

TaxNewsFlash

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Tier 2 tax rates for railroads, no changes for 2026

The U.S. Treasury Department and IRS published a [notice](#) in the Federal Register providing the tier 2 tax rates for 2026 (that is, with respect to compensation paid in 2026).

Tier 2 taxes imposed on railroad employees, employers, and employee representatives are a source of funding for benefits under the Railroad Retirement Act.

There are no changes to the tier 2 tax rates for 2026 (that is, the rates are unchanged from the rates applicable for 2025). The tier 2 tax rates for 2026 are for:

- Employees—4.9% of compensation
- Employers—13.1% of compensation
- Employee representatives—13.1% of compensation

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