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# TaxNewsFlash

## United States

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# Tier 2 tax rates for railroads, no changes for 2027

The U.S. Treasury Department and IRS released a **notice** providing the tier 2 tax rates for 2027 (that is, with respect to compensation paid in 2027).

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 2027 (that is, the rates are unchanged from the rates applicable for 2026). The tier 2 tax rates for 2027 are:

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

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