

## IRS Updated Plan Correction Procedure

IRS released a new revenue procedure requiring plans, effective April 1, 2019, to use [www.pay.gov](http://www.pay.gov) for voluntary correction program submissions; paper filings and checks will no longer be allowed after that date. While the updated procedure does not address either the recoupment of overpayments or the expansion of the self-correction program, the IRS says it is considering changes on these topics in response to comments.

### Background

Since the 1990s, the IRS Employee Plans Compliance Resolution System (EPCRS) has been in place to encourage employers to establish strong compliance procedures, “self-discover” plan qualification violations, and correct these violations either independently or with IRS approval. EPCRS has three components: an option for self-correction (SCP), voluntary correction with IRS approval (VCP), and correction while under audit and in the case of certain loan errors (Audit CAP).

IRS last restated the revenue procedure governing EPCRS in 2016. (See our [October 21, 2016](#) *For Your Information*.)

### No More Paper

In [Rev. Proc. 2018-52](#), IRS updated VCP submission procedures so that, beginning April 1, 2019, plans must use the [www.pay.gov](http://www.pay.gov) website (rather than a paper filing and a check) when filing a VCP submission and paying applicable user fees. The revenue procedure implements these changes in Sections 10 and 11, specifying:

- The need for an account at [www.pay.gov](http://www.pay.gov) to facilitate electronic payment and to submit [Form 8950](#)
- The requirement to convert documents for the VCP submission into a single PDF, and special instructions for PDF files that exceed the 15 MB size limitation
- New procedures on the payment of user fees on [www.pay.gov](http://www.pay.gov), including electronic submission and payment confirmation

The electronic option will be open for submissions beginning January 1, 2019. During a January 1, 2019 through March 31, 2019 transition period, plan sponsors may continue to make paper submissions.

Like many other electronic submissions, plan sponsors may use [Form 2848](#) to designate an authorized representative to file the VCP submission with the IRS.

**Comment.** The IRS recently provided a [list on its website](#) of specific mistakes in EPCRS applications that delay the issuance of compliance statements. It is not clear whether the electronic submissions process will spot these errors and automatically reject incomplete applications or trigger warnings to elicit corrections.

## Other Changes, and those on the Horizon

The guidance modifies the 2016 revenue procedure in other ways, including to reflect changes to pre-approved plan programs, clarify the application of the program to 403(b) plans, and clarify that the IRS may issue a compliance statement without contacting the plan sponsor where it determines that the submission is complete and agrees with the proposed correction method.

The IRS expects to continue to update the EPCRS revenue procedure from time to time, including in response to feedback on how to improve it — and invited comments on this topic generally. Having previously requested comments on potential changes on the recoupment of overpayments and expanding SCP, the IRS said that it is in the process of modifying the EPCRS rules on those topics.

## In Closing

Plan sponsors should be aware that, as of April 2019, all VCP submissions and payments must be made electronically.

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