



Employer Exchange

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Issue XXIV

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2004 U.S. RRB Tax Rates and Compensation Bases

| Component | Tax Rate | Earnings Base |
|------------------------------|----------|----------------------|
| Employee Tier I | 6.20% | \$87,900 |
| Employee Medicare | 1.45% | No limit |
| Employer Tier I | 6.20% | \$87,900 |
| Employer Medicare | 1.45% | No limit |
| Employee Tier II | 4.90% * | \$65,100 |
| Employer Tier II | 13.10% * | \$65,100 |
| Employer Unemployment (RUIA) | Variable | \$1,130.00 per month |

RUIA Surcharge in Calendar Year 2004

The Railroad Unemployment and Insurance Act provides for a surcharge in the event the Railroad Unemployment Insurance Account balance falls below certain levels as of June 30 of each year. On June 30, 2003, the account had an accrual balance of \$64 million. The threshold for a 1.5 percent surcharge is \$112.6 million.

Therefore, a surcharge of 1.5 percent will be added to the basic RUIA tax rate for each established employer beginning January 1, 2004. New employers are not affected, as their rate will be the average rate for all employers from 2000 through 2003. RUIA tax rates will range from a minimum of 2.15% (the minimum basic rate of 0.65% plus the 1.5% surcharge) to a maximum of 12%. Since the contribution rates vary, the RRB released a notice to each employer in October that provided the specific contribution rate for 2004.

Contact QRSC at qrsc@rrb.gov or (312) 751-4992 if you need a copy of the letter.

Employer Internet Site Now Available

The RRB Internet site for Employer Reporting is now in production with its first three forms. *If you have Internet access but currently file Form BA-4, Report of Compensation Adjustments or BA-6a, BA-6 Address Report on paper, we encourage you to apply for access to the new site.* If you did not receive a letter and application form in the mail, go to www.rrb.gov. The Program Letter can be found under "Recent Updates".

In addition to the two forms initiated by employers, we also have Form GL-129/129a, Request and Reply for Verification of Service and Compensation, on the Internet. That form is sent by the RRB to the employer for reply when an employee protests the amount of service and compensation on record at the RRB.

RRB Needs Internet Testers

The next Internet forms will be ID-4K, *Prepayment Notice of Employee's Application and Claim for Benefits* and ID-4e, *Notice of Receipt of Unemployment Benefits*. If you complete these forms and you have Internet access, please consider volunteering to help develop and test these screens. To volunteer, or for more information, contact Carol Arnold at (312) 751-4833 or e-mail carol.arnold@rrb.gov.

Payments Made and Service Credit to Employees in Active Duty

Supplemental or differential payments made to employees called to active duty from the military reserves are held to be gratuities and are not to be considered as creditable compensation under the RRA and RUIA.

Employees who are called to active duty may receive service month credit under the Acts while the country continues to operate under a national period of emergency. The service can be creditable provided the employee otherwise meets the criteria to receive credit for military service.

Employers Reports Due Last Day of February

The following reports are to be postmarked by the last day of February 2004.

- **BA-3a**, Annual Report of Service and Compensation, with Form G-440 due to the RRB;
- **BA-11**, Gross Earnings Report, with Form G-440 due to the RRB;
- **CT-1**, Employer's Annual Railroad Retirement Tax Return due to the IRS;
- **W-2**, Wage and Tax Statement due to the SSA; and
- **W-3**, Transmittal of Income and Tax Statements due to the SSA.

Employers who did not have any compensated employees in 2003 must advise the RRB in writing by submitting Form G-440, Report Specification Sheet. Mark the section that states "I am not submitting a report because my company has no employees".

Employers who have no employees with a social security numbers ending with the digits "30" should submit Form BA-11 stating "no employees to report" or send an e-mail to actuary@rrb.gov. The e-mail subject line should state "Form BA-11", and the message should include your BA number, employer name, the statement "No employees to report on Form BA-11" and a contact official name and phone number.

Employer Coverage Status

Employers who filed a "no compensated employee report" will receive a letter asking if their organization has experienced changes in ownership or operations that may affect its coverage status (for example, a merger, corporate dissolution, or if they are now a subsidiary of a parent company). We have found that sometimes a "zero" report of service and compensation indicates that a reportable change has occurred. Please respond to the letters within 30 days of receipt. RRB regulations state that it is the duty of each employer to promptly notify the RRB in the event of changes that may affect its coverage status. Coverage changes should be addressed to the Chief of Audit and Compliance or call (312) 751-4319.

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Third Class

