

January 2018

IRS Issues Changes to Voluntary Compliance Program User Fees

On January 2, 2018, the Internal Revenue Service (IRS) issued [Internal Revenue Bulletin 2018-1](#), containing [Internal Revenue Procedure 2018-4](#), which includes new user fees for submissions under the Voluntary Correction Program (VCP). Although the fees each year are set out in an annual revenue procedure, these changes came as a surprise to many, as this was a major overhaul of the user fees, and the changes are effective immediately.

The user fees will no longer be based on the number of participants in the plan, but rather will now be based on net plan assets as of the end of the year of the most recently filed Form 5500 (based on net plan assets as provided for on the 2016 Form 5500 now). Another change comes to the cap, or the maximum user fee which will be applicable to plans with over \$10 million in assets—a drastic reduction to \$3,500, down from \$15,000. For plans with assets of \$500,000 or less, the fee will be \$1,500, and for plans with assets over \$500,000, up to \$10 million, the fee will be \$3,000.

While some plan sponsors may be happy to hear of the significant reductions, the IRS has also eliminated reduced fees for streamlined filings, such as loan errors, and required minimum distribution errors that could previously be corrected for as little as \$300. The user fee will be the same for any type of error, and there is no limit on the number of errors that a plan sponsor may include in a submission.

For more information, or if you have questions about how the issues raised in this legal update affect your policies, practices, or other compliance efforts, please contact one of the lawyers listed below:

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