

WHAT YOU NEED TO KNOW



IRS Issues Proposed Rule to Expand Mandatory Electronic Filing

The Internal Revenue Service (IRS) published a [proposed rule](#) that would affect most employers who are required to file information returns, such as Forms W-2, Forms 1095-B, Forms 1095-C, and forms in the 1099 series.

Current Non-Aggregation Rule

Employers are not required to electronically file their returns with the IRS unless they are required to file at least 250 returns during the calendar year. The IRS uses a non-aggregation rule in applying this 250-return threshold. Essentially, it uses a separate total for each type of information return filed and each type of corrected information return filed. This means that if an employer files 150 Forms W-2 and 100 Forms 1095-C this year, then the employer is not required to file electronically.

Under current regulations, the IRS can waive the electronic filing requirement if an employer requests a waiver and demonstrates hardship related to the cost of electronic filing.

Proposed Aggregation Rule

Under the proposed rule, the IRS would determine whether an employer meets the 250-return threshold by aggregating its information returns. Using the example above, under the proposed rule, the employer would meet the 250-return threshold and would be required to electronically file its information returns.

Corrected returns would not be included in the calculation of whether an employer meets the 250-return threshold. However, the proposed rule would require an employer to electronically file its corrected returns if the original returns were electronically filed.

The proposed rule does not change the IRS' ability to waive electronic filing requirements for employers who request a waiver and demonstrate hardship.

Public comments are due by July 30, 2018.

UBA Compliance Advisor

Proposed Effective Date

The IRS proposes that these regulations will be effective when they are adopted as final and published in the Federal Register. If finalized, these regulations will apply to employers' information returns filed and corrected information returns filed after December 31, 2018.

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