

Client Alert

IRS Employee Plans Correction Program Requires Electronic Filing Starting in 2019

October 1, 2018 – On September 28, 2018, the Internal Revenue Service (“IRS”) released Revenue Procedure 2018-52, its latest update of the Employee Plans Compliance Resolution System (“EPCRS”). EPCRS is a comprehensive system of procedures and principles approved by the IRS to allow plan sponsors to correct qualification failures in their tax-qualified retirement plans (such as Code Section 401(k) plans and Code Section 403(b) plans).

This latest EPCRS update is limited in scope. The most significant change is the move toward electronic-only filing of submissions and payment of user fees under the IRS Voluntary Correction Program (“VCP”) in 2019. Where currently VCP submissions must be mailed to the IRS along with a check for the user fee, the update will (i) permit submissions and payments to be made either by mail or electronically (using pay.gov) between January 1 and March 31, 2019, and (ii) require electronic-only submissions and payments starting on April 1, 2019. Paper VCP submissions mailed to the IRS starting on April 1, 2019 will be rejected.

The update makes various other, largely technical and conforming changes, but does not materially modify any of the existing correction procedures or principles. The IRS has indicated that it continues to solicit and review comments on modifying EPCRS in a more substantive manner, including updating rules on recovery of overpayments and making other improvements to the EPCRS Self-Correction Program and VCP.

For questions about EPCRS or advice on identifying and correcting any operational or documentary issues with your employee benefit plan, please contact a Morrison Cohen LLP attorney.

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