

Part III — Administrative, Procedural, and Miscellaneous

Relief from Penalty for Failure to Deposit Remittance Excise Tax

Notice 2025-55

SECTION 1. PURPOSE

This notice provides relief from failure to deposit penalties under section 6656 of the Internal Revenue Code (Code)¹ in connection with the new excise tax imposed on certain remittance transfers under section 4475 (remittance transfer tax) for the first, second, and third calendar quarters of 2026. This notice also provides that a remittance transfer provider's ability to use the deposit safe harbor under § 40.6302(c)-1(b)(2) will not be affected by a failure during the first three calendar quarters of 2026 to make deposits of the remittance transfer tax as required under part 40, provided the remittance transfer provider satisfies certain requirements.

SECTION 2. BACKGROUND

Section 4475 was added to chapter 36 of the Code (chapter 36) by section 70604 of Public Law No. 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA). Section 4475 imposes a 1 percent tax on the amount of certain remittance transfers that occur after December 31, 2025. Pursuant to

¹ Unless otherwise specified, all "section" or "§" references are to sections of the Code or the Excise Tax Procedural Regulations in 26 CFR part 40 (part 40).

section 4475(c), the remittance transfer tax applies only to remittance transfers for which the sender provides cash, a money order, a cashier's check, or any other similar physical instrument to the remittance transfer provider. Section 4475(b)(1) and (2) provide that the remittance transfer tax is paid by the sender, and the remittance transfer provider collects and remits the remittance transfer tax quarterly to the Secretary of the Treasury or the Secretary's delegate (Secretary) at the time and in the manner provided by the Secretary. Pursuant to section 4475(b)(3), if the remittance transfer tax is not collected at the time of the remittance transfer, the tax must be paid by the remittance transfer provider. Section 4475(e)(1) defines the terms "remittance transfer," "remittance transfer provider," and "sender" to have the meanings given to these terms by section 919(g) of the Electronic Fund Transfer Act (15 U.S.C. 1693o-1(g)).

The remittance transfer tax is codified in chapter 36, titled "Certain Other Excise Taxes." Chapter 36 taxes are reported on Form 720, *Quarterly Federal Excise Tax Return*. See §§ 40.0-1(a) and 40.6011(a)-1(a)(1). Section 6302 authorizes the Secretary to establish the mode and time for collecting certain taxes, including the taxes imposed by chapter 36. Section 40.6302(c)-1(a)(1) requires each person that is required to file Form 720 to make deposits of tax for each semimonthly period in which tax liability is incurred. Pursuant to § 40.0-1(c), a semimonthly period is the first 15 days of a calendar month or the portion of a calendar month following the 15th day of the month.

Section 40.6302(c)-1(b)(1) provides that the tax deposit for each semimonthly period must not be less than 95 percent of the amount of net tax liability incurred during

the semimonthly period unless a deposit safe harbor in § 40.6302(c)-1(b)(2) applies (deposit safe harbor). Under the deposit safe harbor, any person that filed Form 720 for the second preceding calendar quarter (look-back quarter) is considered to have met the semimonthly deposit requirement for the current quarter if: (i) the deposit for each semimonthly period in the current calendar quarter is not less than 1/6 of the net tax liability reported for the look-back quarter; (ii) each deposit is made on time; (iii) the amount of any underpayment is paid by the due date of Form 720; and (iv) the person's liability does not include any tax that was not imposed during the look-back quarter. Section 40.6302(c)-1(b)(2)(v) provides that if a person fails to make deposits as required under part 40, the Internal Revenue Service (IRS) may withdraw the person's right to use the deposit safe harbor.

Section 40.6302(c)-1(c)(1) provides that, in general, the deposit of tax for any semimonthly period must be made by the 14th day of the following semimonthly period unless such day is a Saturday, Sunday, or legal holiday in the District of Columbia, in which case the immediately preceding day which is not a Saturday, Sunday, or legal holiday in the District of Columbia is treated as the 14th day. Thus, generally, the deposit of tax for the first semimonthly period in a month is due by the 29th day of that month and the deposit of tax for the second semimonthly period in a month is due on the 14th day of the following month. See § 40.6302(c)-2 for special deposit rules for September.

Section 6656(a) imposes a penalty in the case of any person's failure to make timely deposits as required by section 6302, including as required by §§ 40.6302(c)-1

and 40.6302(c)-2. Section 6656 does not apply if the person can show that the failure is due to reasonable cause and not due to willful neglect (reasonable cause standard).

As the remittance transfer tax is effective beginning January 1, 2026, the first deposit, covering the first 15 days of January 2026, is due by January 29, 2026. Because the deposit safe harbor rules in § 40.6302(c)-1(b)(2) require a look-back quarter in which the same taxes are imposed to determine deposit amounts in the current quarter, a remittance transfer provider will be unable to use the deposit safe harbor to calculate semimonthly deposits of the tax until the third calendar quarter of 2026. See § 40.6302(c)-1(b)(2)(ii) and (iii). For purposes of the deposit safe harbor, the first calendar quarter of 2026 is the look-back quarter for the semimonthly periods during the third calendar quarter of 2026.

SECTION 3. GRANT OF RELIEF

To provide a transition period for remittance transfer providers to familiarize themselves with the new tax and its reporting and deposit requirements, the Department of the Treasury and the IRS have determined that it is in the interest of sound tax administration to provide relief from the section 6656 penalty with respect to remittance transfer tax deposits for the first three calendar quarters of 2026. Specifically, for semimonthly periods in the first three calendar quarters of 2026, a remittance transfer provider will be deemed to have satisfied the reasonable cause standard under section 6656 if: (i) the remittance transfer provider makes timely deposits of the applicable remittance transfer tax, even if the deposit amounts are computed incorrectly, and (ii) the amount of any underpayment of the applicable remittance transfer tax for each calendar quarter is paid in full by the due date for filing the Form 720 for that quarter.

In addition, a remittance transfer provider's ability to use the deposit safe harbor under § 40.6302(c)-1(b)(2) will not be affected by a failure during the first three calendar quarters of 2026 to make deposits of the remittance transfer tax as required under part 40, provided the remittance transfer provider satisfies the reasonable cause standard for those quarters.

SECTION 4. DRAFTING INFORMATION

The principal author of this notice is the Office of the Associate Chief Counsel (Energy, Credits, and Excise Tax). For questions regarding this notice, contact the office at (202) 317-6855 (not a toll-free number).