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IRS Updates VCP Submission Procedures

On September 28, the Internal Revenue Service (IRS) released Rev. Proc. 2018-52, which provides an updated statement of the correction programs under the Employee Plans Compliance Resolution System (EPCRS). Generally, EPCRS allows sponsors of tax-qualified retirement plans to correct failures that would otherwise cause a plan to run afoul of the qualification requirements of Sections 401(a), 403(a), 403(b), 408(k), or 408(p) of the Internal Revenue Code of 1986, as amended (Code).

According to Rev. Proc. 2018-52, the primary purpose of publishing a revised EPCRS was to set forth new submission procedures under the Voluntary Compliance Program (VCP). Specifically, beginning April 1, 2019, plan sponsors must submit VCP applications (and pay applicable user fees) electronically through the www.pay.gov website. Submissions must be converted into a single PDF document before being uploaded and may not exceed a 15MB size limitation. A sponsor with a lengthy VCP application must remove pages to ensure the PDF is no greater than 15MB, and fax the remaining documents to the IRS.

During a transition period from January 1, 2019, through March 31, 2019, plan sponsors may elect to submit VCP applications either electronically or on paper under the procedures set forth in Rev. Proc. 2016-51.

Rev. Proc. 2018-52 notes that the Treasury Department and IRS are currently reviewing comments on potential changes to EPCRS relating to the recoupment of overpayments and the expansion of the Self-Correction Program (SCP).

Rev. Proc. 2018-52 modifies and supersedes Rev. Proc. 2016-51.

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