

Updated EPCRS Procedures

A Segment in Our Retirement Rescue Series

On September 29th, the IRS released Revenue Procedure 2016-51 modifying the Employee Plans Compliance Resolution System (EPCRS) for correcting plan errors which, if left uncorrected, could lead to plan disqualification. Changes to EPCRS are effective January 1, 2017.

Revenue Procedure 2016-51 modifies the Employee Plans Compliance Resolution System (EPCRS) which was designed to allow Plan Sponsors to correct plan errors avoiding disqualification. This Revenue Procedure supersedes Revenue Procedure 2013-12, the former consolidated statement of the correction programs offered through EPCRS, as well as 2015-27 and 2015-28 which modified it. However, some changes made by the latter two are incorporated into RP 2016-51.

Key Changes

Significant changes, effective January 1, 2017, include the following:

- ⇒ EPCRS is being modified to eliminate the staggered 5-year remedial amendment cycle for individually designed plans.
Please refer to this explanatory [article](#) for a summary of changes to the Determination Letter program.
- ⇒ Plan Sponsors are no longer required to submit a determination letter application to the IRS when correcting qualification errors that include a plan amendment.
- ⇒ For qualified individually designed plans using the Self-Correction Program (SCP) to correct a significant error, the determination letter submitted does not need to be current to satisfy the Favorable Letter Requirement.
- ⇒ Fees under the Voluntary Corrections Program (VCP) are now considered user fees. VCP fees will no longer be set in the EPCRS Revenue Procedure but instead in the annual Employee Plans Revenue Procedure.
- ⇒ Audit CAP sanctions will no longer be determined by a negotiated percentage of the maximum payment amount (MPA). Instead, auditors will review the facts and circumstances of the situation to determine a sanction amount with the MPA being one factor of consideration. Sanctions will generally be more than fees in VCP.

Applicability

EPCRS programs as currently described in RP 2013-12, modified by RP 2015-27 and 2015-28, remain in effect for the rest of 2016. Revenue Procedure 2016-51 is effective as of January 1, 2017, eliminating RP 2013-12. Prior Revenue Procedures will no longer be applicable at this time.

Requested Comments

The IRS continues to request public comments on expanding EPCRS to provide guidance on the recovery of overpayments. Please see Section 17 beginning on page 67 of RP 2016-51 for information regarding public comments.

Full text of Revenue Procedure 2016-51 can be found on the [IRS website](#).