

Employee Representative's Quarterly Railroad Tax Return

OMB No. 1545-0002

► **Complete both copies of Form CT-2.**

1	Taxable compensation paid during this quarter subject to Tier I tax . . . \$ _____ × 10.4% (.104)	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 . . . \$ _____ × 12.1% (.121)	3	
4	Credit (attach explanation in duplicate)	4	
5	Total taxes for quarter (add lines 1 through 3, subtract line 4). See instructions for payment details ►	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. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature ►

Date ►

Be Sure To Enclose Your Check or Money Order	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
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Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►				Firm's EIN ►
	Firm's address ►				Phone no.

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

IRS.gov/ct2

Cat. No. 16030S

Form **CT-2** (Rev. 1-2012)

Do not cut or separate the forms on this page.

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File this DUPLICATE copy with the ORIGINAL return.

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**)

DUPLICATE

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

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Section references are to the Internal Revenue Code unless otherwise noted.

What's New

Changes to tax rates and compensation bases. The Tier I tax rate is 10.4%, but the Tier I compensation base for 2012 has been increased to \$110,100. The Tier I Medicare tax rate remains at 2.9% with an unlimited wage base. The Tier II tax rate on employee representatives remains at 12.1%, but the Tier II compensation base for 2012 has been increased to \$81,900.

General Instructions

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 compensation subject to each tax is different.

The Tier I tax rate for 2012 is 10.4%. It applies only to the first \$110,100 paid to you during 2012 for services performed as an employee representative. The Tier I Medicare tax rate is 2.9%. It applies to all compensation paid to you during 2012 for services performed as an employee representative.

The Tier II tax rate for 2012 is 12.1%. It applies only to the first \$81,900 paid to you during 2012 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, 2012
April, May, June	August 31, 2012
July, August, September	November 30, 2012
October, November, December	February 28, 2013

If any due date shown above falls on a Saturday, Sunday, or legal holiday, you may file your return and pay the tax on the next business day.

Where To File

Form CT-2 contains two copies. Be sure to make an additional copy of Form CT-2 for your records. Send both the **ORIGINAL** and **DUPLICATE** to the Department of the Treasury, Internal Revenue Service Center, Cincinnati, OH 45999-0007.

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 late in filing a return or paying the taxes, send an explanation with the return. Interest is charged on taxes paid late.

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 substantial 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

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 10.4% (.104). This applies only to the first \$110,100 paid to you during 2012 for services 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 2012 for services performed as an employee representative.

Line 3. Multiply the compensation subject to Tier II tax by 12.1% (.121). This applies only to the first \$81,900 paid to you during 2012 for services performed as an employee representative.

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 (for example, 201201 for the first quarter of 2012). Alternatively, you may pay your tax using the Electronic Federal Tax Payment System (EFTPS). For more information, visit www.eftps.gov, call EFTPS Customer Service toll free at 1-800-555-4477, or get Pub. 966, The Secure Way to Pay Your Federal Taxes.

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 2012 as "Jan., Feb., Mar. 2012."

Paid preparer. A paid preparer must sign Form CT-2 and provide the information in the "Paid Preparer Use Only" section if the preparer was paid to prepare Form CT-2 and is not an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you the original return to be filed with the IRS and a copy of the return for your records.

If you are a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, write the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application. For more information about applying for a PTIN online, visit the IRS website at www.irs.gov/ptin. You cannot use your PTIN in place of the EIN of the tax preparation firm.

Generally, you are not required to complete this section if you are filing the return as a reporting agent and have a valid Form 8655, Reporting Agent Authorization, on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, by advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Form CT-2 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. Form CT-2 is used to determine the amount of such taxes that you owe. Section 6109 requires you to provide your identification numbers.

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, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement agencies and intelligence agencies to combat terrorism. If you fail to provide this information in a timely manner, or provide false or fraudulent information, you may be subject to penalties.

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 Form CT-2 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 Form CT-2 simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send Form CT-2 to this office. Instead, see *Where To File*, earlier.