INTERNAL REVENUE
BULLETIN

HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2024–29
July 15, 2024

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

ADMINISTRATIVE

Notice 2024-56, page 64.

This notice provides transitional relief from penalties for any broker who fails to timely and correctly file and furnish information returns and payee statements under section 6045 for sales of digital assets effected in calendar year 2025, if that broker makes a good faith effort to so file and furnish the information returns and payee statements accurately. This notice also provides transitional relief from backup withholding tax liability and associated penalties for any broker that fails to withhold and pay the backup withholding tax for certain sales effected in 2025 and 2026. This notice also provides transitional relief from penalties for brokers who fail to backup withhold and pay the full backup withholding tax due, if such failure is due to a decrease in the value of withheld digital assets in a sale of digital assets in return for different digital assets effected on or before December 31, 2026, and the broker immediately liquidates the withheld digital assets for cash. Finally, this notice sets forth when a broker may treat a customer as a U.S. digital asset broker, the sales effected for whom are exempt from information reporting from information, prior to the publication of a revised Form W-9, *Request for Taxpayer Identification Number and Certification*, providing for the certification of U.S. digital asset broker status.

Notice 2024-57, page 67.

This notice provides that brokers are not required under section 6045 to file information returns and furnish payee statements with respect to certain identified transactions and that the IRS will not impose penalties for failure to file correct information returns or failure to furnish correct payee statements with respect to these identified transactions. The identified transactions are described in the notice as: (1) Wrapping and unwrapping transactions; (2) Liquidity provider transactions; (3) Staking transactions; (4) transactions described by DA market participants as lending of DAs; (5) transactions described by DA market participants as short sales of DAs ; and (6) Notional principal contracts. The notice states that the inclusion of the described transactions in the notice does not constitute or reflect a substantive analysis for Federal income tax purposes of any of the identified transactions or their component steps, and no inference is intended as to how an identified transaction, or its component steps, is treated for substantive Federal income tax purposes. Additionally, the inclusion of the described transactions in the notice is not intended to create an inference that the identified transaction is or is not a sale of a digital asset or that it would be required to be reported under section 6045 but for this notice.

EXCISE TAX

T.D. 10002, page 56.

Section 10201 of Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly referred to as the Inflation Reduction Act of 2022, enacted section 4501 of the Internal Revenue Code. Section 4501 imposes a one percent excise tax on repurchases of stock of a publicly traded corporation. These final regulations under subpart B of part 58 contain procedural rules that provide further clarity regarding the reporting, payment, and other procedural obligations of corporations subject to section 4501.

EXEMPT ORGANIZATIONS

Announcement 2024-29, page 71.

Revocation of IRC 501(c)(3) Organizations for failure to meet the code section requirements. Contributions made to the organizations by individual donors are no longer deductible under IRC 170(b)(1)(A).

Finding Lists begin on page ii.

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.
This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

Part I

TD 10002

Excise Tax on Repurchase of Corporate Stock – Procedure and Administration

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations that provide guidance regarding the reporting and payment of the excise tax on repurchases of corporate stock made after December 31, 2022. The regulations affect certain publicly traded corporations that repurchase their stock or whose stock is acquired by certain specified affiliates.

DATES: *Effective date:* These final regulations are effective on June 28, 2024.

Applicability dates: For dates of applicability, *see* §§58.6001-(d), 58.6011-1(d), 58.6060-1(b), 58.6061-1(b), 58.6065-1(b), 58.6071-1(e), 58.6091-1(d), 58.6107-1(b), 58.6109-1(b), 58.6151-1(b), 58.6694-1(e), 58.6695-1(b), and 58.6696-1(b).

SUPPLEMENTARY INFORMATION:

Background

I. *The Proposed Regulations*

On April 12, 2024, the Department of the Treasury (Treasury Department) and the IRS published proposed regulations (REG-118499-23) in the ***Federal Register*** (89 FR 25829) that would provide rules on procedure and administration applicable to the reporting and payment of the excise tax on repurchases of corporate stock (stock repurchase excise tax) imposed by section 4501 of the Internal Revenue Code (Code) for repurchases made after December 31, 2022 (proposed procedural regulations). This Treasury decision finalizes the proposed procedural regulations (other than proposed §58.6011-1(c)) after taking into account comments received, as described in the Summary of Comments and Explanation of Revisions section of this preamble. The final regulations are added as subpart B of new 26 CFR part 58 (Stock Repurchase Excise Tax Regulations), which is added to subchapter D of 26 CFR chapter I (Miscellaneous Excise Taxes).

On April 12, 2024, the Treasury Department and the IRS also published a separate notice of proposed rulemaking (REG-115710-22) in the same issue of the ***Federal Register*** (89 FR 25980) that would provide operating rules in proposed subpart A of part 58 relating to the computation of the stock repurchase excise tax (proposed computational regulations). This Treasury decision does not finalize the proposed computational regulations. The Treasury Department and the IRS intend to finalize the proposed computational regulations in a separate Treasury decision after considering comments received with respect to those proposed regulations.

II. *Section 4501; Notice 2023-2*

Section 4501 was added to a new chapter 37 of the Code by the enactment of section 10201 of Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly referred to as the Inflation Reduction Act of 2022 (IRA). In general, section 4501 imposes the stock repurchase excise tax on each covered corporation (as defined in section 4501(b)) for repurchases made after December 31, 2022. *See* section 10201(d) of the IRA. The stock repurchase excise tax is equal to 1 percent of the fair market value of any stock of the covered corporation that is repurchased (as defined in section 4501(c)(1)) by the covered corporation, or treated as repurchased by the covered corporation, during the taxable year. Section 4501(a). The term "covered corporation" includes an entity treated as a covered corporation under section 4501(d)(1)(A) or (d)(2)(A).

Section 4501(f) authorizes the Secretary of the Treasury or her delegate (Secretary) to prescribe regulations and other guidance as are necessary or appropriate to carry out, and to prevent the avoidance of, the purposes of section 4501.

On January 17, 2023, the Treasury Department and the IRS published Notice 2023-2, 2023-3 I.R.B. 374, to provide initial guidance on the application of the stock repurchase excise tax. The notice described certain operating rules for purposes of the stock repurchase excise tax that the Treasury Department and the IRS intended to include in proposed regulations. In addition, section 4 of Notice 2023-2 described the anticipated rules for reporting and paying any liability for the stock repurchase excise tax. As described in Notice 2023-2, those anticipated rules would provide that (i) the stock repurchase excise tax must be reported on IRS Form 720, *Quarterly Federal Excise Tax Return*, (ii) taxpayers must attach an additional form to the Form 720 reflecting the computation of the stock repurchase excise tax, (iii) the stock repurchase excise tax must be reported once per taxable year on the Form 720 that is due for the first full quarter after the close of the taxpayer's taxable year, (iv) the deadline for payment of the stock repurchase excise tax is the same as the filing deadline, and (v) no extensions are permitted for reporting or paying the stock repurchase excise tax.

Consistent with Notice 2023-2, on April 12, 2024, the Treasury Department and the IRS published the proposed procedural regulations prescribing the manner and method of reporting and paying the stock repurchase excise tax in proposed subpart B of the proposed Stock Repurchase Excise Tax Regulations (26 CFR part 58) under sections 6001, 6011, 6060, 6061, 6065, 6071, 6091, 6107, 6109, 6151, 6694, 6695, and 6696 of the Code. As noted in the preamble to the proposed procedural regulations, to assist in the identification of transactions subject to the stock repurchase excise tax, the Treasury Department and the IRS have added items relevant to the stock repurchase excise tax to tax return forms other than Form 720. *See* Form 1120, *U.S. Corporation Income Tax Return* and Form 1065, *U.S. Return of Partnership Income*. The Treasury Department and the IRS continue to evaluate amending or developing other forms, including for information reporting

with respect to foreign owners of domestic business entities and domestic owners of foreign business entities, to assist in the identification of transactions subject to the stock repurchase excise tax.

Summary of Comments and Explanation of Revisions

After consideration of the comments received in response to the proposed procedural regulations, this Treasury decision adopts those regulations (other than proposed §58.6011-1(c)) with the revisions described in this Summary of Comments and Explanation of Revisions.

I. *Combination of Proposed Procedural Regulations and Proposed Computational Regulations*

One commenter suggested that the proposed computational regulations and the proposed procedural regulations should be combined into one proposal because they stem from the same piece of legislation, have the same goal, and employ the same methodology of achieving that goal. These final regulations do not adopt the commenter's suggestion. Although the proposed computational regulations and the proposed procedural regulations stem from, and facilitate the implementation of, the same piece of legislation, the Treasury Department and the IRS proposed these regulations in two separate notices of proposed rulemaking to facilitate the prompt finalization of the proposed procedural regulations, and to thereby provide taxpayers with certainty regarding the manner of reporting and paying the stock repurchase excise tax. Moreover, it is not uncommon for the Treasury Department and the IRS to issue separate tranches of regulatory guidance with respect to a single statutory provision.

II. *Recordkeeping Requirement*

Under proposed §58.6001-1(a), any covered corporation, or any person treated as a covered corporation, that makes a repurchase or that is treated as making a repurchase is required to keep complete and detailed records sufficient to establish accurately the amount of repurchases, adjustments, or exceptions required to be shown on its stock repurchase excise tax return. Proposed §58.6001-1(b) provides that the IRS may require any covered corporation or person treated as a covered corporation to make such returns, render such statements, or keep such specific records as to enable the IRS to determine whether the covered corporation or person treated as a covered corporation is liable for the stock repurchase excise tax. Proposed §58.6001-1(c) provides that the records required to be maintained must be available for inspection by the IRS and retained for so long as their contents may become material.

One commenter suggested that a covered corporation should be required to keep only complete and detailed records sufficient to establish the amount of tax shown on its stock repurchase excise tax return, which is defined under proposed §58.6011-1(b). For example, according to the commenter, if the covered corporation chooses one method for valuing the amount of the corporation's repurchases and issuances, and the IRS asserts that the covered corporation should have used a different method for valuing the amount of the corporation's repurchases and issuances, the covered corporation should not be required to maintain records sufficient to establish the amount of the corporation's repurchases and issuances under the IRS's preferred method of valuation.

The Treasury Department and the IRS disagree with the commenter. The recordkeeping requirements in proposed §58.6001-1(a) are similar to the recordkeeping requirements under section 6001 for other excise taxes in subchapter D of 26 CFR chapter I (Miscellaneous Excise Taxes). *See*, for example, §§53.6001-1(a) ("Any person subject to tax under chapter 42 . . . shall keep records as are sufficient to enable the district director to determine accurately the amount of liability"); 55.6001-1(a) (similar with respect to tax under chapter 44); 56.6001-1(a) (similar with respect to tax under chapter 41); 156.6001-1(a) (similar with respect to tax under chapter 54); and 157.6001-1(a) (similar with respect to tax under chapter 55). Moreover, the valuation requirements in the proposed computational regulations would allow covered corporations to choose from one of four acceptable methods in determining the market price of publicly traded stock so long as the covered corporation consistently applies such method throughout the covered corporation's taxable year. *See* proposed §§58.4501-2(h) and -4(e). This recordkeeping requirement appropriately balances the need for covered corporations to keep records with the IRS's need to be able to establish accurately the amount of repurchases, adjustments, or exceptions required to be shown on a covered corporation's stock repurchase excise tax return. Accordingly, these final regulations do not adopt this comment.

III. *Return Requirement*

A. Overview

Proposed §58.6011-1(a) would require a stock repurchase excise tax return to be filed by any covered corporation, or any person treated as a covered corporation, that makes a repurchase (as defined in section 4501(c)(1)), or that is treated as making a repurchase under section 4501(c)(2)(A), (d)(1)(B), or (d)(2)(B), after December 31, 2022. Under the proposed procedural regulations, any covered corporation, or any person treated as a covered corporation, that makes a repurchase, or that is treated as making a repurchase, is required to comply with these requirements, even if every repurchase is eligible for a statutory exception under section 4501(e) (for example, in the case of repurchases by a regulated investment company (RIC), as defined in section 851 of the Code, or a real estate investment trust (REIT), as defined in section 856(a) of the Code) or is offset by issuances or provisions of the covered corporation's stock under section 4501(c)(3).

B. *Filing obligations of regulated investment companies and real estate investment trusts*

One commenter recommended that RICs and REITs should be exempt from filing the Form 7208, *Excise Tax on Repurchase of Corporate Stock*, provided all repurchases during the relevant reporting period are made by the RIC or the REIT and thereby qualify for the statutory exception under section 4501(e)(5). Alternatively, the commenter recommended

that, in lieu of requiring RICs and REITs to file Form 7208 with respect to their repurchases, the IRS could add a "check-box" to Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*, and Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*, pursuant to which RICs and REITs could certify that all stock repurchases made during the taxable year qualified for the statutory exception under section 4501(e)(5). According to the commenter, requiring RICs and REITs to file a Form 7208 in situations in which all their repurchases qualify for the statutory exception under section 4501(e)(5) would be unnecessary, burdensome, and duplicative of filings already required by the Securities and Exchange Commission (SEC), with no apparent benefit for tax compliance.

The Treasury Department and the IRS agree that, so long as a covered corporation qualifies as a RIC or a REIT for a taxable year, then all of such corporation's repurchases of its stock during that year would qualify for the statutory exception under section 4501(e)(5). Accordingly, the final regulations adopt the commenter's primary recommendation and exempt RICs and REITs from the obligation to file a stock repurchase excise tax return. *See* §58.6011-1(a).

However, RICs and REITs would continue to be subject to the recordkeeping requirement in §58.6001-1 under the final regulations. Records establishing a RIC's or a REIT's repurchases, adjustments, and exceptions under the stock repurchase excise tax could become relevant in the event a covered corporation ceases to qualify as a RIC or a REIT for the taxable year, or if the corporation revokes its election to be a REIT for the taxable year. In such cases, the corporation's repurchases would not qualify for the exception under section 4501(e)(5), and the information required to be retained under §58.6001-1 would be required to compute the corporation's stock repurchase excise tax liability.

C. *Filing obligation only for taxable years in which a repurchase is made*

Commenters have asked whether proposed §58.6011-1(a) could be construed as mandating a continuing annual filing requirement for any covered corporation or any person treated as a covered corporation that has made a repurchase, or that is treated as having made a repurchase, in a previous taxable year. For example, commenters have suggested that the language of proposed §58.6011-1(a) could be read as requiring a covered corporation to file a stock repurchase excise tax return even with respect to taxable years in which the covered corporation has not made a repurchase, because proposed §58.6011-1(a) requires any covered corporation that makes a repurchase after December 31, 2022, to file a stock repurchase excise tax return, without specifying that a repurchase must occur within the period for which such return is filed.

The Treasury Department and the IRS intended a stock repurchase excise tax return to be filed only with respect to a taxable year in which a repurchase, or a transaction treated as a repurchase, is made. Accordingly, these final regulations revise §58.6011-1(a) to clarify that a stock repurchase excise tax return must be filed with respect to any taxable year in which the covered corporation or person treated as a covered corporation makes a repurchase or is treated as making a repurchase.

D. *Special rules for multiple section 4501(d) covered corporations with respect to a covered surrogate foreign corporation*

Proposed §58.6011-1(c) cross-references proposed §58.4501-7(d)(2) for special rules applicable to persons treated as a covered corporation (as described in section 4501(d)(2)(A)) with respect to a covered surrogate foreign corporation (as defined in section 4501(d)(3)(B)). These final regulations reserve §58.6011-1(c). The Treasury Department and the IRS intend to finalize proposed §58.6011-1(c) when proposed §58.4501-7(d)(2) is finalized.

IV. *Signing of Stock Repurchase Excise Tax Return*

Under proposed §58.6061-1(a), any stock repurchase excise tax return, statement, or other document required to be made with respect to the stock repurchase excise tax would be required to be signed by the person required to file the return, statement, or other document, or by the persons required or duly authorized to sign in accordance with the regulations, forms, or instructions prescribed with respect to such return, statement, or document.

One commenter suggested that the signing requirement under proposed §58.6061-1(a) should be coordinated with the signing requirement under section 6062 of the Code. Section 6062 provides that "[t]he return of a corporation *with respect to income* shall be signed by the president, vice-president, treasurer, assistant treasurer, chief accounting officer or any other officer duly authorized so to act" (emphasis added).

These final regulations do not adopt this comment. By its terms, section 6062 addresses corporate *income tax* returns and does not apply to excise tax returns, including the stock repurchase excise tax return. Accordingly, the appropriate party to sign the stock repurchase excise return must be designated under section 6061, rather than section 6062. Moreover, proposed §58.6011-1(b) would provide that the stock repurchase excise tax return is the Form 720 with an attached Form 7208. The Form 7208 does not have a signature line, and the instructions to the Form 7208 require the form to be attached to a Form 720, which must be signed under penalties of perjury. *See* Instructions to Form 7208. As such, the appropriate party to sign the stock repurchase excise tax return is the party who signs the Form 720.

V. *Example in Proposed §58.6071-1(d)*

The Treasury Department and the IRS have made non-substantive revisions to the *Example* in proposed §58.6071-1(d) to align it with the effective date of these final regulations.

VI. *Modification of Applicability Date*

The rules described in the proposed procedural regulations generally were proposed to have applied to stock repurchase excise tax returns (and to the extent relevant, claims for refund) required to be filed after the date final regulations were published in the ***Federal Register***, and during taxable years ending after the date

final regulations were published in the ***Federal Register***. These final regulations will apply to stock repurchase excise tax returns (and to the extent relevant, claims for refund) required to be filed after the date these final regulations are filed with the ***Federal Register***, and during taxable years ending after the date these final regulations are filed in the ***Federal Register***. The Treasury Department and the IRS have made this slight adjustment to the applicability dates to facilitate the IRS's administration and enforcement of the stock repurchase excise tax and provide guidance to taxpayers as quickly as possible.

Statement of Availability for IRS Documents

Any IRS Revenue Procedure, Revenue Ruling, Notice, or other guidance cited in this preamble is published in the Internal Revenue Bulletin (or Cumulative Bulletin) and is available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at *https://www.irs.gov*.

Special Analyses

I. *Regulatory Planning and Review—Economic Analysis*

Pursuant to the Memorandum of Agreement, Review of Treasury Regulations under Executive Order 12866 (June 9, 2023), tax regulatory actions issued by the IRS are not subject to the requirements of section 6 of Executive Order 12866, as amended. Therefore, a regulatory impact assessment is not required.

II. *Paperwork Reduction Act*

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) (PRA) requires that a Federal agency obtain the approval of Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. A Federal agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

The collections of information in these final regulations contain reporting and recordkeeping requirements in §§58.6001-1 and 58.6011-1 necessary for the IRS to accurately determine the stock repurchase excise tax due. The collection of information is required by law to comply with the provisions of section 4501 of the Code as enacted by section 10201 of the IRA.

The recordkeeping requirements mentioned within these final regulations are considered general tax records under section 6001. These records are required for the IRS to validate that taxpayers have met the regulatory requirements. The reporting requirements, including the written penalty of perjury statement, are covered within Form 7208 and its instructions. The IRS obtained OMB approval for Form 7208 and the associated collections under 1545-2323 in accordance with the procedures outlined in 5 CFR 1320.10.

These final regulations mention reporting and recordkeeping requirements for tax preparers. These final regulations are not changing the requirements contained within §1.6107-1, which is included in 1545-1231.

III. *Regulatory Flexibility Act*

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these final regulations will not have a significant economic impact on a substantial number of small entities. This certification is based on the fact that these final regulations provide specific administrative, procedural, and recordkeeping rules that apply only to certain tax return preparers and to publicly traded corporations, which tend to consist of larger businesses. Specifically, based on data available to the IRS, for tax year 2021, 4,366 corporations reported publicly traded common stock. Of those corporations, 2,407 (over 55 percent) reported gross receipts over $100 million, and 3,272 (approximately 75 percent) reported gross receipts over $10 million. Meanwhile, for tax year 2021, the IRS received 7,464,790 Corporation Income Tax Returns and 4,710,457 U.S. Returns of Partnership Income. IRS Publication 6292, Fiscal Year Projections for the United States: 2022-2029, Fall 2022, Table 2. Of these corporation and partnership returns for tax year 2021, 11,685,207 reported total assets below $10 million. Thus, the number of corporations affected by these final regulations that reported total assets below $10 million is less than one hundredth of one percent of the total number of businesses that reported total assets below $10 million for tax year 2021. Therefore, these final regulations will not create additional obligations for, or impose an economic impact on, a substantial number of small entities. Accordingly, the Secretary certifies that the final regulations will not have a significant economic impact on a substantial number of small entities and a regulatory flexibility analysis under the Regulatory Flexibility Act is not required.

IV. *Section 7805(f)*

Pursuant to section 7805(f) of the Internal Revenue Code, the proposed procedural regulations (REG-118499-23) preceding these final regulations were submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on the impact on small business, and no comments were received.

V. *Unfunded Mandates Reform Act*

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dollars, updated annually for inflation. These final regulations do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

VI. *Executive Order 13132: Federalism*

Executive Order 13132 (Federalism) prohibits an agency (to the extent practicable and permitted by law) from promulgating any regulation that has federalism implications, unless the agency meets the consultation and funding requirements of section 6 of the Executive order, if

the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law. This final rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

VI. *Congressional Review Act*

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Information and Regulatory Affairs designated this rule as not a "major rule," as defined by 5 U.S.C. 804(2).

Drafting Information

The principal authors of these regulations are Kailee H. Farrell and Samuel G. Trammell of the Office of Associate Chief Counsel (Corporate). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 58

Excise taxes, Stock repurchase excise tax, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 58 is added to read as follows:

PART 58—STOCK REPURCHASE EXCISE TAX

Subpart A—[Reserved]

Subpart B—Procedure and Administration

Sec.

58.6001-1 Notice or regulations requiring records, statements, and special returns.
58.6011-1 General requirement of return, statement, or list.
58.6060-1 Reporting requirements for tax return preparers.
58.6061-1 Signing of returns and other documents.
58.6065-1 Verification of returns.
58.6071-1 Time for filing returns.
58.6091-1 Place for filing tax returns under chapter 37 of the Internal Revenue Code.
58.6107-1 Tax return preparer must furnish copy of return or claim for refund to taxpayer and must retain a copy or record.
58.6109-1 Tax return preparers furnishing identifying numbers for returns or claims for refund.
58.6151-1 Time and place for paying of tax shown on returns.
58.6694-1 Section 6694 penalties.
58.6695-1 Other assessable penalties with respect to the preparation of tax returns or claims for refund for other persons.
58.6696-1 Claims for credit or refund by tax return preparers.

Authority: 26 U.S.C. 4501(f) and 7805.
Section 58.6001-1 also issued under 26 U.S.C. 6001;
Section 58.6011-1 also issued under 26 U.S.C. 6011(a);
Section 58.6060-1 also issued under 26 U.S.C. 6060(a);
Section 58.6061-1 also issued under 26 U.S.C. 6061(a);
Section 58.6065-1 also issued under 26 U.S.C. 6065;
Section 58.6071-1 also issued under 26 U.S.C. 6071(a);
Section 58.6091-1 also issued under 26 U.S.C. 6091(a);
Section 58.6107-1 also issued under 26 U.S.C. 6107;
Section 58.6109-1 also issued under 26 U.S.C. 6109(a);
Section 58.6151-1 also issued under 26 U.S.C. 6151;
Section 58.6694-1 also issued under 26 U.S.C. 6694;
Section 58.6695-1 also issued under 26 U.S.C. 6695;
Section 58.6696-1 also issued under 26 U.S.C. 6696.

Subpart A—[Reserved]

Subpart B—Procedure and Administration

§58.6001-1 Notice or regulations requiring records, statements, and special returns.

(a) *In general*. Any covered corporation (as defined in section 4501(b) of the Internal Revenue Code (Code)), or any person treated as a covered corporation (as described in section 4501(d)(1)(A) or (d)(2)(A)), that makes a repurchase (as defined in section 4501(c)(1)), or that is treated as making a repurchase under section 4501(c)(2)(A), (d)(1)(B), or (d)(2)(B), must keep such complete and detailed records as are sufficient to establish accurately the amount of repurchases, adjustments, or exceptions required to be shown by the covered corporation or person treated as a covered corporation in any stock repurchase excise tax return (as defined in §58.6011-1(b)).

(b) *Notice by IRS requiring returns, statements, or the keeping of records*. The Internal Revenue Service (IRS) may require any covered corporation or person treated as a covered corporation, by notice served upon such corporation or person, to make such returns, render such statements, or keep such specific records as will enable the IRS to determine whether or not such corporation or person is liable for tax under chapter 37 of the Code.

(c) *Retention of records*. The records required by this section must be kept at all times available for inspection by the IRS and must be retained for so long as the contents thereof may become material in the administration of any internal revenue law.

(d) *Applicability date*. This section applies to repurchases, adjustments, or exceptions required to be shown in any stock repurchase excise tax return required to be filed after June 28, 2024, and during taxable years ending after June 28, 2024.

§58.6011-1 General requirement of return, statement, or list.

(a) *In general*. Any covered corporation (as defined in section 4501(b) of the Internal Revenue Code (Code)), or any person treated as a covered corporation (as described in section 4501(d)(1)(A) or (d)(2)(A)), other than a regulated investment company (as defined in section 851 of the Code) or a real estate investment trust (as defined in section 856(a) of the Code), that makes a repurchase (as defined in section 4501(c)(1)), or that is treated as making a repurchase under section 4501(c)(2)(A), (d)(1)(B), or (d)(2)(B), after December 31, 2022, must file

a stock repurchase excise tax return with respect to any taxable year in which the covered corporation or person treated as a covered corporation makes a repurchase or is treated as making a repurchase under section 4501(c)(2)(A), (d)(1)(B), or (d)(2)(B).

(b) *Stock Repurchase Excise Tax Return*. For purposes of this part, the term *stock repurchase excise tax return* means the Form 720, *Quarterly Federal Excise Tax Return*, due for the first full calendar quarter after the end of the covered corporation's taxable year, with an attached Form 7208, *Excise Tax on Repurchase of Corporate Stock*, or any other forms, schedules, or statements prescribed by the Commissioner for the purpose of making a return to report the tax under chapter 37 of the Code.

(c) [Reserved]

(d) *Applicability date*. This section applies to stock repurchase excise tax returns required to be filed after June 28, 2024**, and during taxable years ending after** June 28, 2024**.**

§58.6060-1 Reporting requirements for tax return preparers.

(a) *In general*. A person that engages or employs one or more signing tax return preparers (as defined in §301.7701-15(b)(1) of this chapter) to prepare a stock repurchase excise tax return (as defined in §58.6011-1(b)) or claim for refund of tax under chapter 37 of the Internal Revenue Code, other than for the person, at any time during a return period, must satisfy the recordkeeping and inspection requirements in the manner stated in §1.6060-1 of this chapter.

(b) *Applicability date*. This section applies to stock repurchase excise tax returns and claims for refund required to be filed after June 28, 2024**, and during taxable years ending after** June 28, 2024.

§58.6061-1 Signing of returns and other documents.

(a) *In general*. Any stock repurchase excise tax return (as defined in §58.6011-1(b)), statement, or other document required to be made with respect to the tax imposed by chapter 37 of the Internal Revenue Code must be signed by the person required to file the return, statement, or other document, or by the persons required or duly authorized to sign in accordance with the regulations, forms, or instructions prescribed with respect to such return, statement, or document. An individual's signature on such a return, statement, or other document is prima facie evidence that the individual is authorized to sign the return, statement, or other document.

(b) *Applicability date*. This section applies to stock repurchase excise tax returns, statements, or other documents that are required to be made with respect to the tax imposed by chapter 37 and required to be filed after June 28, 2024, and during taxable years ending after June 28, 2024.

§58.6065-1 Verification of returns.

(a) *In general*. If either a stock repurchase excise tax return (as defined in §58.6011-1(b)), statement, or other document made with respect to any tax imposed by chapter 37 of the Internal Revenue Code, or the related form and instructions, requires that such return, statement, or other document contain or be verified by a written declaration that it is made under the penalties of perjury, then it must be so verified by the person or persons required to sign such return, statement, or other document. In addition, any other statement or document submitted under any provision of chapter 37, subtitle F, or regulations under this part with respect to any tax imposed by chapter 37 may be required to contain or be verified by a written declaration that it is made under the penalties of perjury.

(b) *Applicability date*. This section applies to stock repurchase excise tax returns, statements, or other documents that are required to be made with respect to the tax imposed by chapter 37 and required to be filed after June 28, 2024**, and during taxable years ending after** June 28, 2024.

§58.6071-1 Time for filing returns.

(a) *In general*. Except as provided in paragraph (c) of this section, a stock repurchase excise tax return required by §58.6011-1(a) must be filed by the due date of the Form 720, *Quarterly Federal Excise Tax Return*, that is for the first full calendar quarter after the end of the taxable year of the covered corporation (as defined in section 4501(b) of the Internal Revenue Code (Code)), or person treated as a covered corporation (as described in section 4501(d)(1)(A) or (d)(2)(A)).

(b) *Example*. Corporation X is a covered corporation with a taxable year that ends on December 31. During its 2024 taxable year, Corporation X makes a repurchase within the meaning of section 4501(c)(1). Because Corporation X's taxable year ends in the fourth quarter of the calendar year, Corporation X must file a stock repurchase excise tax return reporting liability for the tax imposed by chapter 37 of the Code by the due date for a first-quarter Form 720 (that is, April 30, 2025).

(c) *Taxable years ending on or before June 28, 2024*. With respect to a covered corporation, or person treated as a covered corporation, with a taxable year ending after December 31, 2022, and on or before June 28, 2024, the stock repurchase excise tax return required by §58.6011-1(a) for such taxable year must be filed by the due date of the Form 720 for the first full calendar quarter after June 28, 2024. If a covered corporation, or person treated as a covered corporation, has more than one taxable year ending after December 31, 2022, and on or before June 28, 2024, the covered corporation, or person treated as a covered corporation, should file a single Form 720 with two separate Forms 7208, *Excise Tax on Repurchase of Corporate Stock* (one for each taxable year) attached.

(d) *Example*. Corporation Y is a covered corporation with a taxable year ending December 31, 2023. During its 2023 taxable year, Corporation Y makes a repurchase within the meaning of section 4501(c)(1). Corporation Y is required to file the stock repurchase excise tax return for its 2023 taxable year by the due date of the Form 720 for the first full calendar quarter after June 28, 2024. The due date for the Form 720 for the first full calendar quarter after June 28, 2024 (that is, the third quarter Form 720), is October 31, 2024.

(e) *Applicability date*. This section applies to stock repurchase excise tax returns required to be filed after June 28, 2024**, and during taxable years ending after** June 28, 2024.

§58.6091-1 Place for filing tax returns under chapter 37 of the Internal Revenue Code.

(a) *In general*. Except as provided in paragraphs (b) and (c) of this section, stock repurchase excise tax returns required by §58.6011-1(a) must be filed in accordance with the instructions applicable to such returns.

(b) *Hand-carried returns*. Notwithstanding paragraph (a) of this section, stock repurchase excise tax returns that are filed by hand carrying must be filed with any person assigned the responsibility to receive hand-carried returns in the local Internal Revenue Service (IRS) office that serves the principal place of business, principal office, or agency of the taxpayer.

(c) *Exceptional cases*. Notwithstanding paragraph (a) of this section, the Commissioner may permit the filing of any stock repurchase excise tax return in any local IRS office.

(d) *Applicability date*. This section applies to stock repurchase excise tax returns required to be filed after June 28, 2024**, and during taxable years ending after** June 28, 2024.

§58.6107-1 Tax return preparer must furnish copy of return or claim for refund to taxpayer and must retain a copy or record.

(a) *In general*. A person who is a signing tax return preparer (as defined in §301.7701-15(b)(1) of this chapter) of any stock repurchase excise tax return required by §58.6011-1(a) or claim for refund of tax under chapter 37 of the Internal Revenue Code must furnish a completed copy of the stock repurchase excise tax return or claim for refund to the taxpayer and retain a completed copy or record in the manner stated in §1.6107-1 of this chapter.

(b) *Applicability date*. This section applies to stock repurchase excise tax returns and claims for refund required to be filed after June 28, 2024**, and during taxable years ending after** June 28, 2024**.**

§58.6109-1 Tax return preparers furnishing identifying numbers for returns or claims for refund.

(a) *In general*. Each stock repurchase excise tax return required by §58.6011-1(a) or claim for refund of tax under chapter 37 of the Internal Revenue Code prepared by one or more signing tax return preparers (as defined in §301.7701-15(b)(1) of this chapter) must include the identifying number of the preparer required by §1.6695-1(b) of this chapter to sign the stock repurchase excise tax return or claim for refund in the manner stated in §1.6109-2 of this chapter.

(b) *Applicability date*. This section applies to stock repurchase excise tax returns and claims for refund required to be filed after June 28, 2024**, and during taxable years ending after** June 28, 2024**.**

§58.6151-1 Time and place for paying of tax shown on returns.

(a) *In general*. The tax shown on any stock repurchase excise tax return required by §58.6011-1(a) must, without assessment or notice and demand, be paid to the Internal Revenue Service at the time and place for filing such stock repurchase excise tax return. For provisions relating to the time and place for filing the stock repurchase excise tax return required under §58.6011-1(a), *see* §§58.6071-1 and 58.6091-1.

(b) *Applicability date*. This section applies to payments of stock repurchase excise tax required to be paid after June 28, 2024**, and during taxable years ending after** June 28, 2024**.**

§58.6694-1 Section 6694 penalties.

(a) *Penalties applicable to tax return preparer*. For general definitions regarding penalties under section 6694 of the Internal Revenue Code (Code) applicable to preparers of tax returns or claims for refund of tax under chapter 37 of the Code, *see* §1.6694-1 of this chapter.

(b) *Penalties for understatement due to an unreasonable position*. A person who is a tax return preparer of any return or claim for refund of tax under chapter 37 may be subject to penalties under section 6694(a) in the manner stated in §1.6694-2 of this chapter.

(c) *Penalties for understatement due to willful, reckless, or intentional conduct*. A person who is a tax return preparer of any return or claim for refund of tax under chapter 37 may be subject to penalties under section 6694(b) in the manner stated in §1.6694-3 of this chapter.

(d) *Extension of period of collection when tax return preparer pays 15 percent of a penalty for understatement of taxpayer's liability and certain other procedural matters*. The rules under §1.6694-4 of this chapter, relating to the extension of period of collection when a tax return preparer who prepared a return or claim for refund of tax pays 15 percent of a penalty for understatement of taxpayer's liability and to procedural matters regarding the investigation, assessment, and collection of the penalties under sections 6694(a) and (b), apply to a tax return preparer who prepared a return or claim for refund for tax under chapter 37.

(e) *Applicability date*. This section applies to returns and claims for refund filed, and advice provided, after June 28, 2024**, and during taxable years ending after** June 28, 2024.

§58.6695-1 Other assessable penalties with respect to the preparation of tax returns or claims for refund for other persons.

(a) *In general*. A person who is a tax return preparer of any return or claim for refund of tax under chapter 37 of the Internal Revenue Code (Code) may be subject to penalties for failure to furnish a copy to the taxpayer under section 6695(a) of the Code, failure to sign the return under section 6695(b), failure to furnish an identifying number under section 6695(c), failure to retain a copy or list under section 6695(d), failure to file a correct information return under section 6695(e), and endorsement or negotiation of a check under section 6695(f),

in the manner stated in §1.6695-1 of this chapter.

(b) *Applicability date*. This section applies to returns and claims for refund filed after June 28, 2024**, and during taxable years ending after** June 28, 2024.

§58.6696-1 Claims for credit or refund by tax return preparers.

(a) *In general*. The rules under §1.6696-1 of this chapter apply to claims for credit or refund by a tax return preparer who prepared a return or claim for credit or refund for tax under chapter 37 of the Internal Revenue Code.

(b) *Applicability date*. This section applies to returns and claims for credit or refund filed, and advice provided, after June 28, 2024**, and during taxable years ending after** June 28, 2024.

Douglas W. O'Donnell,
Deputy Commissioner.

Approved: June 24, 2024.

Aviva R. Aron-Dine,
Acting Assistant Secretary of the Treasury (Tax Policy).

(Filed by the Office of the Federal Register June 28, 2024, 4:15 p.m., and published in the issue of the Federal Register for July 3, 2024, 89 FR 55045)

Part III

Transitional Relief Under Sections 3403, 3406, 6721, 6722, 6651, and 6656 with Respect to the Reporting of Information and Backup Withholding on Digital Assets by Brokers under Section 6045

Notice 2024-56

SECTION 1. PURPOSE

This notice provides transitional relief from penalties for brokers who fail to report sales of digital assets, as defined in § 1.6045-1(a)(19)[1] other than digital assets not required to be reported as digital assets pursuant to § 1.6045-1(c)(8)(ii), (iii), or (iv), on information returns (Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*), or fail to furnish payee statements, under section 6045. The penalty relief provided by this notice is available for information returns required to be filed and payee statements required to be furnished in 2026 for sales of digital assets effected in calendar year 2025, provided that the broker makes a good faith effort to file the appropriate information return and furnish the associated payee statement accurately.

In addition, this notice provides transitional relief from the liability for the payment of backup withholding tax required to be withheld under section 3406 and its accompanying regulations as well as from penalties for brokers who fail to pay that tax with respect to certain sales of digital assets required to be reported under section 6045. Specifically, this notice provides certain relief from penalties and backup withholding: (1) for any sale of a digital asset effected by a broker during calendar year 2025; (2) for any sale of a digital asset effected by a broker during calendar year 2026 for a customer (payee) if the broker submits that payee's name and tax identification number (TIN) combination to the Internal Revenue Service's (IRS) TIN Matching Program and receives a response that the name and TIN combination furnished by the payee matches the name and TIN combination for that payee in IRS records; (3) for any sale of a digital asset effected by a broker in return for specified nonfungible tokens (specified NFTs); (4) for any digital asset for real property sale effected by a real estate reporting person; and (5) for certain sales of digital assets effected by processors of digital asset payments (PDAPs).

This notice also provides transitional relief from penalties for brokers who fail to backup withhold and pay the full backup withholding tax due if such failure is due to a decrease in the value of withheld digital assets in a sale of digital assets in return for different digital assets effected on or before December 31, 2026, and the broker immediately liquidates the withheld digital assets for cash.

Finally, this notice sets forth when a broker may treat another broker as a U.S. digital asset broker under § 1.6045-1(c)(3)(i)(C)(*3*) prior to the publication of a revised Form W-9, *Request for Taxpayer Identification Number and Certification*, providing for the certification of U.S. digital asset broker status.

SECTION 2. BACKGROUND

.01 Section 6045 and Final Regulations

Section 6045(a) provides that every person doing business as a broker shall make a return to the IRS showing the name and address of each customer, with details regarding gross proceeds and other information as required. These rules apply when required by the Secretary of the Treasury or her delegate (Secretary) and in accordance with regulations prescribed by the Secretary. Other subsections of section 6045 require a broker to furnish a payee statement to customers, define the term broker, require basis reporting for specified securities that are also covered securities, and provide other applicable rules.

Section 80603 of the Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429, 1339 (2021) (Infrastructure Act) made several changes to the broker reporting provisions under section 6045 to clarify the rules regarding how certain digital asset transactions should be reported by brokers and to expand the categories of assets for which basis reporting is required to include all digital assets. On June 28, 2024, final regulations (TD 10000) were filed for public inspection with the Federal Register (89 FR 56480) (final regulations) to require brokers, including certain digital asset trading platforms, certain PDAPs, certain digital asset hosted wallet providers, and digital asset kiosks, to file information returns and furnish payee statements reporting gross proceeds and in certain circumstances adjusted basis on sales of digital assets effected for customers beginning for sales of digital assets effected on or after January 1, 2025. For purposes of the final regulations and this notice, a sale of a digital asset includes a disposition of a digital asset in return for cash and different digital assets. Additionally, a sale of a digital asset includes a disposition of a digital asset in return for certain broker services, securities and other property that is otherwise subject to reporting, and real estate if the sale is effected by a real estate reporting person (real estate sale) on or after January 1, 2026. Finally, a sale of a digital asset also includes a payment by a party of a digital asset to a PDAP in return for the payment of that digital asset, cash, or a different digital asset to a second party, provided that the transaction is not otherwise a sale (PDAP sale).

A broker is not required to make a report of information with respect to a sale effected for a customer that is an exempt recipient. The final regulations added U.S. digital asset brokers (other than certain registered investment advisers) to the list of exempt recipients, but do not permit a broker to treat a customer as a U.S. digital asset broker unless the broker obtains from that customer a certification on a properly completed exemption certificate

[1] *Unless otherwise specified, all "section" or "§" references are to sections of the Internal Revenue Code, the Income Tax Regulations (26 CFR part 1), or to the Employment Taxes and Collection of Income Tax at Source Regulations (26 CFR part 31).*

(as provided in § 31.3406(h)-3, generally a Form W-9) that the customer is a U.S. digital asset broker. Additionally, if more than one broker effects a sale of a digital asset on behalf of a customer, the broker responsible for first crediting the gross proceeds on the sale to the customer's wallet or account is required to report the sale. The broker that did not first credit the gross proceeds on the sale to the customer's wallet or account is not required to report the sale if prior to the sale that broker obtains a certification on a properly completed exemption certificate that the broker first crediting the gross proceeds on the sale is a U.S. digital asset broker (other than a registered investment adviser) (multiple broker rule).

.02 Sections 6721, 6722, and 6724

Section 6721 imposes a penalty for any failure to file an information return on or before the required filing date, and for any failure to include all the information required to be shown on a return or the inclusion of incorrect information. Section 6724(d)(1)(B)(iii) defines an information return for this purpose as a return required by section 6045(a) or (d).

Section 6722 imposes a penalty for any failure to furnish a payee statement on or before the required furnishing date to the person to whom such statement is required to be furnished, and for any failure to include all the information required to be shown on a payee statement or the inclusion of incorrect information. Section 6724(d)(2)(H) defines a payee statement for this purpose as a statement required by section 6045(b) or (d).

Section 6724 provides that no penalty shall be imposed under sections 6721 and 6722 if the filer (payor) shows that the failure was due to reasonable cause and was not due to willful neglect.

.03 Sections 3403 and 3406

Section 3406(a)(1) requires certain payors of reportable payments to deduct and withhold a tax on a payment at the statutory backup withholding rate (backup withholding tax) if the payee fails to furnish the payee's TIN to the payor in the manner required. Pursuant to section 3406(b)(3)(C), a reportable payment includes payments made by a broker that are required to be shown on an information return under section 6045. Section 1.6045-1(g)(1) provides an exception to a broker's reporting of a sale effected for a customer that is an exempt foreign person. Under § 1.6045-1(g)(4)(ii)(B) and (g)(4)(vi)(A)(*1*), a U.S. digital asset broker may treat a customer as an exempt foreign person if the broker receives valid documentation upon which it may rely for this purpose (for example, Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individuals)*). Pursuant to §§ 31.3406(d)-1 and 31.3406(h)-3(a)(1), a payee that is not an exempt foreign person must generally furnish to the broker on a Form W-9 the payee's TIN and certify under penalties of perjury that the furnished TIN is correct (certified TIN). However, to provide additional time for brokers to collect the necessary documentation to treat preexisting customers as exempt foreign persons with respect to digital asset sales effected prior to January 1, 2027, § 1.6045-1(g)(4)(vi)(F) permits a broker to treat a customer with an account established prior to January 1, 2026, as an exempt foreign person if the customer has not been previously classified as a U.S. person by the broker and the information the broker has for the customer includes a residence address that is not a U.S. address.

Section 3406(a) provides that the current applicable rate of backup withholding is the fourth lowest rate of tax applicable under section 1(c) (currently 24 percent). A payor is also required to report the amount of backup withholding tax the payor withheld from the payee on Form 945, *Annual Return of Withheld Federal Income Tax*, and on the information return filed with the IRS and furnished to the payee. In the case of the Form 1099-DA, once approved by the Office of Management and Budget (OMB) for information collection under the Paperwork Reduction Act, the backup withholding tax withheld from the payee will be required to be reported in accordance with the instructions for that form. The payee may then report this tax as an income tax payment on the payee's Federal income tax return.

Section 3406(a)(1)(B) also requires the payor to deduct and withhold the backup withholding tax if the IRS notifies the payor that the payee has provided an incorrect name and TIN combination. The IRS notifies a payor of an incorrect name and TIN combination by sending the payor a CP2100 Notice, *Please Check Your Backup Withholding List ("Large" Payers)*, or a CP2100A Notice, *Please Check Your Backup Withholding, Contact Your Payee, and/or Update Your Records*. The CP2100 and CP2100A Notices list each payee with an incorrect name and TIN combination reported on information returns filed by the payor. Upon receiving a CP2100 Notice or a CP2100A Notice, payors must send a copy of the notice identifying the incorrect name and TIN combination to the payee and request a corrected TIN (or name) from the payee before beginning backup withholding. *See* § 31.3406(d)-5 (describing these procedures, which are commonly known as B Notice procedures).

Section 3406(h)(10) provides that payments subject to withholding under section 3406 shall be treated as if they were wages paid by an employer to an employee and amounts deducted and withheld under section 3406 shall be treated as if deducted and withheld under section 3402. Accordingly, a payor of reportable payments subject to backup withholding under section 3406 is liable under section 3403 for the payment of the backup withholding tax required to be withheld.

.04 TIN Matching Program

Section 31.3406(j)-1(a) provides that the Commissioner of Internal Revenue (Commissioner) has the authority to establish TIN matching programs and may prescribe by revenue procedure or other guidance the scope and terms and conditions for participating in such programs.

Section 31.3406(j)-1(b) provides that none of the matching details received by a payor through a matching program will constitute an IRS notification regarding incorrect name and TIN combination for purposes of imposing backup withholding under section 3406(a)(1)(B).

Section 31.3406(j)-1(d) provides that the IRS will not use a payor's decision not to participate in the TIN Matching Program as a basis to assert that the payor lacks reasonable cause under section 6724(a) for failure to file a correct information return under section 6721 or to furnish a correct payee statement under section 6722.

Revenue Procedure 97-31, 1997-26 I.R.B. 6 (June 30, 1997), established pro-

cedures under which Federal agencies could submit the payee name and TINs and the IRS would inform the agency whether the names and TINs matched the information in the IRS's database for the program. Revenue Procedure 2003-9, 2003-8 I.R.B. 516 (February 24, 2003), established a TIN Matching Program that permits payors to verify name and TIN combinations provided by payees that are required to be reported on information returns and payee statements. To participate in the TIN Matching Program, the payor must complete an application. Then, prior to filing an information return, a TIN Matching Program participant may check the name and TIN combination furnished by the payee against the name and TIN combination contained in the IRS-maintained database. More information is available at https://www.irs.gov/tax-professionals/taxpayer-identification-number-tin-matching. Publication 2108A, *On-Line Taxpayer Identification Number (TIN) Matching Program*, has complete program information.

.05 Sections 6651 and 6656

A payor who fails to withhold and pay backup withholding tax when required may be subject to civil penalties under sections 6651 and 6656. Section 6651 generally imposes an addition to the tax owed by a taxpayer for the failure to pay the amount shown as tax, including backup withholding tax, on a return required to be filed by the taxpayer unless the failure is due to reasonable cause and not due to willful neglect. Section 6656 provides that in the case of any failure by any person to deposit taxes on the prescribed date in an authorized government depository, a penalty applies unless the failure is due to reasonable cause and not due to willful neglect. A failure to deposit backup withholding tax as required under section 6302 would generally subject a payor to the section 6656 penalty.

SECTION 3. DISCUSSION

.01 Sales Effected in Calendar Year 2025

The final regulations under section 6045 require brokers to make information returns and furnish payee statements with respect to sales of digital assets effected on or after January 1, 2025. Sections 6721 and 6722 are applicable to brokers that fail to file those information returns and furnish those payee statements. In order to provide brokers additional time to develop appropriate procedures to comply with the reporting requirements described in the final regulations, which apply to sales of digital assets effected on or after January 1, 2025, the IRS will not impose penalties under sections 6721 and 6722 on brokers that fail to file information returns and furnish payee statements under the final regulations with respect to sales of digital assets effected during calendar year 2025, provided that such brokers make good faith efforts to file accurate and timely Forms 1099-DA and furnish accurate and timely payee statements. For purposes of this notice, good faith efforts do not include any filing of returns or furnishing of payee statements made by the broker after the later of the date that the IRS first contacts the broker concerning an examination of such broker or one year after the original due date for filing such returns.

The final regulations under section 3406 and § 31.3406(b)(3)-2 apply to reportable payments by a broker to a payee with respect to sales of digital assets on or after January 1, 2025, that are required to be reported under section 6045. Because the final regulations require brokers to report digital asset sales effected during calendar year 2025 and because brokers may not have enough time to obtain a certified TIN from a payee prior to the date of a digital asset sale by that payee during 2025 that is subject to reporting, the Department of the Treasury (Treasury Department) and the IRS are postponing the application of backup withholding with respect to sales of digital assets for an additional year to provide brokers with additional time to develop appropriate procedures for collecting certified TINs from customers and to otherwise comply with the backup withholding requirements on digital asset sales. Accordingly, backup withholding under section 3406 will not be required on any digital asset sale effected by brokers during calendar year 2025.

.02 Sales Effected in Calendar Year 2026

Section 3406 backup withholding applies to reportable digital asset sales if the broker has not obtained the payee's certified TIN. The IRS is aware that brokers subject to section 6045 reporting for digital asset sales may experience challenges in obtaining certified TINs from all payees that are existing customers. Accordingly, for digital asset sales effected in calendar year 2026, the IRS will permit brokers to rely on TINs provided by payees that are not certified if those uncertified TINs were provided by payees that opened accounts with the broker prior to January 1, 2026, (preexisting customers) and if the broker, prior to effecting the digital asset sale transaction, submits the payee's name and TIN combination to the IRS's TIN Matching Program and receives a response that the name and TIN combination furnished by the payee matches the name and TIN combination for that payee in the IRS records. *See* § 1.6045-1(g)(4)(vi)(F) discussed in section 2.03 of this notice regarding the relief provided to brokers in treating certain customers with established accounts as exempt foreign persons under certain circumstances.

.03 Sales of Digital Assets for Specified NFTs

The final regulations require brokers to report sales of digital assets, including sales of digital assets that are disposed of in consideration for specified NFTs, on Form 1099-DA. Section 1.6045-1(d)(10)(iv)(A) and (B) provides that a specified NFT is a digital asset that is indivisible (that is, the digital asset cannot be subdivided into smaller units without losing its intrinsic value or function) and unique as determined by the inclusion in the digital asset itself of a unique digital identifier, other than a digital asset address, that distinguishes that digital asset from all other digital assets (unique digital identifier). In addition, § 1.6045-1(d)(10)(iv)(C) provides that, to be a specified NFT, the digital asset must not directly (or indirectly) provide the holder with an interest in certain excluded property. The IRS is aware that brokers effectuating sales of digital assets in consideration for specified NFTs may experience challenges satisfying their backup withholding obligations because the proceeds received by the payee with respect to that sale is an indivisible specified NFT. Accordingly, the Treasury Department and the IRS have determined that backup withholding under section 3406 will not be required on any digital asset sale effected by a broker where the

reportable proceeds is a specified NFT until further guidance is issued.

.04 Sales Effected by Real Estate Reporting Persons

Section 1.6045-1(a)(9)(ii)(B) requires real estate reporting persons to file and furnish Form 1099-DA with respect to a real property buyer that disposes of digital assets in full or partial consideration for real property in a real estate transaction (digital asset for real property sale) if the real estate reporting person has actual knowledge, or ordinarily would know, that digital assets were received by the real estate seller. The IRS is aware that real estate reporting persons effectuating sales of digital assets in consideration for real estate may experience challenges satisfying their backup withholding obligations because the real estate reporting persons generally do not have possession of the real estate proceeds. Accordingly, the Treasury Department and the IRS have determined that backup withholding under section 3406 will not be required on any digital asset for real property sale effected by a real estate reporting person until further guidance is issued.

.05 Certain Sales Effected by PDAPs

In the case of PDAP sales effected by PDAPs, the Treasury Department and IRS are aware that PDAPs generally do not take custody of the proceeds, for example goods or services acquired with digital assets, and as such may experience difficulties deducting and withholding the backup withholding tax. Accordingly, the Treasury Department and the IRS have determined that backup withholding under section 3406 will not be required on any PDAP sale effected by a PDAP until further guidance is issued.

.06 Amount of Backup Withholding

In the case of a sale of a digital asset for different digital assets other than specified NFTs addressed in section 3.03 of this notice, the Treasury Department and the IRS are aware that brokers may need time to implement new backup withholding procedures because the value of the digital assets received in such sales can change between the time of the transaction and the time the received digital assets are liquidated into U.S. dollars for depositing with the IRS. To provide brokers additional time to develop appropriate procedures, the amount of backup withholding tax required to be withheld and paid as a tax under section 3406 shall be limited to the amount that the broker receives upon the liquidation of 24 percent of the customer's received digital assets, notwithstanding that such amount may be less than 24 percent of customer's received digital assets at the time of the transaction giving rise to the backup withholding obligation, provided such liquidation is undertaken immediately after the transaction giving rise to the backup withholding liability. The amount that the broker receives upon liquidation should be reported as Federal income tax withheld on Form 1099-DA. This amount should also be included on the broker's Form 945. Accordingly, the IRS will not impose penalties under section 6651 or 6656 with respect to any decrease in the value of received digital assets between the time of the transaction giving rise to the backup withholding obligation and the time the broker liquidates 24 percent of the received digital assets. Finally, the IRS will not impose penalties on brokers that are required to file Form 945 with respect to the backup withholding tax due as described in this section 3.06 with respect to digital asset sales, provided the broker pays and reports the amount of backup withholding tax that is withheld and deposited with the IRS in accordance with this section 3.06. For this purpose, a broker that systemically liquidates the received digital assets when received as part of its process to perform the underlying sale transaction will be treated as immediately liquidating the received digital assets.

The relief provided by this section 3.06 applies only to the amount required to be withheld and paid as described in this section 3.06 and the requirement to file information returns and payee statements pertaining to reportable digital asset sales effected before January 1, 2027.

.07 Treatment of Brokers as U.S. Digital Asset Brokers

The IRS is aware that the existing Form W-9 does not provide a box that would facilitate a broker obtaining certification from another broker that the other broker is a U.S. digital asset broker within the meaning of § 1.6045-1(g)(4)(i)(A)(*1*) (other than a registered investment adviser) that is an exempt recipient under § 1.6045-1(c)(3)(i)(B)(*12*). To allow a broker to treat a second broker as a U.S. digital asset broker (other than a registered investment adviser) prior to the publication of a revised Form W-9, the first broker may rely upon a written statement that a second broker is a U.S. digital asset broker within the meaning of § 1.6045-1(g)(4)(i)(A)(*1*) (other than a registered investment adviser) if the written statement is associated with the Form W-9, or is separately signed by that second broker under penalties of perjury, until one-year from the end of the month shown as the revision date on the Form W-9 that it is revised to accommodate this certification.

SECTION 4. EFFECTIVE DATE

This notice is effective for digital asset sales effected on or after January 1, 2025.

SECTION 5. DRAFTING INFORMATION

The principal author of this notice is the Office of the Associate Chief Counsel (Procedure and Administration). For further information regarding this notice, please call (202) 317-5436 (not a toll-free number).

Reporting and Penalty Relief for Brokers for Certain Digital Asset Transactions Under Section 6045

Notice 2024-57

SECTION 1. PURPOSE

This notice provides that brokers are not required to file information returns and furnish payee statements with respect to certain transactions involving digital assets identified in this notice and that the Internal Revenue Service (IRS) will not assert penalties under section 6721 (failure to file correct information returns) or section 6722 (failure to furnish correct payee statements) of the Internal Revenue

Code (Code)[1] with respect to these identified transactions.

SECTION 2. BACKGROUND

.01 Section 6045

Section 6045(a) provides that every person doing business as a broker shall make a return to the IRS showing the name and address of each customer, with details regarding gross proceeds and other information as required. These rules apply when required by the Secretary of the Treasury or her delegate (Secretary) and in accordance with regulations prescribed by the Secretary. Brokers required to make returns under section 6045 with respect to digital assets do so by filing Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*.

Section 80603 of the Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429, 1339 (2021) (Infrastructure Act) made several changes to the broker reporting provisions under section 6045 to clarify the rules regarding how certain digital asset transactions should be reported by brokers and to expand the categories of assets for which basis reporting is required to include all digital assets. On June 28, 2024, final regulations (TD 10000) were filed for public inspection with the Federal Register (89 FR 56480) (final regulations) to require brokers, including certain digital asset trading platforms, certain processors of digital asset payments, certain digital asset hosted wallet providers, and digital asset kiosks, to file information returns and furnish payee statements reporting gross proceeds and in certain circumstances adjusted basis on sales of digital assets effected for customers.

Section 1.6045-1(c)(2) provides that a broker generally is required to make an information return for each sale by a customer of the broker if, in the ordinary course of a trade or business in which the broker stands ready to effect sales to be made by others, the broker effects the sale or closes the short position opened by the sale.

Section 6045(c) defines a broker to include a dealer, a barter exchange, any person who (for consideration) regularly acts as a middleman with respect to property or services, and any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person. Pursuant to § 1.6045-1(a)(1), the term broker includes any person that in the ordinary course of a trade or business stands ready to effect sales made by others. Sections 1.6045-1(a)(10) and (21) define, in part, the term effect to mean, with respect to a sale, to act as: an agent for a party wherein the nature of the agency is such that the agent ordinarily would know the gross proceeds from the sale; an obligor retiring its own debt obligations, a corporation redeeming its own stock, or an issuer of digital assets redeeming those issued digital assets; a principal that is a dealer; or a digital asset middleman who provides a facilitative service.

Section 1.6045-1(a)(9)(i) defines the term sale to include any disposition of securities, commodities, options, regulated futures contracts, securities futures contracts, or forward contracts, and includes a redemption of stock, a retirement of debt instruments, and entering into short sales, but only to the extent any of these actions are conducted for cash. Section 1.6045-1(a)(9)(ii) defines the term sale to also include any disposition of a digital asset in exchange for cash or stored-value cards; any disposition of digital assets in exchange for a different digital asset; and the delivery of a digital asset pursuant to the settlement of a forward contract, option, regulated futures contract, any similar instrument, or any other executory contract which would be treated as a sale of a digital asset if the contract had not been executory.

Section 6045(g)(3)(D) and § 1.6045-1(a)(19) define the term digital asset to mean any digital representation of value that is recorded on a cryptographically secured distributed ledger (or any similar technology), without regard to whether each individual transaction involving that digital asset is recorded on that ledger, and that is not cash.

.02 Sections 6721 and 6722

Section 6721 imposes a penalty for any failure to file an information return on or before the required filing date, and for any failure to include all the information required to be shown on a return or the inclusion of incorrect information. Section 6724(d)(1)(B)(iii) defines an information return for this purpose as a return required by section 6045(a) or (d).

Section 6722 imposes a penalty for any failure to furnish a payee statement on or before the required furnishing date to the person to whom such statement is required to be furnished, and for any failure to include all the information required to be shown on a payee statement or the inclusion of incorrect information. Section 6724(d)(2)(H) defines a payee statement for this purpose as a statement required by section 6045(b) or (d).

SECTION 3. SCOPE

.01 The Treasury Department and the IRS have determined that certain digital asset transactions identified in sections 3.02, 3.03, 3.04, 3.05, 3.06, and 3.07 of this notice (identified transactions) require further study to determine how to facilitate appropriate reporting. Accordingly, until that determination is made, brokers are not required to make a return on these identified transactions under section 6045(a), and the IRS will not impose penalties under section 6721 or section 6722 for failure to file correct information returns or failure to furnish correct payee statements with respect to these identified transactions. The description of the transactions in sections 3.02, 3.03, 3.04, 3.05, 3.06, and 3.07 does not constitute or reflect a substantive analysis for Federal income tax purposes of any of the identified transactions or their component steps and no inference is intended as to how an identified transaction, or its component steps, is treated for substantive Federal income tax purposes. The descriptions are provided solely for the purpose of describing the scope of the identified transactions covered by sections 3.02, 3.03, 3.04, 3.05, 3.06, and 3.07 of this notice and solely for purposes of determining the application of the broker reporting requirements

[1] *Unless otherwise specified, all "section" or "§" references are to sections of the Internal Revenue Code or the Income Tax Regulations (26 CFR part 1).*

under section 6045 pursuant to this notice. The inclusion of a transaction in section 3.02, 3.03, 3.04, 3.05, 3.06, or 3.07 of this notice is not intended to create an inference that the identified transaction is or is not a sale of a digital asset or that it would be required to be reported under section 6045(a) but for this notice.

.02 Wrapping and unwrapping transactions.

(1) An identified transaction described in this section 3.02 is:

(a) The transfer of a single type of digital asset that is native to one cryptographically-secured distributed ledger (or that cannot be used in certain automatically executing contracts) (digital asset A) in return for another digital asset (digital asset B) that is: (i) redeemable solely for digital asset A except as provided in section 3.02(1)(b) of this notice; and (ii) identical to digital asset A except that it is "wrapped" using an automatically executing contract (which may be referred to as a "smart contract") or similar technology allowing it to be digitally represented and tradeable on a cryptographically-secured distributed ledger other than the one to which digital asset A is native (or that can be used in the smart contracts that digital asset A could not be used in); and

(b) The transfer or redemption of digital asset B described in section 3.02(1)(a) of this notice in return for digital asset A described in such section, regardless of whether airdrops or other digital assets attributable to the possession of digital asset A prior to such a transfer or redemption are also received or credited for the period during which digital asset A was wrapped in a transaction described in section 3.02(1)(a) of this notice. The processes described in section 3.02(1)(a) and this paragraph (1)(b) may be referred to as "wrapping" and "unwrapping" or as exchanging a "wrapped digital asset" for an "unwrapped digital asset of the same type" and vice versa.

(2) The treatment of a transfer or redemption transaction described in section 3.02(1)(b) of this notice does not affect whether the receipt or crediting of airdrops, or other digital assets attributable to the possession of digital asset A for the period during which digital asset A was wrapped in a transaction described in section 3.02(1)(a) of this notice, should be treated as otherwise subject to information reporting under another Code section as rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, interest, or other fixed or determinable income.

.03 Liquidity provider transactions.

(1) An identified transaction described in this section 3.03 is:

(a) The transfer of one or more digital assets (for example, digital assets C and D) into an automatically executing contract and receipt of a different digital asset (digital asset L) that represents an interest in a pool of those digital assets that are used by an automatically executing contract to facilitate the trading (or to facilitate what digital asset market participants describe as lending) of those digital assets in an automated market maker system; and

(b) The redemption of digital asset L in return for a proportional share of the digital assets in the pool, regardless of whether the digital assets received or credited in the redemption include the same proportion of the units of digital assets in the pool that were previously deposited into the automatically executing contract in a transaction described in section 3.03(1)(a) of this notice.

(2) The treatment of a redemption transaction described in section 3.03(1)(b) of this notice does not affect whether the receipt or crediting of digital assets or any other payment as compensation for the use of units of digital assets transferred to the pool is otherwise subject to information reporting under another Code section as rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, interest, or other fixed or determinable income.

.04 Staking transactions.

(1) An identified transaction described in this section 3.04 is:

(a)(i) The transfer of one digital asset (digital asset E) into an automatically executing contract for the purpose of being used as part of a proof-of-stake consensus mechanism to validate transactions on a distributed ledger in return for the opportunity to receive the transferred digital asset back plus validation rewards (if any);

(a)(ii) The receipt of digital asset E from the automatically executing contract as described in section 3.04(1)(a)(i) of this notice, regardless of whether the receipt also includes the receipt or crediting of additional digital assets as a validation reward for the use of digital asset E that was previously transferred into the automatically executing contract.

(b)(i) The transfer of one digital asset (digital asset E) into an automatically executing contract in return for a different digital asset (digital asset S) that represents an interest in a pool of digital asset E that is used to validate transactions on a distributed ledger as part of a proof-of-stake consensus mechanism; and

(b)(ii) The redemption of digital asset S in return for a proportional share of digital asset E, regardless of whether the redemption includes the receipt or crediting of additional digital assets as a validation reward for the use of digital asset E that was previously transferred into an automatically executing contract as described in section 3.04(1)(b)(i) of this notice.

(2) The treatment of a transfer or redemption transaction described in section 3.04(1)(a)(ii) or (1)(b)(ii) of this notice does not affect whether the receipt or crediting of validation rewards for the use of the disposed digital assets is otherwise subject to information reporting under another Code section as rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, interest, or other fixed or determinable income.

.05 Transactions described by digital asset market participants as lending of digital assets (type 1 transactions).

(1) An identified transaction described in this section 3.05 is a transaction described by digital asset market participants as lending of digital assets (type 1 transaction). In a type 1 transaction, a taxpayer (the original digital asset owner) transfers a digital asset to a third party (transferee) either directly or indirectly (such as through a centralized platform, or through the use of an automatically executing contract), subject to an obligation for the transferee to deliver the same type of digital asset back to the original digital asset owner in the future. At a later date, the transferee delivers the same type of digital asset to the original digital asset owner. The transferee may also deliver or credit additional digital assets or other consideration to the original digital asset

owner as compensation for the use of the digital asset during the type 1 transaction or in respect of airdrops or other digital assets received or credited with respect to the obtained digital asset during the type 1 transaction.

(2) The treatment of a type 1 transaction described in section 3.05(1) of this notice does not affect whether the delivery or crediting to the original digital asset owner of airdrops, or other digital assets attributable to the period during which the original digital asset owner did not hold the digital assets pursuant to the type 1 transaction should be treated as otherwise subject to information reporting under another Code section as rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, interest, or other fixed or determinable income.

.06 Transactions described by digital asset market participants as short sales of digital assets (type 2 transactions).

(1) An identified transaction described in this section 3.06 is a transaction described by digital asset market participants as a short sale of digital assets (type 2 transaction). In a type 2 transaction, a taxpayer obtains a digital asset from a third party (original digital asset owner), subject to an obligation to deliver the same type of digital asset to the original digital asset owner in the future. The taxpayer immediately sells the digital asset to an unrelated market participant. To satisfy its obligation to deliver the same type of digital asset to the original digital asset owner, the taxpayer may buy a replacement digital asset and deliver it to the original digital asset owner. Alternatively, the taxpayer may instead deliver a digital asset that it holds at that time to the original digital asset owner. The taxpayer may also deliver or credit additional digital assets or other consideration to the original digital asset owner as compensation for the use of the obtained digital asset (or in respect of airdrops or other digital assets received or credited with respect to the obtained digital asset) for the period between the time it is obtained from the original digital asset owner and the time when the same type of unit is delivered to the original digital asset owner.

(2) The treatment of a type 2 transaction described in section 3.06(1) of this notice does not affect whether the delivery or crediting to the original digital asset owner of consideration for the use of the obtained digital asset, airdrops, or other digital assets attributable to the period during which the original digital asset owner did not hold the digital assets pursuant to the type 2 transaction should be treated as otherwise subject to information reporting under another Code section as rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, interest, or other fixed or determinable income.

.07 Notional principal contract transactions.

An identified transaction described in this section 3.07 is the transfer of a digital asset as a payment under, or on sale of, assignment of, or similar transaction with respect to a notional principal contract as defined in § 1.446-3 (whether or not the notional principal contract itself is a digital asset). An identified transaction described in this section 3.07 also includes a termination of a notional principal contract that is a digital asset.

SECTION 4. EFFECTIVE DATE

This notice is effective for identified transactions occurring on or after January 1, 2025.

SECTION 5. DRAFTING INFORMATION

The principal author of this notice is the Office of the Associate Chief Counsel (Procedure and Administration). For further information regarding sections 3.02, 3.03, and 3.04 of this notice contact the Office of the Associate Chief Counsel (Income Tax and Accounting) at (202) 317-4718. For further information regarding sections 3.05, 3.06, and 3.07 of this notice, contact the Office of the Associate Chief Counsel (Financial Institutions and Products) at (202) 317-4520. For further information regarding the reporting rules, contact the Office of the Associate Chief Counsel (Procedure and Administration) at (202) 317-5436 (not toll-free numbers).

Part IV

Deletions From Cumulative List of Organizations, Contributions to Which are Deductible Under Section 170 of the Code

Announcement 2024-29

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The Internal Revenue Service has revoked its determination that the organizations listed below qualify as organizations described in sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986.

Generally, the IRS will not disallow deductions for contributions made to a listed organization on or before the date of announcement in the Internal Revenue Bulletin that an organization no longer qualifies. However, the IRS is not precluded from disallowing a deduction for any contributions made after an organization ceases to qualify under section 170(c)(2) if the organization has not timely filed a suit for declaratory judgment under section 7428 and if the contributor (1) had knowledge of the revocation of the ruling or determination letter, (2) was aware that such revocation was imminent, or (3) was in part responsible for or was aware of the activities or omissions of the organization that brought about this revocation.

If on the other hand a suit for declaratory judgment has been timely filed, contributions from individuals and organizations described in section 170(c)(2) that are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on July 15, 2024, and would end on the date the court first determines the organization is not described in section 170(c)(2) as more particularly set for in section 7428(c)(1). For individual contributors, the maximum deduction protected is $1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual, in whole or in part, for the acts or omissions of the organization that were the basis for revocation.

Name Of Organization	Effective Date of Revocation	Location
Dialysis Center of Northwest Jersey	1/1/2020	Succasunna, NJ

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
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[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2024–27 through 2024–52 is in Internal Revenue Bulletin 2024–52, dated December 30, 2024.

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Bulletin 2024–29

[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2024–27 through 2024–52 is in Internal Revenue Bulletin 2024–52, dated December 30, 2024.

Internal Revenue Service
Washington, DC 20224

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INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

We Welcome Comments About the Internal Revenue Bulletin

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page *www.irs.gov*) or write to the Internal Revenue Service, Publishing Division, IRB Publishing Program Desk, 1111 Constitution Ave. NW, IR-6230 Washington, DC 20224.