

Instructions for Form 7208

(Rev. December 2025)

Excise Tax on Repurchase of Corporate Stock



Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 7208 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form7208](https://www.irs.gov/Form7208).

General Instructions

Purpose of Form

The Inflation Reduction Act of 2022 established a stock repurchase excise tax under section 4501 equal to 1% of the fair market value (FMV) of stock repurchased during the tax year by certain publicly traded corporations or their specified affiliates, effective for repurchases occurring after 2022.

Use Form 7208 to figure the excise tax on stock repurchases. If you need more lines for any part of the form, prepare a continuation sheet using the same format as the form. Attach your Form 7208 and any continuation sheets to your Form 720, Quarterly Federal Excise Tax Return. The Form 720 to which this form is attached must be signed under penalties of perjury. See Regulations section 58.6061-1.

You must keep complete and detailed records that are sufficient to establish the amounts you report on this form. See Regulations section 58.6001-1.

See Regulations sections 58.4501-1 through 58.4501-7 for more information on figuring the stock repurchase excise tax.

Definitions

Applicable foreign corporation. An applicable foreign corporation is any foreign corporation the stock of which is traded on an established securities market.

Applicable specified affiliate. An applicable specified affiliate is a specified affiliate of an applicable foreign corporation, other than a foreign corporation or a foreign partnership (unless the partnership has a domestic entity as a direct or indirect partner). However, a foreign partnership that has one or more domestic entities as direct or indirect partners is not considered an applicable specified affiliate if the domestic entities hold, directly or indirectly, in the aggregate, less than 10% in each of the capital interests and profits interests in the foreign partnership. See Regulations section 58.4501-7(g).

Covered corporation. A covered corporation is any domestic corporation the stock of which is traded on an established securities market.

Covered surrogate foreign corporation. A covered surrogate foreign corporation is any surrogate foreign corporation (as determined under section 7874(a)(2)(B) by substituting "September 20, 2021" for "March 4, 2003" each

place it appears) the stock of which is traded on an established securities market, including any successor to the surrogate foreign corporation (as determined under Regulations section 1.7874-12(a)(10)), but only for tax years that include any portion of the applicable period for such corporation under section 7874(d)(1).

Employer-sponsored retirement plan. An employer-sponsored retirement plan is a retirement plan maintained by a covered corporation or a specified affiliate of the covered corporation that is qualified under section 401(a), including an employee stock ownership plan described in section 4975(e)(7).

Established securities market. An established securities market has the meaning given the term in Regulations section 1.7704-1(b).

Expatriated entity. An expatriated entity is an entity defined in section 7874(a)(2)(A).

Repurchase. A repurchase is a redemption within the meaning of section 317(b) with regard to the stock of a covered corporation (except as otherwise provided in Regulations section 58.4501-2(e)(3)), and any transaction determined by the Secretary to be economically similar to such a redemption (as provided in Regulations section 58.4501-2(e)(4)). An economically similar transaction is one of the following transactions.

- Certain transactions qualifying as a reorganization under section 368(a)(1)(E) in which shareholders receive property other than property permitted to be received under section 354 without the recognition of gain or loss.
- Certain distributions under section 355.
- Certain forfeitures and clawbacks of stock of a covered corporation.

See Regulations section 58.4501-2(e) for more information on transactions treated as repurchases.

Specified affiliate. For any corporation, a specified affiliate is:

- Any corporation more than 50% of the stock of which is owned (by vote or by value), directly or indirectly, by such corporation.
- Any partnership more than 50% of the capital interests or profits interests of which is held, directly or indirectly, by such corporation.

Stock. Stock is any instrument issued by a corporation that is stock (including treasury stock) or that is treated as stock for federal tax purposes, regardless of whether the instrument is traded on an established securities market. However, preferred stock that qualifies as additional tier 1 capital (see Regulations section 58.4501-1(b)(34)(ii)) or preferred stock described in section 1504(a)(4) (see Regulations section 58.4501-1(b)(34)(iii)) is not considered stock for purposes of the stock repurchase excise tax. Whether an instrument is stock is determined at the time of issuance (for example, upon a significant modification of a debt instrument pursuant to Regulations section 1.1001-3).

Who Must File

You must file Form 7208 if you're:

- A covered corporation whose stock is repurchased or acquired during its tax year by such corporation or by a specified affiliate of such corporation from a person who isn't the corporation or a specified affiliate of such corporation.
- An applicable specified affiliate of an applicable foreign corporation whose stock is acquired during the tax year of such applicable specified affiliate by such applicable specified affiliate, including a foreign partnership that is an applicable specified affiliate, from a person who is not the applicable foreign corporation, or a specified affiliate of such applicable foreign corporation.
- An expatriated entity with respect to a covered surrogate foreign corporation whose stock is repurchased or acquired during the tax year of such expatriated entity by such covered surrogate foreign corporation or a specified affiliate of such covered surrogate foreign corporation.

Caution: A covered corporation that is a regulated investment company (RIC), as defined in section 851, a real estate investment trust (REIT), as defined in section 856(a), or a non-RIC '40 Act fund (as described in Regulations section 58.4501-3(h)), **does not** need to file Form 7208.

When To File

File Form 7208 annually to report and pay the excise tax. Attach your Form 7208 to the Form 720, due for the first full quarter after the close of your tax year. Report the stock repurchase excise tax from your Form 7208 on your Form 720, IRS No. 150.

Caution: Form 7208 is an annual return. Form 720 is a quarterly return. Use the following table to determine the appropriate period to attach Form 7208 to Form 720.

Corporation or partnership tax year ends in:	Attach Form 7208 to:	Due by:
Jan., Feb., Mar.	2nd Quarter, Form 720	July 31 (same year)
Apr., May, June	3rd Quarter, Form 720	October 31 (same year)
July, Aug., Sept.	4th Quarter, Form 720	January 31 (following year)
Oct., Nov., Dec.	1st Quarter, Form 720	April 30 (following year)

Where To File

See the Instructions for Form 720 for information on where to file your Form 720 and your attached Form 7208.

Interest and Penalties

Interest. Interest is charged at a rate determined under section 6621 on taxes paid late, and on penalties imposed for failure to file, negligence, and fraud from the due date to the date of payment.

Late filing of return. If you don't file a return by the due date, you may be penalized 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The penalty won't be imposed if you can show that the failure to file on time was due to reasonable cause. You should send an explanation of reasonable cause after receiving a notice from the IRS. **Don't** attach an explanation when the return is filed.

Late payment of tax. If you don't pay the tax when due, you may be charged a penalty for the failure to pay tax. The amount of the penalty is $\frac{1}{2}$ of 1% of the unpaid tax for each month or part of the month the tax isn't paid, up to a maximum of 25% of the unpaid tax. This penalty won't be imposed if you can show that the failure to pay on time was due to reasonable cause.

Other penalties. Other penalties may be imposed for negligence and fraud. See sections 6662 and 6663.

Amended Return

To amend your previously filed Form 7208, you must file a corrected Form 7208 (enter "Amended" at the top of it) and attach it to your Form 720-X, Amended Quarterly Federal Excise Tax Return, for the quarter to which your previously filed Form 7208 was attached.

Caution: If you previously submitted two Forms 7208 attached to a single Form 720 for tax years ending before publication of final regulations under subpart B of part 58, and you are filing two amended Forms 7208, you must attach both of them to a single Form 720-X for the quarter to which your previously filed Forms 7208 were attached.

Specific Instructions

Period Covered

Enter your tax year for which you're filing Form 7208.

Name and EIN

Enter your name and EIN. If you don't have an EIN, you may apply for one online by visiting [IRS.gov/EIN](https://www.irs.gov/EIN). You may also apply for an EIN by faxing or mailing Form SS-4, Application for Employer Identification Number, to the IRS.

Part I. Total Stock Repurchases

Follow these steps to compute the total FMV of stock repurchased in your tax year.

Line 1. Fill in the table with information regarding the following stock (depending on whether you're a covered corporation, an applicable specified affiliate, or an expatriated entity).

- In the case of a covered corporation, the covered corporation's stock that, during the covered corporation's tax year, is either (i) repurchased by the covered corporation, or (ii) acquired by a specified affiliate of such corporation from a person who isn't the corporation or a specified affiliate of such corporation.
- In the case of an applicable specified affiliate, the applicable foreign corporation's stock acquired during the applicable specified affiliate's tax year by the applicable specified affiliate from a person who isn't the applicable foreign corporation or a specified affiliate of such applicable foreign corporation.
- In the case of an expatriated entity, the covered surrogate foreign corporation's stock that, during the expatriated entity's tax year, is either (i) repurchased by such covered surrogate foreign corporation, or (ii) acquired by a specified affiliate of such covered surrogate foreign corporation.

In completing Form 7208, acquisitions of stock by a specified affiliate or applicable specified affiliate are "repurchases."

Use a separate line on the table for each transaction in which stock was repurchased. If stock was repurchased in

multiple transactions according to a single plan, include all repurchases according to such plan on a single line. For example, for stock repurchases within the tax year that would be reported on line 1, column (c), as an open-market repurchase, aggregate all such repurchases of stock of the same class and by the same entity onto a single line.

If stock was repurchased in a single transaction by multiple entities (for instance, a covered corporation and its specified affiliate), enter the information regarding the stock repurchased by each of those entities in the transaction on separate lines. Similarly, if multiple classes of stock were repurchased in a single transaction, enter the information regarding each class of stock repurchased on separate lines.

Line 1, column (a). If stock that is treated as repurchased was repurchased or acquired by an entity other than the covered corporation, applicable specified affiliate, or expatriated entity, enter the name of the entity.

Line 1, column (b). If stock that is treated as repurchased was repurchased or acquired by an entity other than the covered corporation, applicable specified affiliate, or expatriated entity, enter the EIN of the entity. In the case of a taxpayer that is an applicable specified affiliate or expatriated entity, if the repurchasing or acquiring entity does not have an EIN, do not make an entry on line 1, column (b).

Line 1, column (c). Enter the type of transaction in which the stock was repurchased.

- Enter “OMR” if the stock was repurchased through an open-market repurchase (for instance, according to a share buyback plan).
- Enter “Tender Offer” if the stock was repurchased according to a tender offer.
- Enter “ASR” if the stock was repurchased according to an accelerated share repurchase agreement. See Regulations section 58.4501-5(b)(15).
- Enter “Reorganization” if the stock was repurchased in a reorganization under section 368(a)(1)(E). See Regulations sections 58.4501-2(e)(4)(i) and 58.4501-7(h)(4)(i).
- Enter “Split-Off” if the stock was repurchased in a split-off. See Regulations sections 58.4501-2(e)(4)(ii) and 58.4501-7(h)(4)(ii).
- Enter “NLF” if the repurchase was of a covered non-stock instrument or a section 4501(d) covered non-stock instrument. See Regulations sections 58.4501-4(f)(13)(ii)(B) and 58.4501-7(m)(7)(v)(B)(2).
- Enter “Other” if the stock was repurchased in a type of transaction not listed above.

Line 1, column (d). Enter the stock symbol (or ISIN/CUSIP) of the stock repurchased.

Line 1, column (e). Enter the class of stock to which the repurchased stock belongs.

Line 1, column (f). Enter the established securities market (if any) on which the repurchased stock trades.

Line 1, column (g). Enter the total number of shares repurchased in the transaction.

Line 1, column (h). Enter the total FMV of the shares repurchased in the transaction. See Regulations sections 58.4501-2(h) and 58.4501-7(k) for guidance on determining FMV.

Line 2. If you prepared any continuation sheets for line 1, enter the total FMV of the repurchased shares reported on the continuation sheets.

Line 3. Add the amounts on line 1, column (h), and line 2.

Line 4. If any of the stock repurchases reported on lines 1 or 2 were with respect to stock of an applicable foreign corporation or a covered surrogate foreign corporation, check “Yes.” Otherwise, check “No.”

If the amount on line 3 is \$1 million or less, complete Part I and then attach the form to Form 720. If the amount on line 3 is more than \$1 million, continue to Part II. For an applicable specified affiliate, the \$1 million threshold must be calculated by aggregating all repurchases by all applicable specified affiliates with respect to an applicable foreign corporation. For an applicable specified affiliate for which the amount on line 3 would otherwise be \$1 million or less, include a separate attachment reporting the information required by the table in line 1 for all other applicable specified affiliates of the applicable foreign corporation. (The amounts with respect to other applicable specified affiliates in this separate attachment are not included in the amount on line 3.) You must complete this entire form if the aggregate amount of repurchases by all applicable specified affiliates with respect to the applicable foreign corporation exceeds \$1 million.

Part II. Exceptions

See Regulations sections 58.4501-3 and 58.4501-7(l) for more detailed information regarding the application of each of the following exceptions.

Line 5a. Enter the FMV of any stock repurchased from a shareholder in a split-off in exchange for property permitted by section 355 to be received without the recognition of gain or loss.

Line 5b. Enter the FMV of any stock repurchased in a transaction treated as a distribution of a dividend under section 301(c)(1) or section 356(a)(2), provided that you have established with sufficient evidence that the shareholder treats the repurchase as a dividend on the shareholder’s federal income tax return. For more information on the sufficient evidence requirement, see Regulations sections 58.4501-3(g) and 58.4501-7(l)(6). **Don’t** attach to the Form 7208 the evidence establishing that the shareholder treats the repurchase as a dividend.

Line 5c. Reserved for future use.

Line 5d. Enter the FMV of any stock repurchased by a covered corporation, a specified affiliate of a covered corporation, a specified affiliate of an applicable foreign corporation, a specified affiliate of a covered surrogate foreign corporation, or a covered surrogate foreign corporation that is a dealer in securities in the ordinary course of business.

Line 5e. Enter the total of the amounts reported on lines 5a through 5d.

Part III. Contributions to Employer-Sponsored Retirement Plans

Use the table on line 6 to calculate the FMV of stock contributed to an employer-sponsored retirement plan. See Regulations sections 58.4501-3(d) and 58.4501-7(l)(3) regarding the treatment of stock contributed to an employer-sponsored retirement plan.

Stock contributions may be made to an employer-sponsored retirement plan for the tax year covered

by the Form 7208 if contributed by the filing deadline for the Form 720 to which the Form 7208 must be attached.

Line 6, column (a). On separate lines, enter each class of stock repurchased that is listed on lines 1 and 2. Fill in the following columns for the class listed in column (a).

Line 6, column (b). Enter the net number of repurchased shares belonging to the repurchased class, which equals the number of repurchased shares belonging to the repurchased class, as reported on lines 1 and 2, minus the number of the repurchased shares belonging to the repurchased class that were taken into account in calculating the amounts on lines 5a through 5d.

Line 6, column (c). Enter the net aggregate FMV of repurchased shares belonging to the repurchased class, which equals the aggregate FMV of repurchased shares belonging to the repurchased class, as reported on lines 1 and 2, minus the FMV of the repurchased shares belonging to the repurchased class that were taken into account in calculating the amounts on lines 5a through 5d.

Line 6, column (d). Calculate the repurchased class's average price per share by dividing column (c) by column (b).

Line 6, column (e). Enter the number of shares in the repurchased class that are contributed to an employer-sponsored retirement plan.

Line 6, column (f). Calculate the aggregate FMV of shares in the repurchased class contributed to an employer-sponsored retirement plan by multiplying column (d) by column (e).

Line 6, column (g). Enter the number of shares belonging to a class other than the repurchased class that are contributed to an employer-sponsored retirement plan.

Line 6, column (h). Enter the aggregate FMV of shares belonging to a class other than the repurchased class that are contributed to an employer-sponsored retirement plan. The aggregate FMV equals the sum of the FMVs of the shares at the time the shares are contributed to an employer-sponsored retirement plan.

Line 6, column (i). Enter the sum of column (f) and column (h). This amount may not exceed the amount reported in column (c).

Line 7. If you prepared any continuation sheets for line 6, enter the total FMV of contributions reported on the continuation sheets.

Line 8. Enter the sum of the amounts in line 6, column (i), and line 7.

Part IV. Stock Issued or Provided

See Regulations sections 58.4501-4 and 58.4501-7(m) for rules regarding the timing and amount of stock issued or provided under section 4501(c)(3). See Regulations sections 58.4501-4(f) and 58.4501-7(m) for a list of circumstances in which an issuance of stock is disregarded for purposes of lines 9a, 9b, or 9c.

Line 9a. Enter the aggregate FMV, at the time issued or provided, of the following.

- If the filer is a covered corporation, the covered corporation's stock issued or provided by the covered corporation during its tax year in connection with the performance of services for such corporation by an employee or other service provider of such corporation.

- If the filer is an applicable specified affiliate, the applicable foreign corporation's stock issued or provided by such applicable specified affiliate during its tax year to employees of the applicable specified affiliate in connection with the performance of services for such applicable specified affiliate by an employee of the applicable specified affiliate.

- If the filer is an expatriated entity, the covered surrogate foreign corporation's stock issued or provided by such expatriated entity during its tax year to employees of the expatriated entity in connection with the performance of services for such expatriated entity by an employee of the expatriated entity.

Such amount of stock issued or provided to employees of the covered corporation, employees of the applicable specified affiliate, and employees of the expatriated entity includes the FMV of stock issued or provided according to the exercise of an option to purchase such stock.

Don't include the FMV of stock contributed to an employer-sponsored retirement plan and included on line 6 or line 7.

Line 9b. If the filer is a covered corporation, enter the aggregate FMV, at the time provided, of the covered corporation's stock provided during its tax year to an employee or other service provider of a specified affiliate of such covered corporation in connection with the performance of services for such entity. Such amount includes the FMV of stock provided pursuant to the exercise of an option to purchase such stock. See Regulations section 58.4501-4(f)(2)(iv) regarding the treatment of transfers of stock described in Regulations section 1.83-6(d) to an employee of a specified affiliate as a provision, rather than an issuance, of stock.

Don't include the FMV of stock contributed to an employer-sponsored retirement plan and included on line 6 or line 7.

Enter -0- on line 9b in the case of a Form 7208 filed by an applicable specified affiliate or an expatriated entity.

Line 9c. If the filer is a covered corporation, enter the aggregate FMV of the covered corporation's stock issued by such covered corporation during its tax year other than in connection with the performance of services for such corporation by an employee or other service provider of such corporation. If the issuance was of a covered non-stock instrument described in Regulations section 58.4501-4(f)(13)(ii)(B) (or of a section 4501(d) covered non-stock instrument described in Regulations section 58.4501-7(m)(7)(v)(B)(2)), the aggregate FMV at the time of issuance should be entered only if such instrument is repurchased, and only for the tax year in which that repurchase occurs. See Regulations sections 58.4501-4(f)(13)(iii) and 58.4501-7(m)(7)(v)(C).

Enter -0- on line 9c in the case of a Form 7208 filed by an applicable specified affiliate or an expatriated entity.

Part V. Tax and Payments

Line 10. Subtract lines 5e, 8, and 9d from line 3. If the resulting amount is zero or less, enter -0- and attach the Form 7208 to Form 720. If the resulting amount is more than zero, continue to line 11.

Line 11. Multiply line 10 by 1% (0.01). Enter the resulting amount on line 11 and on Form 720 on the line for IRS No. 150.

Paperwork Reduction Act Notice. The information collected will be used by the Internal Revenue Service to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. The valid OMB control number for this information collection is 1545-2323. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form and related schedules will vary depending on individual circumstances. The estimated average times are:

Recordkeeping	2hr., 37min.
Learning about the law or the form	1hr., 52min.
Preparing and sending the form to the IRS	2hr., 00min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send comments from IRS.gov/FormComments. Or you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.
