Labor Employer Reporting Instructions
Part VI - Reports Related to Service and Compensation
Chapter 5: Form W-2, Wage and Tax Statement and
**   Form W-3, Transmittal of Wage and Tax Statements**

Where and When to File the W-2/W-3

The W-2/W-3 forms are Internal Revenue Service (IRS) forms that are filed with the SSA. The IRS receives this information from the SSA for federal tax data purposes.

Employers must file Forms W-2 and W-3 by the last day of February each year. In addition, Form 6559, Transmitter Report and Summary of Magnetic Media, is filed for magnetic reports of Forms W-2. Instructions for completion are on the back of the form. Instructions for filing magnetic media W-2 reports are issued by SSA in its publication "Magnetic Media Reporting" which can be found on their web site at www.ssa.gov/employer/pub.htm. If you submit Form W-2 data on magnetic media, do not submit the same W-2 data to SSA on paper forms.

Duplicate Earnings

Duplicate posted earnings are annual earnings that are erroneously posted as social security wages on an employee's record at SSA from the W-2 data and correctly posted on the corresponding employee record at the RRB from Form BA-3a, Annual report of Creditable Compensation. Duplicate earnings overstate an employee's lifetime earnings record, thus creating the potential for a benefit overpayment when a railroad retirement or social security benefit is paid to that individual.

Correct completion of Forms W-2/W-3 is important in preventing duplicate earnings and correctly crediting an employee's earnings record.

How to Avoid Duplicate Earnings

The key concept in preventing duplicate earnings is to correctly identify the type of employment on Form W-3 for the accompanying W-2 data. It is important that employers covered under the RRA mark the correct box in the "Kind of Payer" block of the Form W-3. "CT-1" is the only box which should be marked. For magnetic media reports, railroad employees should be reported with an "X" in the Type Of Employment (TOE) field of the code E record.

Whether reporting by paper or magnetic media, railroad employees should not have their railroad retirement tax reported as social security tax, nor their railroad earnings reported as social security wages. Dollar amounts reported on Forms W-2 should balance with those on Form W-3.

Common Error

A common error for railroad employers is to enter the Medicare tax amounts withheld in the "Medicare tax withheld" block. This Medicare box is for employees covered under the SSA. If the Medicare box is completed, SSA looks for corresponding social security taxes. Because railroad employers do not make entries for social security wages, this creates a discrepancy which must be resolved.

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Proper Completion of W-2/W-3

In accordance with the SSA instructions for completion of Form W-2/W-3, employers covered under the RRA must complete the forms as follows:

- Mark "CT-1" under "Kind of Payer" on Form W-3. "CT-1" is the only box that should be marked. For magnetic media reports, code an "X" in the Type of Employment (TOE) field of the code E record;

- On Form W-2, make no entries in boxes 3, 4, 5, and 6. The corresponding boxes on Form W-3 should also be blank for RRA covered employees; and

- RRA covered employers must enter the amount of Tier I and Tier II tax withheld in the box marked "Other". You may also include optional information such as Medicare tax, Tier I and Tier II compensation in the same box.

The Forms W-2/W-3 example at the end of this chapter illustrates the correct completion of the forms for employees covered under the RRA.

Segregating Railroad Retirement Employees and Social Security Employees

If you have employees covered under the SSA by virtue of the segregation of your rail labor union business as set forth in Section 202.3 of the RRB's Regulations, separate forms W-2/W-3 should be filed for the employees of your separate non-rail labor unit. Issue separate W-2's for employees who work in two positions when one is covered by RRA and the other is covered by SSA.

If you determine your Forms W-2/W-3 contains an error and railroad earnings may have been processed as social security wages, contact the local SSA office for advice.

SSA Magnetic Media Form W-2

SSA has created, and is continuously updating, a list of Employer Identification Numbers (EIN) that belong to employers covered under the RRA. This list is compared to the EIN in the Employer record (code E) of each Form W-2 magnetic media report which SSA receives. If a match is made, SSA will check to ensure that the report has a type of employment code "X" for railroad and that the Employee records (code W) have zeroes in all the social security and Medicare fields.

This processing is ideal for employers who either have no employees covered under SSA or have segregated their rail labor union business as a separate employer with a separate EIN from their non-rail labor business. The processing will help ensure that RRA W-2 reports and SSA W-2 reports are completed and processed correctly.

Employers who have the same EIN for their segregated rail labor union business and non-rail labor business cannot participate in this enhanced processing. Once an EIN has been included in SSA's

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program and specified as RRA earnings, SSA wages cannot be reported under this EIN. Employers can request SSA to issue separate EINs for rail labor union business and non-rail labor business.

How to Participate in the Enhancement Processing

Contact a Railroad Retirement Compensation Specialist at (312) 751-4992 for a certification form. If you have questions about how the EIN number will be used in the processing at SSA, contact SSA at (410) 965-7068.

Questions about SSA Forms W-2 and W-3

Representatives from the RRB have no authority to give definitive answers to Forms W-2/W-3 questions. Questions concerning the completion of Forms W-2/W-3 may be directed to a Compensation Reporting specialist at the RRB. However, it may be necessary for them to refer you to an IRS or SSA W-2/W-3 Specialist for answers to some questions.