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Form 5330 Need Not Be Filed Electronically for 2023 Taxable Year

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IRS Employee Plans News (July 17, 2024); IRS Webpage: Exclusion from electronic filing requirement for Form 5330 is available now

EP News

IRS Webpage

The IRS has announced that Form 5330 (Return of Excise Taxes Related to Employee Benefit Plans) need not be filed electronically for the 2023 taxable year. As background, in 2023, the IRS issued regulations expanding mandatory electronic filing for certain information returns, including Form 5330. Under those regulations, Form 5330 must be filed electronically for taxable years ending on or after December 31, 2023, if the filer is required to file at least ten returns of any type during the calendar year in which the Form 5330 is due. The regulations allow for waiver of the electronic filing requirement for limited periods in cases of undue hardship.

Because there currently is only one authorized e-filing provider for Form 5330, the IRS has determined that paper filing is permitted for the 2023 taxable year. The IRS instructs Form 5330 filers submitting on paper to document that the reason for not filing electronically is the lack of authorized vendors.

EBIA Comment: Note that, while IRS Employee Plans News refers to the 2023 taxable year, the IRS webpage refers to the 2024 taxable year. The electronic filing relief for 2023 taxable years is timely, given the July 31, 2024, deadline for many of these filings. (The Form 5330 deadline depends on both the filer's taxable year and the reason for the filing; deadlines for the 2023 taxable year are set forth in an IRS table.) Filings for 2024 taxable years will not be due until 2025, so it is not clear whether the webpage's 2024 taxable year reference is intentional or was meant to refer to the 2024 filing year. In any event, electronic filing using the one available provider is permitted. For those who choose to file on paper, the Form 5330 instructions include the applicable mailing address. There does not appear to be a specific place on Form 5330 itself to document the reason for not filing electronically, but at a minimum, this documentation should be maintained with the filer's records. For more information, see EBIA's 401(k) plans manual at Sections XXIV.L.4 ("Excise Taxes on Prohibited Transactions") and XXXI.M ("IRS Filings Related to Form 5500").

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