WINSTON & STRAWN LLP

BLOG

IRS Issues Updated Revenue Procedure for Corrections Program

OCTOBER 2, 2018

The Internal Revenue Service (IRS) issued an update to its correction program for qualified retirement plans which, while limited, takes the step of taking the program into the digital age. The IRS maintains the Employee Plans Compliance Resolution System (EPCRS) which permits a plan sponsor to correct plan failures while retaining the plan's tax-qualified status. Revenue Procedure 2018-52, which supersedes Revenue Procedure 2016-51, is a limited update, but changes the method plan sponsors submit their correction to the IRS.

Beginning April 1, 2019, all submissions, including fee payments, under EPCRS must be made on the www.pay.gov website and the IRS will no longer accept paper submissions. The period between January 1, 2019 and March 31, 2019 is a transitional period during which submissions may be made electronically or by paper. Generally speaking, the electronic submissions will require the same documentation as paper submissions do currently, although there are a few additional steps.

First an applicant must create a pay.gov account, then the applicant must complete Form 8950, "Application for Voluntary Correction Program (VCP) Submission Under the Employee Plans Compliance Resolution System," using the www.pay.gov website. Thereafter the documents related to the submission are uploaded to the pay.gov site as a single pdf document. If the submission documents exceed 15MB, special instructions are provided for the filing. It is worth noting that under Revenue Procedure 2018-51 filings may still be made by an authorized representative and may still be made anonymously.

Revenue Procedure 2018-52 makes few substantive changes to the EPCRS program other than to update references to reflect changes to the IRS Pre-Approved Plan program, the 401(b) Plan program and the elimination of the letter forwarding program. The IRS reports that it will continue to update EPCRS and invites further comments regarding the program. In particular, the IRS has received comments about EPCRS rules relating to recoupment of overpayments and expects to issue further changes to the correction of overpayments under EPCRS. In addition, the IRS is considering expanding the self-correction program.

While these changes to the EPCRS program are not surprising, it is an important reminder to review your plan to identify whether any administrative errors should be corrected.

1 Min Read

Related Locations

Chicago

Related Topics

IRS

Retirement Plans

Related Capabilities

Employee Benefits & Executive Compensation

Related Regions

North America

This entry has been created for information and planning purposes. It is not intended to be, nor should it be substituted for, legal advice, which turns on specific facts.