Code Section 409A Transition Relief Period Ending December 31, 2012

October 8, 2012

As a reminder, the transition relief period provided by IRS Notices 2010-6 and 2010-80 under the Code Section 409A document correction procedure will end on December 31, 2012.?Ã¡ By that date, employers must have corrected any severance plans, change-in-control agreements, or other employment arrangements that are subject to Code Section 409A and that improperly condition the timing of payments on the executive executing a release of claims, noncompete agreement, or other document.?Ã¡ The employer must also provide notice to the IRS about the change.?Ã¡ If the affected arrangement is not brought into compliance with Code Section 409A by that date, additional reporting requirements will apply.?Ã¡ Failure to amend the arrangement prior to the date the payment trigger event occurs will result in substantial tax penalties being assessed on the affected employee.

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