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Tier 2 tax rates, no changes for 2018

The U.S. Treasury Department and IRS today released for publication in the Federal Register a notice providing the tier 2 tax rates for 2018 (that is, with respect to compensation paid in 2018). Tier 2 taxes imposed on railroad employees, employers, and employee representatives are a source of funding for benefits under the Railroad Retirement Act.

Today's [notice](#) [PDF 132 KB] reveals there are no changes to the tier 2 tax rates for 2018 (they are unchanged from the rates for 2017, 2016, and 2015). Accordingly, the tier 2 tax rates for 2018 are for:

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

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