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Tier 2 tax rates for railroads, no changes for 2023

The U.S. Treasury Department and IRS today released for publication in the Federal Register a notice providing the tier 2 tax rates for 2023 (that is, with respect to compensation paid in 2023).

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

According to the [notice](#) [PDF 181 KB] (published in the Federal Register on November 29, 2022), there are no changes to the tier 2 tax rates for 2023 (that is, the rates are unchanged from the rates applicable for 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015).

The tier 2 tax rates for 2023 are for:

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

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