

IRS Drastically Reduces E-filing Threshold for Information Returns: What Filers Need to Know

In February 2023, the IRS issued a new regulation mandating electronic filing for entities that file more than 10 information returns in a calendar year. This long-anticipated reduction in the e-filing threshold, which was previously set at 250 forms, was authorized as part of the Taxpayer First Act (TFA) of 2019.

Which Forms Are Affected?

The new e-filing requirements apply to the following information return forms:

- W-2, W-2AS, W-2G, W-2GU, W-2VI
- 1042-S
- 1094 series
- 1095-B, 1095-C
- 1097-BTC
- 1098, 1098-C, 1098-E, 1098-Q, 1098-T
- 1099 series
- 3921
- 3922
- 5498 series

When Do the New Regulations Take Effect?

The new electronic filing threshold applies to information returns required to be filed after December 31, 2023.

What Are the New Requirements, Specifically?

Any business or entity that must file 10 or more covered forms for a single tax year will be required to file electronically with the IRS. (Paper forms can still be provided to recipients.)

The 10-or-more threshold applies to the aggregate number of forms filed in calendar year, regardless of form types. For example, an employer that files eight W-2 forms plus two 1099 forms for the 2023 tax year will be required to file



those returns electronically with the IRS in 2024 because the total number of covered forms meets the new threshold of 10 forms. (Corrected returns are not taken into account in calculating the total.)

Are Form Corrections Affected by the New Rules?

Yes! All corrections to information returns must be filed with the IRS in the same format as the original filing, whether paper or electronic. Form corrections that are filed using a different format than the original filing will not be recognized as a correction by the IRS and could be subject to a penalty for failure to correct the form.

Will Exceptions Be Made for the New Regulations?

The IRS regulations do allow for hardship waivers and administrative exemptions in certain cases. Consult your tax advisor for details.