



## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 58

#### [REG-118499-23]

#### RIN 1545-BQ60

### Excise Tax on Repurchase of Corporate Stock – Procedure and Administration

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This document contains proposed regulations that would provide guidance regarding reporting and payment of the new excise tax on repurchases of corporate stock made after December 31, 2022. The proposed regulations would affect certain publicly traded corporations that repurchase their stock or whose stock is acquired by certain specified affiliates. Another notice of proposed rulemaking on this topic is published elsewhere this issue of the ***Federal Register*** to propose rules on the general application of, and exceptions to, this new excise tax.

**DATES:** Written or electronic comments and requests for a public hearing must be received by **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

**ADDRESSES:** Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-118499-23) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the “**Comments and Requests for a Public Hearing**” section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for

public availability any comment submitted electronically or on paper to the IRS's public docket.

*Send paper submissions to:* CC:PA:01:PR (REG-118499-23), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations, Samuel G. Trammell at (202) 317-6975; concerning submissions of comments and requests for a public hearing, Vivian Hayes at (202) 317-6901 (not toll-free numbers) or by email at *publichearings@irs.gov* (preferred).

## **SUPPLEMENTARY INFORMATION:**

### **Background**

#### **I. Overview**

This notice of proposed rulemaking proposes regulations under section 4501 of the Internal Revenue Code (Code) that would provide rules on procedure and administration applicable to the reporting and payment of the new excise tax on repurchases of corporate stock (stock repurchase excise tax) imposed by section 4501 for repurchases made after December 31, 2022. As proposed in this notice of proposed rulemaking, the regulations are proposed to be added as subpart B of new 26 CFR part 58 (Stock Repurchase Excise Tax Regulations), which is proposed to be added to subchapter D of 26 CFR chapter I (Miscellaneous Excise Taxes).

Proposed subpart A of part 58, contained in another notice of proposed rulemaking (REG-115710-22) published elsewhere in this issue of the ***Federal Register***, would provide operative rules under section 4501. Proposed §58.4501-1 would provide an overview of the stock repurchase excise tax, generally applicable definitions, the scope of the regulations implementing the tax, and certain operating rules applicable to those regulations. Proposed §58.4501-2 would provide general rules regarding the application and computation of the stock repurchase excise tax.

Proposed §58.4501-3 would provide rules regarding the application of the exceptions in section 4501(e) (other than the de minimis exception described in section 4501(e)(3) and to which proposed §58.4501-2(b)(2) applies). Proposed §58.4501-4 would provide rules regarding the application of section 4501(c)(3). Proposed §§58.4501-5 and 58.4501-6 would provide examples and applicability dates. Proposed §58.4501-7 would provide rules specifically relating to the application of section 4501(d).

## II. Section 4501; Notice 2023-2

Section 4501 was added to a new chapter 37 of the Code by the enactment of section 10201 of Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly referred to as the Inflation Reduction Act of 2022 (IRA). In general, section 4501 imposes the stock repurchase excise tax on each covered corporation (as defined in section 4501(b)) for repurchases made after December 31, 2022. See section 10201(d) of the IRA. The stock repurchase excise tax is equal to 1 percent of the fair market value of any stock of the corporation that is repurchased (as defined in section 4501(c)(1)) by the corporation during the taxable year. Section 4501(a). The term “covered corporation” includes an entity treated as a covered corporation under section 4501(d)(1)(A) or (d)(2)(A).

Section 4501(f) authorizes the Secretary of the Treasury or her delegate (Secretary) to prescribe regulations and other guidance as are necessary or appropriate to carry out, and to prevent the avoidance of, the purposes of section 4501.

On January 17, 2023, the Treasury Department and the IRS published Notice 2023-2, 2023-3 I.R.B. 374, to provide initial guidance on the application of the stock repurchase excise tax. The notice describes certain operating rules for purposes of the stock repurchase excise tax that the Treasury Department and the IRS announced the intent to include in proposed regulations, along with anticipated rules for reporting and paying any liability for the stock repurchase excise tax.

Section 4 of Notice 2023-2 describes the anticipated rules for reporting and paying any liability for the stock repurchase excise tax. As described in Notice 2023-2, those anticipated rules would provide that (1) the stock repurchase excise tax must be reported on IRS Form 720, *Quarterly Federal Excise Tax Return*, (2) taxpayers must attach an additional form to the Form 720 reflecting the computation of the stock repurchase excise tax, (3) the stock repurchase excise tax must be reported once per taxable year on the Form 720 that is due for the first full quarter after the close of the taxpayer's taxable year, (4) the deadline for payment of the stock repurchase excise tax is the same as the filing deadline, and (5) no extensions are permitted for reporting or paying the stock repurchase excise tax owed.

Consistent with Notice 2023-2, and as explained in the Explanation of Provisions, these proposed regulations would prescribe the manner and method of reporting and paying the stock repurchase excise tax by adding rules on procedure and administration in proposed subpart B of the proposed Stock Repurchase Excise Tax Regulations (26 CFR part 58) under sections 6001, 6011, 6060, 6061, 6065, 6071, 6091, 6107, 6109, 6151, 6694, 6695, and 6696 of the Code. The Treasury Department and the IRS have added items relevant to the stock repurchase excise tax to tax return forms other than Form 720, to assist in the identification of transactions subject to the stock repurchase excise tax. See Form 1120, *U.S. Corporation Income Tax Return* and Form 1065, *U.S. Return of Partnership Income*. The Treasury Department and the IRS continue to evaluate amending or developing other forms, including for information reporting with respect to foreign owners of domestic business entities and domestic owners of foreign business entities, to assist in the identification of transactions subject to the stock repurchase excise tax.

## **Explanation of Provisions**

### **I. Requirement for Return and Recordkeeping**

Under proposed §58.6011-1(a), a stock repurchase excise tax return would be required to be filed by any covered corporation, or any person treated as a covered corporation, that makes a repurchase (as defined in section 4501(c)(1)), or that is treated as making a repurchase under section 4501(c)(2)(A), (d)(1)(B), or (d)(2)(B), after December 31, 2022. Any covered corporation or person treated as a covered corporation, that makes a repurchase, or that is treated as making a repurchase, would be required to keep complete and detailed records sufficient to establish accurately the amount of repurchases, adjustments, or exceptions required to be shown on its stock repurchase excise tax return. See proposed §58.6001-1(a). Under the proposed regulations, any covered corporation that makes a repurchase must comply with these requirements, even if every repurchase is eligible for a statutory exception (for example, in the case of repurchases by a regulated investment company or a real estate investment trust) or is offset by issuances.

Under proposed §58.6011-1(b), the stock repurchase excise tax return would include the Form 720, on which the stock repurchase excise tax liability would be reported, and an attached Form 7208, *Excise Tax on Repurchase of Corporate Stock*, on which the stock repurchase excise tax would be calculated. Proposed §58.6001-1(b) provides that the IRS may require any covered corporation or person treated as a covered corporation, to make such returns, render such statements, or keep such specific records as to enable the IRS to determine whether the covered corporation or person treated as a covered corporation is liable for the stock repurchase excise tax. The records that would be required to be maintained would need to be available for inspection by the IRS and retained for so long as their contents may become material. See proposed §58.6001-1(c).

Under proposed §58.6061-1(a), the person required to file the stock repurchase excise tax return would be required to sign that return in accordance with the applicable

forms and their corresponding instructions, and the signature would be prima facie evidence that the individual is authorized to sign the stock repurchase excise tax return. In addition, proposed §58.6065-1(a) would provide that any person signing a stock repurchase excise tax return is required to include a written declaration that the return is made under penalties of perjury when required by the return or the forms or their corresponding instructions.

## II. Time and Place for Filing Return and Paying Tax

With respect to a covered corporation or person treated as a covered corporation, with a taxable year ending after December 31, 2022, and on or before the date of publication of final regulations in the ***Federal Register***, proposed §58.6071-1(c) would require the stock repurchase excise tax return for such taxable year to be filed by the due date of the Form 720 for the first full calendar quarter after the date of publication of final regulations in the ***Federal Register***.

For example, if a covered corporation had a taxable year ending December 31, 2023, and if the date of publication of final regulations in the ***Federal Register*** were September 16, 2024, the covered corporation would be required to file the stock repurchase excise tax return for its 2023 taxable year by January 31, 2025 (the due date of the Form 720 for the calendar quarter ending December 31, 2024).

Proposed §58.6071-1(a) generally would require the stock repurchase excise tax return to be filed by the due date of the Form 720 for the first full calendar quarter after the taxable year of the covered corporation or person treated as a covered corporation ends. This rule would be applicable for taxable years ending after the date of publication of final regulations in the ***Federal Register***.

For example, if a covered corporation had a taxable year ending December 31, 2024, and if the date of publication of final regulations in the ***Federal Register*** were September 16, 2024, the covered corporation would be required to file the stock

repurchase excise tax return for its 2024 taxable year by April 30, 2025 (the due date of the Form 720 for the calendar quarter ending March 31, 2025). Proposed §58.6091-1(a) and (b) would require the stock repurchase excise tax to be filed at the place specified in the instructions applicable to Form 720 or, if the return is hand-carried, with any person assigned the responsibility to receive hand-carried returns in the local IRS office that serves the principal place of business, principal office, or agency of the taxpayer. In exceptional cases, proposed §58.6091-1(c) would provide that the Commissioner of Internal Revenue (Commissioner) would be able to permit the filing of the stock repurchase excise tax return in any local IRS office. Full payment of the stock repurchase excise tax liability would be required to accompany the filed stock repurchase excise tax return. See proposed §58.6151-1(a).

A covered corporation or a person treated as a covered corporation that is required to file a stock repurchase excise tax return or pay the stock repurchase excise tax but does not timely file such return or pay such tax may be subject to additions to tax under section 6651 and §301.6651-1.

### III. Tax Return Preparers

Proposed §58.6107-1(a) would require a person who is a signing tax return preparer (as defined in §301.7701-15(b)(1) of the Procedure and Administration Regulations) of any stock repurchase excise tax return or claim for refund of the stock repurchase excise tax to furnish a completed copy of the return or claim for refund to the taxpayer and retain a completed copy or record in the manner stated in §1.6107-1 of the Income Tax Regulations (26 CFR Part 1).

Proposed §58.6109-1(a) would require each stock repurchase excise tax return or claim for refund of the stock repurchase excise tax prepared by one or more signing tax return preparers to include the identifying number of the preparer required by §1.6695-1(b) to sign the return or claim for refund in the manner stated in §1.6109-2.

In addition, proposed §58.6060-1(a) would require a person that engages or employs one or more signing tax return preparers to prepare a stock repurchase excise tax return or claim for refund of the stock repurchase excise tax (other than for the person itself) to satisfy the recordkeeping and inspection requirements in §1.6060-1.

These proposed regulations also would provide certain rules relating to penalties that may be assessed against tax return preparers under sections 6694, 6695, and 6696. Under proposed §58.6694-1(b) and (c), a person who is a tax return preparer of any stock repurchase excise tax return or claim for refund of the stock repurchase excise tax would be subject to penalties under section 6694(a) for an understatement of liability due to an unreasonable position or under section 6694(b) for an understatement of liability due to willful or reckless conduct.

Under proposed §58.6695-1(a), a person who is a tax return preparer of any stock repurchase excise tax return or claim for refund of the stock repurchase excise tax would be subject to penalties for: (1) a failure to furnish a copy of the tax return or claim for refund to the taxpayer under section 6695(a); (2) a failure to sign the return under section 6695(b); (3) a failure to furnish an identifying number under section 6695(c); (4) a failure to retain a copy or list under section 6695(d); (5) a failure to file a correct information return under section 6695(e); or (6) endorsing or negotiating any check issued to the taxpayer under section 6695(f).

Lastly, proposed §58.6696-1(a) would require a claim for credit or refund of a penalty assessed against a tax return preparer under section 6694 or 6695 (or the corresponding regulations) to be made in the manner set forth in §1.6696-1.

### **Proposed Applicability Date**

Proposed §58.6001-1 would be applicable to repurchases, adjustments, or exceptions required to be shown in any stock repurchase excise tax return required to be filed after the date of publication of final regulations in the *Federal Register*.



Proposed §§58.6011-1, 58.6060-1, 58.6061-1, 58.6065-1, 58.6071-1, 58.6091-1, 58.6107-1, 58.6109-1, 58.6151-1, 58.6694-1, 58.6695-1, and 58.6696-1 would be applicable to stock repurchase excise tax returns and claims for refund required to be filed after the date of publication of final regulations in the ***Federal Register***.

### **Statement of Availability for IRS Documents**

Any IRS Revenue Procedure, Revenue Ruling, Notice, or other guidance cited in this preamble is published in the Internal Revenue Bulletin (or Cumulative Bulletin) and is available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at <https://www.irs.gov>.

### **Special Analyses**

#### I. Regulatory Planning and Review—Economic Analysis

Pursuant to the Memorandum of Agreement, Review of Treasury Regulations under Executive Order 12866 (June 9, 2023), tax regulatory actions issued by the IRS are not subject to the requirements of section 6 of Executive Order 12866, as amended. Therefore, a regulatory impact assessment is not required.

#### II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) (PRA) requires that a Federal agency obtain the approval of Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit.

The collections of information in these proposed regulations contain reporting and recordkeeping requirements in §§58.6001-1 and 58.6011-1 necessary for the IRS to accurately determine the stock repurchase excise tax due. The collection of information is required by law to comply with the provisions of section 4501 of the Code as enacted by section 10201 of the IRA. A Federal agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless

the collection of information displays a valid control number.

The recordkeeping requirements mentioned within these proposed regulations are considered general tax records under section 6001. These records are required for the IRS to validate that taxpayers have met the regulatory requirements. For PRA purposes, general tax records are already approved by OMB under 1545-0123 for business filers and 1545-0074 for individual filers.

The reporting requirements, including the written penalty of perjury statement, will be covered within Form 7208 and its instructions. The IRS is seeking OMB approval and requesting a new OMB control number for Form 7208 in accordance with the procedures outlined in 5 CFR 1320.10.

These proposed regulations mention reporting, third-party disclosures, and recordkeeping requirements for tax preparers. These proposed regulations are not changing the requirements contained within §1.6107-1, which is included in 1545-1231.

### III. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these proposed regulations will not have a significant economic impact on a substantial number of small entities. This certification is based on the fact that these proposed regulations provide specific administrative, procedural, and recordkeeping rules that would apply only to certain tax return preparers and to publicly traded corporations, which tends to consist of larger businesses. Specifically, based on data available to the IRS, for tax year 2021, 4,366 corporations reported publicly traded common stock. Of those corporations, 2,407 (over 55 percent) reported gross receipts over \$100 million, and 3,272 (approximately 75 percent) reported gross receipts over \$10 million. Meanwhile, for tax year 2021, the IRS received 7,464,790 Corporation Income Tax Returns and 4,710,457 U.S. Returns of Partnership Income. IRS Publication 6292, Fiscal Year Projections for the United States: 2022-2029, Fall 2022,

Table 2. Of these corporation and partnership returns for tax year 2021, 11,685,207 reported total assets below \$10 million. Thus, the number of corporations affected by these proposed regulations that reported total assets below \$10 million is less than one hundredth of one percent of the total number of businesses that reported total assets below \$10 million for tax year 2021. Therefore, these proposed regulations will not create additional obligations for, or impose an economic impact on, a substantial number of small entities. Accordingly, the Secretary certifies that the proposed regulations will not have a significant economic impact on a substantial number of small entities and a regulatory flexibility analysis under the Regulatory Flexibility Act is not required.

#### IV. Section 7805(f)

Pursuant to section 7805(f) of the Code, this notice of proposed rulemaking has been submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

#### V. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. These proposed regulations do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

#### VI. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency (to the extent practicable and permitted by law) from promulgating any regulation that has federalism implications, unless the agency meets the consultation and funding requirements of

section 6 of the Executive order, if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law. This proposed rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

### **Comments and Requests for a Public Hearing**

Before the proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** heading. The Treasury Department and the IRS request comments on all aspects of the proposed regulations and on forms related to the proposed regulations. All commenters are strongly encouraged to submit comments electronically. The Treasury Department and the IRS will publish for public availability any comment submitted electronically or on paper to the IRS's public docket on <https://www.regulations.gov>.

A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. Requests for a public hearing are encouraged to be made electronically. If a public hearing is scheduled, a notice of the date and time for the public hearing will be published in the ***Federal Register***. A telephonic option will remain available for those who prefer to attend or testify at a public hearing by telephone. Any telephonic hearing will be made accessible to people with disabilities.

### **Drafting Information**

The principal author of these regulations is Samuel G. Trammell of the Office of Associate Chief Counsel (Corporate). However, other personnel from the Treasury Department and the IRS participated in their development.

### **List of Subjects in 26 CFR Part 58**

Excise taxes, Stock repurchase excise tax, Reporting and recordkeeping requirements.

### **Proposed Amendments to the Regulations**

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 58, as proposed to be added elsewhere in this issue of the ***Federal Register***, as follows:

#### **PART 58—STOCK REPURCHASE EXCISE TAX**

**Paragraph 1.** The authority citation for part 58 is revised to read as follows:

**Authority:** 26 U.S.C. 4501(f) and 7805.

Section 58.6001-1 also issued under 26 U.S.C. 6001;

Section 58.6011-1 also issued under 26 U.S.C. 6011(a);

Section 58.6060-1 also issued under 26 U.S.C. 6060(a);

Section 58.6061-1 also issued under 26 U.S.C. 6061(a);

Section 58.6065-1 also issued under 26 U.S.C. 6065;

Section 58.6071-1 also issued under 26 U.S.C. 6071(a);

Section 58.6091-1 also issued under 26 U.S.C. 6091(a);

Section 58.6107-1 also issued under 26 U.S.C. 6107;

Section 58.6109-1 also issued under 26 U.S.C. 6109(a);

Section 58.6151-1 also issued under 26 U.S.C. 6151;

Section 58.6694-1 also issued under 26 U.S.C. 6694;

Section 58.6695-1 also issued under 26 U.S.C. 6695;

Section 58.6696-1 also issued under 26 U.S.C. 6696.

**Par 2.** Add subpart B to read as follows:

#### **Subpart B—Procedure and Administration**

Sec.

58.6001-1 Notice or regulations requiring records, statements, and special returns.

58.6011-1 General requirement of return, statement, or list.

- 58.6060-1 Reporting requirements for tax return preparers.
- 58.6061-1 Signing of returns and other documents.
- 58.6065-1 Verification of returns.
- 58.6071-1 Time for filing returns.
- 58.6091-1 Place for filing tax returns under chapter 37 of the Internal Revenue Code.
- 58.6107-1 Tax return preparer must furnish copy of return or claim for refund to taxpayer and must retain a copy or record.
- 58.6109-1 Tax return preparers furnishing identifying numbers for returns or claims for refund.
- 58.6151-1 Time and place for paying of tax shown on returns.
- 58.6694-1 Section 6694 penalties.
- 58.6695-1 Other assessable penalties with respect to the preparation of tax returns or claims for refund for other persons.
- 58.6696-1 Claims for credit or refund by tax return preparers.

## **Subpart B—Procedure and Administration**

### **§58.6001-1 Notice or regulations requiring records, statements, and special returns.**

(a) *In general.* Any covered corporation (as defined in section 4501(b) of the Internal Revenue Code (Code)), or any person treated as a covered corporation (as described in section 4501(d)(1)(A) or (d)(2)(A)), that makes a repurchase (as defined in section 4501(c)(1)), or that is treated as making a repurchase under section 4501(c)(2)(A), (d)(1)(B), or (d)(2)(B), must keep such complete and detailed records as are sufficient to establish accurately the amount of repurchases, adjustments, or exceptions required to be shown by the covered corporation or person treated as a covered corporation in any stock repurchase excise tax return (as defined in §58.6011-1(b)).

(b) *Notice by IRS requiring returns, statements, or the keeping of records.* The Internal Revenue Service (IRS) may require any covered corporation or person treated as a covered corporation, by notice served upon such corporation or person, to make such returns, render such statements, or keep such specific records as will enable the IRS to determine whether or not such corporation or person is liable for tax under chapter 37 of the Code.

(c) *Retention of records.* The records required by this section must be kept at all

times available for inspection by the IRS and must be retained for so long as the contents thereof may become material in the administration of any internal revenue law.

(d) *Applicability date.* This section applies to repurchases, adjustments, or exceptions required to be shown in any stock repurchase excise tax return required to be filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6011-1 General requirement of return, statement, or list.**

(a) *In general.* Any covered corporation (as defined in the Internal Revenue Code (Code), section 4501 (section 4501), subsection (b)), or any person treated as a covered corporation (as described in section 4501(d)(1)(A) or (d)(2)(A)), that makes a repurchase (as defined in section 4501(c)(1)), or that is treated as making a repurchase under section 4501(c)(2)(A), (d)(1)(B), or (d)(2)(B), after December 31, 2022, must file a stock repurchase excise tax return.

(b) *Stock Repurchase Excise Tax Return.* For purposes of this part, the term *stock repurchase excise tax return* means a Form 720, *Quarterly Federal Excise Tax Return*, with an attached Form 7208, *Excise Tax on Repurchase of Corporate Stock*, or any other forms, schedules, or statements prescribed by the Commissioner for the purpose of making a return to report the tax under chapter 37 of the Code.

(c) *Special rules for multiple section 4501(d) covered corporations with respect to a covered surrogate foreign corporation.* For special rules applicable for persons treated as a covered corporation (as described in section 4501(d)(2)(A)) with respect to a covered surrogate foreign corporation (as defined in section 4501(d)(3)(B)), see §58.4501-7(d)(2).

(d) *Applicability date.* This section applies to stock repurchase excise tax returns required to be filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE

**FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6060-1 Reporting requirements for tax return preparers.**

(a) *In general.* A person that engages or employs one or more signing tax return preparers (as defined in §301.7701-15(b)(1) of this chapter) to prepare a stock repurchase excise tax return (as defined in §58.6011-1(b)) or claim for refund of tax under chapter 37 of the Internal Revenue Code, other than for the person, at any time during a return period, must satisfy the recordkeeping and inspection requirements in the manner stated in §1.6060-1 of this chapter.

(b) *Applicability date.* This section applies to stock repurchase excise tax returns and claims for refund required to be filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6061-1 Signing of returns and other documents.**

(a) *In general.* Any stock repurchase excise tax return (as defined in §58.6011-1(b)), statement, or other document required to be made with respect to the tax imposed by chapter 37 of the Internal Revenue Code (chapter 37) must be signed by the person required to file the return, statement, or other document, or by the persons required or duly authorized to sign in accordance with the regulations, forms, or instructions prescribed with respect to such return, statement, or document. An individual's signature on such a return, statement, or other document is prima facie evidence that the individual is authorized to sign the return, statement, or other document.

(b) *Applicability date.* This section applies to stock repurchase excise tax returns, statements, or other documents that are required to be made with respect to the tax imposed by chapter 37 and required to be filed after [DATE OF PUBLICATION



OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6065-1 Verification of returns.**

(a) *In general.* If either a stock repurchase excise tax return (as defined in §58.6011-1(b)), statement, or other document made with respect to any tax imposed by chapter 37 of the Internal Revenue Code (chapter 37), or the related form and instructions, requires that such return, statement, or other document contain or be verified by a written declaration that it is made under the penalties of perjury, then it must be so verified by the person or persons required to sign such return, statement, or other document. In addition, any other statement or document submitted under any provision of chapter 37, subtitle F, or regulations under this part with respect to any tax imposed by chapter 37 may be required to contain or be verified by a written declaration that it is made under the penalties of perjury.

(b) *Applicability date.* This section applies to stock repurchase excise tax returns, statements, or other documents that are required to be made with respect to the tax imposed by chapter 37 and required to be filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6071-1 Time for filing returns.**

(a) *In general.* Except as provided in paragraph (c) of this section, a stock repurchase excise tax return required by §58.6011-1(a) must be filed by the due date of the Form 720, *Quarterly Federal Excise Tax Return*, that is for the first full calendar quarter after the taxable year of the covered corporation, or person treated as a covered corporation (as described in the Internal Revenue Code (Code), section 4501 (section

4501), paragraph (d)(1)(A) or (d)(2)(A)), ends.

(b) *Example.* Corporation X is a covered corporation with a taxable year that ends on December 31. During its 2024 taxable year, Corporation X makes a repurchase within the meaning of section 4501(c)(1). Because Corporation X's taxable year ends in the fourth quarter of the calendar year, Corporation X must file a stock repurchase excise tax return reporting liability for the tax imposed by chapter 37 of the Code by the due date for a first-quarter Form 720 (that is, April 30, 2025).

(c) *Taxable years ending before date of publication of final regulations.* With respect to a covered corporation, or person treated as a covered corporation, with a taxable year ending after December 31, 2022, and on or before [EFFECTIVE DATE OF FINAL RULE], the stock repurchase excise tax return required by §58.6011-1(a) for such taxable year must be filed by the due date of the Form 720 for the first full calendar quarter after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**]. If a covered corporation, or person treated as a covered corporation, has more than one taxable year ending after December 31, 2022, and on or before [EFFECTIVE DATE OF FINAL RULE], the covered corporation, or person treated as a covered corporation, should file a single Form 720 with two separate Forms 7208 (one for each taxable year) attached.

(d) *Example.* Corporation Y is a covered corporation with a taxable year ending December 31, 2023. During its 2023 taxable year, Corporation Y makes a repurchase within the meaning of section 4501(c)(1). If the date the Treasury decision adopting these rules as final regulations is published in the **Federal Register** were September 16, 2024, Corporation Y would be required to file the stock repurchase excise tax return for its 2023 taxable year by the due date for a fourth-quarter Form 720 (that is, January 31, 2025).

(e) *Applicability date.* This section applies to stock repurchase excise tax returns

required to be filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6091-1 Place for filing tax returns under chapter 37 of the Internal Revenue Code.**

(a) *In general.* Except as provided in paragraphs (b) and (c) of this section, stock repurchase excise tax returns required by §58.6011-1(a) must be filed in accordance with the instructions applicable to such returns.

(b) *Hand-carried returns.* Notwithstanding paragraph (a) of this section, stock repurchase excise tax returns that are filed by hand carrying must be filed with any person assigned the responsibility to receive hand-carried returns in the local Internal Revenue Service (IRS) office that serves the principal place of business, principal office, or agency of the taxpayer.

(c) *Exceptional cases.* Notwithstanding paragraph (a) of this section, the Commissioner may permit the filing of any stock repurchase excise tax return in any local IRS office.

(d) *Applicability date.* This section applies to stock repurchase excise tax returns required to be filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6107-1 Tax return preparer must furnish copy of return or claim for refund to taxpayer and must retain a copy or record.**

(a) *In general.* A person who is a signing tax return preparer (as defined in §301.7701-15(b)(1) of this chapter) of any stock repurchase excise tax return required by §58.6011-1(a) or claim for refund of tax under chapter 37 of the Internal Revenue Code must furnish a completed copy of the stock repurchase excise tax return or claim for refund to the taxpayer and retain a completed copy or record in the manner stated in

§1.6107-1 of this chapter.

(b) *Applicability date.* This section applies to stock repurchase excise tax returns and claims for refund required to be filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6109-1 Tax return preparers furnishing identifying numbers for returns or claims for refund.**

(a) *In general.* Each stock repurchase excise tax return required by §58.6011-1(a) or claim for refund of tax under chapter 37 of the Internal Revenue Code prepared by one or more signing tax return preparers (as defined in §301.7701-15(b)(1) of this chapter) must include the identifying number of the preparer required by §1.6695-1(b) of this chapter to sign the stock repurchase excise tax return or claim for refund in the manner stated in §1.6109-2 of this chapter.

(b) *Applicability date.* This section applies to stock repurchase excise tax returns and claims for refund required to be filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6151-1 Time and place for paying of tax shown on returns.**

(a) *In general.* The tax shown on any stock repurchase excise tax return required by §58.6011-1(a) must, without assessment or notice and demand, be paid to the Internal Revenue Service at the time and place for filing such stock repurchase excise tax return. For provisions relating to the time and place for filing the stock repurchase excise tax return required under §58.6011-1(a), see §§58.6071-1 and 58.6091-1.

(b) *Applicability date.* This section applies to payments of stock repurchase excise tax required to be paid after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after

[DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6694-1 Section 6694 penalties.**

(a) *Penalties applicable to tax return preparer.* For general definitions regarding penalties under section 6694 of the Internal Revenue Code (section 6694) applicable to preparers of tax returns or claims for refund of tax under chapter 37 of the Code, see §1.6694-1 of this chapter.

(b) *Penalties for understatement due to an unreasonable position.* A person who is a tax return preparer of any return or claim for refund of tax under chapter 37 may be subject to penalties under section 6694(a) in the manner stated in §1.6694-2 of this chapter.

(c) *Penalties for understatement due to willful, reckless, or intentional conduct.* A person who is a tax return preparer of any return or claim for refund of tax under chapter 37 may be subject to penalties under section 6694(b) in the manner stated in §1.6694-3 of this chapter.

(d) *Extension of period of collection when tax return preparer pays 15 percent of a penalty for understatement of taxpayer's liability and certain other procedural matters.* The rules under §1.6694-4 of this chapter, relating to the extension of period of collection when a tax return preparer who prepared a return or claim for refund for tax pays 15 percent of a penalty for understatement of taxpayer's liability and procedural matters relating to the investigation, assessment, and collection of the penalties under sections 6694(a) and (b), apply to a tax return preparer who prepared a return or claim for refund for tax under chapter 37 of the Code.

(e) *Applicability date.* This section applies to returns and claims for refund filed, and advice provided, after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6695-1 Other assessable penalties with respect to the preparation of tax returns or claims for refund for other persons.**

(a) *In general.* A person who is a tax return preparer of any return or claim for refund of tax under chapter 37 of the Internal Revenue Code (Code) may be subject to penalties for failure to furnish a copy to the taxpayer under section 6695(a) of the Code, failure to sign the return under section 6695(b), failure to furnish an identifying number under section 6695(c), failure to retain a copy or list under section 6695(d), failure to file a correct information return under section 6695(e), and endorsement or negotiation of a check under section 6695(f), in the manner stated in §1.6695-1 of this chapter.

(b) *Applicability date.* This section applies to returns and claims for refund filed after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**§58.6696-1 Claims for credit or refund by tax return preparers.**

(a) *In general.* The rules under §1.6696-1 of this chapter apply to claims for credit or refund by a tax return preparer who prepared a return or claim for credit or refund for tax under chapter 37 of the Internal Revenue Code.

(b) *Applicability date.* This section applies to returns and claims for credit or refund filed, and advice provided, after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**], and during taxable years ending after [DATE OF PUBLICATION OF FINAL REGULATIONS IN THE **FEDERAL REGISTER**].

**Douglas W. O'Donnell,**

Deputy Commissioner for Services and Enforcement.