

COMPLIANCE ALERT

IRS Expands ACA Reporting's Electronic Filing Mandate in 2024

March 1, 2023

Action Required:

- Review the new electronic filing requirements.
- Prepare to transition to electronic filing for affected returns in 2024.

On February 21, 2023, the IRS issued a [final regulation](#) (“Final Rule”) substantially expanding mandatory electronic filing of information returns, including the ACA’s Forms 1094/1095 Forms.

The new Final Rule requires an organization filing 10 or more ACA information reporting returns or statements in a calendar year to file them electronically in 2024.

This includes mandatory electronic filing of the following returns affecting employee benefit plans:

- Form 1094 Series; Forms 1095-B and 1095-C; Form 1099 Series; and Form 5498 Series
- Forms 5330 and 8955-SSA
- Form 5500 Series

The Final Rule also requires organizations to electronically file other specified returns and documents, including, among others, the Forms 1099-series and Forms W-2. Additional information was released in an IRS [News Release](#).

What Should Employers and Plan Sponsors Do Next?

The Final Rule eliminates paper filings for all but the smallest of employers. For ACA reporting purposes, ACA-defined “applicable large employers” (ALEs) and small self-insured employers and plan sponsors that have been filing on paper will now need to transition to electronic filing.

Your Corporate Synergies Account Manager can assist your organization with this transition. ■

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On February 21, 2023, the IRS issued a [final regulation](#) (“Final Rule”) substantially expanding mandatory electronic filing of information returns, including the ACA’s Forms 1094/1095 Forms. The new Final Rule requires an organization filing 10 or more ACA information reporting returns or statements in a calendar year to file them electronically in 2024 (the rules previously required electronic filing by organizations filing at least 250 returns). The Final Rule also requires organizations to electronically file other specified returns and documents, including, among others, the Forms 1099-series and Forms W-2. Additional information was released in an IRS [News Release](#).

How Does the Final Rule Change the Law?

The Final Rule implements changes made by the Taxpayer First Act of 2019 (TFA), which generally reduced the number of returns that can be filed in paper form. Prior to amendment by the TFA, the Internal Revenue Code (Code) prohibited the IRS from requiring electronic filing for organizations filing fewer than 250 information returns of any type. The Final Rule eliminates this requirement and establishes lower thresholds for mandatory electronic filing of the following returns affecting employee benefit plans:

- **Form 1094 Series; Forms 1095-B and 1095-C; Form 1099 Series; and Form 5498 Series:** For returns in these series required to be filed on or after January 1, 2024, the threshold for required electronic filing is 10 returns, determined by aggregating most information returns—including these forms and Forms W-2. Also, a partnership with more than 100 partners must file these returns electronically, regardless of the number of returns.
- **Forms 5330 and 8955-SSA:** The Form 5330 (related to certain employee benefit plan excise taxes) for any taxable year ending on or after December 31, 2023, must be filed electronically if the filer is required to file at least 10 returns of any type during the calendar year in which the Form 5330 is due. The Form 8955-SSA (identifying separated participants with deferred vested benefits) for any plan year that begins on or after January 1, 2024, must be filed electronically if the filer is required to file at least 10 returns of any type during the calendar year that includes the first day of the plan year.
- **Form 5500 Series:** Filers of Form 5500 under the IRS’s rules for retirement plans must file electronically for plan years that begin on or after January 1, 2024, if they are required to file at least 10 returns of any type during the calendar year that includes the first day of the plan year.

Are There Any Exceptions, Exemptions or Waivers Applicable to the Electronic Filing Requirement?

Yes. The Final Rule generally provides that the IRS may grant a waiver from the electronic filing requirement if the filer can demonstrate undue hardship, and may provide exemptions for other reasons, including for religious purposes. It should be noted that electronic filing is not required if the IRS’s systems do not support it. Also, the preamble to the Final Rule notes that because Forms 5500 and 5500-SF must be filed electronically using the DOL’s EFAST2 system, no electronic filing waivers will be granted for those forms.

What About Corrected Returns? How Does the Final Rule Apply to Those?

Corrected information returns must be filed in the same manner as originals. For example, if an organization is required to file original information returns electronically, any corresponding corrected information returns must also be filed electronically. Also, if an organization is permitted to file information returns on paper and files such returns on paper, any corresponding corrected information returns must be filed in paper form as well.

When Does the Final Rule Go into Effect? Does This Affect the 2022 Forms 1094/1095 That I'm Filing in 2023?

No, the Final Rule does not affect the 2022 Forms 1094/1095 that are filed in 2023. The Final Rule is applicable to returns required to be filed in 2024. Specifically, the electronic-filing threshold for returns required to be filed in calendar years 2022 and 2023 remains at 250. The final regulations adopt the electronic-filing threshold of 10 for returns required to be filed on or after January 1, 2024.

What Should Employers and Plan Sponsors Do Next?

The Final Rule dramatically expands the electronic filing requirement for ACA reporting and other IRS reporting requirements, eliminating paper filings for all but the smallest of employers. For ACA reporting purposes, ACA-defined “applicable large employers” (ALEs) and small self-insured employers and plan sponsors that have been filing on paper will now need to transition to electronic filing. Your Corporate Synergies Account Manager can assist your organization with this transition. ■

**If you have any additional questions,
please call your Corporate Synergies
Account Manager or 866.CSG.1719.**