

**MARCH 10, 2023**

## IRS Mandatory Electronic Filing

The Internal Revenue Service (IRS) issued [IR-2023-31](#) announcing the adoption of the final mandatory electronic filing (e-filing) regulations. The final regulations reduce the number of information returns that an affected taxpayer may file without being required to file them electronically from 250 in 2023 to 10 in 2024 and beyond. (TD 9972; 2/21/2023) The most common information returns, the 1098 and 1099 series forms, are filed to report transactions to the IRS. The final regulations reflect changes made by the Taxpayer First Act (TFA) to increase e-filing without undue hardship on taxpayers.

### Taxpayers Affected

The final regulations apply to filers of partnership returns, corporate income tax returns, unrelated business income tax returns, withholding tax returns, certain information returns, registration statements, disclosure statements, notifications, actuarial reports and certain excise tax returns.

### Effective Date

The final regulations generally apply to tax returns and other documents required to be filed in calendar year 2024. For fiscal year taxpayers, the final regulations will apply to returns required to be filed for tax years ending on or after December 31, 2023.

For employee plans, the final regulations apply to plan years that begin on or after January 1, 2024.

Note: The 2024 applicability date in the final regulations doesn't apply to tax exempt organizations because they are already subject to mandatory e-filing. Section 3101 of the TFA requires e-filing by all tax-exempt organizations filing statements or returns in the Form 990 series or Form 8872, Political Organization Report of Contributions and Expenditures for tax years beginning after July 1, 2019.

### Effect of Final Regulations

For affected taxpayers:

- Reduce the 250-return threshold enacted in prior regulations to 10 or more returns in a calendar year that must be e-filed;
- Require e-filing of certain returns and other documents not previously required to be e-filed;
- Require filers to aggregate almost all information return types covered by the regulations to determine whether a filer meets the 10-return threshold and is required to e-file their information returns. Earlier regulations applied the 250-return threshold separately to each type of information return covered by the regulations;
- Eliminate the e-filing exception for income tax returns of corporations that report total assets under \$10 million at the end of their taxable year;
- Require partnerships with more than 100 partners to e-file information returns; and
- Require partnerships required to file at least 10 returns of any type during the calendar year to e-file their partnership return.

## IRS E-Filing Portal - IRIS

The IRS recently launched its own information return e-filing portal, the [Information Returns Intake System \(IRIS\)](#). This portal allows filers to upload from one up to one hundred Forms 1099 per submission. To use this platform, a filer needs to obtain a Transmitter Control Code (TCC) from the IRS.

Non-U.S. filers may have issues obtaining a TCC due to identity authentication issues; however, the IRS is developing alternative identity authentication requirements using standards from the U.S. National Institute of Standards and Technology (NIST) that would allow these filers to authenticate their identities.

## Hardship Waivers

The final regulations allow hardship waivers for filers that would experience hardship in complying with the e-filing requirements and administrative exemptions from the e-filing requirements to promote effective and efficient tax administration. Specifically, hardship waivers may be requested if an intervening event or the cost to purchase e-filing software for corrected information returns would cause a filer undue hardship. In addition, the final regulations provide a reasonable cause exception to the imposition of penalties for failing to e-file.

## Returns Exempted from the Final Regulations

IRS Form 706 and Form 1120-PC are two forms that are not subject to mandatory e-filing under the final regulations. If you have any questions regarding whether you are subject to these new e-filing requirements, please [contact us](#) for more information.

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