



IRS Issues Final Regulations Regarding Electronic Filing of Certain Tax Forms Including All Forms 1099

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On February 21, 2023, the Department of Treasury and the Internal Revenue Service issued final regulations pertaining to the requirements for electronic filing certain information forms. TD 9972 and part of the “Taxpayer First Act” affects various forms requiring e-filing mandates. In particular, the IRS/Treasury has changed the original mandate of electronic filing from any entity that files 250 or more information returns, to a new limitation of 10 or more information returns. Therefore, beginning with information returns which are filed after January 1, 2024 (which could be 2023 tax forms), entities which formerly mailed in more than 10 information forms will now need to electronically transmit such information forms to the IRS. Included below are some of the more widely used information forms that could impact how your business adopts to this new requirement:

Forms 1042 and 1042S – Annual Withholding Tax Returns for US Source Income of Foreign Persons

Forms 1094/1095 – Transmittal of Employer Provided Health Insurance and Coverage Information Returns

Forms 1098 – Mortgage Interest Statement

Forms W-2 – Wage and Tax Statement

Forms 1099 (all series) – various income statements for compensation and other income

Penalties for failure to file such forms electronically carry a cost of up to \$310 and \$580 for intentional disregard.

The IRS has created a free online portal to assist businesses with this requirement related to Forms 1099 only, which requires registering with the IRIS filing platform. Otherwise, and recommended, SKP offers a similar service to our clients that also transmits these forms electronically. Should you wish to arrange to use such services, please reach out to your SKP representative for assistance.