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IRS Modernization Shows It’s Time for E-Delivery by Default

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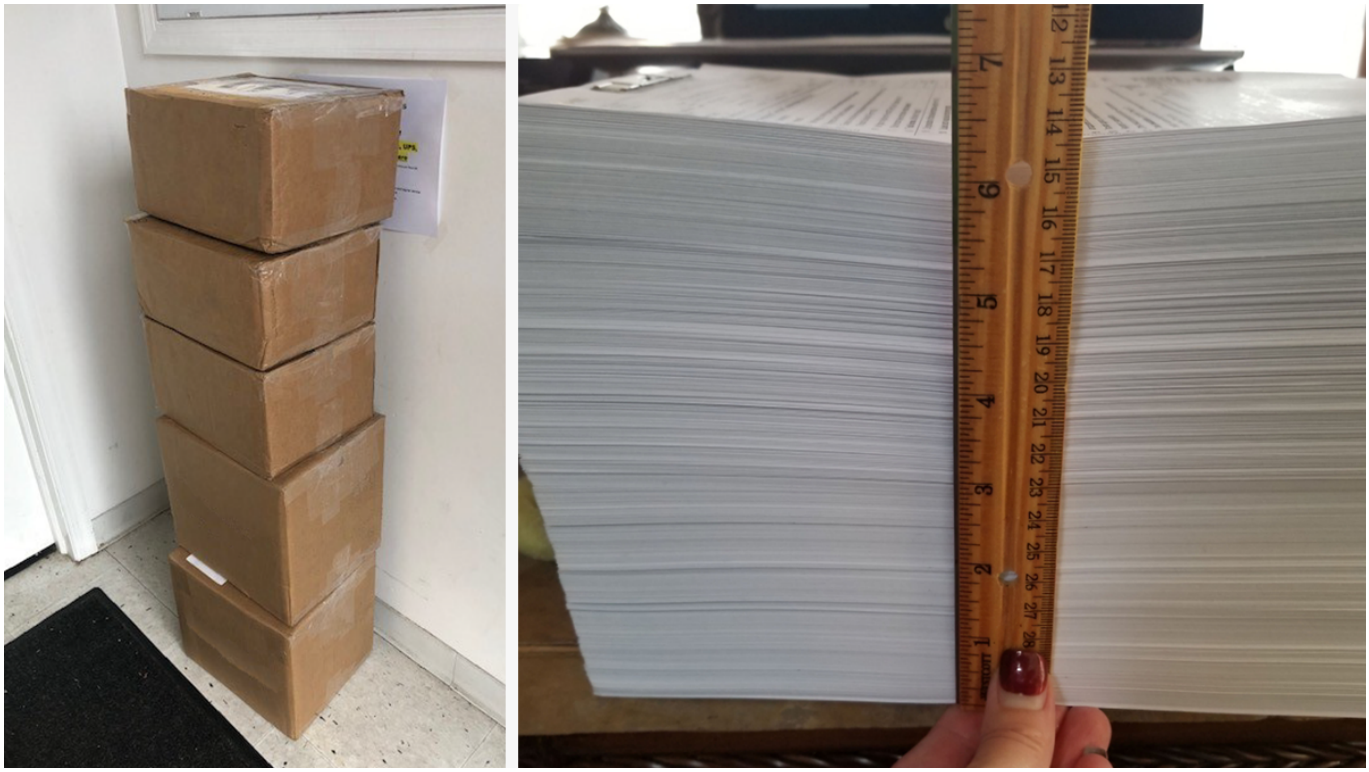
For years, fund managers have been required to file their complex tax returns on paper—a costly anachronism in a system that has otherwise moved decisively toward electronic filing. ICI has repeatedly requested electronic filing for tax returns, since member firms have described preparing, printing, assembling, and shipping these filings as a logistical exercise unto itself. For some complexes, filing season meant sending boxes, or even truckloads, of paper to the IRS every year.

Thankfully, that changed recently when the Internal Revenue Service announced that regulated funds may now file their tax returns electronically. This reform will reduce unnecessary compliance costs and administrative bottlenecks and help ensure that resources remain focused where they belong: on serving shareholders and managing assets responsibly.

A Paper Process Out of Step with the Digital Age

For many funds, a single tax return runs hundreds, or even thousands of pages. This wasn’t just inefficient. It was increasingly disconnected from how tax data are created, stored, reviewed, and analyzed. The information contained in these returns is already produced electronically, reviewed electronically, and retained electronically by both filers and the government. Requiring paper submission added cost and delay without improving compliance or oversight.

Paper filing also created downstream frictions. In some cases, acknowledgments of receipt were delayed simply because returns had not yet been opened or processed, complicating other tax-related processes and certain tax benefits that depend on timely confirmation of filing. The sheer volume of printed pages, shipping logistics, and processing delays reported by ICI member firms illustrated why the status quo no longer made sense.


Left: a set of “just a few” tax returns weighed in at 157 pounds. Right: a single fund’s tax return is more than six inches tall.

E-Filing to E-Delivery: Modernizing How Funds Serve Investors

The IRS’s move acknowledges what investors and financial institutions already know: digital delivery is faster, more efficient, and better aligned with how financial information is used today. That same logic should guide how funds deliver information to shareholders, and Congress should make electronic delivery (e-delivery) the default for investor communications.

This would replace an outdated, paper-based process with a system that improves efficiency without sacrificing oversight or investor protections. ICI research found overwhelming investor support for making electronic delivery the default for fund disclosures, while preserving paper at no cost for those who prefer it.

Investors’ preferences reflect how they already manage their financial lives. Internet access is almost universal in the US. Research shows that 95% of mutual fund-owning households have access to the internet and the vast majority bank online, make financial transactions digitally, and rely on electronic records for accessibility, searchability, and reliability.

Modernization That Works for Everyone

For funds, electronic filing will reduce operational frictions and lower the risk of processing delays, while the IRS will benefit from faster intake and easier handling of data. Applying this same digital-first approach to investor communications is the logical next step in modernizing fund operations for the benefit of investors and regulators alike.

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