

**Labor Employer Reporting Instructions**  
**Part IV – Particular Types of Compensation Payments**  
**Chapter 1: Regular Earnings**

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**Regular Earnings Definition**

Regular earnings are payments made for services rendered as an employee. This includes payments to part-time and seasonal employees, as well as regular earning paid to employees who are not working due to illness, injury, or pregnancy. Any payment made through the regular payroll system is presumed to be regular earnings. Regular earnings are creditable as follows:

National or System Unit	Tier I, Tier II, RUIA compensation and service month credit.
Local Lodge	Tier I and Tier II compensation for payments of \$25 or more per month and service month credit.

**Non-Monetary Earnings**

Earnings may be paid as a commodity, a service, or a privilege. If an employee is to be paid in any form other than money, the employee and employer must agree upon the arrangement and the value of the commodity, service, or privilege being provided. Non-monetary earnings will result in creditable compensation. Non-monetary earnings are creditable in the amount of ascertainable or agreed upon value. For example, a local lodge may pay earnings in the form of union dues.

The language in the Railroad Retirement Act (RRA) and the Railroad Retirement Tax Act (RRTA) differ with respect to non-monetary earnings. Under the RRTA, the value of non-monetary earnings is taxable whether or not there is an agreement as to the value or that the earnings will not be paid in cash.

*Note:* The value of the union dues is creditable compensation and therefore, taxable. The value would be the amount of the dues plus a factor to represent the employee share of the taxes which the labor organization would have to pay. See IRS Publication 15-A if an employee is receiving free union dues in lieu of wages.

**Reporting Compensation on a Paid or Earned Basis**

Regular earnings may be reported as compensation for the period the payment was earned, referred to as "earned basis," or when the payment was made, referred to as "paid basis."

**Earned Basis:** Compensation is credited with respect to the payroll period in which it was earned even though paid and reported at a later date.

**Paid Basis:** Compensation is credited with respect to the period in which compensation is paid, actually or constructively, regardless of when the services which generated the compensation were performed.

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**Employee Requests Compensation to Be Reported When Earned**

Employers choosing to report compensation on a paid basis are subject to the proviso that an employee, within four years after the report, may request to have the compensation reported, by way of an adjustment, for the year in which it was earned. This provision is found in the Railroad Retirement Board's regulations [20 CFR 209.15 \(a\)](#). Employee requests to have compensation adjusted to an earned basis may be made to the employer directly or to the RRB who will notify the employer to file an adjustment report. Requests made under this proviso must be honored.