

## IRS Correction Program, Now More Efficient

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In 2008, the IRS established a voluntary correction program aimed at plan sponsors and administrators to encourage resolution of plan document or operational failures as soon as they are discovered. The Employee Plans Compliance Resolution System, or “EPCRS” as it is most often called, stresses the importance of established administrative practices and procedures to avoid Internal Revenue Code failures that may arise from a lack of such practices and procedures. EPCRS consists of three programs, Self-Correction Program (SCP), Voluntary Correction Program (VCP), and the Audit Closing Agreement Program (Audit CAP). Each of the correction principles and methodologies in EPCRS apply to all three programs.

EPCRS has been a much-welcomed reprieve for plan sponsors and administrators. Compliance statements (an agreement between the Plan Sponsor and IRS that the proposed correction of plan failures is acceptable) have been granted to plans for over a decade in exchange for conforming amendments, corrective contributions and distributions, lost earnings calculations, and revisions to administrative practices and procedures. The EPCRS program is no stranger to updates over the years as several have resulted in an expansion of correction methodologies, additional SCP opportunities, and user fee adjustments.

The IRS introduced the most recent EPCRS transformation in September 2018, through [Revenue Procedure 2018-52](#), which becomes effective next month, on **April 1, 2019**. The biggest change is to the VCP submission procedures. The IRS will no longer accept VCP submissions through the mail in hard-copy form; instead, Plan Sponsors must use the [www.Pay.gov](http://www.Pay.gov) website for VCP submissions.

While the contents of a VCP submission have not changed, the submission follows a new process:

- Applicant creates a pay.gov account.
- If the plan sponsor authorizes a Jackson Lewis attorney to sign and file the VCP on its behalf, a cover letter with a signed penalty of perjury declaration must accompany the submission.
- The Form 8950, Application for Voluntary Correction Program Submission, will now be completed directly on the pay.gov website.
- All VCP submission documents (Model Forms, failure explanations, correction computations, plan documents, etc.) must be converted into one PDF file and uploaded to pay.gov. If the file exceeds 15 MB, the excess must be faxed to a dedicated IRS VCP fax number.
- After the Plan Sponsor files a VCP, the system automatically generates a payment confirmation. The “pay.gov Tracking ID” on the receipt serves as the IRS control number for the submission. The IRS no longer issues a separate acknowledgment letter confirming receipt of the submission.

Any new procedure can seem daunting and time-consuming until it becomes familiar. Yet the efficiency that comes from a single uploading of documents, immediate generation of an IRS control number, and not having to bother with certified mailings will far outweigh any initial learning curve. Hopefully, plan sponsors will not make VCP submissions a habit, but when they are necessary, this new procedure will make the process nearly painless.

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