

# **EMPLOYEE PLANS FY 2011 WORK PLAN**



The FY 2011 EP Work Plan includes seven operating priorities which address EP's mission in FY 2011 of protecting retirement plan assets and the benefits of plan participants. The integral focus of the EP Work Plan is to foster and promote plan sponsors compliance with the applicable Internal Revenue Code provisions. While the Determination, Voluntary Compliance and Technical Activities programs are designed to assist plan sponsors compliance with the Internal Revenue Code (IRC), EP Examinations and the EP Compliance Units ensure compliance through their enforcement actions. Overall, the EP Work Plan supports the IRS's Strategic Plan which outlines two goals that guide the direction of the IRS:

- Improve service to make voluntary compliance easier
- Enforce the law to ensure everyone meets their obligation to pay taxes

EP will further support these goals by investing in two strategic foundations: our people and our technology.

The seven EP operating priorities for FY 2011 are as follows:

- Address key international issues impacting the Employee Plans sector to improve compliance with the international tax provisions through appropriate use of IRS-wide, TE/GE-wide and customer-tailored strategies. Continue to collaborate with Large Business and International (LB&I) division and other functions to educate employees, identify complex international transactions, and recognize target areas of significant risk and potential abuse impacting retirement plans. Provide guidance and outreach and strengthen partnerships with tax professionals and third parties to ensure effective international tax administration. Complete ongoing EPCU International projects and post project updates at [www.irs.gov](http://www.irs.gov). Work with LB&I to expand coverage in the territories and globally to actively contribute to the Service-wide International Strategic Plan by the end of FY 2011.
- Analyze the responses to the 401(k) Questionnaire and use the results to develop compliance strategies and projects to address issues identified in 401(k) plans. An interim report will be prepared by the third quarter of FY 2011. A final report will be published and posted to the Retirement Plans Community web page ([www.irs.gov/ep](http://www.irs.gov/ep)) during the early part of FY 2012 to share the findings with external stakeholders. The results will be utilized to redesign and improve case selection strategies and develop follow-on compliance projects to address identified issues and trends. Potential areas of concern will be addressed through:
  - Education and outreach enhancements
  - Determinations
  - Guidance, Voluntary Compliance and enforcement activities
- By continuing to partner with Federal, State & Local Governments (FSLG) and Indian Tribal Governments (ITG), improve service to the governmental plan community through the continued development of a handbook for governmental plan sponsors detailing the technical requirements applicable to such plans, educating the governmental plan community about the opportunity to request a determination letter during Cycle E (ending January 31, 2011), providing guidance and frequently asked questions to governmental plan sponsors addressing issues that have arisen during that process, as needed, and the continued gathering of information concerning governmental plans through various sources and sharing of that data with the governmental plan community.

- Detect, deter and address emerging/abusive transactions by:
  - Using promoter investigations to support the TE/GE corporate strategy to deter the marketing of abusive promoter schemes to the retirement plan community by considering civil or criminal fraud or seeking DOJ injunctions where applicable;
  - Developing proactive strategies for identifying and addressing emerging issues;
  - Working with the Compliance Issue Counsel to increase cross-functional efforts to evaluate emerging compliance issues, including partnering with SBSE and the Lead Development Center (LDC) and Large Business and International (LB&I) Division and its Office of Tax Shelter Analysis (OTSA);
  - Sharing with the general public new potentially abusive schemes and emerging issues of interest/concern to the IRS as they are identified through an improved and dedicated Internet page; and
  - Engaging in ongoing assessment of the effectiveness of the strategy, reevaluating and redesigning as needed.
  
- Improve the staggered determination process by continuing to analyze previous application submissions, Form 5500 filing data and the ACT Report recommendations to implement:
  - Changes that will substantially increase customer satisfaction by decreasing cycle time; and
  - Improved processing efficiencies to reduce the impact of submission spikes and achieve high quality results.
  
- Develop strategies and procedures to enhance the 403(b) compliance initiative through guidance, education and outreach, voluntary compliance, and enforcement activities. This would be accomplished by opening the 403(b) pre-approved program and designing the 403(b) approval letter program for individually designed plans, partnering with external stakeholders, developing a 403(b) fix-it guide, and publishing reports on 403(b) EPCU project initiatives.
  
- Enhance outreach strategies to address key small business issues impacting the Employee Plans sector. Utilize Customer Education and Outreach products to encourage the small business community to sponsor and maintain retirement plans, provide plain language tools to encourage them to conduct self audits, and help them to use EPCRS corrections programs and applicable guidance. Listen to the needs of the community to improve product placement and optimize modernization of tailored products.