

# Changes to Voluntary Correction Program Compliance Fees, Including Reduced Fees for Most 401(a) and 403(b) Plans



## Correction Program & Retirement Plan Changes

During 2015, the IRS began classifying Voluntary Correction Program (VCP) fees as user fees subject to IRC 7528. **As a result, in 2016, plan sponsors will refer to a new, annual revenue procedure to determine the appropriate fee when making a VCP submission to the IRS.** In addition, the IRS made changes to the general fees for submissions for IRC 401(a) and 403(b) retirement plans.

To encourage employers who sponsor 401(a) qualified retirement plans and 403(b) plans to correct plan failures through VCP, the IRS reduced the general VCP fees for most new submissions made on or after February 1, 2016. The general fee amount for plans with 101 to 500 participants remains unchanged. The general fee table in Revenue Procedure 2013-12, section 12.02(1) will no longer apply.

VCP fees for other types of plans remain unchanged from the amounts in Rev. Proc. 2013-12, section 12, (as modified by Rev. Proc. 2015-27).

**Beginning February 1, 2016, plan sponsors should:**

- Use [Proc. 2016-8](#), section 6.08 (and subsequent annual updates), to determine the appropriate fee for most VCP submissions.
- Continue to use [Proc. 2013-12](#), as modified by [Rev. Proc. 2015-27](#), for additional guidance on VCP fees and eligibility for reduced fees for certain submissions.

## **New Fees and Forms**

**New General VCP fees based on number of participants**

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

**The IRS is revising Form 8951, *Compliance Fee for Application for Voluntary Correction Program (VCP)*. In the meantime:**

- Continue to use the Form 8951 (9-2015 version) until the new version is published.
- Ignore the general fee amounts on line 7.
- Attach a check for the fee amount specified in Rev. Proc. 2016-8, Section 6.08 (or Rev. Proc. 2013-12, section 12, if applicable and as modified by Rev. Proc. 2015-27).

The IRS won't apply the reduced fees for VCP submissions made prior to February 1, 2016, or issue refunds for pre-February 1, 2016 VCP submissions that are withdrawn and then

resubmitted under the reduced fee schedule.