



## **Federal Remittance Transfer Tax: A Compliance Guide for County Treasurers**

Navigating the One Big Beautiful Bill Act (OBBBA)

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**Executive Summary** The One Big Beautiful Bill Act (OBBBA), signed July 4, 2025, imposed a 1% excise tax on certain cross-border money transfers effective January 1, 2026. For most county governments, no action is required—standard government payment practices are already exempt from this tax.

This guide provides the documentation necessary to satisfy federal audits.

### **The Law at a Glance**

- What it is: 1% federal excise tax on outbound international transfers (IRC Section 4475).
- Taxable: Transfers funded by cash, money orders, or cashier's checks.
- Exempt: Transfers from U.S. bank accounts, ACH, or U.S.-issued credit/debit cards.



## OFFICE OF THE COUNTY TREASURER: POLICY MEMORANDUM

**TO:** All Department Heads & Finance Staff

**SUBJECT:** Compliance Policy for Federal Remittance Transfer Tax (IRC Section 4475)

1. Legal Context Internal Revenue Code Section 4475 targets transfers where the sender provides physical cash/instruments. It specifically exempts:

- Bank Account Transfers: Funds withdrawn from FDIC-insured institutions.
- Card-Funded Transfers: U.S.-issued debit/credit cards.

2. Mandatory Payment Procedures All international payments (vendor fees, software, equipment) must be made via:

1. Wire Transfer/ACH directly from the County's primary bank account.
2. County Procurement Card (P-Card). Prohibited: No use of cash, money orders, or cashier's checks for international remittances.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_



## Frequently Asked Questions

### **Q. Are employee reimbursements taxable?**

**A.** No, these are domestic transactions to U.S. employees.

### **Q. What about money coming into the U.S.?**

**A.** Inbound funds are not subject to the OBBBA excise tax.

### **Q. What about U.S. territories?**

**A.** Payments to Puerto Rico, Guam, and the USVI are domestic and exempt.

## Compliance Checklist for Auditors

[ ] Maintain a log of all international vendor payment methods.

[ ] Secure a letter from your bank confirming Bank Secrecy Act (BSA) compliance.

[ ] File this signed Policy Memorandum in your 2026 regulatory folder.

## Resources & Contact

- IRS Notice 2025-55 (Penalty Relief)
- IntelliPay Government Solutions: [intellipay.com/government](https://intellipay.com/government)
- Contact: [sales@intellipay.com](mailto:sales@intellipay.com) | 855-872-6632