Employee Benefits Security Admin., Labor

§ 2520.104–50 Short plan years, deferral of accountant’s examination and report.

(a) Definition of “short plan year.” For purposes of this section, a short plan year is a plan year, as defined in section 3(39) of the Act, of seven or fewer months’ duration, which occurs in the event that:

(1) A plan is established or commences operations;
(2) A plan is merged or consolidated with another plan or plans;
(3) A plan is terminated; or
(4) The annual date on which the plan year begins is changed.

(b) Deferral of accountant’s report. A plan administrator is not required to include the report of an independent qualified public accountant in the annual report for the first of two consecutive plan years, one of which is a short plan year, provided that the following conditions are satisfied:

(1) The annual report for the first of the two consecutive plan years shall include:

(i) Financial statements and accompanying schedules prepared in conformity with section 103(b) of the Act and regulations promulgated thereunder;
(ii) An explanation why one of the two plan years is of seven or fewer months’ duration; and
(iii) A statement that the annual report for the immediately following plan year will include a report of an independent qualified public accountant with respect to the financial statements and accompanying schedules for both of the two plan years.

(2) The annual report for the second of the two consecutive plan years shall include:

(i) Financial statements and accompanying schedules prepared in conformity with section 103(b) of the Act and regulations promulgated thereunder with respect to both plan years;
(ii) A report of an independent qualified public accountant with respect to the financial statements and accompanying schedules for both plan years; and
(iii) A statement identifying any material differences between the unaudited financial information relating to, and contained in the annual report for, the first of the two consecutive plan years and the audited financial information relating to that plan year contained in the annual report for the immediately following plan year.

(c) Accountant’s examination and report. The examination by the accountant which serves as the basis for the portion of his report relating to the first of the two consecutive plan years may be conducted at the same time as the examination which serves as the basis for the portion of his report relating to the immediately following plan year. The report of the accountant shall be prepared in conformity with section 103(a)(3)(A) of the Act and regulations thereunder.

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