



TaxNewsFlash

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Proposed regulations: Guidance on procedural requirements for section 5000D excise tax on sales of “designated drugs”

The U.S. Treasury Department and IRS today released for publication in the Federal Register [proposed regulations](#) [PDF 282 KB] (REG 115559-23) that would provide guidance on how taxpayers will report liability for the excise tax imposed under section 5000D on manufacturers, producers, or importers of certain “designated drugs,” which was introduced by H.R. 5376 (commonly called the “Inflation Reduction Act” (IRA)).

[Notice 2023-52](#) [PDF 135 KB] announced that the Treasury Department and the IRS intend to propose regulations addressing substantive and procedural issues related to the section 5000D tax (read [TaxNewsFlash](#)). These proposed regulations only address return filing and other procedural requirements related to the section 5000D tax as set forth in Notice 2023-52. The Treasury Department and the IRS will issue a separate notice of proposed rulemaking to address substantive issues related to the section 5000D tax.

Comments on the proposed regulations and requests for a public hearing are due by the date that is 60 days after the proposed regulations are published in the Federal Register, which is scheduled to be October 2, 2023. A public hearing will be scheduled if requested in writing.

KPMG observation

The proposed regulations specifically note that the section 5000D tax would be excepted from semimonthly deposit requirements. Taxpayers would also not be required to file returns for quarters in which they incur no section 5000D tax liability.

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