

substantial direct effect on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes. Accordingly, we conclude that the rule does not contain policies that have tribal implications as defined in the Executive Order and, consequently, a tribal summary impact statement is not required.

## XII. Federalism

We have analyzed this final rule in accordance with the principles set forth in Executive Order 13132. We have determined that the final rule does not contain policies that have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. Accordingly, we conclude that the rule does not contain policies that have federalism implications as defined in the Executive order and, consequently, a federalism summary impact statement is not required.

## XIII. References

The following references marked with an asterisk (\*) are on display at the Dockets Management Staff (see **ADDRESSES**) and are available for viewing by interested persons between 9 a.m. and 4 p.m., Monday through Friday; they also are available electronically at <https://www.regulations.gov>. References without asterisks are not on public display at <https://www.regulations.gov> because they have copyright restriction. Some may be available at the website address, if listed. References without asterisks are available for viewing only at the Dockets Management Staff. Although FDA verified the website addresses in this document, please note that websites are subject to change over time.

- \*1. FDA Memorandum from S. Shibko to Division of Regulations and Petitions Control, May 25, 1970.
- \*2. FDA Memorandum from L. Friedman to L. Buckley, Division of Regulations and Petitions Control, October 21, 1970.
- \*3. FDA Memorandum from Y. Zang to T. Croce, Division of Petition Review, September 2, 2014.
- 4. Woodling K.A., P. Chitranshi, C.C. Jacob, et al., "Toxicological Evaluation of Brominated Vegetable Oil in Sprague Dawley Rats." *Food and Chemical Toxicology*, 165:113137, 2022.
- \*5. FDA Memorandum from D. Doell to J. Downey, Regulatory Review Branch—Team 1, March 1, 2023.

\*6. FDA Memorandum from J. Gingrich to J. Downey, Regulatory Review Branch—Team 1, March 1, 2023.

\*7. FDA Final Rule to Revoke Uses of Brominated Vegetable Oil in Foods (<https://www.fda.gov/about-fda/reports/economic-impact-analyses-fda-regulations>).

### List of Subjects in 21 CFR Part 180

Food additives.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under the authority delegated to the Commissioner of Food and Drugs, 21 CFR part 180 is amended as follows:

### PART 180—FOOD ADDITIVES PERMITTED IN FOOD OR IN CONTACT WITH FOOD ON AN INTERIM BASIS PENDING ADDITIONAL STUDY

- 1. The authority citation for part 180 continues to read as follows:

**Authority:** 21 U.S.C. 321, 342, 343, 348, 371; 42 U.S.C. 241.

#### § 180.30 [Removed]

- 2. Remove § 180.30.

Dated: June 18, 2024.

**Robert M. Califf,**

*Commissioner of Food and Drugs.*

[FR Doc. 2024-14300 Filed 7-2-24; 8:45 am]

**BILLING CODE 4164-01-P**

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 58

[TD 10002]

RIN 1545-BQ60

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

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

**ACTION:** Final regulations.

**SUMMARY:** This document contains final regulations that provide guidance regarding the reporting and payment of the excise tax on repurchases of corporate stock made after December 31, 2022. The regulations affect certain publicly traded corporations that repurchase their stock or whose stock is acquired by certain specified affiliates.

#### DATES:

**Effective date:** These final regulations are effective on June 28, 2024.

**Applicability dates:** For dates of applicability, see §§ 58.6001-(d), 58.6011-1(d), 58.6060-1(b), 58.6061-1(b), 58.6065-1(b), 58.6071-1(e),

58.6091-1(d), 58.6107-1(b), 58.6109-1(b), 58.6151-1(b), 58.6694-1(e), 58.6695-1(b), and 58.6696-1(b).

#### SUPPLEMENTARY INFORMATION:

#### Background

##### I. The Proposed Regulations

On April 12, 2024, the Department of the Treasury (Treasury Department) and the IRS published proposed regulations (REG-118499-23) in the **Federal Register** (89 FR 25829) that would provide rules on procedure and administration applicable to the reporting and payment of the excise tax on repurchases of corporate stock (stock repurchase excise tax) imposed by section 4501 of the Internal Revenue Code (Code) for repurchases made after December 31, 2022 (proposed procedural regulations). This Treasury decision finalizes the proposed procedural regulations (other than proposed § 58.6011-1(c)) after taking into account comments received, as described in the Summary of Comments and Explanation of Revisions section of this preamble. The final regulations are added as subpart B of new 26 CFR part 58 (Stock Repurchase Excise Tax Regulations), which is added to subchapter D of 26 CFR chapter I (Miscellaneous Excise Taxes).

On April 12, 2024, the Treasury Department and the IRS also published a separate notice of proposed rulemaking (REG-115710-22) in the same issue of the **Federal Register** (89 FR 25980) that would provide operating rules in proposed subpart A of part 58 relating to the computation of the stock repurchase excise tax (proposed computational regulations). This Treasury decision does not finalize the proposed computational regulations. The Treasury Department and the IRS intend to finalize the proposed computational regulations in a separate Treasury decision after considering comments received with respect to those proposed regulations.

##### 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 covered corporation that is

repurchased (as defined in section 4501(c)(1)) by the covered corporation, or treated as repurchased by the covered 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 described certain operating rules for purposes of the stock repurchase excise tax that the Treasury Department and the IRS intended to include in proposed regulations. In addition, section 4 of Notice 2023–2 described 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 (i) the stock repurchase excise tax must be reported on IRS Form 720, *Quarterly Federal Excise Tax Return*, (ii) taxpayers must attach an additional form to the Form 720 reflecting the computation of the stock repurchase excise tax, (iii) 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, (iv) the deadline for payment of the stock repurchase excise tax is the same as the filing deadline, and (v) no extensions are permitted for reporting or paying the stock repurchase excise tax.

Consistent with Notice 2023–2, on April 12, 2024, the Treasury Department and the IRS published the proposed procedural regulations prescribing the manner and method of reporting and paying the stock repurchase excise tax 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. As noted in the preamble to the proposed procedural regulations, to assist in the identification of transactions subject to the stock repurchase excise tax, the Treasury Department and the IRS have added items relevant to the stock repurchase excise tax to tax return forms other than Form 720. *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.

### Summary of Comments and Explanation of Revisions

After consideration of the comments received in response to the proposed procedural regulations, this Treasury decision adopts those regulations (other than proposed § 58.6011–1(c)) with the revisions described in this Summary of Comments and Explanation of Revisions.

#### *I. Combination of Proposed Procedural Regulations and Proposed Computational Regulations*

One commenter suggested that the proposed computational regulations and the proposed procedural regulations should be combined into one proposal because they stem from the same piece of legislation, have the same goal, and employ the same methodology of achieving that goal. These final regulations do not adopt the commenter’s suggestion. Although the proposed computational regulations and the proposed procedural regulations stem from, and facilitate the implementation of, the same piece of legislation, the Treasury Department and the IRS proposed these regulations in two separate notices of proposed rulemaking to facilitate the prompt finalization of the proposed procedural regulations, and to thereby provide taxpayers with certainty regarding the manner of reporting and paying the stock repurchase excise tax. Moreover, it is not uncommon for the Treasury Department and the IRS to issue separate tranches of regulatory guidance with respect to a single statutory provision.

#### *II. Recordkeeping Requirement*

Under proposed § 58.6001–1(a), any covered corporation, or any person treated as a covered corporation, that makes a repurchase or that is treated as making a repurchase is 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. 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. Proposed § 58.6001–1(c) provides that the records required to be maintained must be available for inspection by the IRS and retained for so long as their contents may become material.

One commenter suggested that a covered corporation should be required to keep only complete and detailed records sufficient to establish the amount of tax shown on its stock repurchase excise tax return, which is defined under proposed § 58.6011–1(b). For example, according to the commenter, if the covered corporation chooses one method for valuing the amount of the corporation’s repurchases and issuances, and the IRS asserts that the covered corporation should have used a different method for valuing the amount of the corporation’s repurchases and issuances, the covered corporation should not be required to maintain records sufficient to establish the amount of the corporation’s repurchases and issuances under the IRS’s preferred method of valuation.

The Treasury Department and the IRS disagree with the commenter. The recordkeeping requirements in proposed § 58.6001–1(a) are similar to the recordkeeping requirements under section 6001 for other excise taxes in subchapter D of 26 CFR chapter I (Miscellaneous Excise Taxes). *See*, for example, §§ 53.6001–1(a) (“Any person subject to tax under chapter 42 . . . shall keep records as are sufficient to enable the district director to determine accurately the amount of liability”); 55.6001–1(a) (similar with respect to tax under chapter 44); 56.6001–1(a) (similar with respect to tax under chapter 41); 156.6001–1(a) (similar with respect to tax under chapter 54); and 157.6001–1(a) (similar with respect to tax under chapter 55). Moreover, the valuation requirements in the proposed computational regulations would allow covered corporations to choose from one of four acceptable methods in determining the market price of publicly traded stock so long as the covered corporation consistently applies such method throughout the covered corporation’s taxable year. *See* proposed §§ 58.4501–2(h) and –4(e). This recordkeeping requirement appropriately balances the need for covered corporations to keep records with the IRS’s need to be able to establish accurately the amount of repurchases, adjustments, or exceptions required to be shown on a covered

corporation's stock repurchase excise tax return. Accordingly, these final regulations do not adopt this comment.

### III. Return Requirement

#### A. Overview

Proposed § 58.6011–1(a) would require a stock repurchase excise tax return 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. Under the proposed procedural regulations, any covered corporation, or any person treated as a covered corporation, that makes a repurchase, or that is treated as making a repurchase, is required to comply with these requirements, even if every repurchase is eligible for a statutory exception under section 4501(e) (for example, in the case of repurchases by a regulated investment company (RIC), as defined in section 851 of the Code, or a real estate investment trust (REIT), as defined in section 856(a) of the Code) or is offset by issuances or provisions of the covered corporation's stock under section 4501(c)(3).

#### B. Filing Obligations of Regulated Investment Companies and Real Estate Investment Trusts

One commenter recommended that RICs and REITs should be exempt from filing the Form 7208, *Excise Tax on Repurchase of Corporate Stock*, provided all repurchases during the relevant reporting period are made by the RIC or the REIT and thereby qualify for the statutory exception under section 4501(e)(5). Alternatively, the commenter recommended that, in lieu of requiring RICs and REITs to file Form 7208 with respect to their repurchases, the IRS could add a "checkbox" to Form 1120–RIC, *U.S. Income Tax Return for Regulated Investment Companies*, and Form 1120–REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*, pursuant to which RICs and REITs could certify that all stock repurchases made during the taxable year qualified for the statutory exception under section 4501(e)(5). According to the commenter, requiring RICs and REITs to file a Form 7208 in situations in which all their repurchases qualify for the statutory exception under section 4501(e)(5) would be unnecessary, burdensome, and duplicative of filings already required by the Securities and Exchange Commission (SEC), with no apparent benefit for tax compliance.

The Treasury Department and the IRS agree that, so long as a covered corporation qualifies as a RIC or a REIT for a taxable year, then all of such corporation's repurchases of its stock during that year would qualify for the statutory exception under section 4501(e)(5). Accordingly, the final regulations adopt the commenter's primary recommendation and exempt RICs and REITs from the obligation to file a stock repurchase excise tax return. *See* § 58.6011–1(a).

However, RICs and REITs would continue to be subject to the recordkeeping requirement in § 58.6001–1 under the final regulations. Records establishing a RIC's or a REIT's repurchases, adjustments, and exceptions under the stock repurchase excise tax could become relevant in the event a covered corporation ceases to qualify as a RIC or a REIT for the taxable year, or if the corporation revokes its election to be a REIT for the taxable year. In such cases, the corporation's repurchases would not qualify for the exception under section 4501(e)(5), and the information required to be retained under § 58.6001–1 would be required to compute the corporation's stock repurchase excise tax liability.

#### C. Filing Obligation Only for Taxable Years in Which a Repurchase Is Made

Commenters have asked whether proposed § 58.6011–1(a) could be construed as mandating a continuing annual filing requirement for any covered corporation or any person treated as a covered corporation that has made a repurchase, or that is treated as having made a repurchase, in a previous taxable year. For example, commenters have suggested that the language of proposed § 58.6011–1(a) could be read as requiring a covered corporation to file a stock repurchase excise tax return even with respect to taxable years in which the covered corporation has not made a repurchase, because proposed § 58.6011–1(a) requires any covered corporation that makes a repurchase after December 31, 2022, to file a stock repurchase excise tax return, without specifying that a repurchase must occur within the period for which such return is filed.

The Treasury Department and the IRS intended a stock repurchase excise tax return to be filed only with respect to a taxable year in which a repurchase, or a transaction treated as a repurchase, is made. Accordingly, these final regulations revise § 58.6011–1(a) to clarify that a stock repurchase excise tax return must be filed with respect to any taxable year in which the covered corporation or person treated as a

covered corporation makes a repurchase or is treated as making a repurchase.

#### D. Special Rules for Multiple Section 4501(d) Covered Corporations With Respect to a Covered Surrogate Foreign Corporation

Proposed § 58.6011–1(c) cross-references proposed § 58.4501–7(d)(2) for special rules applicable to 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)). These final regulations reserve § 58.6011–1(c). The Treasury Department and the IRS intend to finalize proposed § 58.6011–1(c) when proposed § 58.4501–7(d)(2) is finalized.

#### IV. Signing of Stock Repurchase Excise Tax Return

Under proposed § 58.6061–1(a), any stock repurchase excise tax return, statement, or other document required to be made with respect to the stock repurchase excise tax would be required to 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.

One commenter suggested that the signing requirement under proposed § 58.6061–1(a) should be coordinated with the signing requirement under section 6062 of the Code. Section 6062 provides that "[t]he return of a corporation *with respect to income* shall be signed by the president, vice-president, treasurer, assistant treasurer, chief accounting officer or any other officer duly authorized so to act" (emphasis added).

These final regulations do not adopt this comment. By its terms, section 6062 addresses corporate *income tax* returns and does not apply to excise tax returns, including the stock repurchase excise tax return. Accordingly, the appropriate party to sign the stock repurchase excise return must be designated under section 6061, rather than section 6062. Moreover, proposed § 58.6011–1(b) would provide that the stock repurchase excise tax return is the Form 720 with an attached Form 7208. The Form 7208 does not have a signature line, and the instructions to the Form 7208 require the form to be attached to a Form 720, which must be signed under penalties of perjury. *See* Instructions to Form 7208. As such, the appropriate party to sign the stock repurchase excise tax return is the party who signs the Form 720.

#### V. Example in Proposed § 58.6071–1(d)

The Treasury Department and the IRS have made non-substantive revisions to the Example in proposed § 58.6071–1(d) to align it with the effective date of these final regulations.

#### VI. Modification of Applicability Date

The rules described in the proposed procedural regulations generally were proposed to have applied to stock repurchase excise tax returns (and to the extent relevant, claims for refund) required to be filed after the date final regulations were published in the **Federal Register**, and during taxable years ending after the date final regulations were published in the **Federal Register**. These final regulations will apply to stock repurchase excise tax returns (and to the extent relevant, claims for refund) required to be filed after the date these final regulations are filed with the **Federal Register**, and during taxable years ending after the date these final regulations are filed in the **Federal Register**. The Treasury Department and the IRS have made this slight adjustment to the applicability dates to facilitate the IRS's administration and enforcement of the stock repurchase excise tax and provide guidance to taxpayers as quickly as possible.

#### 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. 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 collections of information in these final 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.

The recordkeeping requirements mentioned within these final 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. The reporting requirements, including the written penalty of perjury statement, are covered within Form 7208 and its instructions. The IRS obtained OMB approval for Form 7208 and the associated collections under 1545–2323 in accordance with the procedures outlined in 5 CFR 1320.10.

These final regulations mention reporting and recordkeeping requirements for tax preparers. These final 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 final regulations will not have a significant economic impact on a substantial number of small entities. This certification is based on the fact that these final regulations provide specific administrative, procedural, and recordkeeping rules that apply only to certain tax return preparers and to publicly traded corporations, which tend 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 final 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 final 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 final 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 Internal Revenue Code, the proposed procedural regulations (REG–118499–23) preceding these final regulations were submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on the impact on small business, and no comments were received.

#### 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 final 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 final 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.

### VII. Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Information and Regulatory Affairs designated this rule as not a “major rule,” as defined by 5 U.S.C. 804(2).

#### Drafting Information

The principal authors of these regulations are Kailee H. Farrell and 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.

#### Adoption of Amendments to the Regulations

■ Accordingly, 26 CFR part 58 is added to read as follows:

### PART 58—STOCK REPURCHASE EXCISE TAX

#### Subpart A—[Reserved]

#### 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.
- 58.6011–1 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

**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.

#### Subpart A—[Reserved]

#### 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 June 28, 2024, and during taxable years ending after June 28, 2024.

##### § 58.6011–1 General requirement of return, statement, or list.

(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)), other than a regulated investment company (as defined in section 851 of the Code) or a real estate investment trust (as defined in section 856(a) of the Code), 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 with respect to any taxable year in which the covered corporation or person treated as a covered corporation makes a repurchase or is treated as making a repurchase under section 4501(c)(2)(A), (d)(1)(B), or (d)(2)(B).

(b) *Stock Repurchase Excise Tax Return.* For purposes of this part, the term *stock repurchase excise tax return* means the Form 720, *Quarterly Federal Excise Tax Return*, due for the first full calendar quarter after the end of the covered corporation’s taxable year, 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) [Reserved]

(d) *Applicability date.* This section applies to stock repurchase excise tax returns required to be filed after June 28, 2024, and during taxable years ending after June 28, 2024.

##### § 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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, 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 end of the taxable year of the covered corporation

(as defined in section 4501(b) of the Internal Revenue Code (Code)), or person treated as a covered corporation (as described in section 4501(d)(1)(A) or (d)(2)(A)).

(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 on or before June 28, 2024.* 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 June 28, 2024, 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 June 28, 2024. 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 June 28, 2024, the covered corporation, or person treated as a covered corporation, should file a single Form 720 with two separate Forms 7208, *Excise Tax on Repurchase of Corporate Stock* (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). Corporation Y is required to file the stock repurchase excise tax return for its 2023 taxable year by the due date of the Form 720 for the first full calendar quarter after June 28, 2024. The due date for the Form 720 for the first full calendar quarter after June 28, 2024 (that is, the third quarter Form 720), is October 31, 2024.

(e) *Applicability date.* This section applies to stock repurchase excise tax returns required to be filed after June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 (Code) 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 of tax pays 15 percent of a penalty for understatement of taxpayer's liability and to procedural matters regarding 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.

(e) *Applicability date.* This section applies to returns and claims for refund filed, and advice provided, after June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**§ 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 June 28, 2024, and during taxable years ending after June 28, 2024.

**Douglas W. O'Donnell,**  
*Deputy Commissioner.*

Approved: June 24, 2024.

**Aviva R. Aron-Dine,**  
*Acting Assistant Secretary of the Treasury*  
*(Tax Policy).*

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**DEPARTMENT OF THE TREASURY****Financial Crimes Enforcement Network****31 CFR Part 1010**

**RIN 1506–AB65**

**Imposition of Special Measure Regarding Al-Huda Bank as a Financial Institution of Primary Money Laundering Concern**

**AGENCY:** Financial Crimes Enforcement Network (FinCEN), Treasury.

**ACTION:** Final rule.

**SUMMARY:** FinCEN is issuing this final rule to prohibit covered U.S. financial institutions from opening or

maintaining a correspondent account for, or on behalf of Al-Huda Bank, a foreign financial institution based in Iraq found to be of primary money laundering concern pursuant to section 311 of the USA PATRIOT Act. The rule further requires covered U.S. financial institutions to take reasonable steps not to process transactions for the correspondent account of a foreign banking institution in the United States if such a transaction involves Al-Huda Bank. It also requires covered institutions to apply special due diligence to their foreign correspondent accounts that is reasonably designed to guard against their use to process transactions involving Al-Huda Bank.

**DATES:** This final rule is effective August 2, 2024.

**FOR FURTHER INFORMATION CONTACT:** The FinCEN Regulatory Support Section at 1–800–767–2825 or electronically at [frc@fincen.gov](mailto:frc@fincen.gov).

**SUPPLEMENTARY INFORMATION:****I. Background****A. Statutory Provisions**

On October 26, 2001, the President signed into law the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107–56 (USA PATRIOT Act). Title III of the USA PATRIOT Act amended the anti-money laundering (AML) provisions of the Bank Secrecy Act (BSA) to promote the prevention, detection, and prosecution of international money laundering and the financing of terrorism.<sup>1</sup> Section 311 of the USA PATRIOT Act (section 311), codified at 31 U.S.C. 5318A, grants the Secretary of the Treasury (Secretary) authority, upon finding that reasonable grounds exist for concluding that one or more financial institutions operating outside of the United States is of primary money laundering concern, to require domestic financial institutions and domestic financial agencies to take certain “special measures.” The authority of the Secretary to administer the Bank Secrecy Act (BSA) and its implementing regulations has been delegated to FinCEN.<sup>2</sup>

<sup>1</sup> The BSA, as amended, is the popular name for a collection of statutory authorities that FinCEN administers that is codified at 12 U.S.C. 1829b, 1951–1960 and 31 U.S.C. 5311–5314, 5316–5336, and includes other authorities reflected in notes thereto. Regulations implementing the BSA appear at 31 CFR Chapter X.

<sup>2</sup> Pursuant to Treasury Order 180–01 (Jan. 14, 2020), the authority of the Secretary to administer the BSA, including, but not limited to, 31 U.S.C. 5318A, has been delegated to the Director of FinCEN.