



Form 5500-EZ, delinquent filing penalty relief frequently asked questions

⊖ Q1. What options are available for penalty relief if I have a delinquent filing of a Form 5500-EZ return? (created 07/05/2022)

A1. Two options are available for penalty relief for a delinquent filing of a Form 5500-EZ return:

- The [IRS Penalty Relief Program](#) for Form 5500-EZ late filers.
- The [Reasonable Cause Penalty Relief](#) program. See [IRM 20.1.1.3.2](#).

You can't use the Department of Labor (DOL) [Delinquent Filer Voluntary Compliance Program \(DFVCP\)](#)

  to correct a delinquent Form 5500-EZ filing.

⊖ Q2. What is the IRS penalty relief program? (created 07/05/2022)

A2. The IRS penalty relief program provides plan administrators or plan sponsors with the opportunity to pay a fixed fee for voluntarily complying with the annual reporting requirements under the Internal Revenue Code (IRC) for one-participant plans and foreign plans after they have failed to timely file Form 5500-EZ.

⊖ Q3. Who is eligible to participate in the IRS penalty relief program? (created 07/05/2022)

A3. This IRS relief program is only available to the plan sponsor or plan administrator of a retirement plan that's subject to the IRS filing requirements of IRC 6047(e), 6058, or 6059, but is not subject to Title I of ERISA for the plan year that a Form 5500 or a Form 5500-SF is delinquent. Thus, the relief is only available to the plan sponsor or plan administrator of:

1. one-participant plans; and
2. foreign plans.

Plans subject to Title I of ERISA aren't eligible for the IRS penalty relief program. Instead, those plans should use the Department of Labor's [DFVCP](#) [PDF](#) [↗](#).

⊖ Q4. Am I still eligible to participate in the IRS penalty relief program if I have already received correspondence from the IRS? (created 07/05/2022)

A4. You're not eligible to participate in the IRS penalty relief program with respect to a delinquent return if the IRS issued a CP 283 Notice, Penalty Charged on Your Form 5500 Return, to a plan sponsor or plan administrator with respect to that delinquent return. However, an IRS delinquency notice (CP 403 or CP 406) does not disqualify a plan sponsor or plan administrator from participating in the IRS penalty relief program.

⊖ Q5. What is the fee for the IRS penalty relief program? (created 07/05/2022)

A5. The fixed fee is \$500 per delinquent return up to a maximum of \$1,500 per submission of three or more returns for the same plan.

⊖ Q6. How does a plan sponsor pay the fee? (created 07/05/2022)

A6. You must pay all fees by check payable to The United States Treasury. Attach the check to the [Form 14704, Transmittal Schedule – Form 5500-EZ Delinquent Filer Penalty Relief Program \(Revenue Procedure 2015-32\)](#) [PDF](#), that is included as part of the submission. Write the applicant's EIN and the plan number on the check.

⊖ Q7. How can I submit my request for the IRS penalty relief program? (created 07/05/2022)

A7. You must mail your submission for penalty relief with the following information to the IRS:

- A complete paper Form 5500-EZ, including all required schedules and attachments, for each plan year for which the applicant is seeking penalty relief.
- Mark Checkbox D, for the IRS Late Filer Penalty Relief Program, on Part I of Form 5500-EZ. If the Form 5500-EZ doesn't contain checkbox D (for years earlier than 2020), you must write in red at the top of each paper return: "Delinquent Return Filed under Rev. Proc. 2015-32, Eligible for Penalty Relief".
- Completed [Form 14704](#) [PDF](#) attached to the top of your submission (that includes all delinquent returns).

- A check for the fee payment for each submission, payable to The United States Treasury, attached to the Form 14704.
- Each submission is limited to a single plan. You can submit multiple delinquent returns for a single plan in a single submission, but separate plans must be submitted separately.
- Mail your submission to the filing address provided in the instructions for the most current Form 5500-EZ available to taxpayers.

Q8. Can I submit the IRS penalty relief request through EFAST2? (created 07/05/2022)

A8. No. An applicant using the IRS penalty relief program must file paper Form 5500-EZ with the IRS. Do not file delinquent Forms 5500-EZ through EFAST2. Filings sent to EFAST2 will not be treated as submissions under this program and will continue to be subject to applicable penalties under the IRC.

Q9. If I have submitted the IRS penalty relief request through EFAST2 by mistake, can I re-submit my request to IRS? (created 07/05/2022)

A9. Yes. You can use the IRS penalty relief program until the IRS issues a CP283 Notice. If you incorrectly electronically filed the delinquent Form 5500-EZ return through EFAST2, you may still be eligible to submit your request ([FAQ 7](#)) to IRS for penalty relief if the IRS hasn't issued the CP283 Notice with respect to that delinquent return.

Q10. Which version of the Form 5500-EZ should be filed for the IRS penalty relief program? (created 07/05/2022)

A10. In general, you must submit the Form 5500-EZ that applies to the [delinquent plan year](#). Do not use Form 5500 or Form 5500-SF.

Also, you can find the [applicable schedules for each plan year after 1995](#) on DOL's website. The schedules on DOL's website have a watermark but it's okay to use these forms.

You may use the current year Form 5500-EZ if:

- You would otherwise be required to file a Form 5500 return for the delinquent plan year, or
- The return is for a year prior to 1990. Any current year Form 5500-EZ return must be filled out with the beginning and ending dates of the delinquent plan year.

You must include all applicable schedules that apply to the plan for the year the return is delinquent. For example:

- A Schedule B (Actuarial Information) for plan years prior to 2005, if applicable.
- A statement that the applicable annual actuarial report has been prepared for 2005 and subsequent plan years, if applicable.
- A Schedule E (ESOP Annual Information) for plan years prior to 2005, if applicable.

Q11. What is reasonable cause relief? (created 07/05/2022)

A11. Reasonable cause relief is the IRS non-assertion or removal of certain civil penalties for failures related to filing information returns or IRS tax returns, making a deposit, or paying a tax, due to reasonable cause and not due to willful neglect. Reasonable cause is based on all the facts and circumstances in your situation. The IRS will consider any reason that establishes you exercised all ordinary business care and prudence to meet your annual filing obligations but were nevertheless unable to comply with a prescribed duty within the prescribed time.

Q12. What is considered reasonable cause? (created 07/05/2022)

A12. Reasonable cause may include:

- Fire, casualty, natural disaster, or other disturbances
- Inability to obtain records
- Death, serious illness, incapacitation or unavoidable absence of the taxpayer or a member of the taxpayer's immediate family
- Other reasons that establish you used all ordinary business care and prudence to meet your filing obligations but were nevertheless unable to do so.

Q13. Who is eligible to submit a request for reasonable cause relief? (created 07/05/2022)

A13. Any taxpayer can make a request for penalty relief due to reasonable cause.

Q14. How to submit a request for reasonable cause relief? (created 07/05/2022)

A14. You can attach your request for reasonable cause relief to a delinquent return when filed or you can file it separately. Your request should state the reason why the return was late, and it must be signed by a person in authority. Include documentation that supports your request for relief. Mail the request to the filing address provided in the instructions for the most current Form 5500-EZ.

⊖ Q15. Do I have to pay any penalty for reasonable cause relief? (created 07/05/2022)

A15. No, the IRS doesn't impose any penalty if we determine that failure to timely file is due to reasonable cause.

⊖ Q16. How will I know if my request for reasonable cause relief is approved? (created 07/05/2022)

A16. If the IRS denies your request for reasonable cause relief with respect to a particular delinquent return, you'll receive Letter 854C, Penalty Waiver or Abatement Disallowed/Appeals Procedure Explained. You will also, if applicable, receive a CP283 Notice, Penalty Charged on Your Form 5500 Return.

⊖ Q17. What happens if my request for reasonable cause relief is denied? (created 07/05/2022)

A17. If the IRS denies your request for reasonable cause relief with respect to a particular delinquent return, you'll receive letter 854C, Penalty Waiver or Abatement Disallowed/Appeals Procedure Explained. You will also, if applicable, receive a CP 283 Notice, Penalty Charged on Your Form 5500 Return.

⊖ Q18. If my request for reasonable cause relief is denied, can I submit a request for the IRS penalty relief program? (created 07/05/2022)

A18. No. If we deny your request for reasonable cause, the penalty with respect to that delinquent return will be assessed. Therefore, you will not be eligible to make a request for relief under the IRS penalty relief program with respect to the same delinquent return.

⊖ Q19. Can I include a request for reasonable cause relief when I submit for the IRS penalty relief program? (created 07/05/2022)

A19. No. You should not seek reasonable cause relief as part of your submission under the IRS penalty relief program with respect to the same delinquent return.

⊖ Q20. If I received Warning I-101EZ, what are my options? (created 07/05/2022)

A20. You received Warning I-101EZ because we received your Form 5500-EZ filing after the due date, and IRS may contact you concerning the late filing. If corrections are necessary, make sure to check the appropriate extension box on Form 5500-EZ, Part I, Line B, if an extension was filed. If you believe you're filing your Form 5500-EZ late, you may either request relief under the IRS penalty relief program or make a request for reasonable cause relief if a late filing is due to reasonable cause.

⊖ Q21. Is there a late filing relief option to avoid penalties? (created 07/05/2022)

A21. Possibly, depending on which relief option you request. The IRS will not impose a penalty if you make a request for reasonable cause relief that's approved by the IRS. However, if your request for reasonable cause relief is denied, the IRS will assess the penalty with respect to the delinquent filing. If you make a request under the IRS penalty relief program, you will pay a fixed fee. The payment for each submission is \$500 for each delinquent return for each plan, up to a maximum of \$1,500 per plan.

⊖ Q22. My plan was closed by my provider, but I did not file the final return. What are my options for penalty relief due to filing late? (created 07/05/2022)

A22. If a plan was closed, and all assets under the plan have been distributed to the participants and beneficiaries or legally transferred to an IRA or another plan, you must file the final Form 5500-EZ and check "the final return filed for the plan" in Part I, Line A(3) at the top of Form 5500-EZ.

If you didn't file the required final return, you may request penalty relief using the IRS penalty relief program, or request penalty relief due to reasonable cause. You should not seek reasonable cause relief as part of your submission under the IRS penalty relief program with respect to the same delinquent return.

⊖ Q23. I received an IRS Delinquency Notice for missing a Form 5500-EZ filing. What can I do to avoid penalties? (created 07/05/2022)

A23. First, check to see if the information in your delinquency notice (CP 403 or CP 406) is correct. If you can resolve an issue in your notice, there may be no penalty. If a late filing is due to reasonable cause, you can make a request to IRS for reasonable cause relief. No penalty is imposed if the IRS determines that this delinquency is due to reasonable cause. Or you can request relief under the IRS penalty relief program to voluntarily correct the delinquency by filing the late return and paying a fixed fee.

