



# TaxNewsFlash

United States



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## Notice 2023-52: Guidance on section 5000D excise tax on sales of “designated drugs”

The IRS today released an advance version of [Notice 2023-52](#) [PDF 135 KB] announcing forthcoming proposed regulations providing guidance on the excise tax imposed under section 5000D on sales of “designated drugs,” which was introduced by H.R. 5376 (commonly called the “Inflation Reduction Act” (IRA)).

The term “designated drug” means any negotiation-eligible drug (as defined in section 1192(d) of the Social Security Act (SSA)) included on the list published under section 1192(a) of the SSA that is manufactured or produced in the United States or entered into the United States for consumption, use, or warehousing.

Notice 2023-52 provides that under the forthcoming proposed regulations, the section 5000D tax would be imposed on taxpayer sales of designated drugs dispensed, furnished, or administered to individuals under the terms of Medicare. The notice specifies that the proposed regulations also will propose a rule providing that when the section 5000D tax is separately charged on the invoice or records pertaining to the sale of a designated drug by the manufacturer, the tax is not part of the price of the designated drug. Finally, the notice describes procedural rules to be provided under the proposed regulations intended to help taxpayers meet their reporting and payment obligations with respect to the tax.

The notice states that until the Treasury Department and IRS issue further guidance, taxpayers may rely on the guidance set out in the notice.

Read a related IRS release—[IR-2023-141](#) (August 4, 2023)

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