

MEMO# 31426

October 9, 2018

IRS Updates Corrections Program (EPCRS) and Invites Further Comments

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October 9, 2018 TO: ICI Members
Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension RE: IRS Updates Corrections Program (EPCRS) and Invites Further Comments

The Internal Revenue Service (IRS) recently published Revenue Procedure 2018-52,[\[1\]](#) which modifies and supersedes Rev. Proc. 2016-51,[\[2\]](#) the prior consolidated statement of the correction programs under the Employee Plans Compliance Resolution System (EPCRS). EPCRS permits retirement plan sponsors to correct certain failures to meet applicable tax qualification requirements and thereby continue to provide employees with retirement benefits on a tax-favored basis.

IRS describes the update as “limited” and explains that it was issued primarily to describe new submission procedures, including a requirement to file and pay applicable user fees online. Under the new procedures, plans submitting an application under the Voluntary Correction Program (VCP) must complete Form 8950 (the VCP application form) using www.pay.gov and submit all accompanying schedules and attachments as a single PDF document.[\[3\]](#) IRS will no longer mail a letter acknowledging its receipt of the submission. Rather, once a submission is filed and the user fee paid, the website will generate a payment confirmation, which will include a unique [pay.gov](http://www.pay.gov) tracking ID. Plans making VCP submissions are required to use the new electronic filing procedures beginning on April 1, 2019. Between January 1, 2019 and March 31, 2019, plans may use either the current submission procedures under Rev. Proc. 2016-51 or the new procedures.

In addition to the new requirement for online filing, Rev. Proc. 2018-52 includes a number of clarification to EPCRS, as well as modifications to incorporate changes IRS has made to the pre-approved plan programs.[\[4\]](#) Rev. Proc. 2018-52 generally becomes effective on January 1, 2019.

IRS invites public comments (with no specified deadline) on how to improve EPCRS, but does not request comments regarding any specific area or question. IRS previously received and is still reviewing comments regarding two issues: the correction of overpayments[\[5\]](#) and expanding the Self-Correction Program (SCP).[\[6\]](#) IRS is in the process of developing further changes regarding the correction of overpayments and is still considering changes to expand the SCP.

endnotes

[1] Rev. Proc. 2018-52 is available at <https://www.irs.gov/pub/irs-drop/rp-18-52.pdf>.

[2] For a description of Rev. Proc. 2016-51, see ICI Memorandum No. 30291, dated October 3, 2016. Available at https://www.ici.org/my_ici/memorandum/memo30291.

[3] The size of the PDF document is limited to 15 MB. If there are pages that cannot be included in the PDF document due to the size limitation, then those pages must be faxed to the IRS separately.

[4] For a list of modifications, see Section 2.03 of Rev. Proc. 2018-52.

[5] An “overpayment” means a plan failure “due to a payment being made to a participant or beneficiary that exceeds the amount payable to the participant or beneficiary under the terms of the plan or that exceeds a limitation provided in the Code or regulations.” See sections 5.01(3)(c) and 5.02(4) of Rev. Proc. 2018-52. In Rev. Proc. 2015-27, IRS clarified that plans have flexibility in how they correct plan failures due to overpayment. The employer or another person may contribute to plan, as an alternative to the plan seeking recoupment from plan participants and beneficiaries, who may have financial difficulty meeting repayment requests. See ICI Memorandum No. 28911, dated April 20, 2015. Available at https://www.ici.org/my_ici/memorandum/memo28911. Rev. Proc. 2015-27 requested comments on specific questions relating to the recoupment of overpayments, and Rev. Proc. 2016-51 reiterated that comment request.

[6] Under the Self-Correction Program, a plan sponsor may correct certain plan failures without contacting the IRS or paying any fee.