

IRS Corrections Go Digital in 2019

Tuesday, October 23, 2018

Summary

Late last month, the IRS released the latest version of its Employee Plans Compliance Resolution System, the IRS's program for correcting retirement plan errors. The newest version of the correction program—effective beginning in 2019—includes mostly minor changes and clarifications. Most importantly, however, it requires electronic filing of Voluntary Correction Program submissions beginning April 1, 2019.

In Depth

The Internal Revenue Service (IRS) recently issued an [updated version](#) of its Employee Plans Compliance Resolution System (EPCRS) setting forth changes in how Voluntary Correction Program (VCP) submissions will be filed with the IRS in 2019. Most notably, electronic filing of VCP submissions will be available as of January 1, 2019 and will be required as of April 1, 2019. The updated version of EPCRS does not include any significant changes to the popular Self-Correction Program (SCP) or the Audit Closing Agreement Program (Audit CAP).

Background

EPCRS sets forth procedures for correcting errors in retirement plan documents and administration. VCP, which is one component of EPCRS, is frequently used by plan sponsors to obtain IRS approval for the correction of plan failures. Historically, VCP filings required the submission of hard copy forms to the IRS via US mail or express courier service, along with a physical check for the user fee.

New Electronic Filing Process

In the updated version of EPCRS, the IRS announced that it is transitioning to electronic submission and payment for VCP filings. From January 1 through March 31, 2019, plan sponsors will have the option to file and pay electronically under the new version of EPCRS or may file and pay with a hard copy submission under the prior version of EPCRS. Beginning April 1, 2019, all submissions must be filed electronically in accordance with the following new EPCRS procedures:

- VCP submissions will be filed electronically through www.pay.gov and will require the creation of a www.pay.gov account.
- The filer will need to electronically complete Form 8950, Application for VCP Submission under EPCRS, through the www.pay.gov website. For all other components of the VCP submission, the filer must compile and upload a single PDF to the www.pay.gov website. This PDF will be subject to a 15 MB size limit. EPCRS provides instructions for separately faxing additional documents that would result in the PDF exceeding that limit.
- The IRS will not issue acknowledgment letters for electronic submissions. Instead, receipt of a submission will be acknowledged through the generation of a tracking ID issued by www.pay.gov.
- A plan sponsor may designate an authorized representative to file a VCP submission with the IRS using the www.pay.gov website. A Form 2848 (Power of Attorney) must be completed in accordance with the

McDermott
Will & Emery

Article By [Lisa K. Loesel](#)
[Maggie McTigue](#)[Joseph K. Urwitz](#)
[McDermott Will & Emery](#) [On the Subject](#)

[Communications, Media & Internet](#)
[Tax](#)
[All Federal](#)

specific instructions provided in EPCRS, and the plan sponsor must submit a penalty of perjury statement stating that the submission has been examined and, to the best of its knowledge, is complete and accurate.

Other Changes and Future Guidance

The updated version of EPCRS incorporates a few other changes that are consistent with prior guidance and of relatively limited scope. However, plan sponsors and their representatives should note the following:

- EPCRS states that if the IRS determines a submission is complete and agrees with the proposed correction method, a compliance statement may be issued without the IRS contacting the plan sponsor or its authorized representative. This has implications for modifying or supplementing a VCP filing. In the past, plan sponsors generally waited until a filing was assigned to an agent to clarify or supplement it. Going forward, plan sponsors should contact the “VCP Status Inquiry Line” at the number provided in EPCRS if they want to modify or supplement a filing, and the IRS will provide further instruction.
- The recommended order in which VCP documents should be assembled within a filing has been updated.
- The IRS confirmed that changes in VCP fees will continue to be announced through annual revenue procedures issued by the IRS rather than being published directly in EPCRS.
- Of relevance to Section 403(b) plan sponsors, the updated version of EPCRS provides that the same rules for making corrective amendments to pre-approved Section 401(a) plans applies to Section 403(b) plans.

With respect to future guidance, EPCRS states that the US Department of the Treasury and the IRS are in the process of reviewing comments related to modifying the correction of overpayments and expanding SCP, and that EPCRS may be amended to reflect changes in these areas in the future.

© 2019 McDermott Will & Emery

Source URL: <https://www.natlawreview.com/article/irs-corrections-go-digital-2019>