



# Corporate Stock Buybacks

KPMG Global Reward Services

The Inflation Reduction Act of 2022 (“IRA”) introduced new IRC §4501 which imposes a 1% excise tax on U.S. publicly traded companies that repurchase their stock. This new 1% excise tax applies to stock repurchased on or after January 1, 2023. Note that the current Biden tax agenda includes a proposal to increase this tax to 4%.

KPMG can support companies in several ways, including compliance with the new tax and providing strategies for potential tax savings:



## Tax Compliance & Process

As with any new tax, development and implementation of a process to support compliance can be challenging, especially when it requires input from various functional stakeholders. KPMG has the expertise and experience to support you in building this process, including computation of the excise tax, calculation review and proper valuation of its components (e.g., FMV of equity awards).



## Identifying Potential Tax Savings

We can also identify and quantify potential tax savings where a company may benefit from switching to a sell-to-cover method for equity award settlement rather than a net settlement method. KPMG can advise on what that switch means to a company from an operational perspective—tax, accounting, and administration.

For more information on how the KPMG Global Reward Services team can help visit [visit.kpmg.us/GlobalRewardServices](https://visit.kpmg.us/GlobalRewardServices)

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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