

**Labor Employer Reporting Instructions**  
**Part V – Reports of Creditable Service and Compensation**  
**Chapter 8: Filing Instructions for Form BA-15, Report of Stock Options and Other Payments**

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**Purpose of Form BA-15, Report of Stock Options and Other Payments**

Form BA-15, *Report of Stock Options and Other Payments*, is used to obtain information regarding the total Medicare wages, non-qualified stock options (NQSO), and ratification payments paid to employees. The payroll information collected with Form BA-15 is essential for the calculation of payroll taxes and benefits used by the Financial Interchange (FI). Failure to collect this payroll information would result in understating the payroll taxes that should have been collected under the Federal Insurance Contributions Act (FICA).

Accurate compensation file tabulations are an integral part of the data needed to determine tax revenues and corresponding FI amounts. Without collecting information on non-qualified stock options (NQSOs) and ratification payments that the railroad did not report as part of the employee's RRTA compensation, the transfer of funds between the Railroad Retirement Board (RRB), Social Security Administration (SSA) and Centers for Medicare & Medicaid Services (CMS) cannot be accurately determined.

**Types of Compensation**

**Medicare wages and tips** consist of all earnings that would be taxable under the hospital insurance portion of FICA. Please note that Medicare wages should **exclude** pre-taxable deductions for cafeteria plans (also known as flexible benefit plans). See General Instructions for Forms W-2 and W-3 (<https://www.irs.gov/pub/irs-pdf/iw2w3.pdf>) for definition of Medicare wages and tips.

**RRTA Gross compensation** consists of all earnings taxable under the hospital insurance portion of the Tier I tax. This **includes** but is not limited to:

- Earnings above the taxable limit,
- Sick pay, and
- Miscellaneous compensation.

However, RRTA gross compensation may **exclude**:

- NQSOs,
- Ratification payments<sup>1</sup> made to railroad employees that the railroad did not report as part of the employee's RRTA compensation, and

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<sup>1</sup> The Internal Revenue Service currently takes the position that lump-sum payments made to unionized employees upon ratification of collective bargaining agreements are taxable compensation under the RRTA. AOD 2019-41 (I.R.S. October 7, 2019)

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- Pre-taxable deductions for cafeteria plans (also known as flexible benefit plans).

**Reporting Requirements**

Each employer is required by law to report the Medicare wages for each employee who has received either NQSO or ratification payments. This information is an essential part of the data needed to compute the benefit and tax calculations required in the financial interchange.

**Due Dates and Frequency of Reports**

The BA-15 forms are to be reported for the same periods as used in determining the employer's annual report of creditable service and compensation (Form BA-3). Form BA-15 for the preceding calendar year is due the last day of February of the following year and must be accompanied by Form G-440, Report Specifications Sheet.

**Employer with No Employees Receiving Either a NQSO or Ratification Payment**

If you have no employees receiving either NQSOs or ratification payments, you must file Form G-440 with the appropriate box on the Form G-440 indicating no employees to report.

**Report Media Options**

Employers have the option of reporting by one of the following methods:

- CD ROM in ASCII format,
- Secure E-mail, or
- File Transfer Protocol (FTP).

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

**Common Errors to Avoid**

Below are some helpful hints on how to avoid errors on Form BA-15:

- Do not limit the amounts on Form BA-15 to the annual Tier I or Tier II creditable maximum amounts for the year.
- Ensure that the RRTA gross compensation reported for an employee is not less than the Tier I amount reported for the employee for the same year as reported to the RRB on Form BA-3, Report of Creditable Compensation.

**Labor Employer Reporting Instructions**  
**Part V – Reports of Creditable Service and Compensation**  
**Chapter 8: Filing Instructions for Form BA-15, Report of Stock Options and Other Payments**

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- Amounts reported on Form BA-15 and creditable compensation reported on Form BA-3 must both be reported on the same basis, either "paid" or "earned".
- Be sure to list all subsidiary BA numbers included on Form BA-15 on Form G-440, even if one or more BA numbers have no employees to report.

**To Correct an Error on a Previous Report**

- Enter 'R' (indicating a replacement) in column item 1 on Form BA-15.
- Fill out all data items in the replacement record with the most accurate amounts for that reported year.
- Submit Form BA-15 to the RRB.
- Multiple years, initial and replacement data records can be included on the same BA-15 form.

**Time Limits for Adjustments**

The Railroad Retirement Act imposes a four-year statute of limitations for adjusting a report of creditable compensation.

**Help with Form BA-15, Report of Stock Options and Other Payments**

Employers who have difficulty with any of the reporting instructions for Form BA-15, Report of Stock Options and Other Payments, should contact the address below for assistance.

Bureau of the Actuary and Research  
Financial Interchange Division  
Railroad Retirement Board  
844 North Rush Street  
Chicago, Illinois 60611-1275

Phone: (312) 469-2286  
Email: BA15@rrb.gov