

ExSTARS Reporting – IRS Service Center to Administer Enforcement

The IRS recently announced that Service Center personnel will perform reviews of ExSTARS reports for data accuracy, timely submissions, and valid extension requests. Where deficiencies are identified, the Service Center will contact the ExSTARS information provider and have authority to apply penalty assessments under IRC § 6725.

The penalty is \$10,000 for any failure to file a report on or before the due date and any failure to include all required information or the inclusion of incorrect information. In the case where a tax return is late filed and includes incorrect or omitted data the penalty could reach \$20,000 per facility.

Revenue agents were previously tasked with the ExSTARS exam workload and may still participate when necessary, but the primary reason for the transfer of responsibility is to improve data and impart exam consistency. The past exam approach may have experienced levels of indifference and informal guidance beyond IRS policy.

The IRS is going to employ a component of the return processing unit to improve program compliance. It is important for all information providers to refresh their ExSTARS knowledge and conduct a review of the reporting process to ensure timely submissions that include complete and accurate data.

As a reminder:

- Form 8809-EX is used to request an extension of time to file an ExSTARS information report. Extensions are limited to 30 days and require a reason.
- Form W-13 substantiates your request for a required Employer Identification Number (EIN).
- The use of 99-9999999 can only be used to report rail or truck carriers when an EIN is unknown. However, the information provider must use the IRS Form W-13 process to request the unknown EIN for any entity reportable to ExSTARS. Where an EIN request form is not returned or incomplete, notify the IRS. An ExSTARS filer who does not make reasonable attempts to secure the EIN of all reportable entities may be subject to penalties

To review IRS ExSTARS reporting requirements refer to Publication 3536 and visit www.irs.gov. If necessary, contact the IRS EDI Help Desk (tel: (859) 669-5352 or (216) 898-6432 – email: sbse.excise.exstars@irs.gov), to discuss unique transactions and product code uncertainty.