

Publications

Treasury Finalizes Rules Mandating Electronic Filing of Certain IRS Forms

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Jennifer Bibart Dunsizer

Jeffrey Allen Miller

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On February 21, final U.S. Treasury regulations were issued that will require certain taxpayers to file electronically federal returns and other documents (e-filing) beginning with forms to be filed in 2024.

The new rules affect taxpayers filing partnership income tax returns, corporate income tax returns, unrelated business income tax returns, withholding tax returns, common information returns (such as Forms 1099, W-2, 1095, etc.), registration statements, disclosure statements, notifications, actuarial reports and certain excise tax returns.

These regulations:

- Generally require e-filing by filers of 10 or more returns in a calendar year (down from the 250-return threshold of proposed regulations);
- Apply the 10-return threshold on an aggregate basis (instead of determining the filing threshold separately for each return type);
- Require e-filing of additional returns and other documents that had not previously been required to be e-filed;
- Eliminate the prior e-filing exception for corporations with total assets under \$10 million;
- Require partnerships with more than 100 partners to e-file; and
- Require partnerships that file at least 10 returns of any type during the calendar year to e-file their partnership income tax returns.

In January 2023, the IRS launched a new, free online portal for businesses to e-file Forms 1099, known as the Information Returns Intake System (IRIS).

The aggregated 10-return threshold will ensure that most businesses will be required to e-file most tax documents once the new rules are in effect. For example, a small business that files three Forms W-2, six Forms 1099 information returns (of any type), and a partnership tax return for a taxable year would meet the 10-return threshold and would be required to e-file all of these returns.

Paper filing does not count for compliance purposes where e-filing is required. If e-filing is required, the IRS will assess penalties on paper filers as if they had not filed anything (although it may be possible to have those penalties partially abated in some circumstances). Taxpayers that previously filed returns on paper will need to check the instructions carefully going forward to ensure that e-filing is used where required.

Hardship waivers and religious exemption waivers to the e-filing requirement are possible for some of the form types. If you currently file paper copies and want to explore the waiver process, contact your Vorys attorney.