

# General VCP Fees Reduced

## A Segment in Our Retirement Rescue Series

The Voluntary Correction Program, VCP, is part of the IRS Employee Plans Compliance Resolution System, EPCRS, designed to allow plan sponsors to remedy errors made in their plans and avoid the consequences of plan disqualification. For more information, read [What is EPCRS?](#) on our website.

In an effort to encourage plan sponsors to correct errors found in their employer-sponsored retirement plans, the IRS has reduced general VCP fees for most new submissions made on or after February 1, 2016.

### VCP Fee Updates

The IRS began classifying VCP fees as “user fees” subject to IRC 7528 in 2015. As a result of this change, plan sponsors should refer to the latest annual revenue procedure to determine applicable VCP fees. Revenue Procedure 2016-8 modifies the general fees for corrections in IRC 401(a) and 403(b) retirement plans, effective February 1, 2016, thus replacing the fee chart in Rev. Proc. 2013-12. Please note, the VCP fees for other plan types remain unchanged.

Additionally, VCP fees for correction of late required minimum distributions and participant loan compliance failures are not affected by Rev. Proc. 2016-8, but were modified by Rev. Proc. 2015-27, released in March 2015.

### New General VCP Fees

The new general VCP fees, based on number of participants, are as shown in the table below.

Participants	Fees
20 or fewer	\$500
21-50	\$750
51-100	\$1,500
101-1,000	\$5,000
1,001-10,000	\$10,000
10,000+	\$15,000

While most of the general fees have been reduced, the fee for VCP correction in plans with 101-500 participants remains unchanged.

### IRS Guidance

The IRS advises plan sponsors to refer to Rev. Proc. 2016-8 for applicable VCP fees on submissions made on or after February 1, 2016. Continue to refer to Rev. Proc. 2013-12, as modified by Rev. Proc. 2015-27, for additional guidance regarding VCP fees and eligibility. The IRS is revising Form 8951, Compliance Fee for Application for VCP, but filers should continue to use the 9-2015 version in the interim. Submitting sponsors are directed to disregard the general fee amounts currently stated on line 7 and enclose a check for the appropriate fee amount found in the most recent applicable revenue procedure.

Changes to Voluntary Correction Program Compliance Fees, Including Reduced Fees for Most 401(1) and 403(b) Plans. IRS. 06 January 2016.