

AMERICAN PAYROLL ASSOCIATION

August 17, 2021

Mr. Casey R. Conrad, Esq.
Office of the Associate Chief Counsel (Procedure and Administration)
CC: PA:LPD:PR (REG-102951-16), Room 5203
Internal Revenue Service
P.O. Box 7604, Ben Franklin Station
Washington, DC 20044
www.regulations.gov (Attn. IRS and REG-102951-16)

Re: In support of and recommendations on the *Electronic-Filing Requirements for Specified Returns and Other Documents*, Notice of Proposed Rulemaking, 86 *Fed. Reg.* 39910 (July 23, 2021)

Dear Mr. Conrad:

The American Payroll Association (APA)¹ applauds the IRS for lowering the threshold for electronic filing in accordance with the Taxpayer First Act of 2019. The APA is concerned about awareness within the regulated employer community, especially for businesses that have not previously filed electronically, and asks the IRS to create an awareness campaign in preparation for the 2022 filing season (tax year 2021). For example, the IRS could directly contact current paper information return filers about required electronic filing and the procedures they need to take to comply. The APA also offers its resources for joint outreach with the IRS on communications that payroll professionals could use and share with their employers.

Explanation of APA's Awareness Campaign Recommendation

The proposed regulations, 86 *Fed. Reg.* 39910 (July 23, 2021), would aggregate the total of all of a business' information returns to determine if the applicable e-filing threshold is met

¹ The APA is a nonprofit professional association representing more than 20,000 payroll professionals in the United States. APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers while complying with applicable federal, state, and local laws. In addition, APA's Government Relations Task Force (GRTF) works with the legislative and executive branches of government to find ways to help employers satisfy their legal obligations, while minimizing the administrative burden on government, employers, and individual workers.

(i.e., 100 returns filed in 2022; 10 returns filed in years after 2022). Currently, different types of information returns are not counted in the aggregate for purposes of determining whether the 250-return electronic filing threshold has been met.

An awareness campaign will help employers determine how they will manage information return filing internally. The forms covered by the rulemaking are often managed by different departments within businesses, which will require greater coordination (e.g., Forms W-2 filed by payroll; Forms 1099-NEC filed by accounts payable; and Forms 1095-C filed by benefits or human resources). Time is also needed for those businesses that have not previously filed information returns electronically and for all businesses to understand the upgraded registration and authentication processes at the IRS and Social Security Administration.

The phased approach to implementation established by the IRS is an opportunity to reach out to employers to provide them with the greatest amount of time to comply. For many years, the APA has encouraged increased electronic communication. The COVID-19 pandemic and remote working situation has made the need for electronic filing even greater for agencies and the regulated community.

The APA supports the IRS's proposed rulemaking to lower the threshold for electronic filing of certain forms in aggregate. Outreach and awareness are key to compliance for payroll professionals. The APA is ready to assist the IRS in implementation.

Sincerely,



Alice P. Jacobsohn, Esq.
Director, Government Relations

For the APA Government Relations Task Force Subcommittee on Federal Issues:
Cochairs Rebecca Harshberger, CPP, and John Schausten, CPP

Cc: IRS NPL Office – Melvin Hardy, John Lipold, Larry Mosblech, and Joseph Guillen