

# Benefits BULLETIN



## IRS Expands Electronic Filing Threshold Impacting ACA Reporting for Employers

● March 16, 2023 ●

On February 23, 2023, the IRS issued final regulations (the “Final Rule”) that significantly expand the mandatory electronic filing of certain information returns, including Forms 1094-B/C and 1095-B/C used for reporting under the Affordable Care Act (ACA). The Final Rule, which was proposed in 2021 to implement a law change made by the Taxpayers First Act of 2019, lowers the threshold for filing electronically from 250 information returns to 10 information returns. Along with the lowered threshold, the Final Rule also requires employers to aggregate their returns when determining the 10-return threshold, making it nearly impossible for any employer to continue to report to the IRS using paper filings.

### Information Returns Affecting Employee Benefit Plans

The below forms are subject to the Final Rule and affect employee benefit plans:

- **Forms 1094-B/1095-B and Forms 1094-C/1095-C; Form 1099 Series; and Form 5498 Series:** Any forms in this series required to be filed after December 31, 2023, must be filed electronically if the aggregated number of forms is ten returns.
- **Form 5500 Series:** The Form 5500 or Form 5500-SF is subject to the Final Rule. However, filers of the Form 5500 have been required to file electronically through the DOL’s EFAST2 system since 2009, so this new threshold should have no impact on employers.

### Employer Next Steps

**Employers that have been completing ACA reporting by filing paper returns will now be required to file electronically for the 2023 reporting year (due in 2024).** Employers should begin preparing for this new requirement; because the process of electronic filing can be complex, employers may want to consider contracting with a vendor to ensure access to the IRS’s electronic filing system. (The Final Rule does state that an employer may be able to obtain a waiver from the electronic filing requirement if they can establish undue hardship.)

Finally, the ACA reporting deadlines for filing by paper to the IRS differ from the electronic filing deadlines. The deadline for paper filers to the IRS is the last day of February, while the deadline for electronic filers is March 31. Employers should take steps to file by the later deadline in 2024.

## ADDITIONAL RESOURCES

[Final Rule \(Electronic-Filing Requirements for Specified Returns and Other Documents\)](#)