



## BENEFIT NEWS BRIEFS

### *IRS Reduces VCP Compliance Fees*

The IRS [recently posted information on its website](#) about the new, generally lower fees applicable to Voluntary Correction Program (VCP) submissions made on or after February 1, 2016. According to the IRS, plan sponsors should use [Revenue Procedure 2016-8](#), Section 6.08 (and subsequent annual updates), to determine the appropriate fee for most VCP submissions. However, submitters should continue to use [Revenue Procedure 2013-12](#) (as modified by [Revenue Procedure 2015-27](#)) for additional guidance on VCP fees and eligibility for reduced fees for certain submissions.

The [VCP](#) is one of three programs for [correcting retirement plan errors](#) that together are called the Employee Plans Compliance Resolution System ([EPCRS](#)). The other two EPCRS programs are the Self-Correction Program and Audit Closing Agreement Program (Audit CAP). Generally, if a retirement plan is not being audited by the IRS, the plan sponsor can use a VCP filing to seek IRS approval of the correction methods proposed to correct errors in the plan document or its operations that, if not corrected, could result in the plan losing its tax-favored status. The old and new VCP Fee Schedules are compared below:

| Fee Schedule   |          |          |
|----------------|----------|----------|
| # Participants | Old Fee  | New Fee  |
| 20 or fewer    | \$750    | \$500    |
| 21-50          | \$1,000  | \$750    |
| 51-100         | \$1,500  | \$1,500  |
| 101-500        | \$5,000  | \$5,000  |
| 501-1,000      | \$8,000  | \$5,000  |
| 1,001-5,000    | \$15,000 | \$10,000 |
| 5,001-10,000   | \$20,000 | \$10,000 |
| >10,000        | \$25,000 | \$15,000 |

According to the IRS, it is also revising Form 8951, *Compliance Fee for Application for Voluntary Correction Program* to reflect these changes. In the meantime, VCP submitters should continue to use the [Form 8951 \(9-2015 version\)](#) until the new version is published and ignore the general fee amounts on line 7 and attach a check for the fee amount specified in Revenue Procedure 2016-8, Section 6.08 (or Revenue Procedure 2013-12, Section 12, if applicable and as modified by Revenue Procedure 2015-27).

The IRS stated it won't apply the reduced fees for VCP submissions made prior to February 1, 2016, or issue refunds for pre-February 1, 2016 VCP submissions that are withdrawn and then resubmitted under the reduced fee schedule.

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