

THE BEACON

Exclusive Compliance Alerts from MZQ Consulting

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NEW RULE REQUIRES ELECTRONIC INFORMATION REPORTING FOR MOST BUSINESSES

On February 23, 2023, the Internal Revenue Service (IRS) [issued a final regulation](#) that requires electronic form filing for common employer form series, such as Form W-2, the Form 1099 series, and the ACA reporting Form 1094 and Form 1095 series. As of January 1, 2024, businesses that file ten or more of these returns during the applicable calendar year will need to file electronically, at which point paper filing will become largely unavailable to employers. For returns due in calendar year 2023, the mandatory electronic filing threshold will remain at 250 returns. Please note that there is no change to the existing requirement that all Forms 5500 be filed electronically.

Employers need to aggregate all applicable tax forms they will be filing in the calendar year to determine if they satisfy the ten-form minimum for mandatory electronic filing. Once the entity meets or exceeds that ten-form threshold, they must file electronically. For example, if an entity issues five 2023 Forms W-2 and five 2023 Forms 1099, then they must file all of them electronically with the IRS when due in 2024. Return corrections are not included in the aggregate total of all forms filed, and in fact corrected returns must be filed in the same format they were filed in originally (electronic or paper).

The IRS has not provided any transition period for lowering the electronic filing threshold from 250 to ten returns, but employers do have some time to prepare. The requirement will begin applying to 2023 calendar year returns, including Forms W-2, 1094, 1095, and 1099, that are due to the IRS in early 2024. Between now and then, affected employers need to plan to switch to electronic filing, or find appropriate vendors to assist them!

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