

Electronic Filing Updates

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E-File Threshold

- By now, most of you in attendance are likely familiar with the e-file threshold for information forms
- If you file 10 or more information forms, you must e-file all of them beyond 10
 - “You” = based on EIN
 - Combine all of your information returns when determining this count

Information Forms

What is an information form?

- W-2s
- All types of 1099s
- Anything in the 109x series (1095, 1098)
- Form 1042-S
- Form 8300

Options

For 1099s:

- The IRS maintains two systems:
 - FIRE: Filing Information Returns Electronically
 - IRIS: Information Return Intake System
- You can have your own login to FIRE or IRIS
- Or, you can partner with a third-party provider
 - Ultimately, this provider will be connected to either IRIS or FIRE

FIRE

- FIRE is the IRS's older (“legacy”) system
- Existed since the 1980s
- The IRS rolled out “IRIS” a few years ago
- We knew FIRE's days were numbered, but weren't sure when the end would come
- Now, the IRS says it's targeting **December of 2026** as the end date for FIRE
- Effectively, this means 2025 forms you file in 2026 will be the last you can file via FIRE

FIRE

- If you have a login to FIRE, you'll need to either:
 - Get a login to IRIS and figure out how to use it, or
 - Partner with a vendor
- The end date is not official, but the IRS has said (in writing!) that they are targeting December of 2026 as the end date

IRIS

IRIS = Information Return Intake System

Went online in 2022

Has had limitations compared to FIRE in the past

No 1042-S filing, for example

IRIS has been upgraded for 2025 forms being filed in 2026, to allow 1042-S e-filing



IRIS

- Publication 5717: <https://www.irs.gov/pub/irs-pdf/p5717.pdf>
- Must apply for a transmitter control code (TCC): <https://www.irs.gov/pub/irs-pdf/p5903.pdf>
- If you use FIRE, you already have a TCC, **but IRIS requires its own separate TCC**


IRIS

Dashboard

Notifications **63**


[+ Privacy Act and Paperwork Reduction Act Notice](#)

Welcome, Customer Name
Please select one of the following options to get started.




Start New Form

Complete any type of form, including a 1099-MISC, 1099-NEC and 1099-INT.




View Unsubmitted Forms

View forms you are working on or are ready to submit.




Upload CSV with Form Data

Upload a CSV with form data to the portal and download CSV templates.




View Submitted Forms

View history for your submitted forms.




Request Automatic Extensions

Request an extension to file your forms for the current tax year.



Help

Access form instructions and commonly asked questions.



Issuer Management

View or Add issuer/payer information.

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IRIS

Status Definitions for Submitted Forms

Status Definitions for Submitted Forms		
Status	Definition	Action Needed
Received by IRS	IRS has not completed processing the transmission	Allow 7 days for processing
Accepted	IRS has completed processing and found no errors	No action required
Accepted with Errors	IRS has completed processing and found error(s)	Records accepted with errors are considered accepted by the IRS. However, every effort should be made to provide a correct information return by filing corrections for these errors.
Partially Accepted	IRS has completed processing and rejected at least 1 submission	Any submission that was rejected must be replaced.
Rejected	All submissions were rejected	Resolve issues and replace entire submission

IRIS

- Accepted with errors = there's a name/TIN combination mismatch relating to the recipient
 - This is NOT a CP-2100 letter
 - Specific guidance on what to do is vague
 - We recommend jumping on this immediately and fixing the problem
 - Since the form is accepted, this would mean a corrected 1099
 - If you don't take action, you'll get a CP-2100 letter down the road ... and open the door to penalties
- Rejected = various reasons:
 - Problems with the name/TIN combination of the issuer (i.e. YOU)
 - Problems with your upload file not being formatted properly

Third-Party Vendors

You can also use third-party vendors or software solutions to e-file your information forms

- Several attend the IOFM conferences – talk to them
- Ultimately, they are connecting to IRIS or FIRE themselves
- But, you interface with their system rather than dealing with IRIS or FIRE yourself

TIN Matching

- Some of these vendors also offer other services, such as TIN matching
- TIN matching is an IRS service <https://www.irs.gov/tax-professionals/taxpayer-identification-number-tin-matching>
- As with IRIS and FIRE, you can have your own login, or you can use a vendor
- As with IRIS and FIRE, it's free to use TIN matching on your own, whereas you'll pay a fee if you use a vendor

E-Filing Questions

If we have 1,000 1099-NEC forms, and 5 1042-S forms, do they all have to be filed electronically?

- YES (though the 1042-S was exempt from the threshold for 2024 and 2025 [meaning 2023 and 2024 forms])
 - No such exemption exists for the 2025 version of 1042-S
- The regulations say all “information forms” must be e-filed if you are filing 10 or more of those forms
- This includes W-2s, all types of 1099s, anything else in the 109x series (1095-B, 1098, etc.), Form 1042-S and Form 8300

E-file Questions

When filing electronically, do I need to send the form electronically to the recipient, or can I just print it on plain paper?

- You can print on plain paper if it's going to the recipient
- The e-file mandate refers to how you file with the IRS, not how you get forms to the recipient
- **WARNING:** there are surprisingly detailed requirements you must meet when sending a 1099 electronically to a recipient....

E-Filing Questions

Is the Form 945 included in this e-filing threshold? If I file thousands of 1099s, can I paper file my 945?

- No to the first question – the Form 945 is NOT included in the e-file threshold. Yes to the second question – you can still paper-file the Form 945 (or anything else in the 94x series – 940, 941, etc.). You “can” e-file those forms but you’re not required to.
 - (Not yet, anyway)

E-filing Questions

Does the e-file mandate apply to corrections?

- Kind of. If you e-file the original form, you must e-file the correction.
 - Also must use the same system as the original – if the original was filed in IRIS, you must use IRIS to file the correction
- If you paper-filed the original, you must paper-file the correction.

Form 1096

- Common question: what about Form 1096?
 - This is for paper filings only.
 - If you e-file, there is no Form 1096.

E-filing Penalty

- The IRS can assess a penalty for failing to file in the proper manner – i.e. you are required to e-file but choose to file on paper
- The e-file threshold is 10
- The IRS will assess a penalty against you on any forms past 10
 - Example: you file 30 information returns on paper. Because you're filing 10 or more forms, you are supposed to e-file these forms. You will be assessed a penalty on **20 forms (30 – 10)**.
 - The dollar amount of the penalty depends on how long it takes you to properly e-file the forms; if you never e-file the forms, it would be $\$330 \times 20 = \$6,260$.
 - NOTE: there's also an intentional disregard penalty that could instead be assessed, at \$660 per form
- Theoretically, this means you could choose to file 9 forms on paper and then e-file the rest and not be penalized, but we obviously do not recommend that you do that....

Waiver from E-Filing

In some circumstances, a business may be able to apply for an annual waiver of e-filing information returns:

- Form 8508
- Must disclose the reason for not being able to e-file:
 - Financial hardship – you must show dollar amounts
 - Natural disasters, fire, death and such, with make it impossible to comply
 - First year in business
- A business with a real religious belief which prohibits the use of technology can submit the form one time and then they'll be permanently exempt from e-filing
 - Otherwise, you must file this every year

State Issues

- Don't forget about states!
- Almost every state with an income tax requires a 1099 filing
 - Not New York or Illinois – Illinois requires 1099-K filing but no other 1099 forms
 - **Watch this as the rules are always changing (not just in NY and IL, but specifications change in all states periodically)**
- Some states always want the 1099
- Some states only want it if you did state-level backup withholding

State Issues

- Reporting is typically based on where your contractor is performing the services, regardless of where the contractor lives or where your business is located
 - Your business is in North Carolina; your contractor works remotely in California – research California 1099 rules (also research North Carolina rules)
- Not a 1099 issue, but sort of a 1099 issue:
 - Watch the issue of “nexus” when you have remote contractors
 - This is a “talk to your accountant or whoever the applicable party is” situation

State Issues

- Some states are part of the combined federal/state filing program (CFSF)
- An image from Publication 5717 is shown on the next slide
- Basically, if you mark that the filing should go to a state, it will
 - If the state participates in CFSF

State Issues

The following table provides the participating states in the CF/SF Program. Each state's filing requirements are subject to change by the state. It is the filer's responsibility to contact the participating state(s) to verify their criteria and special data entry requirements.

State		
Alabama	Indiana	Nebraska
Arizona	Kansas	New Jersey
Arkansas	Louisiana	New Mexico
California	Maine	North Carolina
Colorado	Maryland	North Dakota
Connecticut	Massachusetts	Ohio
Delaware	Michigan	Oklahoma
District of Columbia	Minnesota	Pennsylvania
Georgia	Mississippi	South Carolina
Hawaii	Missouri	Wisconsin
Idaho	Montana	

State Issues

- **WARNING:** it is important to verify what a state requires, even if they participate in CFSF
- Your presenter recommends checking every few months in all of the states you might need to issue 1099s in
 - Just do a quick search on the department of revenue website for each state
 - Make sure nothing has changed – and if something HAS changed, figure out what to do NOW so you're not scrambling in January
 - Speaking of which, some states have different due dates from the IRS (often later, actually, but important to verify)

Resources Relating to IRIS

- Publication 5717: www.irs.gov/pub/irs-pdf/p5717.pdf
- Publication 5718 (for software developers or those of you who want to try developing your own solution): www.irs.gov/pub/irs-pdf/p5718.pdf

Actionable Takeaways

1. FIRE is going away – if you have a login to it, you'll need to start using IRIS or partner with a vendor.
2. Review state 1099 requirements – don't make assumptions. Put it on your calendar to review state department of revenue websites periodically.

Please tell us what you think!

- Please scan this QR code using your mobile to access a short feedback survey →
- Also accessible via the mobile app

