

EMPLOYEE BENEFITS

New IRS Mandatory Electronic Filing Requirement Affects Most Employers

In new [final regulations](#) released on February 21, 2023, implementing changes made by the Taxpayer First Act of 2019, the IRS has significantly expanded its electronic filing mandate beginning in 2024. The expanded electronic filing mandate will apply to all but the smallest employers and affect most IRS returns, including Forms W-2, 1099, 1094-C, 1095-C and other information returns.

Prior to the new regulations, only organizations filing 250 or more returns or statements in the same filing category within the same tax year were required to file the returns electronically with the IRS.

This meant that an employer required to file less than 250 returns in any one return/statement category (e.g., an employer that files 200 Forms 1095-C and 200 Forms W-2) was not required to file either of these forms electronically.

Under the new regulations, organizations that file 10 or more returns or statements in total for a given tax year are required to file electronically beginning in 2024. This contrasts with the prior rule because the 10-return threshold is aggregated across all return/statement categories, meaning an employer required to file five Forms 1095-C and five Forms W-2 would meet the 10-returns threshold and be required to file these documents electronically.

The new 10-return threshold for mandatory electronic filing affects several employee benefit plan filings. The new threshold applies to the below required returns/statements:

Forms 1094-B/C, 1095-B/C, 1099 and 5498:

- The new 10-return threshold for mandatory electronic filing will apply to the above listed returns (along with any other related IRS returns/statements) filed on or after January 1, 2024, for the 2023 tax year and beyond.

Form 5500:

- The new 10-return threshold for mandatory electronic filing will also apply for Form 5500s with plan years beginning on or after January 1, 2024. This means there will no longer be an economic hardship exception to the general electronic filing requirement that commenced with plan years beginning in 2009.

Note: For returns/statements due in calendar years 2022 and 2023, the electronic-filing threshold for returns/statements will remain at 250 per return/statement category (i.e., non-aggregated).

Employers not previously required to file electronically should consult with their legal counsel or tax advisors to confirm whether or not this new mandate applies to them and plan accordingly for future filings.



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