



TaxNewsFlash

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Notice 2025-55: Penalty relief for remittance transfer providers who fail to deposit new excise tax on certain remittance transfers

The IRS today released [Notice 2025-55](#) providing relief from failure to deposit penalties under section 6656 in connection with the new 1% excise tax imposed by Pub. L. No. 119-21 (known as the “One Big Beautiful Bill Act” (OBBA)) on certain remittance transfers under section 4475 for the first, second, and third calendar quarters of 2026.

Notice 2025-55 also provides that a remittance transfer provider may use the deposit safe harbor rules under the excise tax procedural regulations (Treas. Reg. § 40.6302(c)-1(b)(2)) even if there was an underpayment of required deposits of the remittance transfer tax for the first three quarters of 2026, provided the remittance transfer provider satisfies the reasonable cause standard for those quarters.

As explained in the related IRS release—[IR-2025-102](#) (October 7, 2025)—the Treasury Department and IRS understand there might be challenges implementing the new law and have determined it is in the interest of sound tax administration to provide limited penalty relief related to remittance transfer tax deposits. Thus, Notice 2025-55 provides limited penalty relief for remittance transfer providers who fail to deposit the correct amount of remittance transfer tax as required during the first three quarters of 2026, if they:

- Make timely deposits, even if they are incorrectly calculated, and
- Ultimately pay the full amount of any underpayment by the due date of [Form 720, Quarterly Federal Excise Tax Return](#), for the quarter

Background

Beginning January 1, 2026, remittance transfer providers are required to collect the remittance transfer tax from certain senders, make semimonthly deposits, and file quarterly returns with the IRS. The first semimonthly deposit is due January 29, 2026. The 1% remittance tax will apply to certain remittances when the sender makes the transaction with cash, a money order, a cashier's check, or a similar physical instrument.

For more information, contact a KPMG tax professional in the Excise Tax Practice group:

Taylor Cortright | tcortright@kpmg.com

Rachel Smith | rachelsmith1@kpmg.com

kpmg.com/socialmedia



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