

## **IRS Announces the Voluntary Classification Settlement Program (VCSP)**

The VCSP is a voluntary program that provides an opportunity for taxpayers to reclassify their workers as employees for employment tax purposes for future tax periods with partial relief from federal employment taxes. To participate in this voluntary program, the taxpayer must meet certain eligibility requirements and apply to participate in the VCSP by filing Form 8952, Application for Voluntary Classification Settlement Program, and enter into a closing agreement with the IRS.

The VCSP allows eligible taxpayers to obtain relief similar to that currently available through the Classification Settlement Program for taxpayers under examination.

The VCSP, originally released in Announcement 2011-64, has been modified in Announcement 2012-45 to:

- Permit a taxpayer under IRS audit, other than an employment tax audit, to be eligible to participate in the VCSP
- Clarify the current eligibility requirement that a taxpayer who is a member of an affiliated group within the meaning of section 1504(a) is not eligible to participate in the VCSP if any member of the affiliated group is under employment tax audit
- Clarify that a taxpayer is not eligible to participate if the taxpayer is contesting in court the classification of the class or classes of workers from a previous audit by the IRS or Department of Labor; and
- Eliminate the requirement that a taxpayer agree to extend the period of limitations on assessment of employment taxes as part of the VCSP closing agreement with the IRS

For detailed information, please click on the link below:

<http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Voluntary-Classification-Settlement-Program>