

Labor Employer Reporting Instructions
Part V - Reports of Creditable Service and Compensation
Chapter 3: Filing Instructions for BA-3, Service and Compensation Annual Reports

Background

Each employer is required by law to submit an annual report of the creditable service and compensation for each employee who performed compensated service in the preceding year. See Section 9 of the Railroad Retirement Act, Section 6 of the Railroad Unemployment Insurance Act, and Section 209.8 of the Railroad Retirement Board's (RRB) Regulations (20 CFR 209.8). Each year employers are reminded of this requirement.

Form BA-3

Form BA-3, "Annual Report of Creditable Compensation" is used to report the service and compensation for each calendar year. This form is used to record an employee's lifetime earnings and service from which benefit eligibility and payments are determined. This report is submitted annually, no later than the last day of February following the report year.

If you have no compensated employees to report for the prior calendar year, complete only the appropriate items on the Form G-440.

Detailed instructions for completing Form BA-3 are located on the form.

Options for Submitting Form BA-3

Form BA-3 may be reported by using one of the following media:

- Secure E-mail;
- File Transfer Protocol (FTP);
- 3490 compatible cartridge;
- 3 1/2" floppy diskette;
- CD-ROM;
- Paper form

Please see [Part V, Chapter 1](#) for more information on filing options.

Reporting Creditable RUIA I and RUIA II Compensation on Form BA-3

Enter the employee's (RUIA I) total creditable compensation under the Railroad Unemployment Insurance Act (RUIA) in item 8a.

Enter the employee's (RUIA II) total maximum compensation under the Railroad Unemployment Insurance Act (RUIA) in item 8b. This amount is reported to enable your employees to receive extended RUIA benefits. The maximum compensation amount is also collected on Form UI-41, Supplemental Report of Service and Compensation. Reporting this information on the BA-3 is optional, but this will ensure that benefit payments are not delayed; and reduce the burden on employers when we request the data at a later date.

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See [Part III, Chapter 3](#) for a specific example on how to report RUIA compensation based on the RUIA monthly maximum amounts.

Reporting Creditable Service Months on Form BA-3

A service month is reported for a calendar month in which an employee either actively or constructively rendered compensated service or received pay for time lost for an identifiable period of absence from active service. A service month should be reported even if the payment of compensation for the service is not made until a later month. Enter the applicable month code for each reported service month in item 9.

See [Part III, Chapters 1 & 2](#) for more information on reporting creditable service months.

Optional Service Month Codes

Employers now have the option to report employment relation information on their annual report by using two new service month codes. This change is optional. The RRB has added service month codes for employers to report employment relation information for non-worked months. (8 = employment relationship; 9 = no employment relationship). The new codes would be used in place of code 0.

You cannot mix all four codes for a single employee. You must use either codes 1, 8, and 9 or use existing codes 1 and 0. You can, however, mix employees with new codes and employees with old codes in the same report.

For a listing of the month codes, please check the instructions located on the back of the form.

Reporting Creditable Tier I and Tier II Compensation on Form BA-3a

Enter the employee's total Tier I creditable compensation, exclusive of sick pay and miscellaneous compensation. These amounts are reported separately on separate report forms. The creditable amount would never exceed the applicable Tier I annual maximum earnings base.

Enter the employee's total Tier II creditable compensation under the RRA. This amount is also limited to the applicable Tier II annual maximum earnings base. See [Part III, Chapter 3](#) for a specific example on how to report Tier I and Tier II compensation.

Note – Please keep in mind, if you are entering amounts that are higher than the Tier I and Tier II maximums, you may also be withholding excess tax amounts from the employee and overpaying your taxes as the employer.

Report Miscellaneous Compensation and Sick Pay on Form BA-3

Each employer who has paid creditable sick pay during the year is required by law to report the creditable sick pay to the RRB.

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Payments that meet the conditions required to be considered miscellaneous compensation, must also be reported. See [Part IV, Chapter 2](#), for an explanation of miscellaneous compensation requirements.

These two types of compensation were previously reported on Form BA-10, Report of Miscellaneous Compensation and Sick Pay; however that form has been eliminated. Now all employers will report sick pay and miscellaneous compensation on their annual report, Form BA-3.

Enter the employee's total Miscellaneous Compensation creditable compensation under the RRA in item 11c; and the employee's total Sick Pay Compensation creditable compensation under the RRA in item 11d. These total amounts combined with the creditable Tier I amount should never exceed the applicable Tier I annual maximum earnings base.

Reporting the Daily Pay Rate on Form BA-3

Employers' annual reports should include an employee's last daily pay rate in item 12. The daily pay rate is used in determining the employee's benefit rate under the Railroad Unemployment Insurance Act (RUIA). Failure to report a daily pay rate may result in an employee receiving the minimum RUIA benefit rate until such time as the actual daily pay rate is verified.

An employee's daily pay rate (DPR) is the basic rate of pay for the last regular job worked for the compensation year. If the employee's daily pay rate is equal to or greater than \$200.00; only report \$200.00. Do not enter an amount greater than \$200.00. If the DPR is less than \$200.00, use the actual amount. The pay rate includes cost of living increases but does not include overtime, arbitrary payments, or special allowances.

Compute the last DPR for employees paid on other than on a daily basis as follows:

- Hourly - Multiply the hourly rate by 8;
- Monthly - Divide the monthly rate by 21.75;
- Annual - Divide the annual rate by months employed, then divide the quotient by 21.75;
or
- For mileage rated employees, the rate of pay for the number of miles constituting a basic day as prescribed by the agreement.

Final Reports

If a covered railroad employer goes out of business or ceases to be a covered employer for any reason, a final report of creditable service and compensation must be submitted. Section 209.10 of the RRB's Regulations (20 CFR 209.10) states that the final report must be submitted on or before the last day of the month following the final month in which there was compensated service. The report should be completed as usual and marked "Final Compensation Report" in the remarks section at the bottom of the [Form G-440](#), "Report Specifications Sheet".

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When the Railroad Retirement Board (RRB) receives a “Final Compensation Report”, we will conduct an investigation to determine if the employers' coverage status should be terminated.

Zero Reports

In accordance with Section 209.8 of the RRB's Regulations (20 CFR 209.8), employers who do not have creditable service and compensation to report for the previous calendar year are to advise the RRB of this fact in writing. This may be done by filing Form G-440, Report Specification Sheet, and checking the appropriate item.

Time Limits

Annual reports for a calendar year, with an accompanying Form G-440, are due at the RRB by the last day of February the following year. Because the receipt of annual reports is monitored by an automated control system, employers will receive a delinquent notice, Form GL-131, generated by this system, approximately two weeks after the due date. If the report is not received at the RRB within 30 days of the delinquent notice, employers will be sent a final notice, Form GL-130, usually by Certified Mail.

Under the Railroad Retirement Act, failure to comply within 30 days of this final notice will ultimately result in a referral to our Deputy General Counsel for the issuance of a subpoena to secure the information. Under Section 209.2(d) of the RRB's Regulations (20 CFR 209.2(d), the RRB may impose fines for continued failure to comply with the regulations.

Filing Requirement for 250 or More Employees

The RRB requires reports for 250 or more employees be filed on automated media. We encourage all employers to file on automated media as well. The following are acceptable forms of automated media: cartridge, CD-ROM, 3.5 floppy diskettes, Secure E-mail or via FTP. For more information on filing options, see [Part V, Chapter 1](#). Also, see [Appendix I](#) for instructions on how to properly format the data.