Concerning the elimination of the extension of time to file for paper filings (in an effort to encourage electronic filing), certain regulatory changes would have to be made by the IRS beforehand.

Under current IRS regulations, the due date for contributions may be extended beyond the 7 1/2 month period. This rule applies to all qualified plans. Concerning defined benefit plans, an Enrolled Actuary cannot sign a Schedule B without proof that the contribution is made. On defined benefit plans, most extensions are due to the fact that the contributions are not made within the 7 1/2 month period. If IRS regulations were changed to the effect that the due date of contributions were made earlier, namely 7 1/2 months after the end of the plan year the end of the plan year, employers would commit to lower contributions or none at all. The end result would discourage retirement plans.

The second point of concern is the assignment of EINs to plans. The current system of coordinating plans under the EIN of the sponsor provides an easy system of correlating the sponsor with plans. On defined contribution plans, which do not require an actuarial certification and are not administered under TPAs employing an actuary, the correlation makes it easier for abnormalities to be detected on audit. In addition, the 3-digit plan number system indicates the number of plans a sponsor maintains.

If errors occur using 3-digit numbers, the rate of error will increase more than 300% using 9-digit numbers.