

PUBLICATION

IRS Questionnaire: Failure to Respond Will Incur Enforcement Action

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In May, the Internal Revenue Service's Employee Plans Compliance Unit (EPCU) began issuing questionnaires to employers that sponsor 401(k) plans as a part of its 401(k) Compliance Check Questionnaire Project. Twelve hundred 401(k) plan sponsors who filed a Form 5500 for the 2007 plan year will receive this questionnaire from EPCU. Questionnaire recipients can complete the questionnaire by accessing an easy to use website referenced on the questionnaire.

Generally, the questionnaire will cover such categories as 401(k) plan participation, employer and employee contributions, distributions and plan loans, IRS voluntary compliance programs and plan administration. Questionnaire answers will be compiled into an IRS report that will identify areas where additional education, guidance and outreach are needed. The IRS also intends to use the results of the questionnaire to assist it in addressing non-compliance related to 401(k) plans.

Should you, as a plan sponsor, receive this questionnaire under the 401(k) Compliance Check Questionnaire Project, we recommend that you complete and submit the questionnaire as soon as possible. The IRS has indicated that failure to complete the questionnaire will result in further enforcement action (possibly the imposition of penalties) against the sponsor.

Should you have any questions or wish to discuss any aspects in this EPCU Project, please contact any attorney in the Firm's Tax Department.