



**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

February 21, 2018

The Honorable David J. Kautter  
Acting Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

**Re: IRS Revenue Procedure 2018-04 – Employee Plan Compliance Resolution System Fee Schedule**

Dear Acting Commissioner Kautter:

The Internal Revenue Service (“IRS”) recently issued Revenue Procedure 2018-4, which includes a new user fee structure for the Employee Plans Compliance Resolution System (“EPCRS”). I have concerns about the EPCRS changes because they were implemented with little feedback from the small business community and increase costs for small employers. The lack of feedback is inconsistent with Section 1101 of the Pension Protection Act of 2006, which directs the IRS to take “into account the special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures” when updating EPCRS.

EPCRS is an important tool in our employer retirement system. It allows plan sponsors to correct mistakes and avoid plan disqualification. Compliance with our complicated retirement rules can be difficult, especially for small businesses that may not have dedicated technical expertise. EPCRS provides a streamlined system for correcting mistakes made in good faith and encourages and makes it easier for small employers to sponsor a retirement plan.

However, the new EPCRS structure raises fees on small businesses. In addition, the old rules explicitly allowed for reduced fees for plans with fewer than 101 participants. And the old rules allowed plans to fix more types of mistakes (e.g., participant loan defects and minimum required distribution mistakes) at a reduced fee. The new revenue procedure eliminated both of these features. I worry about the unintended consequences these changes will have on small employers maintaining their retirement plans and new businesses entering the employer retirement system.

I respectfully request that you reevaluate the new user fee structure for the EPCRS and modify the system to take into consideration the difficulties small businesses face in sponsoring a retirement plan. This could be done by rescinding the recent changes as well as by making self-correction options more easily available. I look forward to your response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard E. Neal", is written over a large, loopy blue circular mark.

Richard E. Neal  
Ranking Member

cc.

The Honorable David W. Horton  
Acting Commissioner, Tax Exempt and Government Entities Division  
Internal Revenue Service