

February 13, 2024

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Commissioner
Tax Exempt and Government Entities
Division, U.S. Internal Revenue Service
U.S. Department of Treasury
1111 Constitution Avenue, NW
Washington, DC 20224

Kenneth Corbin
Chief Taxpayer Experience Officer
Office of the Commissioner, U.S. Internal
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U.S. Department of Treasury
1111 Constitution Avenue, NW
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Re: School District (Tax-Exempt/Government Entities) Issues with Filing 1099 Forms via FIRE System

We are contacting you on behalf of the Association of School Business Officials International (ASBO), a K-12 education association representing thousands of school business professionals across the U.S. ASBO members are school system finance and operations leaders who are responsible for school budgeting, accounting, and purchasing; human resources and payroll management; risk management and tax and legal compliance; and other aspects of K-12 administration.

We are writing to express our concerns about issues that school districts across more than a dozen states experienced while navigating the Internal Revenue Service (IRS) Filing Information Returns Electronically (FIRE) system to submit 1099 forms by the January 31, 2024 filing deadline. We urge the IRS and the U.S. Department of Treasury (Treasury) to consider our feedback to 1) improve federal agency communications and engagement with school district employers and other tax-exempt and government entities, and 2) address substantial technical support and customer service issues that users experienced with filing tax forms electronically with the IRS.

School district employers did not receive adequate notice from the IRS to prepare for new changes to the FIRE system and filing processes to submit 1099 forms. Many ASBO members reported receiving little or no information about recent changes made by the IRS in 2023 to the FIRE system and its 1099 filing processes. For instance, last year, the IRS required any entity that planned to file 1099s electronically via FIRE to request a new Transmitter Control Code (TCC) by August 24, 2023. Although this information was shared on the FIRE website, many school districts were unaware of the change until they tried to access their FIRE accounts to submit their 1099s in January 2024. By that time, it was too late to request a TCC, as the IRS noted that any requests could take up to 45 days for approval. In addition to many districts being unaware of these changes, so were school district tax accounting software vendors, and local, state, and national education associations.

Many school districts reported experiencing numerous technical issues with navigating the FIRE system, which caused them undue stress and burden, delays in filing paperwork, and in some cases incurred additional fees to comply with IRS requirements. ASBO members reported challenges with filing 1099s such as: experiencing long delays with receiving a new TCC, errors with creating or accessing their FIRE account, concerns about registering a FIRE account under an individual when the filing entity is a school district organization, understanding different deadlines for electronic vs. paper filing and for filing different types of 1099 forms, issues with submitting filing extension requests, receiving poor or nonexistent customer support from IRS, experiencing extremely long wait times on the phone, extensive delays in getting answers to questions, etc. These technical issues and delays caused many districts to incur additional costs for filing this year, either by paying third-party filers to file on the district's behalf to work around website issues and TCC delays to make it before the filing deadline, or risk having to pay penalties for filing after the deadline.

Preparing and filing paperwork with the IRS places significant administrative burdens on school districts, which have limited time, staff, and resources to ensure compliance. School district leaders require clear advance communications from the IRS, an easy end-user experience to submit paperwork, and quality customer service to set them up for success during the filing season so they can focus on what matters most—educating students. ASBO International would like to work with Treasury and the IRS to help improve agency engagement with school district stakeholders and ensure relevant news and information reaches the intended audience to prevent future issues like this from occurring.

We appreciate your time and consideration. If you have any questions, comments, or would like to schedule a stakeholder meeting with ASBO International members, please contact Elleka Yost, ASBO International Director of Advocacy & Research, at eyost@asbointl.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Rowan', is centered within a light gray rectangular box.

James Rowan, CAE, SFO
ASBO International Executive Director

CC: Elleka Yost, ASBO International Director of Advocacy & Research