



# TaxNewsFlash

United States



No. 2023-231  
June 29, 2023

## Announcement 2023-18: Taxpayers not required to report or pay stock repurchase excise tax before time specified in forthcoming regulations

The IRS today issued [Announcement 2023-18](#) [PDF 93 KB], confirming that no taxpayer is required to report the new 1% excise tax under section 4501 on repurchases of corporate stock on any returns filed with the IRS, or to make any payments of such tax, before the time specified in forthcoming regulations.

The stock repurchase excise tax applies to repurchases made after December 31, 2022. The Treasury Department and IRS published Notice 2023-2 to provide initial guidance regarding the application of the stock repurchase excise tax and to announce that the Treasury Department and IRS intend to issue forthcoming regulations addressing the application of the stock repurchase excise tax. Read [TaxNewsFlash](#)

Notice 2023-2 described anticipated procedures for reporting and paying any liability for the stock repurchase excise tax that the Treasury Department and the IRS intend to include in the forthcoming regulations. Specifically, Notice 2023-2 stated that the forthcoming regulations are expected to provide that:

- The stock repurchase excise tax will be reported once per tax year on the Form 720, *Quarterly Federal Excise Tax Return*, that is due for the first full quarter after the close of the taxpayer's tax year.
- The deadline for payment of the stock repurchase excise tax will be the same as the filing deadline.
- No extensions will be permitted for reporting or paying the stock repurchase excise tax.

Today's announcement confirms that for those taxpayers with a tax year ending after December 31, 2022, but prior to publication of the forthcoming regulations (i.e., for fiscal year filers and taxpayers with a short tax year ending prior to December 2023), such regulations are expected to provide that any liability for the stock repurchase excise tax for such tax year will be reported on the Form 720 that is due for the first full quarter after the date of publication of the forthcoming regulations, and that the deadline for payment of the stock repurchase excise tax is the same as the filing deadline.

There will be no addition to tax under section 6651(a) (or any other provision of the Code) for failure to file a return reporting the stock repurchase excise tax, or for failure to pay the stock repurchase excise tax, before the time specified in the forthcoming regulations.

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The Treasury Department and IRS expect the forthcoming regulations will require covered corporations to keep complete and detailed records to establish accurately any amount of stock repurchases (including repurchases made after December 31, 2022, but before the forthcoming regulations are published) and to retain these records as long as their contents may become material.

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