NATIONAL SOFTWARE INC

IRS-APPROVED IRIS TRANSMITTER

IRS ELECTRONIC FILING REFERENCE GUIDE

IRIS vs. FIRE

Frequently Asked Questions

⚠ **DEADLINE:** FIRE system retires December 31, 2026 — IRIS is mandatory for Tax Year 2026 filings (due early 2027)

A plain-language guide to the IRS transition from the legacy FIRE system to the modern Information Returns Intake System (IRIS) — what's changing, why it matters, and what steps your organization needs to take before the deadline.

About 1099FIRE

1099FIRE is an IRS-approved IRIS transmitter with validated TCC credentials. We provide end-to-end information return filing services — so your organization can file through IRIS without needing to obtain your own TCC, build XML infrastructure, or manage the submission lifecycle in-house. Visit 1099fire.com to get started.

AT-A-GLANCE COMPARISON

ASPECT	FIRE (LEGACY)	IRIS (NEW)
Status	Retires Dec 31, 2026	**Required from Tax Year 2026 onward**
File Format	ASCII flat file (Pub. 1220)	**XML (schema-validated)**
File Size Limit	100 MB compressed	**250 MB uncompressed**
Validation	Post-submission (after accept)	**Real-time, before acceptance**
Error Correction	Full replacement file required	**Targeted corrections by record**
TCC Requirement	Separate for 1099s & 1042-S	**Separate for API vs. portal**
Transmission	Manual upload to portal	**Web portal or API (100+ records)**
Name Format	40-char combined field	**Separate first, middle, last**
Test Environment	Limited availability	**Available year-round**

GENERAL QUESTIONS

What is IRIS, and why is the IRS replacing FIRE?

IRIS — the Information Returns Intake System — is the IRS's modern, API-driven platform for submitting information returns such as Forms 1099, 1098, W-2G, and related series. It was introduced in 2022 and has been in parallel operation with FIRE since then.

The FIRE system dates to the 1980s and was built on aging infrastructure. IRIS modernizes electronic filing with real-time validation, XML-based structured data, and stronger identity controls — making it easier for the IRS to detect errors and fraud before a return is accepted rather than after.

KEY POINT: FIRE retires December 31, 2026. Tax Year 2025 returns are the last that can use FIRE. Tax Year 2026 filings (due in early 2027) must go through IRIS.

Who is required to use IRIS?

Anyone who files information returns electronically — including businesses, financial institutions, payroll providers, and third-party filers — must transition to IRIS by the Tax Year 2026 filing season. This covers Forms 1099-NEC, 1099-MISC, 1099-DIV, 1099-INT, 1099-K, 1098, 1098-T, 1042-S, and others in those series.

The IRS electronic filing threshold dropped significantly for Tax Year 2023 and beyond: any filer submitting 10 or more information returns in a calendar year is required to file electronically. This captures the vast majority of businesses.

ACTION REQUIRED: If you have not yet applied for an IRIS Transmitter Control Code (TCC), do so promptly at IRS.gov/IRIS. TCC approvals take time and are required before filing.

Can I still use my existing FIRE TCC for IRIS?

No. FIRE TCCs and IRIS TCCs are entirely separate. Even if you have an active FIRE TCC in good standing, you must apply for a new IRIS TCC. IRIS TCCs begin with the letter D, while FIRE TCCs begin with a numeric character.

Additionally, within IRIS, different TCCs are required depending on whether you plan to file through the web portal or via the Application-to-Application (A2A) API pathway.

HOW TO APPLY: Visit IRS.gov/IRIS and complete the IRIS Application for TCC. The IRS recommends applying well in advance of any filing deadline. Alternatively, use 1099FIRE as your third-party transmitter and skip the TCC process entirely.

What are my filing options within IRIS?

IRIS offers three pathways for submitting returns:

- **Taxpayer Portal —** A free web-based interface suited for filers with smaller volumes. Enter returns manually or upload them in CSV format. Generally recommended for organizations filing fewer than 100 returns.

- **Application-to-Application (A2A) API —** A machine-to-machine connection for high-volume filers or software providers. Submissions use XML format and return real-time responses. A separate TCC is required for this pathway.
- **Third Party Transmitter —** Engage the services of an IRS-approved third-party vendor, such as 1099FIRE, to transmit your returns under their validated and IRS-approved TCC credentials. This removes the need to obtain your own IRIS TCC or build in-house XML filing infrastructure — a practical choice for a fully managed filing experience.

> For most organizations, the API route or a third-party transmitter such as 1099FIRE is the most scalable and efficient option.

TECHNICAL CHANGES

What is the biggest technical change when moving from FIRE to IRIS?

The most significant shift is the file format. FIRE used the Pub. 1220 ASCII flat-file format — a fixed-width text structure many legacy payroll and ERP systems generate natively. IRIS requires XML, a structured markup format that is more verbose but far more precise.

For organizations built around Pub. 1220, this is not a simple find-and-replace. XML schemas are validated strictly, and a single malformed element can cause the entire file to be rejected with no grace period for late submission.

> WATCH OUT: Unlike FIRE, IRIS schema validation errors cause immediate rejection of the entire file. The IRS does not grant the standard 60-day replacement window for schema failures — late submission penalties apply if you miss the original deadline.

How does IRIS handle name formatting differently from FIRE?

Under FIRE's Pub. 1220 format, an individual's full name was captured in a single combined field of up to 40 characters. IRIS requires discrete fields: First Name, Middle Initial, and Last Name.

Organizations have two options for addressing this:

- **Option A — Parse the existing field:** Split the combined name string into components. Faster to implement but carries risk from hyphenated surnames, compound last names, and missing middle initials.
- **Option B — Map at the source:** Pull already-separated name fields directly from your core system into the IRIS XML fields. This is cleaner and more reliable.

> RECOMMENDATION: Option B is generally preferable. Structured fields from your system of record are far more dependable than parsing free-form text.

How does IRIS validate TIN type, and what happens if we use placeholder values?

FIRE was relatively lenient with TIN type fields, often accepting placeholder or “unknown” indicators. IRIS applies much stricter validation at submission time, before a return is accepted.

Under IRIS, the TIN type field must match a defined valid value (SSN, EIN, ITIN). Using “unknown” or blank indicators introduces several risks:

- The IRS expects a declared TIN type in order to run Name/TIN matching.
- An incorrect or missing TIN type can trigger a Name/TIN mismatch error at the record level.
- Rejections occur before acceptance — the filing is not received until a corrected file succeeds.

> RECOMMENDED ACTION: Audit your upstream data collection to ensure TIN type is captured accurately at the source. Data quality has a direct impact on IRIS filing success.

What types of real-time validation errors can cause a rejection in IRIS?

IRIS applies three broad categories of validation at submission time:

- **Schema Validations:** Verify the XML document is correctly structured. A single schema error causes the entire file to be rejected immediately with no 60-day cure window.
- **Business Rule Validations:** Documented rules that check data logic — required fields, dollar amounts in expected ranges, and codes matching valid IRS values. Generally identifiable and correctable before filing with good software.
- **Fraud Prevention Validations:** Undisclosed IRS rules flagging suspicious patterns, such as backup withholding exceeding the 24% rate or files with excessive missing TINs. The IRS updates these rules over time.

> Schema and documented business rule failures are largely preventable. Fraud prevention rejections are less predictable, but organizations with clean, accurate data are far less likely to trigger them.

Can prior-year FIRE filings be corrected through IRIS?

Not currently. Returns originally filed through FIRE must still be corrected through FIRE. The IRS has indicated that a process for correcting FIRE-originated returns via IRIS is in development, with guidance expected before the FIRE sunset date.

Organizations should plan to maintain FIRE access and credentials until this capability is confirmed and available.

WORKFLOW & PROCESS

Do we need to replace our entire data generation process to use IRIS?

Not necessarily. The key requirement is that the final filing output — the XML submitted to the IRS — must be generated and transmitted through an IRIS-certified environment. How your organization generates and stores underlying data does not need to change, as long as it can be mapped into the IRIS XML schema at the point of filing.

Many organizations continue to extract data from existing systems and ingest it into an IRIS-compatible filing platform for transformation, validation, and submission.

> BOTTOM LINE: You likely do not need to overhaul your upstream systems. You do need a filing step that is IRIS-compliant — 1099FIRE can serve as that step for your organization.

What should we do if our current process involves multiple systems or vendors?

Under FIRE, it was possible to generate a file in one system and transmit it through another. IRIS is a more tightly controlled system — it evaluates not just the file, but who generated it, who transmitted it, and whether those parties align with the registered transmitter's credentials.

Under IRIS, every filing must trace back to a single, accountable transmitter. Split responsibility models — where one party creates the file and another transmits it under a different TCC — are not supported and may result in rejection.

Organizations in this situation should consolidate the filing lifecycle under a single transmitter, or engage a certified third-party transmitter such as 1099FIRE to manage the full process on their behalf.

Does our state filing process change with the IRS transition?

For most filers, state filing remains separate. As of early 2026, the majority of states still require information returns in formats compatible with the legacy FIRE/Pub. 1220 specification. Only a small number of states have adopted the IRIS XML schema.

This means many organizations will need to maintain dual filing capabilities: submitting IRIS XML to the IRS and a FIRE-formatted file to individual states.

> PLAN FOR DUAL FILING: Do not assume that moving to IRIS satisfies your state obligations. Verify state requirements separately with each jurisdiction.

How do error corrections work in IRIS compared to FIRE?

Error correction is significantly more precise under IRIS. Under FIRE, correcting an accepted filing typically required submitting an entirely new replacement file. Under IRIS, corrections are targeted — each record is assigned a unique identifier at submission, and corrections reference that identifier directly.

Additionally, errors under IRIS are returned at the record level rather than the file level, making it much easier to identify which records need attention and why.

> PRACTICAL BENEFIT: Targeted corrections reduce the risk of introducing new errors during a replacement filing and significantly lower the operational burden of post-submission remediation.

KEY DEADLINES

Now – Dec 2026	Both FIRE and IRIS are operational. Tax Year 2025 returns can be filed through either system. This is the window to test IRIS, obtain your TCC (or engage 1099FIRE), and migrate your workflows.
Dec 31, 2026	FIRE system is permanently decommissioned. No new filings or corrections can be submitted through FIRE after this date.
Early 2027	Tax Year 2026 filings are due. All information returns for TY2026 must be submitted through IRIS. This is the first mandatory IRIS-only filing season.
Ongoing	IRIS becomes the permanent, sole system for IRS electronic information return filing. Paper filing is also being phased out under the IRS paperless processing initiative.

Ready to transition to IRIS?

1099FIRE is an IRS-approved IRIS transmitter. We handle TCC credentials, XML generation, validation, and submission — so you don't have to. Contact us at 1099fire.com or call to speak with a filing specialist.