



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

September 08, 2026

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Expiration Date: 09-08-2028
Affected IRM: 4.26.6

MEMORANDUM FOR SMALL BUSINESS/SELF-EMPLOYED DIVISION (SB/SE) EMPLOYEES
AFFECTED BY BANK SECRECY ACT (BSA) POLICIES AND PROCEDURES

FROM: Heather J. Yocum /s/ *Heather J. Yocum*
Director, Examination Field & Campus Policy
Acting Director, Specialty Examination Policy

SUBJECT: BSA Referral to Excise Tax for Remittance Transfer Tax

Purpose: The purpose of this memorandum is to issue interim guidance for processing foreign remittances referrals potentially subject to remittance excise tax under IRC 4475.

Please ensure this information is distributed to all affected employees within your organization.

Background: Current Internal Revenue Manual (IRM) procedures in IRM 4.26.6.5.3.16, *Examination Information Report, Form 5346*, do not address foreign money transmittals sent (not received) that may be subject remittance transfer excise tax.

Procedural Change: Updated procedures are found on Attachment 1 – IRM 4.26.6.5.3.16.

Effect on Other Documents and Effective Date: This guidance will be incorporated into IRM 4.26.6, *Bank Secrecy Act - BSA Examiner Responsibilities*, by a date not to exceed two years from the date of this memorandum. The following changes are effective immediately.

Contact: Kelly Stephenson, BSA Policy Program Manager

Attachment 1 – IRM 4.26.6.5.3.16

Distribution: IRS.gov

Attachment 1 – IRM 4.26.6.5.3.16

4.26.6.5.3.16

Examination Information Report, Form 5346

Revise paragraph (2) to read as follows:

The examiner should only request records during an examination for determining compliance with BSA requirements. Information is not to be requested during an examination if the only reason for requesting such information is for tax compliance purposes. Examiners are prohibited from expanding the scope or depth of the examination to obtain additional information solely for information report purposes.

Revise paragraph (4) to read as follows:

Examples of transactions that may warrant submitting a Form 5346

- a. Large cash deposits with inadequate records.
- b. The lack of cash deposits by a financial institution that usually generates large amounts of cash.
- c. Suspicious transactions that indicate the correct amount of income may not have been reported for Title 26 purposes.
- d. Potential structuring cases.
- e. Customers cashing business checks to potentially avoid paying employment taxes. Indicate on these Form 5346 that they are submitted for a potential employment tax issue.
- f. Money transmissions sent outside the U.S. involving cash, money orders, cashier's checks or traveler's checks that are subject to remittance transfer excise tax under IRC 4475. If a sender and remittance transfer provider (or its agent) or third party, engage in a transaction (or series of transactions) with a principal purpose of avoiding the remittance transfer tax, the Secretary may disregard or recharacterize the transaction (or series of transactions) in accordance with its substance.

Note: Money transmissions received are not subject remittance transfer excise tax under IRC 4475.

Insert a new paragraph (6) to read as follows:

Examples of potential remittance transfers excise tax issues:

- a. A foreign transfer sent using cash or similar physical instruments (cashier's checks, money orders, or traveler's checks), with no corresponding remittance transfer excise tax paid or collected.

Note: All taxes and fees paid in cash are included in determining a reportable CTR amount.

- b. Purchases of prepaid cards or gift cards, followed by an immediate foreign transfer sent for the same amounts.
- c. Suspicious pattern or volume of cancelled/expired foreign transfers sent. Frequent or consistently occurring cancellations/expirations should be rare.