

employee plans news

PROTECTING RETIREMENT BENEFITS THROUGH EDUCATING CUSTOMERS

Internal Revenue Service
Tax Exempt and Government
Entities Division

A Publication of Employee Plans

IRS Introduces New Streamlined and Simplified Voluntary Correction Program

On June 5, 2003, Employee Plans of the TE/GE Operating Division of the IRS issued [Revenue Procedure 2003-44](#), which enhanced the EPCRS, the IRS' comprehensive system of correction programs for sponsors of retirement plans that have failed to meet one or more requirements of the Internal Revenue Code. This new revenue procedure significantly streamlines the EPCRS process.

Introducing the streamlined program, Carol Gold, Director of Employee Plans, said, "We know the tax law and regulations covering retirement plans are complex and always changing. It's easy for plans to fall into noncompliance on any number of technical or administrative issues. That's why it's a high priority for us to offer plan sponsors and administrators a number of avenues to correct the plans they are responsible for."

The new revenue procedure makes significant changes, including:

- Streamlining EPCRS by consolidating all voluntary correction procedures into a single voluntary correction program, which eliminates confusion over deciding which procedure is most appropriate.
- Providing a fixed fee schedule for all voluntary submissions, which simplifies the application process, reduces burdens on taxpayers and promotes consistency.
- Simplifying and reducing the amount of plan information a plan sponsor is required to submit, reducing the paperwork burden on applicants.
- Streamlining the submission process for third party administrators and other service providers that submit on behalf of their clients' retirement plans, which permits correction of numerous plans in a single submission.
- Expanding program eligibility to cover SIMPLE IRAs and providing correction and tax reporting guidance for SEPs (Simplified Employee Pensions) and SIMPLE IRAs.
- Providing sample formats of voluntary correction submissions, which takes the guesswork out of filing a submission.

In explaining these changes to EPCRS, Joyce Kahn, Manager of Employee Plans Voluntary Compliance, said, "We think the enhancements to EPCRS will help all retirement plan sponsors bring their plans into compliance and keep them compliant. Our correction programs have been popular with plan sponsors ever since their inception in the early 1990s. We hope that the simplifications and enhancements in this revenue procedure help plan sponsors correct failures in their retirement plan and preserve the tax-favored status of their plans."

The IRS is continually reviewing and enhancing the EPCRS in an effort to meet the needs of its customers. As Ms. Kahn observed, "Many improvements to EPCRS are based on comments we receive from our stakeholders and I encourage the public to send further comments on how to improve the program and make it easier for business owners to operate their retirement plans."

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There are a variety of tools available for practitioners and sponsors on the Retirement Plans web site at www.irs.gov/ep by clicking on "More Topics" in the Topics section and going to "Correction". This page includes:

- [Red-Lined Version](#) of Rev. Proc. 2003-44 delineating the changes made by the new procedure.
- [EPCRS Comparison Chart](#) describing the differences between the new procedure and its predecessor.
- [Topical Index to Rev. Proc. 2003-44](#): A detailed index with entries keyed to rev. proc. section numbers.
- [EPCRS After Rev. Proc. 2003-44](#) - A presentation on the changes made to EPCRS by Rev. Proc. 2003-44.

Look for the new Corrections Programs CD-ROM this summer with video clips and a comprehensive overview of the EP Corrections Programs.

Act Now: The Deadline is Coming! The Deadline is Coming!

September 30, 2003: That's the deadline for most adopting employers of M&P and volume submitter plans to amend their plans for recent changes in law. In many cases, the employers will also have to file applications for determination letters by September 30 to keep their plans qualified.

The September 30, 2003 deadline applies to most adopting employers of M&P and volume submitter plans who were eligible for the extension provided under [Rev. Proc. 2000-20](#). (Individually designed plans generally had to be amended for the recent changes in law by February 28, 2002.) The September 30, 2003 extension required the filing of a determination letter application within the extension period if a letter was needed for reliance.

Some adopting employers of M&P and volume submitter plans are still required to get a determination letter to have any reliance. For example, an adopting employer of a volume submitter plan who modifies the pre-approved document - other than choosing options permitted under the document - must file an application for a determination letter to have reliance. Or, an adopting employer of an M&P plan who makes changes to the pre-approved M&P plan document other than changes allowed by the adoption agreement also must file an application for a determination letter to have reliance.

In both these cases, the employer must file an application for a determination letter by September 30, 2003 in order to meet the conditions for the September 30 extension of the time to amend. Failure to file an application by September 30 will make the plan a late-amender.

On the other hand, as a result of changes in IRS procedures described in [Announcement 2001-77](#), many adopting employers of M&P and volumes submitter plans no longer have to get a determination letter to have at least limited reliance. *These employers are not required to file for a determination letter by September 30.*

In summary, employers who maintain an M&P or volume submitter plan need to amend the plan by September 30, 2003. If the employers have modified the plan, they must also file a determination letter request by September 30, 2003. If not, valuable tax benefits can be lost.

Coming in the Summer 2003 Edition of *Employee Plans News*

Upcoming topics include:

- An interview with Joyce Kahn, Manager of EP Voluntary Compliance, discussing the background of the new EPCRS revenue procedure
- Articles from EBSA, PBGC and the Social Security Administration
- A new web site column: Web Spins
- Guidance Updates

... and much more. Look for us in your email inbox in June 2003.

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