



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

7.2.4

OCTOBER 16, 2025

EFFECTIVE DATE

(10-16-2025)

PURPOSE

- (1) This transmits revised IRM 7.2.4, TE/GE Closing Agreements, Employee Plans Voluntary Closing Agreement Requests.

MATERIAL CHANGES

- (1) Updated IRM 7.2.4.1(1) to reflect that this IRM contains procedures for processing closing agreements for cases submitted under VCP in addition to requests under VCAP.
- (2) Added IRM 7.2.4.1(5), Primary Stakeholders.
- (3) Added IRM 7.2.4.1.1, Background.
- (4) Added IRM 7.2.4.1.3, Roles and Responsibilities.
- (5) Added IRM 7.2.4.1.4, Program Management and Review.
- (6) Added IRM 7.2.4.1.5, Program Controls.
- (7) Revised IRM 7.2.4.1.6 to reflect acronyms used in the body of the IRM that were not part of the table and to reorder items.
- (8) Added IRM 7.2.4.1.7, Related Resources.
- (9) Revised IRM 7.2.4.2 to reflect additional detail in procedures regarding digital communications and to be consistent with IRM 7.2.2.14.1.
- (10) Updated IRM 7.2.4.4.3 to reflect streamlined procedures for processing closing agreements including updated procedures regarding internal discussions of cases recommended to be resolved under a closing agreement and review of closing agreement drafts.
- (11) Updated IRM 7.2.4.6 for clarity and to fix a typographical error.
- (12) Updated links and descriptions in Exhibit 7.2.4-1.
- (13) Made changes throughout the IRM for plain language, editorial changes, clarity and removal of outdated references.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 7.2.4 dated November 24, 2023.

AUDIENCE

Tax Exempt and Government Entities
Employee Plans

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Tax Exempt and Government Entities

7.2.4

Employee Plans Voluntary Closing Agreement Requests

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7.2.4.1
(10-16-2025)
Program Scope and Objectives

- (1) **Purpose:** This IRM describes the procedures Employee Plans (EP) Voluntary Compliance (VC) follows to process requests for closing agreements under the EP Voluntary Closing Agreement Procedures (VCAP), submissions under the Voluntary Correction Program (VCP) for 457(b) plans, and submissions under VCP that VC determines should be resolved by a closing agreement.
- (2) **Audience:** EP Employees who process closing agreement requests and any IRS employee who transfers a closing agreement request to VC.
- (3) **Policy Owner:** Director, EP.
- (4) **Program Owner:** EP.
- (5) Primary Stakeholders:
 - a. Internal - Director, Employee Plans; Director, Rulings and Agreements; EP Tax Law Specialists and Agents; Actuaries; Associate Chief Counsel (EEE), TEGE Division.
 - b. External - Plan sponsors, plan representatives, plan participants.
- (6) **Objective:** To encourage sponsors of qualified plans, and others that service qualified retirement plans, to voluntarily disclose to the IRS discovered violations of qualified plan and federal tax requirements along with a proposed correction.

7.2.4.1.1
(10-16-2025)
Background

- (1) Certain retirement plans, including Individual Retirement Accounts (IRAs), are tax-favored if they satisfy the requirements of the Internal Revenue Code (IRC) in form and operation. A retirement plan that satisfies the requirements of the IRC is entitled to favorable tax treatment.
- (2) VCAP permits applicants to make voluntary requests for a closing agreement to resolve certain income or excise tax issues involving tax-favored retirement plans and IRAs.
- (3) EP VC processes requests for closing agreements under VCAP and determines whether entering into a closing agreement is appropriate.

7.2.4.1.2
(10-16-2025)
Authority

- (1) The IRS Commissioner may enter into and approve a written closing agreement with any person for their liability with respect to any internal revenue tax for any taxable period ending before or after the date of such agreement. (IRC 7121 and the regulations thereunder).
- (2) Treasury Regulation Section 301.7121-1(a) permits the IRS to enter into a closing agreement in any case in which there appears to be an advantage to permanently and conclusively close the case, or if the taxpayer shows good and sufficient reasons for a closing agreement, and the Commissioner determines that the United States will not sustain any disadvantage through consummation of an agreement.
- (3) The Commissioner delegates to the Commissioner, Tax Exempt and Government Entities Division (TE/GE) in cases under their jurisdiction the authority to enter into and approve a written agreement with any person for internal revenue tax liability of such person, or the person or estates for whom they act as authorized by IRM 1.2.2.9.3 and Delegation Order 8-3. (DO 8-3).

- (4) Delegation Order 8-3 (DO 8-3) delegates the authority to enter into and approve a written closing agreement with any person relating to their federal tax liability to the EP Director and the Director, EP Rulings and Agreements (R&A).
- (5) R&A considers voluntary closing agreement requests to resolve certain income and excise tax issues that are ineligible for resolution under EPCRS. (Rev. Proc. 2025-4 Section 4.04).
- (6) Voluntary closing agreement requests are resolved by issuing a Director's closing agreement authorized by IRM 1.2.2.9.3, DO 8-3 signed by the appropriate party (for example, the plan sponsor, plan administrator or plan trustee) and IRS representative, as authorized under the Delegation Order.
- (7) For approved closing agreement requests processed under this IRM 7.2.4, the EP R&A Director will sign the closing agreement.

7.2.4.1.3 (10-16-2025)

Roles and Responsibilities

- (1) The mission of Employee Plans is to provide EP's customers top quality service by helping them understand and comply with applicable tax laws and to protect the public interest by applying the tax laws with integrity and fairness to all.
- (2) The Director, EP, reports to the Deputy Commissioner, TE/GE, and is responsible for planning, managing, directing and executing nationwide EP activities.
- (3) EP responsibilities include:
 - a. Employee plans (including the qualification of pension, annuity, profit-sharing, and stock bonus plans, simplified employee pensions, saving incentive match plans for employees, and tax-sheltered annuities) and related trusts.
 - b. Tax treatment of participants and their beneficiaries and deductions for employer contributions.
 - c. Procedural and administrative provisions with respect to such plans.
- (4) The Director, EP R&A, reports to the Director, EP, and is responsible for three types of services for retirement plans— voluntary compliance, determination letters, and technical guidance.
- (5) Responsibilities of the EP R&A staff include:
 - a. Processing determination letter requests from employers regarding the qualified status of their pension, annuity, profit sharing and stock bonus plans.
 - b. Issuing opinion and advisory letters to specific requestors regarding pre-approved pension, annuity, and profit-sharing plans, including individual retirement accounts, simplified employee pensions and savings incentive match plans for employees, and tax sheltered annuities.
 - c. Developing and operating voluntary correction programs, such as the EPCRS program, and issuing compliance statements or entering into closing agreements under these programs.
 - d. Processing requests for changes in funding method and making other actuarial determinations and interpretations.
 - e. Coordinating with Chief Counsel on requests for funding waivers.

- f. Developing and maintaining responsibility for actuarial publications and other standards for the valuation of transfers of future interests for income, estate and gift tax purposes.
 - g. Coordinating with TE/GE Division Counsel, Associate Chief Counsel and the DOJ on litigation issues and declaratory judgment cases under the Internal Revenue Code (IRC 7476).
- (6) The VC Manager supervises and is responsible for the VC group managers and VC program employees.
- (7) The VC group managers supervise and are responsible for the VC employees assigned to their group.
- (8) VC employees and VC program employees work on matters that their manager assigns to them. This includes reviewing and processing any VC inventory that is resolved using a closing agreement, voluntary closing agreement requests submitted under VCAP, and pre-submission conferences under VCAP.

7.2.4.1.4
(10-16-2025)
**Program Management
and Review**

- (1) Program reports:
 - a. VC uses Business Objects and RCCMS to view, create and modify inventory records. Business Objects uses tools to provide a built-in interface to query and analyze inventory data and build reports.
 - b. Compliance Planning and Classification (CP&C) provides reports for EP VC detailing the status of current and closed VCAP inventory.
 - c. Monthly reports detailing the status of current and closed VCAP inventory are produced and provided to the Director, EP Rulings and Agreements, and the VC Manager.
 - d. Ad-hoc reports are produced as requested by the VC Manager.
- (2) Program effectiveness:
 - a. VC monitors its progress toward completing and closing cases in its VCAP inventory.
 - b. Appropriate personnel provide status and progress reports on VCAP inventory to IRS leadership on a regular, recurring basis. Effectiveness is measured by analysis of reports addressing the VCAP inventory.

7.2.4.1.5
(10-16-2025)
Program Controls

- (1) The IRS receives requests for closing agreements under VCAP, including VCAP pre-submission conference requests, via fax.
- (2) A designated VC employee uses that information to create a record of each request, in accordance with the procedures in IRM 7.2.4.4.2 , by inputting information in Headquarters Employee Plans System of TE/GE Rulings and Agreements Control (HQEP -TRAC), to obtain a unique number for the request, and in the Reporting Compliance Case Management System (RCCMS) to add the request to inventory and record all information regarding the request including documents provided by the applicant.
- (3) RCCMS is the system VC uses to control their VCAP inventory.
- (4) RCCMS contains roles and permissions to ensure proper separation of duties.
- (5) The VC Manager, along with managers of VC groups, coordinates the assignment of VCAP inventory.

- (6) In order to ensure a consistent level of managerial engagement in the lifecycle of a request for a closing agreement under VCAP, the VC specialist assigned to review the request coordinates with their group manager during the processing of the request and submits a proposed correction method and sanction to the program coordinator. Final approval is made by the VC Manager and the Director, EP R&A.
- (7) The VC specialist submits a request for closure to their group manager in RCCMS. VC group managers approve or reject those requests in RCCMS.
- (8) The IRS is fully committed to protecting the privacy rights of taxpayers and employees. Privacy laws are included in the IRC, the Privacy Act of 1974, the Freedom of Information Act, and IRS policies and practices. For more information about these laws, visit the *FOIA Library*.
 - a. For questions about privacy, email ***Privacy**.
 - b. For question about disclosure, email ***Disclosure**.

7.2.4.1.6
(10-16-2025)

Terms and Acronyms

- (1) This table lists commonly used acronyms and terms and provides their definitions:

Term or Acronym	Definition
ACH	Automated Clearing House
CCR	Form 5464, Case Chronology Record
CP&C	Compliance Planning and Classification
DO 8-3	Delegation Order 8-3
DOJ	Department of Justice
DUT - TPFE	Document Upload Tool for Taxpayer Facing Employees
EEE	Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations and Employment Taxes)
EP	Employee Plans Division
EPCRS	Employee Plans Compliance Resolution System
EP R&A	Employee Plans Rulings and Agreements
EP R&A Director	EP R&A Director or Delegatee
EP R&A Tech Advisor	EP R&A Technical Advisor
HQEP -TRAC	Headquarters Employee Plans System of TE/GE Rulings and Agreements Control

Term or Acronym	Definition
IDRS	Integrated Data Retrieval System
IRC	Internal Revenue Code of 1986, as amended
IRS	Internal Revenue Service
Kansas City	Kansas City Submission Processing Center
POA	Power of Attorney. For purposes of this IRM, an individual designated on a signed and completed Form 2848 authorized to represent the plan sponsor or taxpayer before the IRS.
RCCMS	Reporting Compliance Case Management System
Specialist	Any Internal Revenue Agent or Tax Law Specialist in EP that processes VCP submissions or VCAP requests.
TDC SM	Taxpayer Digital Communication Secure Messaging
TE/GE	Tax Exempt and Government Entities
TEGEDC	TE/GE Division Counsel
VC	Employee Plans Voluntary Compliance Function
VCAP	Voluntary Closing Agreement Procedures
VCAP Pre-Submission Conference Request	Voluntary Closing Agreement Procedures Requests for telephone conferences to discuss a potential submission (can be done anonymously). These conference requests are not considered VCAP requests.
VCP	Employee Plans Voluntary Correction Program

7.2.4.1.7
(10-16-2025)
Related Resources

- (1) Rev. Proc. 2025-4, Determination Letters and Letter Rulings
- (2) Rev. Proc. 2021-30, Employee Plans Compliance Resolution System (EPCRS).
- (3) *EPCRS Overview*

- (4) IRM 7.2.2, TE/GE Closing Agreements, Employee Plans Compliance Resolution System (EPCRS).
- (5) Document 11308 Information Systems Codes, Quick Reference for TE/GE Employees.

7.2.4.2
(10-16-2025)
**Digital Taxpayer
Communications**

- (1) There are two electronic communication options which provide a more efficient way for taxpayers and their authorized representatives to exchange information and documents with the IRS:
 - a. Taxpayer Digital Communications Secure Messaging (TDC SM): This option became available for cases started on or after June 22, 2022. Refer to the June 23, 2022, Memorandum (Control Number TEGE-04-0622-0018) issued by Edward T. Killen, Deputy Commissioner, Tax Exempt and Government Entities for additional details and instructions.
 - b. Document Upload Tool for Taxpayer Facing Employees (DUT - TPFE): This option is available for use within EO and EP Rulings & Agreements on and after February 22, 2024.

Note: TDC SM and DUT-TPFE are not available to individuals listed on Form 8821 or unenrolled return preparers.

- (2) VC Employees who lack access to TDC SM and DUT-TPFE need to make separate requests via the Business Entitlement Access Request System (BEARS):
 - a. For TDC SM request access to the following entitlement: **PROD USER TDC SEC MSG TEGE EP (TAXPAYER DIGITAL COMMUNICATIONS - TDC)**. See *Secure Messaging Resources* for additional resources on using TDC SM.
 - b. For DUT-TPFE request access to the following entitlement: **PROD USER TPFE (DOCUMENTATION UPLOAD TOOL (DUT))**. Do not forget to include the work group. For VC employees it is: TEGE-EP-RAVC.

Note: Users with existing accounts that are locked will need to submit a BEARS request to unlock their existing account.

- (3) Specialists must offer either TDC SM or DUT – TPFE to all taxpayers and their representatives when requesting additional information or missing documents. Specialists have discretion in choosing the digital communication option they offer to taxpayers and their representatives.
 - a. Offer TDC SM if your interaction with the taxpayer is expected to be a series of multiple exchanges of documents or communications.
 - b. Offer DUT-TPFE if your interaction with the taxpayer is expected to be limited to a single request with no follow-up expected once you have receipt of the documents requested.
 - c. If your interaction changes from what you anticipated initially, you may use the alternative tool.
 - d. If the applicant and representative immediately reject the electronic communication option you have chosen, you may ask if they would find the other electronic communication option more acceptable.
 - e. The IRS cannot require taxpayers use TDC SM or DUT-TPFE. Taxpayers may continue to respond via fax or mail instead of, or in addition to, using TDC SM or DUT-TPFE.

Exception: If there are concerns about offering TDC SM or DUT-TPFE to a particular POA or taxpayer, discuss the matter with your manager and obtain their approval. Document this approval and the specific reasons why neither digital communication tool was offered on your CCR along with copies of any email discussion.

- (4) If offering TDC SM, it must be done in writing using the appropriate official VC letter. Specialists must take the following actions to offer TDC SM and for processing information received from taxpayers who agree to use TDC SM:
- a. All official VC letters which request additional information or other documents have a selectable paragraph which must be chosen if you wish to offer TDC SM. Make sure it is chosen when preparing the letter.
 - b. Attach a copy of Pub 5295, Secure Messaging for Tax Exempt and Government Entities to the letter which is being faxed or mailed.
 - c. After the letter has been sent along with the publication, call the authorized representative to inform them of TDC SM.
 - d. Taxpayers and representatives participating in the TDC SM must consent to receive and send information and documents via the TDC SM platform. Secure from the taxpayer and their representatives electing to use the TDC SM platform a signed Form 15314, TE/GE Secure Messaging Taxpayer Agreement Authorization of Disclosure to Designated Users.
 - e. Review the form and make sure it was completed properly. If acceptable, submit the signed form to the BSP shared mailbox (*TEGE TDC TP Provisioning) for taxpayer and representative account creation.
 - f. Once established, the TDC SM system will notify the taxpayer and their representative via email about creation of the account and instructions on how to access their TDC SM account.
 - g. Send a welcome TDC SM message to the taxpayer and their representative once BSP has notified you that they are on the system.
 - h. Once the specialist has received all necessary information, the specialist must send a message through TDC SM notifying the taxpayer that you are closing future communications within TDC SM for this case.
- (5) If offering DUT-TPFE, it must be done in writing. Currently VC letters do not provide a selectable paragraph which would offer DUT-TPFE. Therefore, specialist's must take the following actions to offer DUT-TPFE and for processing information from taxpayers who agree to use DUT-TPFE:
- a. Create a supplemental attachment and include it with your letter. See *DUT-TPFE Sample Insert* for a sample attachment.
 - b. Go to the *Internal DUT Webpage* for TE/GE employees and generate a unique one-time DUT-TPFE code.
 - c. Complete the supplemental attachment by: (i) inserting the letter number and the name of the taxpayer in the text box next to "Attachment" and (ii) adding the unique one-time DUT - TPFE code you created for the taxpayer.
 - d. After the letter has been sent along with the supplemental attachment, telephone the authorized representative to inform the authorized representative of DUT - TPFE and the unique one-time code.
 - e. Check in with the taxpayer or representative to see if they have used DUT to provide the requested information. If yes, download the submitted items and upload the files to the RCCMS case file. Be sure to use the naming convention discussed in IRM 7.2.2.17.2.

- (6) Document your invitation to use TDC SM or DUT – TPFE and the response of the taxpayer and their representative in your CCR.
- (7) TDC SM and DUT-TPFE are not approved for message and file retention. Therefore, any messages sent and received along with any attachments and uploaded files must be downloaded then posted to the appropriate RCCMS case file.

7.2.4.3

(10-16-2025)

**Employee Plans
Voluntary Closing
Agreement Requests
Overview**

- (1) These procedures apply to closing agreement requests submitted to:
 - a. VC under the EP VCAP.
 - b. Any IRS employee, including employees of the Office of Chief Counsel, Taxpayer Services, Small Business/Self-Employed, Large Business and International, and TE/GE Operating Divisions, who transfers the request to VC.
 - c. VC for 457(b) plans. (Rev. Proc. 2021-30, Section 4.09).
 - d. VC as a result of an EPCRS VCP submission converted to a closing agreement request because the VCP submission includes failures and/or other issues ineligible to be corrected under EPCRS, as authorized under Rev. Proc. 2025-4, Section 4.

Note: With your group manager’s approval along with the approval of the VC Manager, employees may offer a VCP applicant the option to resolve failures or issues by converting the VCP case to a VCAP request. In such instances, the specialist should review the Form 2848 that was submitted with the VCP case to determine if a new Form 2848 will be needed. In most cases a new Form 2848 will be needed because the description of “Matters” in Line 3 is limited to issues that can be addressed under VCP and the issues that will be resolved in the VCAP are outside the scope of issues that can be addressed under VCP.

- (2) VC has discretion to determine whether to accept or reject any closing agreement request or pre-submission conference request. VC has discretion to determine whether to resolve the issues disclosed in the request.

7.2.4.4

(11-24-2023)

**Guidelines for Voluntary
Requests for EP Closing
Agreements and VCAP
Pre-Submission
Conference Requests**

- (1) Generally, VC will consider closing agreement requests and requests for pre-submission conferences, for failures or problems that are not eligible for resolution under EPCRS.

Example: Some issues ineligible for EPCRS:
Excise taxes associated with prohibited transactions.
Failure to provide (or accurately provide) Forms 1099-R or W-4P.

Note: A closing agreement request that includes issues in IRM 7.2.4.4 (1), may also include failures that are resolvable under EPCRS.

- (2) Requests from a plan sponsor or entity or requests involving a plan that is under any type of IRS examination at the time they send the closing agreement request to the IRS may cause VC to decline to enter into a closing agreement.
- (3) Requests from a plan sponsor, any other party to the closing agreement, including any entity that makes the request, or requests involving a plan that

was or may have been a party to an abusive tax avoidance transaction, may cause VC to decline to enter into a closing agreement.

- (4) VC will consider closing agreement requests and pre-submission conference requests submitted:
 - a. Anonymously, if the closing agreement request was made before January 1, 2022, by a representative of the taxpayer. The taxpayer's identity is not disclosed until after the IRS and representative have agreed to the closing agreement terms.
 - b. To reduce or relieve penalties associated with a failure to pay and/or failure to file that are in addition to the taxpayer's liability for income or excise tax amounts.
 - c. By an organization involving several plans for an umbrella or mass closing agreement.
 - d. Anonymously, by a representative of the taxpayer, for a pre-submission conference request.
- (5) Generally, for closing agreement and pre-submission conference requests under this IRM 7.2.4, requests to negotiate the following will be denied:
 - a. Any applicable income or excise tax amounts, including applicable interest owed to the IRS.

Exception: A request may be made to waive the 100% excise tax imposed by IRC 4971(b) and 4975(b) and such waiver may be provided in appropriate circumstances.
 - b. Minimum funding deficiencies or correction of prohibited transactions. Taxpayers should not ask for the following actions in closing agreement and pre-submission conference requests:
 - Reduce a plan's existing minimum funding deficiency.
 - Settle for less than 100% of the tax imposed by IRC 4971(a) and 4975(a).
 - Accept a reduction of a minimum funding deficiency.
 - Not require correction of prohibited transactions.

Note: For plans subject to Title I of ERISA, a plan sponsor should correct a prohibited transaction using the Department of Labor's Voluntary Fiduciary Correction Program before making a request for a closing agreement.
- (6) Generally, all corrective actions described in the closing agreement must be completed before the agreement is executed. The VC Manager must approve and obtain the concurrence of the Director of EP R&A, to permit any request to allow correction to be completed after the closing agreement is executed.
- (7) Closing agreements issued under this IRM:
 - a. Provide administrative convenience allowing taxpayers to address tax consequences other than plan disqualification (such as excise tax or additional income tax) by paying their full tax liability, interest, and, if applicable, penalties.
 - b. Will not be open-ended, prospective or relate to future periods.
- (8) An entity making a closing agreement request or pre-submission conference request does not receive examination protection, so the request does not preclude the IRS from subsequently examining the plan or plan sponsor.

However, if the VCAP request includes items eligible for EPCRS, those items will be exempted from examination while working the VCAP request, if they were originally made by a disclosed plan and plan sponsor.

- (9) For anonymous closing agreement requests submitted before January 1, 2022, and pre-submission conference requests, if the plan or plan sponsor is under examination after they submitted their request, but before they have disclosed their identity to the IRS, then VC cannot consider their request and the request will be closed by VC without issuing a closing agreement. Instead, the issues in the closing agreement request or pre-submission conference request will have to be resolved as part of the IRS examination.
- (10) Except as noted below, for VCP submissions that are converted into a VCAP, the full sanction amount should be paid without any offset of any VC user fee previously collected. VCP user fees should be refunded to the applicant. (IRM 7.2.4.6 (7)).

Exception: Do not refund VCP user fees for VCP submissions that are converted into a VCAP due to the situations described in IRM 7.2.2.10(2)(b), (c) and (f).

- (11) VCAP pre-submission conference requests are held only at the discretion of the IRS, and as time permits.
- (12) VC may decline to process a closing agreement request or VCAP pre-submission conference request.

7.2.4.4.1
(10-26-2022)

**Information Required in
Voluntary Closing
Agreement Requests
and VCAP
Pre-Submission
Conference Requests**

- (1) The plan, plan sponsor (or entity making the request) or the “eligible party” (collectively referred to as the applicant) must include the following items in a VCAP request. (See IRM 7.2.4.4.1(2) for anonymous VCAP requests submitted before January 1, 2022).

A	Employee Identification Number (EIN).
B	Name and address of the entity expected to sign the closing agreement.
C	Name of retirement plan, if applicable.
D	Three-digit plan number, if applicable.
E	Name of plan sponsor, if applicable.
F	Person to contact at plan sponsor or entity identified in B. Note: In rare situations, you may need authorization from the taxpayer before disclosing information to the person identified as the person to contact. Remember that a taxpayer needs to provide authorization if the individual identified is a third party.
G	Six-digit North American Industry Classification System (NAICS) code. Note: Find the NAICS code on the filed Form 5500 series return for the retirement plan or choose the appropriate code from the Form 5500 instructions for making the request.

H	Explanation of the issue(s) in detail, including how and why it occurred, the number of people impacted, the plans or IRAs affected and the period of time the issue occurred.
I	Explanation of a proposed solution of the issue(s) and why the proposed solution is the best course of action.
J	Explanation of the method used to compute and computation of the tax, interest or penalties, if applicable.
K	Proposed sanction amount and an explanation of why it is appropriate.
L	Number of plan participants and the total amount of plan assets. If not readily available or for a request covering multiple plans, provide estimates if possible.
M	Exhibits and/or spreadsheet with additional details.
N	Statement as to whether the plan sponsor, plan, or entity making the request is under any IRS examination.
O	Statement to certify the plan sponsor, plan, or entity making the request, has not been involved with an abusive tax avoidance transaction.
P	Signed penalty of perjury statement that the submitted information is accurate and complete to the best of their knowledge.
Q	Form 2848, <i>Power of Attorney and Declaration of Representative</i> , if a representative has been appointed.

- (2) For anonymous submissions submitted before January 1, 2022, and anonymous pre-submission conference requests, the representative making the request should include items H-N, above, and the following:
 - a. A unique identifying number the representative has assigned to the closing agreement request. The identifying number should not be used for any other closing agreement request.
 - b. The EIN of the representative's employer.
 - c. A penalty of perjury statement signed by the representative stating: "Under penalties of perjury, I declare that I am an authorized representative of the taxpayer who would be party to any closing agreement. I comply with the power of attorney requirements described in 26 CFR. § § 601.501-601.509. I will submit an executed Form 2848 upon the disclosure of the identity of the taxpayer to the IRS. I also declare that the issues and information included with this request are true, correct, and complete to the best of my knowledge and belief."
- (3) VCAP requests, including anonymous VCAP pre-submission conference requests, should be faxed to (855) 240-1585.
- (4) Other IRS functions (including TE/GEDC and EEE) that receive VCAP requests involving tax-favored retirement plans should notify the VC Manager that they received a VCAP request and fax the request to (855) 240-1585. The VC Manager has discretion to determine if the request will be worked by VC and will notify the originating IRS function of that determination.

7.2.4.4.2
(10-16-2025)**Procedure for Receipt of
VCAP Requests and
VCAP Pre-Submission
Conference Requests**

- (1) The VC Manager assigns an employee to convert any faxed VCAP requests or VCAP pre-submission conference requests into electronic records and establish those requests as a compliance activity on RCCMS.
- (2) When a VCAP request or pre-submission conference request is sent to the VCAP fax number (either from a plan sponsor, POA or other business unit), the assigned employee:
 - a. Inputs the request on the Headquarters Employee Plans System of TE/GE Rulings and Agreements Control (HQEP -TRAC) to obtain a unique identifying number that will be entered as the "Work Unit" number in a newly established RCCMS Activity.
 - b. Completes the identifying information and all required fields in the **General (1 of 2)** and **Codes/Checksheets** tab for establishing cases in RCCMS:

1. TIN (i.e., EIN) or SSN, but only for instances where the closing agreement request covers an individual.
2. Name.
3. Enter as the appropriate type of case **Voluntary request for Closing Agreement, Voluntary Closing Agr-Gp Submission, or Closing Agreement Pre-Submission Conference**, For anonymous requests made before January 1, 2022, **Voluntary Closing Agr-Anonymous**.
4. Work unit.
5. Plan type.
6. Plan number.
7. Return received, as the date the faxed request was received.
8. Statute, as two years from the date entered in the **Return Received** field.
9. Name control.
10. Appropriate project code that applies to the plan type submitted to VCAP.
11. Status code should be "08", but if the assigned employee is a program coordinator input "10".
12. Activity grade.
13. NAICS Code.

Note: Use **111100--Oilseed and Grain Farming** for cases involving an individual who has never maintained a trade or business.

- c. After the request to establish the RCCMS case is approved, the assigned employee prepares all documents for posting as an Adobe Portable Document Format (PDF) file to the Office Documents folder in RCCMS. The RCCMS naming convention, as described in IRM 7.2.2.17.2, Mandatory RCCMS Naming Convention for EP VC Cases, is used.
- d. For VCAP requests, conduct or request IDRS search to see if the applicant or plan is under examination.

- Use AMDIS, EMFOLT, INOLE and BMFOLT IDRS commands, as appropriate.
 - Place results in the “Office Documents” folder in RCCMS, and if the case is worked by the individual who establishes the case, note findings in your workpapers.
 - Discuss indications of examination activity with the VC Manager.
- e. For VCAP requests, notify the applicant (or the representative, if filed anonymously before January 1, 2022) of receipt of the request and the assigned work unit number using Letter 5265.
- f. Request establishment of the new VCAP request (including VCAP pre-submission conference requests) on RCCMS. Once the case is established on RCCMS, request a transfer of the case to Group 7550 so the VC Manager can assign the request.

7.2.4.4.3
(10-16-2025)
**Processing Closing
Agreement Requests
under the VCAP**

- (1) The VC Manager, group manager, program coordinator or specialist may consult a local IRS Field Actuary, and EP Examinations, including area managers, for technical assistance.

Example: Some issues/failures that may require additional coordination:
IRC 412(i) and 412(e)(3) plan issues.
IRC 409(p) failures.
Rollovers as Business Startups failures.

- (2) For program coordinators working cases, unless noted otherwise, they should follow the same procedures as the specialist to process the case.
- (3) The VC Manager assigns VCAP requests to VC groups. Group managers, unless noted otherwise, should follow the same procedures that are in IRM 7.2.2.5 when assigning VCAP requests to specialists. The specialist works with the program coordinator and group manager to finalize the closing agreement and sanction payment.

Note: The VC Manager will assign all closing agreement pre-submission conference requests to program coordinators.

- (4) Specialist: Upon receipt, see IRM 7.2.2.6, Actions Upon Receipt of Newly Assigned VCP Cases, and IRM 7.2.2.6.1, Required Use of Form 5464 and WebETS, for additional directions and requirements for initial case processing.
- (5) Follow the naming convention guidelines in IRM 7.2.2.17.2 for naming files that are posted in RCCMS when working VCAP requests.
- (6) For VCAP requests where there is information indicating that the applicant made a pre-submission conference request:
- a. Contact your manager and request that the closed pre-submission conference case be transferred to you so you can review the workpapers.
 - b. When reviewing the workpapers, remember that any discussion during a pre-submission conference request is advisory only and not binding on the IRS. The facts, the proposal, the supporting documents, and the disclosed issues or resolution may have changed from what was included in the pre-submission conference request.
 - c. Transfer the pre-submission conference RCCMS case file back to your manager once you have completed your review.

- d. The specialist's manager transfers the pre-submission conference RCCMS case file to Group 7550 and the program assistant returns the file to the RCCMS closed case library.
- (7) Specialists develop and keep workpapers that document:
- a. Analysis and research.
 - b. Explain conclusions.
 - c. Conversations that led to a conclusion or recommendation.
- (8) Specialists should develop and analyze requests.
- a. Coordinate with your group manager before contacting a program coordinator, as the group manager should be consulted to assist you with developing the case and may designate which program coordinator you should work with on the VCAP case.
 - b. If additional information is needed, use Letter 5345 (and, if applicable, Letter 5346) to request that information.
 - c. Offer TDC SM or DUT – TPFE to the Applicant or POA by following IRM 7.2.4.2 , Digital Taxpayer Communications.
 - d. The specialist assigned the case is expected to develop the case issues and provide the program coordinator with a summary of the request. The specialist should coordinate with the specialist's group manager before contacting a program coordinator. After contacting their manager, the specialist may consult with the assigned program coordinator for assistance, if needed, in developing the case.
 - e. After development of the case, prepare a summary of the case (using the template posted on SharePoint) and email the summary, the narrative in the original request, and any other relevant correspondence or documentation to the program coordinator who is assisting you with the case. Please reference the RCCMS work unit for the case in the subject line of the email.
 - f. The program coordinator will communicate with the specialist to finalize the summary of the case. In some instances, the program coordinator may have questions that require the specialist to do additional research or contact the applicant in order to further develop the case.
- (9) Once the summary is finalized, the program coordinator assigned to work with the specialist schedules a meeting to discuss the request (or VC case the specialist proposes to resolve under a closing agreement after following the procedures in IRM 7.2.2.8.1) and works with the specialist to complete the following actions:

Action	Steps
Schedules a meeting with the other program coordinators, the specialist working the request, the specialist's group manager, and the VC Manager to have a preliminary discussion of the request (or VC case the specialist proposes to resolve under a closing agreement). The specialist assigned the case presents the summary of the request during the meeting.	<ol style="list-style-type: none"> 1. Circulates the summary (using template) and any other helpful documents to the meeting attendees. 2. The attendees participate in a discussion of the case to determine whether VC recommends that the IRS should: <ol style="list-style-type: none"> a. Proceed with addressing the issue disclosed. b. Accept the proposed correction or consider an alternative. c. Accept the proposed sanction or propose an alternative. d. Whether the request is ready to be presented to the EP R&A Tech Advisor or if it needs further development. 3. At the end of the discussion, if the group determines that the case is ready to be presented to the EP R&A Tech Advisor, the specialist assigned the case updates the summary to reflect the conclusions reached during the meeting (including the sanction recommendation, recommended resolution of the matter and any other relevant information) The specialist sends the updated post-meeting summary to the assigned program coordinator.
Emails the EP R&A Tech Advisor the updated case summary for review.	The assigned program coordinator emails the updated case summary to the EP R&A Tech Advisor for review. The EP R&A Tech Advisor has seven days to review the summary and contact the program coordinator if there are any questions. If the EP R&A Tech Advisor does not respond or request additional time to review, the program coordinator can proceed to IRM 7.2.4.4.3 (10) and let the specialist know that the conclusions reached and sanction proposed in the case summary is acceptable.

- (10) For cases assigned to specialists, the assigned program coordinator emails the specialist to let the specialist know whether the request is accepted or denied, and for accepted requests, whether the proposed correction is acceptable and the agreed upon sanction.
- (11) Denied Requests. If VC recommended that the request should be denied and the EP R&A Tech Advisor agrees with that recommendation, the assigned program coordinator will notify the specialist working the case and the specialist's manager via email. The specialist should follow the process outlined in IRM 7.2.4.4 (9), as applicable, but using the appropriate letters for VCAP cases.

- (12) Accepted Requests. If the VC recommended correction method and sanction is accepted by the EP R&A Tech Advisor, the assigned program coordinator will notify the specialist working the case and the specialist's manager via email. The individual assigned the case will inform the applicant of the outcome. The specialist should document that the applicant agrees to the correction method and sanction before drafting a closing agreement.
- (13) Once all parties are in agreement to move forward and enter into a closing agreement, take the following actions:

Action	Steps
Draft a DO 8-3 closing agreement.	<ol style="list-style-type: none"> 1. Use sample agreement on the VC SharePoint, if applicable to your case. 2. If the case is assigned to a specialist, the specialist will: <ol style="list-style-type: none"> a. Ask a program coordinator if there is a relevant sample closing agreement, if the samples posted on SharePoint do not cover the issues in your case. b. Draft the closing agreement. c. Email a draft of the closing agreement to a program coordinator for review with a reference to the work unit in the body of the email. d. If the program coordinator returns the agreement with comments and/or changes, review and discuss any questions about those changes or comments. e. Revise the agreement according to suggested revisions and comments and return the revised draft to the program coordinator via email. f. Wait for an email from the program coordinator notifying you that the draft agreement has been approved.
Send the draft agreement to the VC Manager for review and comments.	<ol style="list-style-type: none"> 1. If the case is assigned to a specialist, the program coordinator will: <ol style="list-style-type: none"> a. Email the draft agreement to the VC Manager. b. Make any suggested revisions. <p>Note: For cases assigned to a program coordinator, the program coordinator will email the draft agreement to the VC Manager and make any suggested revisions.</p>

- (14) Program coordinator: after receiving approval of the draft closing agreement from the VC Manager, email the closing agreement draft, including attachments, to the EP R&A Tech Advisor for review.

- (15) If the EP R&A Director or EP R&A Tech Advisor requests changes to the draft closing agreement, then the program coordinator will make any requested changes. If the case is assigned to a specialist, the program coordinator will send the revised draft agreement to the specialist.
- (16) For anonymous requests submitted before January 1, 2022:
- Send the representative the revised agreement along with a letter requesting the identifying information, noted in the table below. Use the sample cover letter located on the VC SharePoint website for requesting the identity for anonymous closing agreement requests.

A	Employer Identification Number (EIN).
B	Name and address of the entity who will sign the closing agreement.
C	Name of retirement plan, if applicable.
D	Three-digit plan number, if applicable.
E	Type of retirement plan, if not previously provided.
F	Six-digit North American Industry Classification System (NAICS) code. Note: Should be the NAICS code on the filed Form 5500 series return for the retirement plan. For other entities the filer should choose the appropriate code from the Form 5500 Instructions.
G	Statement as to whether the plan sponsor, plan, or entity making the request, is under any IRS examination.
H	Statement to certify neither the plan, the plan sponsor, or entity making the request, has not been involved with an abusive tax avoidance transaction.
I	If not previously provided, the number of plan participants and the total amount of plan assets. If not readily available, or for a request covering multiple plans, provide estimates if possible.
J	Plan documents, corrective amendments, exhibits and/or spreadsheets that are not redacted.
K	Any other identifying information needed to properly draft a closing agreement.
L	Penalty of perjury statement signed by the plan sponsor or eligible party that indicates the submitted information is accurate and complete to the best of their knowledge.
M	A signed and fully completed Form 2848, Power of Attorney and Declaration of Representative.

- Once you receive the identifying information, check IDRS (or request an IDRS check) to see if the plan, plan sponsor, or entity making the request

is under IRS examination. If there are indications of examination activity, discuss with the VC Manager (or the program coordinator, if the case is assigned to a specialist).

Note: If the plan sponsor or plan is under examination, a voluntary closing agreement may not be issued.

- c. If there is no examination activity, update:
 1. The key data fields in RCCMS by working with your group manager to transfer the case to Group 7558. Refer to IRM 7.2.2.3.2 for detailed processing procedures for handling requests to revise data fields in RCCMS. After the updated RCCMS case is returned to you, proceed with the next step.
 2. The approved anonymous closing agreement draft with the identifying information and fax or mail it to the POA for review.
- (17) The specialist/program coordinator assigned the case, sends the closing agreement packet to the applicant and the packet includes:
 - a. The closing agreement approved by the EP R&A Tech Advisor.
 - b. Letter 5359 as the cover letter, requesting the following from the applicant:
 1. Sanction: the sanction payment, by direct debit of a bank account or, for sanctions less than \$25,000, via credit card through the Pay.gov website.

Exception: Coordinate with your group manager if the applicant cannot pay via the Pay.gov website. If your manager approves payment of the sanction via a paper check, document the approval in your CCR and request the sanction payment in the form of a cashier's check or certified check payable to the "United States Treasury." Follow IRM 7.2.4.4.3(18) for processing of paper checks.
 2. Signature: An authorized employee of the entity signs the agreement.
 3. Proof of corrective actions: Evidence that the plan sponsor made all corrective actions under the closing agreement.
- (18) If the specialist working the case receives requested revisions and/or comments to the closing agreement sent in IRM 7.2.4.4.3 (17), the specialist will send those revisions and/or comments to the assigned program coordinator for review.
 - a. The program coordinator will review the requested revisions and/or comments to consider whether the requested revisions are substantive in nature.
 - b. If the program coordinator determines that the requested revisions or comments are of a substantive nature and that the requested changes and/or comments should be considered, the program coordinator will share a redline version of the agreement with the VC Manager for approval and then send the approved redline to the EP R&A Tech Advisor for review and acceptance of the revised draft.
 - c. If the program coordinator determines that the requested revisions or comments are of a substantive nature, but is of the opinion that the requested changes and/or comments should not be made. The program coordinator will discuss the changes with the VC Manager to determine whether the revisions should be made to the closing agreement.

- d. If the requested revisions or comments are not substantive, the program coordinator has discretion to accept the changes. The program coordinator will coordinate with the assigned specialist for purposes of revising the closing agreement.
- (19) Review the documents you receive from the POA/taxpayer:

Action	Steps
Review documents.	<ol style="list-style-type: none"> 1. Check to see if the closing agreement was signed by an authorized employee of the entity. 2. Verify that the Pay.gov payment is the correct amount. Specialists should contact a VC program coordinator, typically the VC program coordinator that assisted the specialist with the case, to ask them to get a Pay.gov deposit ticket to confirm receipt of the payment. Note: Program coordinators will wait 7 to 10 days from the payment date to take action in order to ensure that the sanction payment was successfully received and posted. 3. For Pay.gov payments, review deposit ticket information: <ol style="list-style-type: none"> a. Verify that the sanction was not paid with plan assets. If the "Account Holder Name" is the name of the plan, it may indicate that the sanction was paid with plan assets. Discuss with your group manager if there is evidence that the sanction was paid with plan assets. b. Verify that "Transaction Amount" is the amount of the sanction. c. For ACH payments, make sure the payment was processed by verifying that "Collection Status" is "Settled." If it shows "Retired" or anything else, the payment could not be processed. Look to the Pay.gov "Transaction Detail" report for additional information. A new payment will need to be requested. d. For credit/debit card payments, make sure the payment was processed by verifying that the Collection Status is "Successful." e. Request a new or additional payment for any payment that was not the correct amount, paid with plan assets or was unsuccessfully processed. 4. Generally, paper checks are not allowed. However, the taxpayer may request an exception if they do not have a computer or there is some other hardship and they cannot access Pay.gov to make a payment. If you received approval for the applicant to pay the sanction via a paper check: <ol style="list-style-type: none"> a. Verify that the sanction check is for the correct amount and that there is no indication that the plan paid the sanction. Discuss with your group manager if there is evidence that the sanction was paid with plan assets. b. Verify that the check is: (i) a certified check or cashier's check and (ii) made payable to U.S. Treasury or United States Treasury. c. Scan a copy of the sanction check and keep the original check in a secure location in accordance with the guidelines in IRM 5.1.2.3.1 until the paper check can be mailed for internal processing. 5. Record sanction payment information in the POA/Misc. tab of RCCMS. 6. Review documents that show completion of correction to verify that corrective actions are complete. 7. If there are problems, contact the taxpayer or POA to fix them.

Action	Steps
For cases assigned to specialists.	<ol style="list-style-type: none"> 1. Email the program coordinator you worked with and include the RCCMS work unit in the subject line of the message. Confirm in the body of your message that you reviewed the documents that show completion of correction and verified that corrective actions are complete. Also note any items that you would like to discuss. 2. Attach the following to your email: <ol style="list-style-type: none"> a. A scanned version of the taxpayer- signed closing agreement. For faxed closing agreements, the specialist should clean up the faxed draft in Adobe by removing any header and footer information before sending it to the program coordinator. In situations where the quality of the faxed agreement is poor, the specialist should address this with the applicant or representative. b. Deposit receipt for sanction paid via Pay.gov (if payment was secured via a paper check, include a scanned version of the paper check). <p>Note: The program coordinator has to confirm the sanction was successfully processed before requesting a signature from the EP R&A Director. The specialist should wait 11 days before following up on the status of the closing agreement.</p>

(20) Program Coordinator: After waiting 7 to 10 days from the payment date to ensure that the sanction payment was successfully received and posted, email the signed closing agreement (include supporting documents) to the EP R&A Director for signature.

- a. For cases worked by specialists, the program coordinator who assisted the specialist with the case will email the EP R&A Director to request signature on the closing agreement.
- b. The email will include the following documents as attachments:
 - A scanned version of the taxpayer-signed closing agreement.
 - Deposit receipt for sanction paid via Pay.gov (if payment was secured via a paper check, include a scanned version of the paper check).
 - Correspondence verifying that the agreement was reviewed by the EP R&A Tech Advisor.

Note: If you do not receive a response from the EP R&A Director within seven days of your email, send a follow-up email.

(21) Specialist: When you receive the closing agreement signed by the EP R&A Director, prepare the forms for the sanction payment package by following the instructions in IRM 7.2.4.6 Processing Closing Agreement Sanction Payments, and process timely per IRM 5.1.2.4.

Note: If the sanction was paid via paper check, the sanction payment package must be mailed to Kansas City using UPS/Fed Ex overnight service.

(22) Once Kansas City receives and processes the sanction payment (as indicated by your receipt of their signed acknowledgment copy of Form 3210 for paper checks or email acknowledgment for electronic sanction payments) close the VCAP request:

Action	Steps
Prepare taxpayer closing letter and POA letters (keep copy for case file).	Specialist should use Letter 5362, VC Favorable Closing Letter - All VCAP Cases, including IRC 457(b), as the closing letter.
Prepare case file for closure.	<ol style="list-style-type: none"> 1. Record issue codes in RCCMS using the issue data grid, see IRM 7.2.2.23(12) for instructions on using the data grid. There are issue codes specific to VCAP inventory. 2. Specialists: contact your group manager for questions related to selecting the issue codes to record in RCCMS. <ol style="list-style-type: none"> a. Upload the signed closing agreement into RCCMS. b. Generally follow the procedures in IRM 7.2.2.23. c. Upload all documents and complete required fields for case closure in RCCMS.

- (23) Group manager/designated employee: issue closing letters, signed closing agreements and close the case on RCCMS by following the procedures in IRM 7.2.2.24, Closing Procedures for Group Managers, as applicable to closing agreement cases.

7.2.4.4.4
(11-24-2023)

**Processing VCAP
Pre-Submission
Conference Requests**

- (1) The VC Manager currently assigns all VCAP pre-submission conference requests exclusively to program coordinators.
- (2) Upon receipt, program coordinators should follow the procedures for working cases in VC, as applicable. See IRM 7.2.2.6, Specialist's Actions Upon Receipt of Newly Assigned VCP Cases, and IRM 7.2.2.6.1, Required Use of Form 5464 and WebETS, for additional directions and requirements.
- (3) The assigned program coordinator will develop the request and prepare workpapers that document:
 - a. Analysis and any research.
 - b. Conclusions reached.
 - c. Any discussions that explain the conclusion reached or feedback provided to the representative.
- (4) Program coordinators should follow the naming convention guidelines in IRM 7.2.2.17.2 for the purpose of naming files that are posted in RCCMS when working VCAP pre-submission conference requests.
- (5) The program coordinator will contact the representative to schedule the pre-submission conference.
- (6) After the conference, the program coordinator will update workpapers to reflect the discussion and prepare a closing letter using Letter 5341, Closing Letter for EP Voluntary Compliance Pre-submission Conference Request. The program coordinator will send the closing letter to the applicant.
- (7) The program coordinator will prepare the case for closure in RCCMS by:

- a. Posting all workpapers, closing letters, internal correspondence and any relevant documentation related to the pre-submission conference request.
- b. Preparing the case for closure in RCCMS by completing all required fields.
- c. Enter the appropriate "Disposal Code" in the General tab of the Closing Record in RCCMS, by entering one of the following:

806-Favorable based on information submitted
807-Not favorable based on submitted information
808-Withdrawn-Not due to disagreement
809-Failed to respond

- d. Enter the time charged, consistent with your CCR, in "Examiner's Time" and your name in "Examiner's Name" in the Details tab of the Closing Record. Also, if provided, add asset information to "Total trust assets" and the number of participants to "Number of participants affected."
- e. Enter the appropriate failure code(s) in the issue data grid. See IRM 7.2.2.23(12) for instructions on using the data grid. Remember there are issue codes specific to VCAP inventory.
- f. Request closure in RCCMS.

7.2.4.5
(10-16-2025)
**Voluntary Submissions
for 457(b) Plans**

- (1) Rev. Proc. 2021-30, Section 4.09, allows plan sponsors to voluntarily submit a closing agreement request (with identity disclosed or, if submitted before January 1, 2022, anonymously by following the procedures in Rev. Proc. 2019-19) for their 457(b) plan if they are either:
 - Government entities.
 - Tax exempt organizations (in limited circumstances, such as a plan that was erroneously established to benefit the entity's non-highly compensated employees).
- (2) EP VC applies standards similar to those under EPCRS to these submissions.
- (3) Submissions for 457(b) plans are generally made electronically via Pay.gov using the online Form 8950 application and include:
 - a. Description of the failure and proposed method of correction. While applicants may find Form 14568, Model VCP Compliance Statement, helpful to understand what information the IRS needs, voluntary submissions for 457(b) plans are resolved under a closing agreement and not a compliance statement.

Note: The issues and correction methods in the model schedules (Form 14568-A through 14568-I) generally do not apply to 457(b) plans. Governmental plan sponsors may find Form 14568-E, Schedule 5, and Form 14568-H, Schedule 8 helpful if their 457(b) plan has participant loans that do not comply with IRC 72(p) or a failure to comply with minimum required distributions. Remember while the forms are helpful, the Form 14568, Model VCP Compliance Statement, the model schedules (Forms 14568-A through 14568-I) or a traditional compliance statement are not used to resolve the issues disclosed in the submission.

- b. Copy of the 457(b) plan document(s) in effect during the period of failure.

- c. Exhibits and spreadsheets showing additional details for the description of the failure and/or proposed correction.

Note: Plan sponsors should not submit a user fee because there is no fee required at the time of filing.

- d. Proposed sanction amount and an explanation supporting why it is appropriate.
- (4) While the submission may include the Form 14568 series, those documents are not model agreements for 457(b) submissions and are not used to resolve the failures disclosed in the submission.
 - (5) During the preliminary review process, program coordinators identify these submissions and make notes that will help the VC specialist and prompt the VC specialist to coordinate with a program coordinator on the case.
 - (6) The VC Manager and program coordinators may consult EP and TEGEDC to discuss a 457(b) submission.
 - (7) Process 457(b) submissions using the case processing procedures in IRM 7.2.4.4.3, Processing Closing Agreement Requests under the VCAP, to the extent applicable.
 - (8) If VC declines to process the 457(b) case, the program coordinator/specialist should:

Action	Steps
Document reasons why VC will not process this request.	Prepare a workpaper that explains why VC will not process the closing agreement request.
Inform the plan sponsor/POA.	<ol style="list-style-type: none"> 1. Call the plan sponsor/POA and inform them that the IRS has declined to process the closing agreement request. 2. Document this call in the Form 5464 CCR.
Prepare VC closing letters.	<ol style="list-style-type: none"> 1. Complete Letter 5360 VC Closing Letter Decline to Process 457(b). 2. For cases with a representative under Form 2848, Power of Attorney and Declaration of Representative or Form 8821, Tax Information Authorization, prepare Letter 937-A, Transmittal of Information to Power of Attorney.

Complete Case Closure in RCCMS.	<ol style="list-style-type: none"> 1. Use Disposal Code 777-Declined. 2. Use appropriate Issue Code from the 153 series. 3. Complete all required closing fields in the closing record. 4. Request case closure within RCCMS.
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(9) Generally, VC accepts cases involving governmental 457(b) plans that have operational failures. Most common failures involve IRC 401(a)(9) required minimum distribution failures and/or participant loans that did not comply with IRC 72(p). Specialists should still work with a program coordinator on the submission.

(10) For assigned cases with a 457(b) plan sponsored by a governmental entity:

Action	Steps
Contact the plan sponsor/POA.	Verify that they are aware of the self-correction option in IRC 457(b) and 26 CFR 1.457-9, but still want to proceed with the submission.
Document actions and describe the plan sponsor/POA response.	Explain response on Form 5464, Case Chronology Record or specialist prepared workpapers.
Close case if the plan sponsor/POA no longer wants to pursue a closing agreement.	<ol style="list-style-type: none"> 1. Use RCCMS Disposal Code 778-Withdrawn. 2. Prepare Letter 5361, VC No Action Closing Letter - 457(b) Governmental Plan using SCP.

(11) For processing procedures for 457(b) cases, see IRM 7.2.4.4.3 (4) through IRM 7.2.4.4.3 (22).

Exception: Use the most current version of the Letter 5359 to request the signed agreement, sanction payment, if applicable, and evidence of correction.

Exception: Use Letter 5362, VC Favorable Closing Letter - All VCAP Cases, including IRC 457(b), as the favorable taxpayer closing letter.

7.2.4.6
(10-16-2025)**Processing Closing
Agreement Sanction
Payments**

- (1) When you receive the signed closing agreements from the Director, prepare the following items, using the current version of each document posted on SharePoint:

Action	Steps
Prepare Form 3244 Payment Posting Voucher.	<ol style="list-style-type: none"> Using the sample posted on SharePoint, complete the following: <ul style="list-style-type: none"> Taxpayer name, address, and ZIP code. Information comes from page one of the closing agreement. SSN/EIN. Should be the information on page one of the closing agreement and add an "N" to the end of that number. Form number/MFT. Enter 28. Tax Period. Enter the year and month (i.e. YYYYMM) that the Director signed the agreement. Plan/Report Number. If applicable, enter three-digit plan number. Transaction/ Received date. Enter the date the Director signed the closing agreement. Remarks. Enter "Closing Agreement- see attached." Transaction Data. To the left of Code 670 for "Subsequent Payment", enter total amount of sanction that you will send to Kansas City. Total Payment. Make sure that the amount entered to the left of Code 670 also shows up to the left of this item. Prepared by. Enter specialist's name and telephone number.
Prepare Form 5734 Non-Master File Assessment Voucher.	<ol style="list-style-type: none"> Using the sample posted on SharePoint, complete the following: <ul style="list-style-type: none"> Line 1- Name and address. Enter name and address of entity signing the closing agreement. Information comes from page one of the closing agreement. Line 3- Taxpayer Identification Number. Enter EIN/SSN listed on page one of the closing agreement. Line 4- Type of Tax. Enter CLOSING AGREEMENT. Line 5- Form number. Enter N/A- Voluntary Agree. No exam. Line 6- Period. Enter the year and month that the Director signed the agreement and three-digit plan number if applicable (i.e. YYYYMM Plan 00X). Line 7- MFT code. Enter 28. Line 8- Abstract number. Enter 139. Line 10- Penalty. <ul style="list-style-type: none"> I.R. Code Section or Type of Penalty. Enter IRC 7121 Trans. Code. Enter 240. Amount. Enter total amount of the sanction that you will send to Kansas City. Line 12- Total. Enter the same number entered into "Amount" on Line 10. Line 13- Reason for assessment. Enter Closing Agreement -See Attached. Line 14- Signature of Preparer. Enter name of specialist working the case and the specialist's phone number. Line 15- Date. Enter date you complete the form.

Action	Steps
Prepare Memorandum.	<ol style="list-style-type: none"> Using the sample posted on SharePoint, complete the following: <ul style="list-style-type: none"> Date: Enter date mailed to Kansas City. From: Enter name of specialist working the case. Payer's Name: Enter entity's name that is entering into the closing agreement. Payer's EIN: Enter EIN/SSN listed on page one of the closing agreement. Payer's Address: Enter an address of entity signing the closing agreement. Information comes from page one of the closing agreement. Plan Name: Enter name of plan covered by the closing agreement, if applicable. Phone Number: Enter phone number of the specialist who is working the case.
Prepare Form 3210 Document Transmittal	<ol style="list-style-type: none"> Prepare Form 3210 using sample posted on SharePoint. Note: If the sanction is paid via a paper check, use the version of the Form 3210 that is designed for payments made via a paper check. <ul style="list-style-type: none"> Release Date: Enter date emailed to Kansas City. Remarks: Enter Voluntary Closing Agreement - monetary sanction deposited through Kansas City Submission Processing Center, ALC #2009090004. Document Identification: List (one item per line) the following: <ul style="list-style-type: none"> "Cover Memorandum- Submission Processing Center." "Closing Agreement." "Payment Posting Voucher-Form 3244." "Non-Master File Assessment Voucher-Form 5734." "REMITTANCE": <ul style="list-style-type: none"> "Name": Enter entity's name that is entering into the closing agreement. "EIN": Enter EIN listed on page one of the closing agreement. "Type of Payment": Input whether sanction was paid via credit card or ACH. "Deposit Ticket or Voucher #" enter information from Pay.gov reports. "Tracking ID" enter the Pay.gov tracking number. "Amount": Add amount of sanction. "Plan #": Add three-digit number, if applicable. "Pay.gov Credit Card or ACH Transaction Detail." "Pay.gov Credit Card or ACH Transaction Search Results." For Credit Card Payments "Voucher Summary for [INSERT DATE.]" From: Enter the address and name of the specialist working the case. Releasing Official: Enter the name of the specialist working the case. Originator Telephone Number: Enter specialist's telephone number.

- (2) Email the documents below to your group manager for approval:
 - a. Copy of signed closing agreement.
 - b. Pay.gov deposit receipt (if payment was made via a paper check, include a scan of the sanction check(s)).
 - c. Copies of completed Forms 3244, 5734, 3210 and memo to Kansas City.
- (3) The group manager (or VC Manager) reviews the documents for completeness and accuracy by completing the steps (a)-(e): below, and resolves any issues with the specialist.

- a. Confirm closing agreement was properly signed.
 - b. Confirm sanction payment matches amount in closing agreement by checking "Transaction Amount" in Pay.gov reports (for paper checks, review amount on check, confirm that it is a cashier's check or certified check and made payable to the "United States Treasury" or "U.S. Treasury").
 - c. Confirm payment of sanction was received and processed by checking "Collection Status" is "Settled" for ACH payments and "Successful" for credit/debit card payments.
 - d. Review forms and memorandum.
 - e. Once review is complete and any issues are addressed, notify specialist that documents can be submitted to Kansas City.
- (4) The group manager (or VC Manager) keeps copies of the following:
 - a. Signed closing agreement.
 - b. Pay.gov documents (or copy of sanction check, if applicable).
 - c. Copy of email to specialist that authorizes them to send the closing agreement, sanction payment and applicable forms and documents for processing of the sanction payment.
- (5) After receiving managerial approval, the specialist sends items (a)-(f) via email for sanctions paid via Pay.gov (if there was approval for payment of the sanction by a paper check, via next day delivery). For cases where the sanction is paid via Pay.gov, the specialist sends an email with items (a)-(f) attached to Kansas City for processing by entering *CFO:CFM Pay.Gov Closing Agreements RACS-ANMF in the "To" field of the email message in Outlook. If the sanction is paid by paper check, send the check and the documents via next day delivery to Kansas City at the address on the Form 3210 and include the items listed below (except item (c), since you are sending the paper check). Follow IRM 10.5.1.6.9.3, Shipping through Private Delivery Carrier, when mailing the sanction package.
 - a. Form 3210 Document Transmittal.
 - b. A copy of the signed closing agreement.
 - c. Pay.gov documents.
 - d. Form 3244 Payment Posting Voucher.
 - e. Form 5734 Non-Master File Assessment Voucher.
 - f. Memorandum.
- (6) After emailing the items in IRM 7.2.4.6(5) for a sanction that was paid via Pay.gov, wait to receive an email response acknowledging that the items you sent via email were received. You will not receive a signed Form 3210. Post the email acknowledging receipt of the sent items to the RCCMS case file.

Note: For sanctions paid via a paper check, wait to receive the signed Form 3210 where documents are sent via next day delivery to Kansas City.
- (7) For VCP submissions that were converted to VCAP (other than a conversion described in IRM 7.2.2.10(2)(b), (c) and (f)), follow the procedures in IRM 7.2.2.10.2 to refund the User Fee once the sanction payment has cleared and you receive an email (or signed Form 3210 acknowledging receipt for sanctions paid by paper check) confirming receipt of applicable sanction processing documents.

7.2.4.7
(10-16-2025)
**Converting a VCAP
Request into a VCP
Submission**

- (1) After doing a technical review of a VCAP request and discussing the request with your manager, you might determine that the request can be resolved under VCP.
- (2) This may occur if the filing is made as a VCAP request, but the issues disclosed can be resolved under VCP.
- (3) Discuss the matter with a program coordinator and secure approval for converting the request to a VCP submission before taking any action.

Note: The program coordinator should discuss the case with the VC Manager and other program coordinators to determine whether it is appropriate to treat the disclosed issues under VCP. The specialist and group manager may be asked to participate in that discussion. Once a determination is made, the program coordinator will notify the specialist and group manager of the decision.

- (4) Document the necessary approvals by posting any correspondence related to converting the VCAP request to a VCP submission. The conversion should be noted in your workpapers and CCR.
- (5) Discuss with the applicant and representative that the issues disclosed in the VCAP request can be addressed under VCP and get their approval to convert the case and address the issues under VCP.
- (6) Update WebETS by changing the activity code to “113 Voluntary Correction Program.” The project code should stay the same.
- (7) Update the RCCMS activity by changing the “Type” in the General 1 of 2 tab to “VCAP Cases Changed to VCP” and the “Activity code” to “113 Voluntary Compliance Program.”
- (8) Request the following from the applicant:
 - a. Form 14568 series, VC model compliance statement, (as applicable).
 - b. Payment of the VCP user fee from the applicant by following the procedures in IRM 7.2.2.10.1.
 - c. A completed copy of the SharePoint version of the Form 8950 that you send the applicant.

Note: You will need to provide the SharePoint version of the Form 8950 to the applicant (see the link in item 7 of Exhibit 7.2.4-1, below) to ensure the applicant does not complete the form online using Pay.gov, which would result in a duplicate case in RCCMS.
 - d. Form 2848 if needed to meet the requirements in IRM 7.2.2.12(9).
- (9) Process the case in accordance with IRM 7.2.2.

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Exhibit 7.2.4-1 (10-16-2025)**Links to the VC SharePoint site**

(1)	<i>Summary Listing of Published VC Letters</i>
(2)	<i>Failure and correction codes for Voluntary Closing Agreements</i>
(3)	<i>Sample Closing Agreement letters for special situations</i>
(4)	<i>RCCMS Codes used by VC</i>
(5)	<i>Sample Sanction Processing Forms: , Form 3244-A, Payment Posting Voucher - Examinations, Form 5734, Non-Master File Assessment Voucher, and Form 3210, Document Transmittal, used to process closing agreement sanction payments</i>
(6)	<i>VC Refund Form referred to in IRM 7.2.2.10.2(4) Refund Procedures and Instructions for VCP User Fees</i>
(7)	<i>Fillable Form 8950 for a VCAP request converted to a VCP submission</i>
(8)	<i>Attachment for VC Letters to offer the DUT - TPFE</i>

