance, expand service capabilities, and strengthen cybersecurity. In addition, we received a new Chief Information Officer (CIO) on September 2, 2019 who is reviewing our estimated project timeline milestone dates. We provided OMB with a revised consolidated project timeline.

Given that the forms in this collection are seldom revised; the costs associated with redrafting, reprinting, and distributing forms in order to keep the appropriate OMB expiration date in place; and our desire to reevaluate after the completion of the modernization project, **the RRB requests the authority to not display the expiration date on the forms.**

- 18. Exceptions to Certification Statement - None