

## Stock Options Are Not Money Remuneration Under The Railroad Retirement Tax Act Of 1937

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To support the nation's ailing railroad systems, Congress passed the [Railroad Retirement Tax Act in 1937](#) to bolster railroad employee pensions based on their compensation, which was defined as any form of money remuneration. Previously, the exception was used to exclude traditional perks like food, lodging, and tickets, but railroads recently began offering stock options. The lower courts split on whether stock options were compensation under the Act. The Court, in a 5-4 decision by Justice Gorsuch, held that stock options were not compensation, as such stock or options to buy stock are not exchangeable as money remuneration for other things, citing the IRS's view at the time that the Act only taxes compensation that may be used in lieu of money. Justice Breyer, joined by Justices Ginsburg, Sotomayor, and Kagan, dissented, arguing that money remuneration is an ambiguous term, and regardless provides a benefit with a definite value that should be considered remuneration like a paycheck. A link to the opinion in *Wisconsin Central Ltd. v. United States* is [here](#).

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