

MSBA Raises Concerns on Compliance Burdens for Money Transfer Providers

MSBA Calls on IRS to Improve Proposed Remittance Tax Rules

MONTVALE, NJ, UNITED STATES, June 15, 2026 /EINPresswire.com/ -- [The Money Services Business Association \(MSBA\)](#) announced today that it has submitted a formal comment letter to the U.S. Department of the Treasury and the Internal Revenue Service (IRS) regarding proposed regulations implementing the federal excise tax on remittance transfers under Section 4475 of the Internal Revenue Code.



The MSBA represents licensed money transmitters, payment providers, and other companies that help consumers and small businesses send money domestically and internationally. In its comments, the association urged Treasury and the IRS to revise several parts of the proposed rules that could create major operational challenges for remittance providers and the small businesses that serve customers in local communities.

“Remittance providers support clear and effective regulation, but the rules must also be practical and workable for the businesses responsible for implementing them,” said Kathy Tomasofsky, Executive Director of the MSBA. “Many providers rely on extensive networks of small retail locations that will face significant new administrative and compliance burdens under the proposed framework.”

In its submission, the MSBA asked Treasury and the IRS to:

- Narrow or eliminate the anti-avoidance provision;
- Replace semi-monthly deposits with quarterly payments;
- Apply the tax only to completed transfers;
- Allow refunds for canceled or failed transfers;
- Exempt provider-paid bonuses and rewards; and
- Extend transition relief to at least January 1, 2028.

[The MSBA's letter](#) also emphasized the unique structure of the remittance industry, which depends heavily on thousands of independently operated retail agents, many of them being small businesses such as grocery stores and convenience stores. According to the MSBA, the proposed requirements create substantial operational strain for these businesses and potentially increase consumer confusion.

The association looks forward to continued engagement with Treasury and the IRS as the regulations move toward finalization.

About MSBA

The Money Services Business Association (MSBA) is the leading trade association representing licensed money transmitters and money services businesses in the United States. The MSBA advocates for balanced regulation that promotes financial inclusion, consumer protection, and a strong and transparent financial system.

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