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Revenue Procedure 2018-52 Released by IRS: VCP Modifications

ERISA, INTERNAL REVENUE SERVICE
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On September 28, 2018, the IRS released Revenue Procedure 2018-52, which will be effective as of January 1, 2019 and supersedes Revenue Procedure 2016-51. The most impactful change comes to the submission of corrections process to the IRS's Voluntary Correction Program ("VCP"). The VCP is one of three correction programs plan sponsors can use to correct errors under the Employee Plans Compliance Resolution System ("EPCRS"), and is in place for plan sponsors to correct mistakes with either the plan document's language or how the plan has been run.

Currently, the VCP operates via "snail mail," with all requested changes and corresponding user fees being mailed to the IRS directly. Revenue Procedure 2018-52 converts this to an electronic process, where change submission requests and user fee payments will be made through the website www.pay.gov. Between January 1, 2019 and March 31, 2019, users can still submit hard copies directly to the IRS, or can utilize the new online submission. However, beginning April 1, 2019, the IRS will accept only online submissions, while any paper correspondence pertaining to the VCP will not be processed or returned. In addition, through pay.gov, plan sponsors will be able to authorize a legal representative to sign and submit any VCP submissions, given the proper authorization forms are submitted.

Other changes as a result of Revenue Procedure 2018-52 are as follows:

- All 457(b) plan submission requests must be through pay.gov, following the same timeline outlined above;
- Minor language revisions related to user fees; and
- Clarification of payment options for Audit CAP sanction payments.

The IRS is welcoming feedback to all changes outlined in Revenue Procedure 2018-52, so familiarizing yourself with the pay.gov website before full implementation may be beneficial to ensuring a smooth transition for your plan.

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