

# INTERNAL REVENUE BULLETIN



## HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

**Bulletin No. 2023-13**  
**March 27, 2023**

## EMPLOYEE PLANS

### **Notice 2023-23, page 571.**

Notice 2023-23 provides guidance to financial institutions on reporting required minimum distributions (RMD) for 2023 after the amendment to section 401(a)(9) of the Internal Revenue Code made by Section 107, Division T of the Consolidated Appropriations Act, 2023, P.L. 117-328 (the SECURE 2.0 Act). Pursuant to Notice 2002-27, if an IRA owner has an RMD due for 2023, the financial institution that maintains the IRA must provide a statement by January 31, 2023, informing the IRA owner of the amount due (or an offer to calculate such amount) and the date by which the RMD must be distributed. Prior to the SECURE 2.0 Act, this statement would have been required for all IRA owners who will attain age 72 in 2023 (the year for which the first RMD is due). However, after the Act, the first RMD will be due for the year in which the IRA owner attains age 73. This notice provides that if the RMD statement is provided in the year in which the IRA owner attains age 72, the IRS will not consider such statement to be incorrect provided the financial institution notifies the IRA owner no later than April 28, 2023, that no RMD is due for 2023.

## EMPLOYMENT TAX

### **Rev. Proc. 2023-13, page 581.**

General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), Schedule R (Form 941), and Form 8974.

This revenue procedure provides general rules and specifications from the IRS for paper and computer-generated substitutes for Form 941; Schedule B (Form 941); Schedule D (Form 941); Schedule R (Form 941); and Form 8974. This revenue procedure supersedes Revenue Procedure 2022-15, 2022-13 I.R.B. 908.

### **Rev. Proc. 2023-18, page 605.**

This revenue procedure modifies and supersedes both Rev. Proc. 2016-33 and Rev. Proc. 2017-14. It addresses the procedures for applying to be certified as a Certified Professional Employer Organization (CPEO), the requirements for a CPEO to remain certified, and the procedures relating to suspension and revocation of CPEO certification.

## INCOME TAX

### **Notice 2023-24, page 571.**

This notice provides the general rules for determining the credit for production from advanced nuclear power facilities under § 45J (§ 45J credit) and that the amount of the unutilized national megawatt capacity limitation (NMCL) available for allocation is 6,000 megawatts. This notice also provides the procedures for taxpayers to apply for allocations of, and that the Internal Revenue Service (IRS) will use to allocate, the unutilized NMCL to facilities that the Department of Energy previously certified as an “advanced nuclear facility” under Notice 2013-68, 2013-46 I.R.B. 501. In addition, the notice provides the procedures for a “qualified public entity” to elect to transfer all or a portion of the § 45J credit to an “eligible project partner.” Finally, the notice requests comments on issues impacting the § 45J credit.

### **Notice 2023-26, page 577.**

Notice 2023-26 provides for adjustments to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code for the 2023 tax year. These adjustments are made on the basis of geographic differences in housing costs relative to housing costs in the United States. If the limitation on housing expenses is higher for the 2023 tax year than the adjusted limitations on housing expenses provided in Notice 2022-10, qualified taxpayers may apply the adjusted limitations in this notice for the 2023 tax year to their 2022 tax year.

**Rev. Proc. 2023-17, page 604.**

This revenue procedure provides indexing adjustments for the applicable dollar amounts under section 4980H(c)(1) and (b)(1) of the Internal Revenue Code. These indexed amounts are used to calculate the employer shared responsibility payments under section 4980H(a) and (b)(1), respectively.

**Rev. Proc. 2023-19, page 626.**

Generally, U.S. citizens or resident aliens living and working abroad are taxed on their worldwide income. However, if their tax home is in a foreign country and they meet either the bona fide residence test or the physical presence test,

they can choose to exclude from their income a limited amount of their foreign earned income (up to \$120,000 for 2022). Both the bona fide residence test and the physical presence test contain minimum time requirements. Revenue Procedure 2023-19 provides a waiver under section 911(d)(4) for the time requirements for individuals electing to exclude their foreign earned income who must leave a foreign country because of war, civil unrest, or similar adverse conditions in that country. Rev. Proc. 2023-19 adds Ethiopia, Iraq, Ukraine, Belarus, China, and Mali to the list of waiver countries for tax year 2022 for which the minimum time requirements are waived.

# The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

## Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned

against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

### **Part I.—1986 Code.**

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

### **Part II.—Treaties and Tax Legislation.**

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

### **Part III.—Administrative, Procedural, and Miscellaneous.**

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

### **Part IV.—Items of General Interest.**

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

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## Part III

### Relief for Reporting Required Minimum Distributions for IRAs for 2023

#### Notice 2023-23

##### PURPOSE

This notice provides guidance to financial institutions on reporting required minimum distributions (RMDs) for 2023 after the amendment to section 401(a)(9) of the Internal Revenue Code made by the Consolidated Appropriations Act, 2023, P. L. 117-328 (the Act).

##### BACKGROUND

The Act was enacted on December 29, 2022. Division T of the Act, titled “SECURE 2.0 Act of 2022” (SECURE 2.0 Act), included a number of retirement savings provisions. Section 107 of the SECURE 2.0 Act amended section 401(a)(9)(C) of the Code to delay the required beginning date applicable to section 401(a) plans and other eligible retirement plans described in section 402(c)(8), including individual retirement accounts and annuities (IRAs). For an IRA owner who attains age 72 after December 31, 2022, and age 73 before January 1, 2033, the new required beginning date (that is, the date by which RMDs must begin) is April 1 of the calendar year following the calendar year in which the individual attains age 73, rather than April 1 of the calendar year following the calendar year in which the individual attains age 72.

This amendment to section 401(a)(9)(C) is effective for distributions required to be made after December 31, 2022, with respect to individuals who will attain age 72 after that date. As a result of this amendment, IRA owners who will attain age 72 in 2023 (that is, individuals born in 1951) will have a required beginning date of April 1, 2025, rather than April 1, 2024. This delay in the required beginning date means that these IRA owners (who, prior to enactment of the SECURE 2.0 Act,

would have been required to take minimum distributions from their IRAs for 2023) will have no RMD due from their IRAs for 2023.

##### IRA REPORTING

If an IRA owner has an RMD due for 2023, the financial institution that is the trustee, custodian, or issuer maintaining the IRA must file a 2022 Form 5498 (*IRA Contribution Information*) by May 31, 2023, and indicate by a check in Box 11 that an RMD is required for 2023. The financial institution may also choose to provide further information in Box 12a (RMD Date) and Box 12b (RMD Amount). Additionally, under Notice 2002-27, 2002-1 CB 814, if an IRA owner has an RMD due for 2023, the financial institution must furnish a statement to the IRA owner by January 31, 2023, that informs the IRA owner of the date by which the RMD must be distributed, and either provides the amount of the RMD or offers to calculate that amount upon request (RMD statement).

For IRA owners who will attain age 72 in 2023, the RMD statement required under Notice 2002-27 should not be sent, and the 2022 Form 5498 should not include a check in Box 11 or any entries in Box 12a or 12b. However, in recognition of the short amount of time that financial institutions have had to change their systems for furnishing the RMD statement since the enactment of the SECURE 2.0 Act, relief is being provided with respect to this reporting. Under this relief, the Internal Revenue Service (IRS) will not consider an RMD statement provided to an IRA owner who will attain age 72 in 2023 to have been provided incorrectly if the IRA owner is notified by the financial institution no later than April 28, 2023, that no RMD is actually required for 2023.

The SECURE 2.0 Act did not change the required beginning date for IRA owners who attained age 72 prior to January 1, 2023. To reduce misunderstanding among IRA owners, the IRS encourages all financial institutions, in communicating these RMD changes, to remind IRA owners who attained age 72 in 2022, and have not

yet taken their 2022 RMDs, that they are still required to take those distributions by April 1, 2023.

##### DRAFTING INFORMATION

The principal author of this notice is Brandon Ford of the Office of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice, contact Brandon Ford at (202) 317-4148 (not a toll-free number).

### Section 45J Credit for Production of Electricity from Advanced Nuclear Power Facilities

#### Notice 2023-24

##### SECTION 1. PURPOSE

.01 This notice provides guidance under § 45J of the Internal Revenue Code (Code), relating to the credit for the production of electricity from advanced nuclear power facilities (§ 45J credit). In response to the amendments to certain requirements for the § 45J credit made by § 40501 of the Bipartisan Budget Act of 2018 (2018 Act), Public. Law. 115-123, Div. D, Title I, 132 Stat. 64, 153 (February 9, 2018), this notice provides: (i) guidance for computing the § 45J credit; (ii) the amount of the unutilized national megawatt capacity limitation (NMCL) (as defined in § 45J(b)(5)(B)); (iii) the procedures for taxpayers to apply for allocations of, and that the Internal Revenue Service (IRS) will use to allocate, the unutilized NMCL solely with respect to facilities that the Department of Energy (DOE) previously certified as “advanced nuclear facilities” (as defined in § 45J(d)(2)) under Notice 2013-68, 2013-46 I.R.B. 501; and (iv) the procedures for a “qualified public entity” (as defined in § 45J(e)(2)(A)) to elect, pursuant to § 45J(e), to transfer the § 45J credit to an “eligible project partner” (as defined in § 45J(e)(2)(B)). This notice

also requests public comment on topics related to the § 45J credit that may require guidance.

.02 The Department of the Treasury (Treasury Department) and the IRS intend to issue additional guidance regarding the procedures by which any unutilized NMCL will be allocated to a facility that did not receive a certification from the DOE as an “advanced nuclear facility” under Notice 2013-68.

## SECTION 2. BACKGROUND

.01 Section 45J was enacted by § 1306 of the Energy Policy Act of 2005, Public Law 109-58, Title XIII, 119 Stat. 594, 997 (August 8, 2005). Subject to limitations under § 45J(b) and (c), a taxpayer may be allowed a § 45J credit of 1.8 cents for each kilowatt hour of electricity (1) that the taxpayer produces at an advanced nuclear power facility during the eight-year period beginning on the date the facility is placed in service and (2) that the taxpayer sells to an unrelated person during the taxable year (qualifying electricity). See § 45J(a).

.02 Under § 45J(d)(1), an “advanced nuclear power facility” is (i) any nuclear facility the reactor design for which is approved by the Nuclear Regulatory Commission (NRC) after December 31, 1993 (and such design or a substantially similar design of comparable capacity was not approved on or before that date), (ii) that is owned by the taxpayer, and (iii) uses nuclear energy to produce electricity. See § 45J(d).

.03 On May 1, 2006, the Treasury Department and the IRS published Notice 2006-40, 2006-18 I.R.B. 855, to provide guidance on the § 45J credit. Specifically, Notice 2006-40 specified the method that the IRS would use to allocate the NMCL and prescribed the application process by which taxpayers could request such an allocation. The notice also provided guidance on the requirement that electricity be sold to an unrelated person and on the effect of grants, tax-exempt bonds, subsidized energy financing, and other credits.

.04 On November 12, 2013, the Treasury Department and the IRS published

Notice 2013-68, which modified and superseded Notice 2006-40. Notice 2013-68 generally republished the guidance contained in Notice 2006-40, but also provided a new streamlined application process allowing an applicant to submit a single application only to the IRS. The IRS would then obtain necessary certification from the DOE. In addition, Notice 2013-68 provided guidance on the allocation rules for facilities that are directly or indirectly owned by more than one person and the time for filing an application with the NRC.

.05 As originally enacted in 2005, § 45J(d)(1) required all advanced nuclear power facilities to be placed in service before January 1, 2021, to be eligible for a § 45J credit. Accordingly, section 6 of Notice 2013-68 provided that the amount of the NMCL allocated to a facility under Notice 2013-68 will be withdrawn if the facility is not placed in service before January 1, 2021, or if the DOE informs the IRS that the DOE certification for the facility has been withdrawn. However, effective for taxable years beginning after its February 9, 2018, date of enactment, § 40501 of the 2018 Act added new § 45J(b)(5) to the Code, which, in part, eliminates the requirement for a facility receiving an allocation of unutilized NMCL pursuant to § 45J(b)(5) to be placed in service before January 1, 2021, to qualify as an advanced nuclear power facility.

.06 Under § 45J(b)(1) and (3), a taxpayer may be allowed a § 45J credit for qualifying electricity only if an amount of NMCL has been allocated to the facility, in the manner prescribed by the Secretary of the Treasury or her delegate (Secretary).<sup>1</sup> The aggregate amount of NMCL allocated by the Secretary cannot exceed 6,000 megawatts. See § 45J(b)(2).

.07 As added by § 40501 of the 2018 Act, § 45J(b)(5)(A) directs the Secretary to allocate any unutilized NMCL (as defined in § 45J(b)(5)(B)) as rapidly as is practicable after December 31, 2020, as follows: (i) first to facilities placed in service on or before December 31, 2020, to the extent that such facilities did not receive an allocation equal to their full

nameplate capacity under the procedures provided in Notice 2013-68, and (ii) then to facilities placed in service after December 31, 2020, in the order in which such facilities are placed in service. Section 45J(b)(5)(B) defines the term “unutilized NMCL” as the excess (if any) of 6,000 megawatts over the aggregate amount of NMCL allocated by the Secretary before January 1, 2021, reduced by any amount of such limitation that was allocated to a facility that was not placed in service before January 1, 2021. Under § 45J(b)(5)(C), any allocation of the unutilized NMCL is treated for purposes of the § 45J credit in the same manner as an allocation of the NMCL.

.08 The 2018 Act also added new § 45J(e) to the Code effective for taxable years beginning after February 9, 2018. Section 45J(e) permits a “qualified public entity” to make an election for any taxable year with respect to all or any portion of its § 45J credits to transfer such credits to one or more eligible project partners specified in the election. With respect to any § 45J credits transferred by a qualified public entity to an eligible project partner, the credit must be taken into account in the first taxable year of the eligible project partner ending with, or after, the qualified public entity’s taxable year with respect to which the credit was determined.

.09 Section 45J(e)(2)(A) defines the term “qualified public entity” to mean (i) a Federal, State, or local government entity, or any political subdivision, agency, or instrumentality thereof; (ii) a mutual or cooperative electric company described in § 501(c)(12) or § 1381(a)(2) of the Code; or (iii) a not-for-profit electric utility which had or has received a loan or loan guarantee under the Rural Electrification Act of 1936.

.10 Section 45J(e)(2)(B) defines the term “eligible project partner” to mean any person who (i) is responsible for, or participates in, the design or construction of the advanced nuclear power facility to which the § 45J credit relates; (ii) participates in the provision of the nuclear steam supply system to such facility; (iii) partic-

<sup>1</sup> The amount of the § 45J credit allowed a taxpayer under § 45J(a) for a taxable year may be (i) limited (after the application of § 45J(b)) by an annual limitation under § 45J(c)(1) applicable to each facility and (ii) reduced under § 45J(c)(2) based on an inflation adjusted reference price for electricity described in § 45(e)(2)(C) of the Code.



ipates in the provision of nuclear fuel to such facility; (iv) is a financial institution providing financing for the construction or operation of such facility; or (v) has an ownership interest in such facility.

.11 In the case of a § 45J credit determined at the partnership level, a qualified public entity is treated as the taxpayer with respect to its distributive share of the § 45J credit, and the term “eligible project partner” includes any partner of the partnership. See § 45J(e)(3)(A).

.12 Section 38(b)(21) includes the § 45J credit as a current year business credit. Section 39(a)(1) provides, in part, that if the amount of the current year business credit for the taxable year exceeds the amount of the limitation imposed by § 38(c) for the taxable year (unused credit year), the excess results in a 1-year business credit carryback to the taxable year preceding the unused credit year, and a business credit carryforward to each of the twenty (20) taxable years following the unused credit year. Section 39(a)(2)(A) provides that the entire amount of the unused credit for an unused credit year is carried to the earliest of the twenty-one (21) taxable years to which the credit may be carried. Section 39(a)(2)(B) provides that the amount of the unused credit for the unused credit year is carried to each of the other twenty (20) taxable years to the extent that such unused credit may not be taken into account under § 38(a) for a prior taxable year because of the limitations of § 39(b) and (c).

### SECTION 3. DETERMINATION OF THE § 45J CREDIT

.01 *In general.* Under § 45J(a), (b)(1), and (c), the § 45J credit allowed to a taxpayer for a taxable year with respect to qualifying electricity is the lesser of:

(1) the tentative credit for the facility for the taxable year (determined under section 3.02(1) of this notice) multiplied by the taxpayer’s credit percentage (determined under section 3.02(2) of this notice), or

(2) \$125,000,000 per 1,000 megawatts of the facility limitation determined under section 5.03(1) and (2) of this notice that is allocated to the taxpayer under section 5.03(3), (4), and (5) of this notice.

.02 *Tentative credit; credit percentage*

(1) A facility’s tentative credit for the taxable year is equal to 1.8 cents multiplied by the kilowatt hours of qualifying electricity.

(2) The credit percentage for each taxpayer that has been allocated all or part of the amount of the facility limitation is determined by dividing the facility limitation that is allocated to the taxpayer under section 5.03(3), (4), and (5) of this notice by the nameplate capacity of the facility.

.03 *Credit determination for partnerships and S corporations.* If a facility is owned by a partnership or S corporation, then the partnership or S corporation, and not the partners or shareholders, will be treated as the taxpayer that owns the facility for the purposes of this notice. In such cases, the § 45J credit must be allocated to the partners or shareholders in accordance with § 1.704-1(b)(4)(ii) of the Income Tax Regulations, in the case of partnerships, or § 1.1366-1(a)(2)(v) of the Income Tax Regulations, in the case of S corporations. If the facility is owned through an organization that has made a valid election under § 761(a) of the Code (§ 761(a) election), each member’s undivided ownership share in the facility will be treated for purposes of this notice as a separate facility owned by such member.

.04 *Sale of Electricity to Unrelated Person.* The § 45J credit is allowed only for qualifying electricity that the taxpayer produces and sells to an unrelated person, as defined in § 45(e)(4). Solely for purposes of § 45J, electricity will be treated as sold to an unrelated person if the ultimate purchaser of the electricity is not related to the person that produces the electricity. Thus, the requirement of a sale to an unrelated person will be treated as satisfied if the producer sells the electricity to a related person for resale by the related person to a person that is not related to the producer.

.05 *Effect of Grants, Tax-Exempt Bond Proceeds, Subsidized Energy Financing, and Other Credits.* The amount of the § 45J credit with respect to any facility for any taxable year is not reduced by the amount of any grants, tax-exempt bond proceeds, subsidized energy financing, or other credits (as described in § 45(b)(3)) used for, or in connection with, the facility.

### SECTION 4. DETERMINATION OF THE UNUTILIZED NATIONAL MEGAWATT CAPACITY LIMITATION

After consultation with the DOE, the Treasury Department and the IRS have determined that no advanced nuclear power facility that received an allocation of the NMCL under Notice 2013-68 was placed in service before January 1, 2021. Therefore, in accordance with section 6 of Notice 2013-68 and § 45J(b)(5)(B), all previous allocations of the NMCL are withdrawn and the total unutilized NMCL is 6,000 megawatts. The unutilized NMCL is available for allocation as provided in section 5 of this notice.

### SECTION 5. ALLOCATION OF THE UNUTILIZED NATIONAL MEGAWATT CAPACITY LIMITATION

.01 *Application Limited to Facilities Certified by DOE.* The IRS will allocate the unutilized NMCL only to advanced nuclear power facilities (within the meaning of § 45J(d)(1)(A)) for which the DOE provides certification to the IRS that the facility qualifies as an “advanced nuclear facility.” For purposes of this notice, each nuclear power reactor located on a multi-reactor site is a separate facility. At this time, only an owner of an advanced nuclear power facility that (i) either (I) previously received a certification from the DOE under Notice 2013-68 that such facility qualified as an “advanced nuclear facility” or (II) acquired the facility after the IRS had provided a previous owner of the facility a letter stating that the DOE had certified that facility as an “advanced nuclear facility” under Notice 2013-68, and (ii) maintains an active NRC construction permit or license or combined license, may apply for an allocation of the unutilized NMCL pursuant to this notice. In addition, the rule in section 4.04(3) and (5) of Notice 2013-68 that undivided ownership shares in a facility would be treated as separate facilities for purposes of that notice is disregarded for purposes of determining whether a facility previously received a DOE certification under Notice 2013-68.

**.02 Application Required.** The IRS will not allocate the unutilized NMCL to any owner of an advanced nuclear power facility unless such owner submits a completed application in accordance with section 6 of this notice.

**.03 Allocation Method.** The unutilized NMCL will be allocated as follows:

(1) Each facility that meets the requirements of sections 5 and 6 of this notice (qualified facility) will be allocated an amount of the unutilized NMCL equal to its nameplate capacity in the order in which such facilities are placed in service (provided the application deadline specified in section 6.02 of this notice is met). The amount of the unutilized NMCL allocated to a qualified facility is referred to as the facility limitation.

(2) The IRS will continue to allocate the unutilized NMCL equal to the nameplate capacity of a qualified facility until all the unutilized NMCL is allocated. The final recipient(s) of the remaining unutilized NMCL may receive only a portion of the unutilized NMCL for which it applied even if it otherwise meets the requirements under this notice to receive a full allocation.

(3) If only one taxpayer owns a direct interest in a qualified facility, the entire facility limitation is allocated to such taxpayer. If more than one taxpayer owns a direct interest in a qualified facility, each taxpayer's undivided ownership share in the qualified facility will be treated for purposes of this notice as a separate qualified facility owned by such taxpayer. In such cases, a taxpayer's application must identify the portion of the total nameplate capacity of the qualified facility that is equal to its undivided ownership share in the qualified facility.

(4) Except as provided in sections 3.03 and 5.03(5) of this notice, if a qualified facility is owned by a partnership or S corporation, then the partnership or S corporation, and not the partners or shareholders, will be treated as the taxpayer that owns the qualified facility for the purposes of this notice. In such cases, the § 45J credit must be allocated to the partners or shareholders in accordance with § 1.704-1(b)(4)(ii), in the case of partnerships, or § 1.1366-1(a)(2)(v), in the case of S corporations.

(5) If the qualified facility is owned through an organization that has made a

valid § 761(a) election, each member's undivided ownership share in the qualified facility will be treated for purposes of this notice as a separate qualified facility owned by such member. In such cases, a member's application for an allocation must identify the portion of the total nameplate capacity of the qualified facility that is equal to its undivided ownership share in the qualified facility.

## **SECTION 6. APPLICATION FOR ALLOCATION OF UNUTILIZED NATIONAL MEGAWATT CAPACITY LIMITATION**

**.01 In general.** (1) A taxpayer must submit, for each facility for which an allocation of the unutilized NMCL is requested, an application to the IRS for an allocation of the unutilized NMCL under § 45J(b)(5) (Application for § 45J Allocation).

(2) An Application for § 45J Allocation should be marked or titled "APPLICATION FOR SECTION 45J ALLOCATION" and delivered in the manner provided in section 6.04 of this notice.

(3) Multiple taxpayers owning (or treated as owning) a direct interest in a facility (as described in section 5.03(3) or (5) of this notice) must each file a separate Application for § 45J Allocation with respect to a single facility. See section 6.03(6) of this notice.

(4) No user fee is required for the submission of an Application for § 45J Allocation.

**.02 Application Deadline.** An Application for § 45J Allocation must be filed no later than thirty (30) days after the date that the facility is placed in service. A taxpayer may file its Application for § 45J Allocation before the facility is placed in service, but the taxpayer must supplement its application with the statement required under section 6.03(4) of this notice no later than thirty (30) days after the date that the facility is placed in service.

**.03 Required Information.** An Application for § 45J Allocation must include the following:

(1) The name, taxpayer identification number (if available), and address of the taxpayer who placed or who will place the facility in service;

(2) The name and location of the facility;

(3) The nameplate capacity of the facility;

(4) A statement signed under penalties of perjury (as provided in section 6.03(8) of this notice) providing the date on which the facility was placed in service, the date the facility received an NRC construction permit or license or combined license, and a statement that such permit or license remains active. If the date on which the facility was placed in service is unknown at the time of the Application for § 45J Allocation, such application may be supplemented at any time prior to the application deadline specified in section 6.02 of this notice;

(5) The total amount of unutilized NMCL requested (not to exceed the nameplate capacity of the facility);

(6) If a taxpayer's Application for § 45J Allocation relates to a facility in which more than one person owns (or is treated as owning) a direct interest (as described in section 5.03(3) or (5) of this notice), the taxpayer must submit documentation of its undivided ownership share in the facility;

(7) If the facility is owned by an organization that has made a § 761(a) election, a copy of the § 761 election;

(8) A declaration, applicable to the Application for § 45J Allocation and any required supplemental submissions, signed by a person currently authorized to bind the taxpayer in these matters, in the following form:

"Under penalties of perjury I declare that I have examined the information contained in this Application for § 45J Allocation and the documents that substantiate this Application for § 45J Allocation, and to the best of my knowledge and belief, it is true, correct, and complete."

(9) The following additional statement:

"I further declare that I have authority to sign this Application for § 45J Allocation (and any supplemental submissions) on behalf of the taxpayer."

**.04 Where to Submit an Application for § 45J Allocation.**

(1) An Application for § 45J Allocation should be sent to the following address:

Internal Revenue Service  
Attn: CC:PSI:6, Room 5114  
P.O. Box 7604  
Ben Franklin Station  
Washington, DC 20044

(2) If a private delivery service is used, the address is:

Internal Revenue Service  
Attn: CC:PSI:6, Room 5114  
1111 Constitution Ave., N.W.  
Washington, DC 20224

(3) An Application for § 45J Allocation may also be faxed or e-faxed to (855) 591-7868.

*.05 IRS Action.* (1) Upon receipt of a taxpayer's Application for § 45J Allocation, the IRS will determine whether the Application for § 45J Allocation satisfies the requirements of this notice. If the Application for § 45J Allocation does not satisfy the requirements of this notice, the IRS may advise the taxpayer how to perfect its Application for § 45J Allocation. The IRS will not consider an Application for § 45J Allocation to be complete until the IRS receives all the information requested in this notice. The IRS will confirm that the DOE previously certified the taxpayer's facility as an advanced nuclear facility pursuant to the procedures of Notice 2013-68.

(2) Upon receipt of a completed Application for § 45J Allocation, the IRS will review the taxpayer's Application for § 45J Allocation and will notify the taxpayer, by letter, of its decision. If the IRS accepts the taxpayer's Application for § 45J Allocation, the acceptance letter will state the amount of the facility limitation and the portion of that facility limitation being allocated to the taxpayer.

(3) The IRS will allocate the unutilized NMCL under this notice based on the information provided in a taxpayer's Application for § 45J Allocation. If the IRS determines upon an examination that a facility was not placed in service on the date the taxpayer specified under section 6.03(4) of this notice, the IRS may subsequently withdraw a facility's allocation of the unutilized NMCL.

## SECTION 7. TRANSFER OF CREDIT BY QUALIFIED PUBLIC ENTITIES

*.01 In general.* Section 45J(e) permits a qualified public entity (as defined in

§ 45J(e)(2)(A)) to elect to transfer all or a portion of its § 45J credit to an eligible project partner (as defined in § 45J(e)(2)(B)) (§ 45J(e) Election). If a facility is owned by a partnership, a qualified public entity may elect to transfer its distributive share under § 1.704-1(b)(4)(ii) of the credit to an eligible project partner. In addition, if a facility is owned by a partnership, an eligible project partner includes any partner of the partnership. A § 45J(e) Election may be made by a qualified public entity for a taxable year only if a § 45J credit is determined for the qualified public entity for such taxable year. If a qualified public entity is not required to file an income tax return for the taxable year that the § 45J credit is determined, the qualified public entity is still considered a taxpayer for purposes of making the § 45J(e) Election and its taxable year is treated as the calendar year for purposes of determining the § 45J credit and making such election.

*.02 Election Procedures.* (1) A qualified public entity may make a § 45J(e) Election by furnishing an eligible project partner with a statement titled "SECTION 45J(e) ELECTION STATEMENT" (§ 45J(e) Election Statement) transferring all or a portion of the qualified public entity's § 45J credit. The statement must be signed under penalties of perjury by an individual with authority to legally bind the qualified public entity. The election statement must also include the written consent of an individual with authority to legally bind the eligible project partner. A qualified public entity must furnish a separate statement to each eligible project partner to whom it transfers any portion of its § 45J credit.

(2) The § 45J(e) Election Statement must include the following information:

(a) The name, address, and taxpayer identification number (if available) of the qualified public entity;

(b) The name and location of the facility;

(c) The nameplate capacity of the facility;

(d) The date on which the facility was placed in service;

(e) The full amount of the unutilized NMCL allocated to the qualified public entity with respect to the facility and a copy of the letter issued by the IRS stating

the amount of the unutilized NMCL allocated to the qualified public entity;

(f) The taxable year of the qualified public entity for which the § 45J credit is determined and the election is made;

(g) The name, address and taxpayer identification number of all known eligible project partners receiving any portion of the qualified public entity's transferred § 45J credit;

(h) The total kilowatt-hours of electricity produced by the facility and sold to an unrelated taxpayer during the taxable year of the qualified public entity for which the election is made;

(i) The total amount of the § 45J credit determined with respect to the qualified public entity for the taxable year for which the election is made and the amount of that § 45J credit that the qualified public entity is electing to transfer to the eligible project partner;

(j) A statement providing how the § 45J credit claimant qualifies as an eligible project partner; and

(k) A declaration, applicable to the § 45J(e) Election Statement signed by a person currently authorized to bind the qualified public entity in these matters, in the following form:

"Under penalties of perjury I declare that I have examined the information contained in this § 45J(e) Election Statement and the documents that substantiate this § 45J(e) Election Statement, and to the best of my knowledge and belief, it is true, correct, and complete."

(l) The following additional statement:

"I further declare that I have authority to sign this § 45J(e) Election Statement on behalf of the qualified public entity."

(3) A § 45J(e) Election is an annual election that must be made for each taxable year for which a qualified public entity will transfer the credit to an eligible project partner. A separate election must be made for each eligible project partner for which a qualified public entity will transfer a portion of the § 45J credit.

*.03 Due Date for Making Election.* The § 45J(e) Election Statement must be furnished to the eligible project partner on or



before the due date (including extensions of time) of the eligible project partner's Federal income tax return on which it claims the transferred § 45J credit for the taxable year ending with, or after, the qualified public entity's taxable year with respect to which the credit was determined.

**.04 Election Irrevocable.** An election by a qualified public entity to transfer any portion of the § 45J credit is irrevocable once the § 45J(e) Election Statement referred to in section 7.02 of this notice is furnished to the eligible project partner.

**.05 Requirement for an Eligible Project Partner to Claim the Credit.** An eligible project partner claims the § 45J credit by filing the applicable IRS form for claiming the credit (and including all requested information) and attaching the § 45J(e) Election Statement furnished by the qualified public entity as provided in section 7.02 of this notice.

**.06 Carryforwards and Carrybacks of Credits.** In the case of any credit or portion thereof with respect to which a § 45J(e) Election is made, the credit must be taken into account under § 38 by the eligible project partner in the first taxable year of the eligible project partner ending with or after the qualified public entity's taxable year with respect to which the credit was determined. The carryback and carryforward rule provided in § 39 regarding unused business credits applies to the eligible project partner.

## SECTION 8. REQUEST FOR COMMENTS

**.01 Comments Requested.** The Treasury Department and IRS request written comments on issues relating to § 45J(b) (5) and (e) and the guidance provided in this notice. In particular, the Treasury Department and the IRS request comments to address the following:

(1) Section 45J(b)(5) provides that the unutilized NMCL is allocated to facilities in the order in which a facility is placed in service in an allocation amount up to the facility's nameplate capacity. The Treasury Department and the IRS intend to issue guidance to provide the proce-

dures for a facility that has not previously received a certification from the DOE as an "advanced nuclear facility" under Notice 2013-68 to be allocated unutilized NMCL. Accordingly, the Treasury Department and the IRS invite comments regarding the procedures for allocating the remaining unutilized NMCL.

(2) Section 45J(c)(2) provides that the § 45J credit phases out based on a ratio of the credit determined in § 45J(a) to the reference price defined in § 45(e)(2)(C). The Treasury Department and the IRS invite comments regarding the method for calculating the reference price for the generation of electricity at an advanced nuclear power facility.

**.02 How to Submit Comments.** All commenters are strongly encouraged to submit comments electronically. Comments should be submitted in writing by May 8, 2023, and should include reference to Notice 2023-24. Comments may be submitted electronically via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (type IRS-2023-0008 in the search field on the regulations.gov homepage to find this notice and submit comments). Alternatively, comments may be mailed to: Internal Revenue Service, Attn: CC:PA:LPD:PR (Notice 2023-24), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington D.C. 20044. The Treasury Department and the IRS will publish for public availability any comment submitted electronically or on paper to its public docket on [www.regulations.gov](http://www.regulations.gov).

## SECTION 9. PAPERWORK REDUCTION ACT

The collection of information contained in this notice has been submitted to the Office of Management and Budget in accordance with the Paperwork Reduction Act (PRA) (44 U.S.C. 3507) under control number 1545-2000. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collections of information in this notice are in sections 6 and 7. The sec-

tion 6 requirements are not defined as a collection of information under 5 CFR 1320.3(c). The information collection requirements contained in section 7 will be submitted to OMB for review and approval in accordance with 5 CFR 1320.10.

Section 7 provides procedures for a qualified public entity to make an election to transfer the § 45J credits to an eligible project partner (a third-party disclosure under the PRA). The information will be used to determine the portion of the § 45J credits to which an eligible project partner is entitled. An eligible project partner will use the election statement to claim the § 45J credit. This information is required to be collected and retained for taxpayers to claim the § 45J credit.

The collection of information is required to obtain a benefit. The likely respondents are corporations and partnerships.

The estimated total annual reporting burden is 406 hours.

The estimated annual burden per respondent is 5.07 hours. The estimated number of respondents is 80.

The estimated frequency of responses is on occasion.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by § 6103 of the Code.

## SECTION 10. EFFECT ON OTHER DOCUMENTS

Notice 2013-68 is obsolete.

## SECTION 11. DRAFTING INFORMATION

The principal author of this notice is John M. Deininger of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Mr. Deininger at (202) 317-6853 (not a toll-free number).

# Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2023

## Notice 2023-26

### SECTION 1. PURPOSE

This notice provides adjustments to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code for specific locations for 2023. These adjustments are based on geographic differences in housing costs relative to housing costs in the United States.

### SECTION 2. BACKGROUND

Section 911 allows a qualified individual to elect to exclude from gross income the foreign earned income and to exclude or deduct the housing cost amount of such individual.

The term “housing cost amount” is generally the total of the housing expenses for the taxable year minus a base housing

amount. See § 911(c)(1). For this purpose, the base housing amount for the taxable year is limited to an amount that is tied to the maximum foreign earned income exclusion amount of the qualified individual, which is \$120,000 for 2023. See § 911(c)(1)(B). Specifically, the base housing amount is 16 percent of the maximum foreign earned income exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period that fall within the taxable year. Assuming that the entire taxable year of a qualified individual is within the applicable period, the base housing amount for 2023 is \$19,200 ( $\$120,000 \times .16$ ).

Similarly, the housing expense amount is also limited, based on a percentage of the maximum foreign earned income exclusion amount. Specifically, the limit on such housing expenses generally equals 30 percent of the maximum foreign earned income exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period for which the taxpayer is a qualified individual. See § 911(c)(2)(A) and (d)(1). Thus, under this general limitation, a qualified individual whose entire taxable year is within the

applicable period is limited to maximum housing expenses of \$36,000 ( $\$120,000 \times .30$ ) for 2023. However, section 911(c)(2)(B) authorizes the Secretary to issue regulations or other guidance to adjust the percentage under section 911(c)(2)(A)(i) (which determines the limit on housing expenses) based on geographic differences in housing costs relative to housing costs in the United States. Pursuant to this authority, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have published annual notices concerning the limitation on the section 911 housing cost amounts since the 2006 taxable year.

For more background on the foreign housing exclusion, see <https://www.irs.gov/individuals/international-taxpayers/foreign-housing-exclusion-or-deduction>.

### SECTION 3. TABLE OF ADJUSTED HOUSING LIMITATIONS FOR 2023

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$36,000) for 2023. All amounts are in U.S. dollars.

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily/365 days)
Angola	Luanda	84,000	230.14
Argentina	Buenos Aires	56,500	154.79
Australia	Sydney	66,500	182.19
Bahamas, The	Nassau	49,700	136.16
Bahrain	Bahrain	48,300	132.33
Barbados	Barbados and Bridgetown	37,700	103.29
Belgium	Brussels	38,700	106.03
Bermuda	Bermuda	90,000	246.58
Brazil	Sao Paulo	56,600	155.07
Canada	Calgary	38,600	105.75
Canada	Montreal	52,600	144.11
Canada	Ottawa	46,100	126.30
Canada	Toronto	59,900	164.11
Canada	Vancouver	56,800	155.62
Canada	Victoria	41,300	113.15
Cayman Islands	Grand Cayman	48,000	131.51
China	Beijing	69,600	190.68

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily/365 days)
China	Hong Kong	114,300	313.15
China	Shanghai	57,001	156.17
Colombia	Bogota	58,700	160.82
Colombia	All cities other than Bogota	49,400	135.34
Costa Rica	San Jose	37,800	103.56
Democratic Republic of the Congo	Kinshasa	42,000	115.07
Denmark	Copenhagen	43,704	119.74
Dominican Republic	Santo Domingo	45,500	124.66
Ecuador	Quito	38,200	104.66
Estonia	Tallinn	46,600	127.67
France	Garches, Paris, Sevres, Suresnes, and Versailles	66,400	181.92
France	Lyon	36,700	100.55
Germany	Berlin	39,800	109.04
Germany	Boeblingen, Ludwigsburg, Nellingen, and Stuttgart	39,600	108.49
Germany	Bonn	42,000	115.07
Germany	Cologne	56,200	153.97
Germany	Gelnhausen and Hanau	41,000	112.33
Germany	Ingolstadt	46,500	127.40
Germany	Kaiserslautern, Landkreis, Pirmasens, Sembach, and Zweibrueken	39,900	109.32
Germany	Mainz and Wiesbaden	44,500	121.92
Germany	Munich	46,500	127.40
Germany	Wahn	42,000	115.07
Guatemala	Guatemala City	42,000	115.07
Guinea	Conakry	51,300	140.55
Holy See, The	Holy See, The	44,200	121.10
India	Mumbai	67,920	186.08
India	New Delhi	56,124	153.76
Indonesia	Jakarta	37,776	103.50
Ireland	Dublin	38,400	105.21
Israel	Beer Sheva	58,000	158.90
Israel	Jerusalem	49,000	134.25
Israel	Tel Aviv	50,800	139.18
Israel	West Bank	49,000	134.25
Italy	Genoa	41,800	114.52
Italy	La Spezia	40,400	110.68
Italy	Milan	66,000	180.82
Italy	Naples	45,300	124.11
Italy	Rome	44,200	121.10
Italy	Vicenza	36,900	101.10

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily/365 days)
Jamaica	Kingston	41,200	112.88
Japan	Gifu, Komaki, and Nagoya	74,300	203.56
Japan	Okinawa Prefecture	47,200	129.32
Japan	Osaka-Kobe	90,664	248.39
Japan	Tokyo	77,000	210.96
Japan	Yokohama	41,000	112.33
Japan	Yokosuka	44,300	121.37
Kazakhstan	Almaty	48,000	131.51
Korea	Camp Colbern	54,200	148.49
Korea	Camp Market, K-16, Kimpo Airfield, Seoul, and Suwon	48,600	133.15
Korea	Camp Mercer	54,200	148.49
Kuwait	Kuwait City	64,400	176.44
Kuwait	All cities other than Kuwait City	57,700	158.08
Luxembourg	Luxembourg	36,200	99.18
Malaysia	Kuala Lumpur	46,200	126.58
Malta	Malta	55,100	150.96
Mexico	Merida	37,900	103.84
Mexico	Mexico City	47,900	131.23
Mexico	All cities other than Ciudad Juarez, Cuernavaca, Guadalajara, Hermosillo, Matamoros, Mazatlan, Merida, Metapa, Mexico City, Monterrey, Nogales, Nuevo Laredo, Tijuana, and Veracruz	39,400	107.95
Mozambique	Maputo	39,500	108.22
Netherlands	Amsterdam and Schiphol	52,900	144.93
Netherlands	Aruba	39,300	107.67
Netherlands	Hague, The	52,700	144.38
Netherlands Antilles	Curacao	45,800	125.48
Oman	Muscat	41,300	113.15
Panama	Panama City	39,500	108.22
Peru	Lima	39,100	107.12
Poland	Warsaw	50,200	137.53
Portugal	Alverca and Lisbon	40,400	110.68
Qatar	Doha	45,888	125.72
Romania	Bucharest	41,200	112.88
Russia	Moscow	108,000	295.89
Russia	Saint Petersburg	60,000	164.38
Saudi Arabia	Riyadh	40,000	109.59
Singapore	Singapore	82,900	227.12
Slovenia	Ljubljana	46,400	127.12
South Africa	Pretoria	39,300	107.67



Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily/365 days)
Spain	Barcelona	40,600	111.23
Spain	Madrid	53,900	147.67
Switzerland	Bern	69,000	189.04
Switzerland	Geneva	98,300	269.32
Switzerland	Zurich	39,219	107.45
Taiwan	Taipei	46,188	126.54
Tanzania	Dar Es Salaam	44,000	120.55
Thailand	Bangkok	59,000	161.64
Trinidad and Tobago	Port of Spain	54,500	149.32
Ukraine	Kiev	72,000	197.26
United Arab Emirates	Abu Dhabi	49,687	136.13
United Arab Emirates	Dubai	57,174	156.64
United Kingdom	Basingstoke	41,099	112.60
United Kingdom	Bath	41,000	112.33
United Kingdom	Bracknell, High Wycombe, and Reading	62,100	170.14
United Kingdom	Caversham	73,800	202.19
United Kingdom	Cheltenham	45,600	124.93
United Kingdom	Farnborough	54,700	149.86
United Kingdom	Gibraltar	44,616	122.24
United Kingdom	Lakenheath and Mildenhall	42,600	116.71
United Kingdom	London	64,600	176.99
United Kingdom	Loudwater	52,400	143.56
United Kingdom	Southampton	44,200	121.10
United Kingdom	Surrey	48,402	132.61
Venezuela	Caracas	57,000	156.16
Vietnam	Hanoi	46,800	128.22
Vietnam	Ho Chi Minh City	42,000	115.07

#### SECTION 4. OPTION TO APPLY 2023 ADJUSTED HOUSING LIMITATIONS TO 2022 TAXABLE YEAR

For some locations, the limitation on housing expenses provided in Section 3 of this notice may be higher than the limitation on housing expenses provided in the “Table of Adjusted Limitations for 2022” in Notice 2022-10, 2022-10 I.R.B. 815. A qualified individual incurring housing expenses in such a location during 2022 may apply the adjusted limitation on housing expenses provided in Section 3 of this notice for 2023 in lieu of the amounts provided in the “Table of Adjusted Limitations for 2022” in Notice 2022-10 (and as set forth in the Instruc-

tions to Form 2555, *Foreign Earned Income*, for 2022).

The Treasury Department and the IRS anticipate that future annual notices providing adjustments to housing expense limitations will make a similar option available to qualified individuals that incur housing expenses in the immediately preceding year. For example, when adjusted housing expense limitations for 2024 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2023 taxable year.

#### SECTION 5. EFFECT ON OTHER DOCUMENTS

This notice supersedes Notice 2022-10, 2022-10 I.R.B. 815.

#### SECTION 6. EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2023. However, as provided in Section 4, taxpayers may apply the 2023 adjusted housing limitations contained in Section 3 of this notice to his or her taxable year beginning in 2022.

#### SECTION 7. DRAFTING INFORMATION

The principal author of this notice is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Kate Y. Hwa at (202) 317-5001 (not a toll-free number).

**NOTE.** This revenue procedure will be reproduced as the next revision of IRS Publication 4436, General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), Schedule R (Form 941), and Form 8974.

## **Rev. Proc. 2023-13**

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## Part 1

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### Section 1.1 – Purpose

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.01 The purpose of this revenue procedure is to provide general rules and specifications from the IRS for paper and computer-generated substitutes for Form 941, Employer's QUARTERLY Federal Tax Return; Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors (referred to in this revenue procedure as "Schedule B"); Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations (referred to in this revenue procedure as "Schedule D"); Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers (referred to in this revenue procedure as "Schedule R"); and Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

**Caution.** Before creating a substitute Form 941, see Pub. 1167, General Rules and Specifications for Substitute Forms and Schedules, for additional rules and specifications for payment vouchers (Vouchers), printing in margins (Marginal Printing), and additional instructions (Additional Instructions for All Forms).

**Note.** Substitute territorial forms (941-PR, Planilla para la Declaración Federal TRIMESTRAL del Patrono; 941-SS, Employer's QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands); and Anexo B (Formulario 941-PR), Registro de la Obligación Contributiva para los Despositantes de Itinerario Bisemanal), should also generally conform to the specifications outlined in this revenue procedure. However, some of the measurements provided in the exhibits, later, may need to be adjusted for substitute territorial forms.

.02 This revenue procedure provides information for substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974. If you need more in-depth information on who must complete these forms and how to complete them, see the Instructions for Form 941, the Instructions for Schedule B, the Instructions for Schedule D, the Instructions for Schedule R, the Instructions for Form 8974, and Pub. 15, Employer's Tax Guide, or go to IRS.gov.

**Note.** Failure to produce acceptable substitutes of the forms and schedules listed in this revenue procedure may result in delays in processing. This may result in penalties.

.03 Forms that completely follow the guidelines in this revenue procedure and are exact replicas of the official IRS forms do not need to be submitted to the IRS for specific approval. Substitute forms and schedules need to be scanned using IRS scanning equipment.

If you are uncertain of any specification and want clarification, do the following.

1. Submit a letter citing the specification.
2. State your understanding of the specification.
3. Enclose an example (if appropriate) of how the form would appear if produced using your understanding.

4. Be sure to include your name, complete address, phone number, and, if applicable, your email address with your correspondence. Send your request to [SCRIPS@IRS.gov](mailto:SCRIPS@IRS.gov) or [SubstituteForms@IRS.gov](mailto:SubstituteForms@IRS.gov), or use the following address.

Internal Revenue Service  
Attn: Substitute Forms Program  
SE:W:CAR:MP:P:TP:TP  
5000 Ellin Road, Mail Stop C6-110  
Lanham, MD 20706

**Note.** Allow at least 30 days for the IRS to respond.

**.04** However, software developers and form producers should send a blank copy of their substitute Form 941, Schedule B, and Schedule R in Portable Document Format (PDF) to [SCRIPS@IRS.gov](mailto:SCRIPS@IRS.gov). The purpose is not specifically for approval but to assist the IRS in preparing to scan these forms. Submitters will only receive comments if a significant problem is discovered through this process. Submitters are not expected to delay marketing their forms in order to receive feedback. Submitters must not include any “live” taxpayer data on any substitute form submitted for review.

**.05** Form 941, Schedule B, Schedule R, and Form 8974 have a six-digit form ID code in the upper right-hand corner. The first two digits of the form ID code represent whether the form is an official paper form or a substitute 6x10 grid. The third and fourth digits of the form ID code are a unique identifier that is subject to change each quarter when changes are made to a page of the form. The fifth and six digits of the form ID code generally represent the year in which the IRS made major formatting changes to the layout of a page of the form. The following six-digit form ID codes, some of which have been updated for the first quarter of 2023, are currently used on Form 941, Schedule B, Schedule R, and Form 8974.

- **Official paper forms:** 950122 (Form 941, page 1); 951222 (Form 941, page 2); 950922 (Form 941, page 3); 951020 (Form 941, page 4); 960311 (Schedule B); 951422 (Schedule R, page 1); 951522 (Schedule R, page 2); and 950823 (Form 8974).
- **Substitute 6x10 grids:** 970122 (Form 941, page 1); 971222 (Form 941, page 2); 970922 (Form 941, page 3); 971020 (Form 941, page 4); 970311 (Schedule B); 971422 (Schedule R, page 1); 971522 (Schedule R, page 2); and 970823 (Form 8974).

You must always use the form ID code provided on the current form for the applicable quarter for which you are creating a substitute form, even if this revenue procedure is not superseded to reflect a change to a form ID code.

**Note.** Page 4 of Form 941 (page intentionally left blank) is not required to be filed with the IRS as part of a substitute Form 941. However, if page 4 of the substitute Form 941 is filed, it must include the form ID code.

**.06** This revenue procedure will be updated only if there are major formatting changes to the layout of the forms (that is, changes to the measurements provided in the exhibits at the end of this revenue procedure) or there are other changes that impact the processing of substitute forms. This revenue procedure won’t be updated solely because a line is changed to “Reserved for future use” or solely because a form ID code changes without major formatting changes.



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## Section 1.2 – What’s New

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**.01** Some measurements shown in the exhibits for Form 941 have changed due to minor design changes.

**.02** Some column headings on Schedule R were revised to make use of columns that were previously “Reserved for future use.”

**.03** Form 8974 was revised due to the Inflation Reduction Act of 2022. See the instructions for this form at [IRS.gov/Form8974](https://www.irs.gov/Form8974).

**.04** Form 941-SS and Form 941-PR will no longer be available after the fourth quarter of 2023. Instead, employers in the U.S. territories will file Form 941, or, if you prefer your form and instructions in Spanish, you can file new Form 941 (sp), Declaración del Impuesto Federal TRIMESTRAL del Empleador.

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## Section 1.3 – Reminders

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**.01 Draft forms.** Draft forms can be found at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms).

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## Section 1.4 – General Requirements for Reproducing IRS Official Form 941, Schedule B, Schedule D, Schedule R, and Form 8974

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**.01** Submit substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 to the IRS for specifications review. Substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 that **completely conform** to the specifications contained in this revenue procedure do not require prior approval from the IRS, but should be submitted to [SCRIPS@IRS.gov](mailto:SCRIPS@IRS.gov) to ensure that they conform to IRS format and scanning specifications.

**.02** Print the form on standard 8.5-inch wide by 11-inch paper.

**.03** Use white paper that meets generally accepted weight, color, and quality standards (minimum 20 lb. white bond paper).

**Note.** Reclaimed fiber in any percentage is permitted provided that the requirements of this standard are met.

**.04** The IRS prefers printing Form 941 on both sides of a single sheet of paper, but it is acceptable to print on one side of each of two separate sheets of paper.

**.05** Make the substitute paper form as identical to the official form as possible.

**.06** Print the substitute form using nonreflective black (not blue or other-colored) ink. Printing in an ink color other than black may reduce readability in the scanning process. This may result in figures being too faint to be recognizable.

**.07** Use typefaces that are substantially identical in size and shape to the official form and use rules and shading (if used) that are substantially identical to those on the official form. Use font size as large as possible within the fields.

**.08** In the same location as shown on the official IRS forms, print the six-digit form ID code (if one exists on the official form) on each form using nonreflective black, carbon-based, 12-point font. The use of non-OCR-A font may reduce readability for scanning. Use the official form to develop your substitute form.

**Note.** Maintain as much white space as possible around the form ID code. Do not allow character strings to print adjacent to the code.

The following six-digit form ID codes are used on Form 941, Schedule B, Schedule R, and Form 8974 for the first quarter of 2023. Print “950122” on Form 941, page 1; “951222” on Form 941, page 2; “950922” on Form 941, page 3; “951020” on Form 941, page 4; “960311” on Schedule B; “951422” on Schedule R, page 1; “951522” on Schedule R, page 2; and “950823” on Form 8974. You must always use the form ID code provided on the current form for the applicable quarter for which you are creating a substitute form, even if this revenue procedure is not superseded to reflect a change to a form ID code. See Section 1.5 for information on form ID codes for software-generated forms.

**Note.** Page 4 of Form 941 (page intentionally left blank) is not required to be filed with the IRS as part of a substitute Form 941. However, if page 4 of the substitute Form 941 is filed, it must include the form ID code.

**.09** Print the OMB number in the same location as on the official form. Be sure to include the OMB number on Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

**.10** Print all entry boxes and checkboxes exactly as shown (**location and size**) on the official forms.

**Note.** Instead of a four-sided checkbox for the entry, just the bottom line of the box can be used as long as the location and size remain the same.

**.11** Print “For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.” at the bottom of page 1 of Form 941.

**.12** Print “For Paperwork Reduction Act Notice, see separate instructions.” at the bottom of Schedule B and Schedule D.

**.13** Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Schedule R.

**.14** Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Form 8974.

**.15 Do not** print the form catalog number (“Cat. No.”) at the bottom of the forms or instructions. Instead, print your IRS-issued three-letter substitute form source code in place of the catalog number on the left at the bottom of page 1 of Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

**Note.** You can obtain a three-letter substitute form source code by requesting it by email at [SubstituteForms@IRS.gov](mailto:SubstituteForms@IRS.gov). Enter “Substitute Forms” on the subject line.

**.16 Do not** print the Government Publishing Office (GPO) symbol at the bottom of the forms or instructions.

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## Section 1.5 – Reproducing Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 for Software-Generated Paper Forms

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**.01** You may use the PDF files to develop the layout for your forms. Draft forms found at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) can be used to develop interim formats until the forms are finalized. When forms become finalized, they are posted and can be found at [IRS.gov/Forms](https://www.irs.gov/Forms). You may use 6x10 grid formats to develop software versions of Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

Please follow the specifications exactly to develop the fields.

**.02** If you are developing software using the 6x10 grid, the following six-digit form ID codes are used on Form 941, Schedule B, Schedule R, and Form 8974 for the first quarter of 2023.

- “970122” for Form 941, page 1; “971222” for Form 941, page 2; “970922” for Form 941, page 3; “971020” for Form 941, page 4; “970311” for Schedule B; “971422” for Schedule R, page 1; “971522” for Schedule R, page 2; and “970823” for Form 8974.

You must always use the form ID code provided on the current form, with the first two digits changed to “97” when using a 6x10 grid, for the applicable quarter for which you are creating a substitute form, even if this revenue procedure is not superseded to reflect a change to a form ID code.

**Note.** Maintain as much white space as possible around the form ID code. Do not allow character strings to print adjacent to the code.

- Place all 6x10 grid boxes and entry spaces in the same field locations as indicated on the official forms.
- Use single lines for “Employer Identification Number (EIN)” and other entry areas in the entity section of Form 941, pages 1, 2, and 3; Schedule B; Schedule R, pages 1 and 2; and Form 8974.
- Reverse type is not needed as shown on the official form.
- **Do not** pre-print decimal points in the data boxes. However, where the amounts are required, the amounts should be printed with decimal points and place holders for cents.
- Delete the pre-printed formatting in any “date” boxes.
- Use a single box for “Personal Identification Number (PIN)” on Form 941.
- You may delete all shading when using the 6x10 grid format.

**.03** If producing both the form and the data or the form only, print your three-letter source code at the bottom of Form 941, page 1; Schedule B; Schedule D; Schedule R, page 1; or Form 8974. See *Section 1.4.15*.

**.04** If producing only the data on the form, print your four-digit software industry vendor code on Form 941. The four-digit vendor code preceded by four zeros and a slash (0000/9876) must be pre-printed. If you have a valid vendor code issued to you through the National Association of Computerized Tax Processors (NACTP), you should use that code. If you do not have a valid vendor code, contact the NACTP via email at [president@nactp.org](mailto:president@nactp.org) for information on these codes.

**.05** Print “For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.” at the bottom of Form 941, page 1.

**.06** Print “For Paperwork Reduction Act Notice, see separate instructions.” at the bottom of Schedule B and Schedule D.

**.07** Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Schedule R, page 1.

**.08** Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Form 8974.

**.09** Be sure to print the OMB number in the same location as on the official forms on substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

**.10 Do not** print the form catalog number (“Cat. No.”) at the bottom of the forms or instructions.

**.11 Do not** print the Government Publishing Office (GPO) symbol at the bottom of the forms or instructions.

**.12** To ensure accurate scanning and processing, enter data on Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 as follows.



- Display/print the name and EIN on all pages and attachments in the proper associated fields.
- Use 12-point (minimum 10-point) Courier font (where possible).
- Omit dollar signs. Commas are optional.
- Except for Form 941, lines 1, 2, and 12, leave blank any data field with a value of zero.
- Enter negative amounts with a minus sign. For example, report “-10.59” instead of “(10.59).”

**Note.** The IRS prefers that you use a minus sign for negative amounts instead of parentheses or some other means. However, if your software only allows for parentheses in reporting negative amounts, you may use them.

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## Section 1.6 – Specific Instructions for Schedule D

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**.01** To properly file and to reduce delays and contact from the IRS, Schedule D must be produced as close as possible to the official form.

**.02** Use Schedule D to explain why you have certain discrepancies. See the Instructions for Schedule D for more information. In many cases, the information on Schedule D helps the IRS resolve discrepancies without contacting you.

**.03** If a substitute Schedule D is not submitted in similar format to the official IRS schedule, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

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## Section 1.7 – Specific Instructions for Schedule R

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**.01** To properly file and to reduce delays and contact from the IRS, Schedule R and Continuation Sheets for Schedule R must be produced as close as possible to the official form.

**Note. Do not** present the information in spreadsheet or similar format. We may not be able to properly process nonconforming documents with an excessive number of entries. Complete as many Continuation Sheets for Schedule R (Schedule R, page 2) as necessary. If Continuation Sheets are not used or they vary in form from the official form, processing may be delayed and you may be subject to penalties.

**.02** Use Schedule R to allocate the aggregate information reported on Form 941 to each client. If you have more than 5 clients, complete as many Continuation Sheets for Schedule R as necessary. Attach Schedule R, including any Continuation Sheets, to your aggregate Form 941 and file it with your return.

Enter your business information carefully.

Make sure all information exactly matches the information shown on the aggregate Form 941. Compare the total of each column on Schedule R, line 9 (including your information on line 8), to the amounts reported on the aggregate Form 941. For each column total of Schedule R, the relevant line from Form 941 is noted in the column heading. If the totals on Schedule R, line 9, do not match the totals on Form 941, there is an error that must be corrected before submitting Form 941 and Schedule R.

**.03 Do:**

- Develop and submit only conforming Schedules R;
- Follow the format and fields exactly as on the official Schedule R, even if this revenue procedure is not superseded to reflect a change in a column heading on Schedule R; and
- Maintain the same number of entry lines on the substitute Schedule R as on the official form.

**.04 Do not:**

- Add or delete entry lines;
- Submit spreadsheets, database printouts, or similar formatted documents instead of using the Schedule R format to report data; and
- Reduce or expand font size to add or delete extra data or lines.

**.05** If substitute Schedules R and Continuation Sheets for Schedule R are not submitted in similar format to the official schedule, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

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## Section 1.8 – Specific Instructions for Form 8974

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**.01** To properly file and to reduce delays and contact from the IRS, Form 8974 must be produced as close as possible to the official form.

**.02** Use Form 8974 only if you are claiming the qualified small business payroll tax credit for increasing research activities.

**.03** If a substitute Form 8974 is not submitted in similar format to the official IRS form, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

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## Section 1.9 – Office of Management and Budget (OMB) Requirements for Substitute Forms

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**.01** The Paperwork Reduction Act (the Act) of 1995 (P.L. 104-13) requires the following.

- OMB approves all IRS tax forms that are subject to the Act.
- Each IRS form contains the OMB approval number, if assigned. The official OMB numbers may be found on the official IRS-printed forms.
- Each IRS form (or its instructions) states:
  1. Why the IRS needs the information,
  2. How it will be used, and
  3. Whether or not the information is required to be furnished to the IRS.

**.02** This information must be provided to any users of official or substitute IRS forms or instructions.

**.03** The OMB requirements for substitute IRS forms are the following.

- Any substitute form or substitute statement to a recipient must show the OMB number as it appears on the official form.
- For Form 941, Schedule B, Schedule D, Schedule R, and Form 8974, the OMB number (1545-0029) must appear exactly as shown on the official form.
- For Form 941, Schedule B, Schedule D, Schedule R, and Form 8974, the OMB number must use one of the following formats.
  1. OMB No. 1545-0029 (preferred).
  2. OMB # 1545-0029 (acceptable).

**.04** If no instructions are provided to users of your forms, you must furnish to them the exact text of the Privacy Act and Paperwork Reduction Act Notice.

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## Section 1.10 – Order Forms and Instructions

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**.01** You can order forms and instructions at [IRS.gov/OrderForms](https://www.irs.gov/OrderForms).

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## Section 1.11 – Effect on Other Documents

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**.01** Revenue Procedure 2022-15, 2022-13 I.R.B. 908, dated March 28, 2022, is superseded.

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## Section 1.12 – Helpful Information

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**.01** Please follow the specifications and guidelines to produce substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

**.02** These forms are subject to review and possible changes, as required. Therefore, employers are cautioned against overstocking supplies of privately printed substitutes.

**.03** Here is a review of references that were listed throughout this document.

- Form 941, Employer’s QUARTERLY Federal Tax Return.
- Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors (referred to in this revenue procedure as “Schedule B”).
- Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations (referred to in this revenue procedure as “Schedule D”).
- Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers (referred to in this revenue procedure as “Schedule R”).
- Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.
- Substitute territorial forms (941-PR, 941-SS, and Anexo B (Formulario 941-PR)).
- Instructions for Form 941.
- Instructions for Schedule B (Form 941).
- Instructions for Schedule D (Form 941).
- Instructions for Schedule R (Form 941).
- Instructions for Form 8974.
- Pub. 15, Employer’s Tax Guide.
- [SCRIPS@IRS.gov](mailto:SCRIPS@IRS.gov) for submissions.
- [SubstituteForms@IRS.gov](mailto:SubstituteForms@IRS.gov) for questions.



- For questions:

Internal Revenue Service  
Attn: Substitute Forms Program  
SE:W:CAR:MP:P:TP:TP  
5000 Ellin Road, Mail Stop C6-110  
Lanham, MD 20706

- [IRS.gov/DraftForms](https://irs.gov/DraftForms) for draft forms.
- [IRS.gov/Forms](https://irs.gov/Forms) for final forms.

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### Section 1.13 – Exhibits

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# 941 for 2023: Employer's QUARTERLY Federal Tax Return

Form  
(Rev. March 2023)

Department of the Treasury — Internal Revenue Service

950122  
OMB No. 1545-0029

Employer identification number (EIN)									
Name (not your trade name)									
Trade name (if any)									
Address									
Number		Street				Suite or room number			
City		State		ZIP code					
Foreign country name		Foreign province/county		Foreign postal code					

**Report for this Quarter of 2023**  
(Check one.)

☐ 1: January, February, March

☐ 2: April, May, June

☐ 3: July, August, September

☐ 4: October, November, December

Go to [www.irs.gov/Form941](http://www.irs.gov/Form941) for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

## Part 1: Answer these questions for this quarter.

1	Number of employees who received wages, tips, or other compensation for the pay period including: Mar. 12 (Quarter 1), June 12 (Quarter 2), Sept. 12 (Quarter 3), or Dec. 12 (Quarter 4)	1																						
2	Wages, tips, and other compensation	2																						
3	Federal income tax withheld from wages, tips, and other compensation	3																						
4	If no wages, tips, and other compensation are subject to social security or Medicare tax	<input type="checkbox"/> Check and go to line 6.																						
<table border="1"> <thead> <tr> <th></th> <th>Column 1</th> <th>Column 2</th> </tr> </thead> <tbody> <tr> <td>5a Taxable social security wages*</td> <td></td> <td></td> </tr> <tr> <td>5a (i) Qualified sick leave wages*</td> <td></td> <td></td> </tr> <tr> <td>5a (ii) Qualified family leave wages*</td> <td></td> <td></td> </tr> <tr> <td>5b Taxable social security tips</td> <td></td> <td></td> </tr> <tr> <td>5c Taxable Medicare wages &amp; tips</td> <td></td> <td></td> </tr> <tr> <td>5d Taxable wages &amp; tips subject to Additional Medicare Tax withholding</td> <td></td> <td></td> </tr> </tbody> </table>			Column 1	Column 2	5a Taxable social security wages*			5a (i) Qualified sick leave wages*			5a (ii) Qualified family leave wages*			5b Taxable social security tips			5c Taxable Medicare wages & tips			5d Taxable wages & tips subject to Additional Medicare Tax withholding			<p>*Include taxable qualified sick and family leave wages paid in this quarter of 2023 for leave taken after March 31, 2021, and before October 1, 2021, on line 5a. Use lines 5a(i) and 5a(ii) only for taxable qualified sick and family leave wages paid in this quarter of 2023 for leave taken after March 31, 2020, and before April 1, 2021.</p>	
	Column 1	Column 2																						
5a Taxable social security wages*																								
5a (i) Qualified sick leave wages*																								
5a (ii) Qualified family leave wages*																								
5b Taxable social security tips																								
5c Taxable Medicare wages & tips																								
5d Taxable wages & tips subject to Additional Medicare Tax withholding																								
5e	Total social security and Medicare taxes. Add Column 2 from lines 5a, 5a(i), 5a(ii), 5b, 5c, and 5d	5e																						
5f	Section 3121(q) Notice and Demand—Tax due on unreported tips (see instructions)	5f																						
6	Total taxes before adjustments. Add lines 3, 5e, and 5f	6																						
7	Current quarter's adjustment for fractions of cents	7																						
8	Current quarter's adjustment for sick pay	8																						
9	Current quarter's adjustments for tips and group-term life insurance	9																						
10	Total taxes after adjustments. Combine lines 6 through 9	10																						
11a	Qualified small business payroll tax credit for increasing research activities. Attach Form 8974	11a																						
11b	Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021	11b																						
11c	Reserved for future use	11c																						

You MUST complete all three pages of Form 941 and SIGN it.

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.

Cat. No. 17001Z

Form 941 (Rev. 3-2023)

# Exhibit B

Form 941 Page 2

951222

Name (not your trade name)

Employer identification number (EIN)

5.00 in

.50 in 1.90 in

.66 in .33 in

**Part 1: Answer these questions for this quarter. (continued)**

11d Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021

11e Reserved for future use

11f Reserved for future use

11g Total nonrefundable credits. Add lines 11a, 11b, and 11d

12 Total taxes after adjustments and nonrefundable credits. Subtract line 11g from line 10

13a Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, or 944-X (SP) filed in the current quarter

13b Reserved for future use

13c Refundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021

13d Reserved for future use

13e Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021

13f Reserved for future use

13g Total deposits and refundable credits. Add lines 13a, 13c, and 13e

13h Reserved for future use

13i Reserved for future use

14 Balance due. If line 12 is more than line 13g, enter the difference and see instructions

15 Overpayment. If line 13g is more than line 12, enter the difference

11d 1.80 in

11e

11f 1.20 in 2.30 in

11g .13 in

12

13a

13b

13c

13d .21 in

13e

13f

13g

13h

13i

14

15 1.30 in

Check one: ☐ Apply to next return. ☐ Send a refund.

**Part 2: Tell us about your deposit schedule and tax liability for this quarter.**

If you're unsure about whether you're a monthly schedule depositor or a semiweekly schedule depositor, see section 11 of Pub. 15.

16 Check one: ☐ Line 12 on this return is less than \$2,500 or line 12 on the return for the prior quarter was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. If line 12 for the prior quarter was less than \$2,500 but line 12 on this return is \$100,000 or more, you must provide a record of your federal tax liability. If you're a monthly schedule depositor, complete the deposit schedule below; if you're a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.

☐ You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter, then go to Part 3.

Tax liability: Month 1

Month 2

Month 3

Total liability for quarter

Month 1

Month 2

Month 3

Total liability for quarter

3.00 in

Total must equal line 12.

☐ You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941. Go to Part 3.

**You MUST complete all three pages of Form 941 and SIGN it.**

Page 2

Form 941 (Rev. 3-2023)

.50 in  
 950922

Name (not your trade name)
Employer identification number (EIN)

**Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.**

17 If your business has closed or you stopped paying wages . . . . . ☐ Check here, and  
 enter the final date you paid wages / / 1.10 in  
 2.40 in; also attach a statement to your return. See instructions.

18 If you're a seasonal employer and you don't have to file a return for every quarter of the year . . . . . ☐ Check here. 1.65 in

19 Qualified health plan expenses allocable to qualified sick leave wages for leave taken before April 1, 2021 19 \*

20 Qualified health plan expenses allocable to qualified family leave wages for leave taken before April 1, 2021 20 \* 1.80 in

21 Reserved for future use . . . . . 21 \* .04 in

22 Reserved for future use . . . . . 22 \*

23 Qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021 23 \*

24 Qualified health plan expenses allocable to qualified sick leave wages reported on line 23 24 \*

25 Amounts under certain collectively bargained agreements allocable to qualified sick leave wages reported on line 23 . . . . . 25 \* .13 in

26 Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021 26 \*

27 Qualified health plan expenses allocable to qualified family leave wages reported on line 26 27 \*

28 Amounts under certain collectively bargained agreements allocable to qualified family leave wages reported on line 26 . . . . . 28 \*

**Part 4: May we speak with your third-party designee?**

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

☐ Yes. Designee's name and phone number 2.40 in .40 in 1.50 in 1.33 in

3.10 in

Select a 5-digit personal identification number (PIN) to use when talking to the IRS.          

☐ No.

**Part 5: Sign here. You MUST complete all three pages of Form 941 and SIGN it.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here 3.00 in

Date / / 1.10 in

Print your name here 2.50 in

Print your title here  

Best daytime phone 2.00 in

**Paid Preparer Use Only**

Preparer's name 3.60 in

Preparer's signature  

Firm's name (or yours if self-employed)  

Address  

City 2.50 in State .50 in

Check if you're self-employed ☐

PTIN 1.70 in

Date / / 1.20 in

EIN  

Phone  

ZIP code

Page 3
Form 941 (Rev. 3-2023)

951020

**This page intentionally left blank**



## Form 941-V, Payment Voucher

Detach Here and Mail With Your Payment and Form 941.

<b>Form 941-V</b> Department of the Treasury Internal Revenue Service		<b>Payment Voucher</b> Don't staple this voucher or your payment to Form 941.		OMB No. 1545-0029 <b>2023</b>
<b>1</b> Enter your employer identification number (EIN). .63 in 1.80 in		<b>2</b> Enter the amount of your payment. Make your check or money order payable to "United States Treasury." Dollars Cents		
<b>3</b> Tax Period <input type="radio"/> 1st Quarter <input type="radio"/> 3rd Quarter <input type="radio"/> 2nd Quarter <input type="radio"/> 4th Quarter		<b>4</b> Enter your business name (individual name if sole proprietor). Enter your address. Enter your city, state, and ZIP code; or your city, foreign country name, foreign province/county, and foreign postal code.		2.33 in

.50 in

7.50 in

.73 in

.50 in

## Schedule B (Form 941)

# Bulletin No. 2023-13



Your EIN 

Name (not your trade name)

Other party's EIN

**Tax Year of Discrepancies (Fill in)**

Format: YYYY

.50 in

.80 in

2.20 in

### Part 2: Tell us about the discrepancies with your returns.

	Column A	Column B	Column C
	Amount you reported to IRS for the tax year	- Amount you reported to SSA for the tax year	= The difference
	Totals from Forms 941 as corrected by any Forms 941-X	Totals from Forms W-2 (Copy A) as corrected by any Forms W-2c (Copy A)	
		.20 in	
4. Social security wages	← 1.80 in →	-	=
5. Medicare wages and tips		-	=
6. Social security tips		-	=
7. Federal income tax withheld		-	=
8. Advance earned income credit (EIC) payments (for tax years ending before January 1, 2011)		-	=

If you are filing for one transaction only, STOP here. If you are filing for more than one transaction, go to Part 3.

**Part 3: Fill this part out ONLY if you are filing more than one Schedule D (Form 941) for any calendar year.**

9. File one Schedule D (Form 941) for each separate transaction. This is schedule .70 in of  . (Example: This is schedule 1 of 3.)

7.09 in	Column A	Column B	Column C
	Amount you reported to IRS for the tax year for the employees affected by the transaction reported on this Schedule D (Form 941)	- Amount you reported to SSA for the tax year for the employees affected by the transaction reported on this Schedule D (Form 941)	= The difference
	Totals from Forms 941 as corrected by any Forms 941-X	Totals from Forms W-2 (Copy A) as corrected by any Forms W-2c (Copy A)	
10. Social security wages	←	5.80 in	= →
11. Medicare wages and tips			=
12. Social security tips			=
13. Federal income tax withheld			=
14. Advance earned income credit (EIC) payments (for tax years ending before January 1, 2011)			=

**Schedule R (Form 941): Allocation Schedule for Aggregate Form 941 Filers**  
(Rev. March 2023)

Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN)   —  

Name as shown on Form 941   —  

Type of filer (check one): ☐ Section 530(a) Agent ☐ CPEO ☐ Other Third Party

Report for calendar year: 2023

Check the quarter (same as Form 941):  
☐ 1: January, February, March  
☐ 2: April, May, June  
☐ 3: July, August, September  
☐ 4: October, November, December

Read the instructions before you complete Schedule R. Type or print within the boxes. Complete a separate line for the amounts allocated to each of your clients. The term "client" as used on this form includes the term "customer." See the instructions.

(a) Client's EIN	(b) Type of wages (CPEO only)	(c) Form 941, line 1	(d) Form 941, line 2	(e) Form 941, line 3	(f) Form 941, lines 5a(i) and 5a(j), column 1, total and 5a(j), column 2, total	(g) Form 941, line 5c, column 2	(h) Form 941, line 13c	(i) Form 941, line 5e
1								
2								
3								
4								
5								
6	Subtotals for clients. Add lines 1 through 5							
7	Enter the combined subtotal from line 9 of all Continuation Sheets for Schedule R							
8	Enter Form 941 amounts for your employees							
9	Totals. Add lines 6, 7, and 8.							
(j) Form 941, line 5f	(k) Form 941, line 11a	(l) Form 941, line 11b	(m) Form 941, line 11d	(n) Form 941, line 12	(o) Form 941, line 13a	(p) Form 941, line 13c	(q) Form 941, line 13e	
1								
2								
3								
4								
5								
6								
7								
8								
9								
(r) Form 941, line 19	(s) Form 941, line 20	(t) Form 941, line 23	(u) Form 941, line 24	(v) Form 941, line 25	(w) Form 941, line 26	(x) Form 941, line 27	(y) Form 941, line 28	
1								
2								
3								
4								
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6								
7								
8								
9								

## Continuation Sheet for Schedule R (Form 941)

(Rev. March 2023)

Employer identification number (EIN)   -

Name as shown on Form 941

Type of filer (check one): ☐ Section 504 Agent ☐ CEO ☐ Other Third Party

**Report for calendar year:**

2023

Check the quarter (same as Form 941):

☐ 1: January, February, March

☐ 2: April, May, June

☐ 3: July, August, September

☐ 4: October, November, December

(a) Client's EIN	(b) Type of wages (CPEO only)	(c) Form 941, line 1	(d) Form 941, line 2	(e) Form 941, line 3	(f) Form 941, lines 5(a) and 5(a)(i), column 1, total	(g) Form 941, lines 5a and 5b, column 2, total	(h) Form 941, line 5c, column 2	(i) Form 941, line 5e
1			*	*	*	*	*	*
2			*	*	*	*	*	*
3			*	*	*	*	*	*
4			*	*	*	*	*	*
5			*	*	*	*	*	*
6			*	*	*	*	*	*
7			*	*	*	*	*	*
8			*	*	*	*	*	*
9 Subtotals for clients. Add lines 1 through 8. Include the subtotals from this line on Schedule R, Page 1, line 7.			*	*	*	*	*	*
(j) Form 941, line 5f	(k) Form 941, line 11a	(l) Form 941, line 11b	(m) Form 941, line 11d	(n) Form 941, line 12	(o) Form 941, line 13a	(p) Form 941, line 13c	(q) Form 941, line 13e	(r) Form 941, line 13g
1	*	*	*	*	*	*	*	*
2	*	*	*	*	*	*	*	*
3	*	*	*	*	*	*	*	*
4	*	*	*	*	*	*	*	*
5	*	*	*	*	*	*	*	*
6	*	*	*	*	*	*	*	*
7	*	*	*	*	*	*	*	*
8	*	*	*	*	*	*	*	*
9	*	*	*	*	*	*	*	*
(s) Form 941, line 19	(t) Form 941, line 20	(u) Form 941, line 23	(v) Form 941, line 24	(w) Form 941, line 25	(x) Form 941, line 26	(y) Form 941, line 27	(z) Form 941, line 28	
1	*	*	*	*	*	*	*	*
2	*	*	*	*	*	*	*	*
3	*	*	*	*	*	*	*	*
4	*	*	*	*	*	*	*	*
5	*	*	*	*	*	*	*	*
6	*	*	*	*	*	*	*	*
7	*	*	*	*	*	*	*	*
8	*	*	*	*	*	*	*	*
9	*	*	*	*	*	*	*	*

Schedule R (Form 941) (Rev. 3-2023)



## 8974: Qualified Small Business Payroll Tax Credit for Increasing Research Activities

Form 42 (Rev. March 2023) Department of the Treasury — Internal Revenue Service

950823

OMB No. 1545-0029

**Employer identification number (EIN)** 327

**Name**  
(not your trade name)

The credit from Part 2, line 12 or, if applicable, line 17, will be reported on (check only one box):

☐ Form 941, 941-PR, or 941-SS

☐ Form 943 or 943-PR

☐ Form 944 or 944(SP)

**Calendar year** 2023

You must select a quarter if you file Form 941, 941-PR, or 941-SS.

**Report for this quarter...**

Check only one box.

☐ 1: January, February, March

☐ 2: April, May, June

☐ 3: July, August, September

☐ 4: October, November, December

**Part 1: Tell us about your income tax return.**

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Ending date of income tax period	Income tax return filed that included Form 6765	Date income tax return was filed	EIN used on Form 6765	Amount from Form 6765, line 44, or if applicable, the amount that was allocated to your EIN	Amount of credit from column (e) taken on a previous period(s)	Remaining credit (subtract column (f) from column (e))
1	2	3	4	5	6	7
8/31/23	9/15/23	9/15/23	327	1.10	1.10	1.10
9/30/23	10/15/23	10/15/23	327	.25	.25	.25
10/31/23	11/15/23	11/15/23	327	.10	.10	.10
11/30/23	12/15/23	12/15/23	327	.10	.10	.10
12/31/23	1/15/24	1/15/24	327	.10	.10	.10
6 Add lines 1(g) through 5(g) and enter the total here						6.10

**Part 2: Determine the credit that you can use this period.**

7 Enter the amount from Part 1, line 6(g) 6.10

8 Enter the amount from Form 941 (941-PR or 941-SS), line 5a, column 2; Form 943 (943-PR), line 3; or Form 944 (944(SP)), line 4a, column 2 .17

9 Enter the amount from Form 941 (941-PR or 941-SS), line 5b, column 2; or Form 944 (944(SP)), line 4b, column 2 .04

10 Add lines 8 and 9 .21

11 Multiply line 10 by 50% (0.50). Check this box ☐ if you're a third-party payer of sick pay or check this box ☐ if you received a Section 3121(q) Notice and Demand. See the instructions before completing line 11 .10

12 Credit against the employer share of social security tax. Enter the smaller of line 7 or 11, but not more than \$250,000. See the instructions before entering an amount if you file Form 943 or Form 944. If you entered the amount from line 7, stop here and also enter this amount on Form 941 (941-PR or 941-SS), line 11a; Form 943 (943-PR), line 12a; or Form 944 (944(SP)), line 8a .10

13 Subtract line 12 from line 7 5.00

14 Enter the amount from Form 941 (941-PR or 941-SS), line 5c, column 2; Form 943 (943-PR), line 5; or Form 944 (944(SP)), line 4c, column 2 .34

15 Multiply line 14 by 50% (0.50). If you're a third-party payer of sick pay or you received a Section 3121(q) Notice and Demand, see the instructions before completing line 15 .17

16 Credit against the employer share of Medicare tax. Enter the smaller of line 13 or 15 .17

17 Total credit. Add lines 12 and 16. Also, enter this amount on Form 941 (941-PR or 941-SS), line 11a; Form 943 (943-PR), line 12a; or Form 944 (944(SP)), line 8a .27

For Paperwork Reduction Act Notice, see the separate instructions. [www.irs.gov/Form8974](http://www.irs.gov/Form8974) Cat. No. 37797C Form 8974 (Rev. 3-2023)

## Rev. Proc. 2023-17

### SECTION 1. PURPOSE

This revenue procedure provides indexing adjustments for the applicable dollar amounts under § 4980H(c)(1) and (b)(1) of the Internal Revenue Code. These indexed amounts are used to calculate the employer shared responsibility payments (ESRP) under § 4980H(a) and (b)(1), respectively.

### SECTION 2. ADJUSTED ITEMS

Under § 4980H(c)(5), in the case of any calendar year after 2014, the applicable dollar amounts of \$2,000 and \$3,000 under § 4980H(c)(1) and (b)(1), respectively, are increased by an amount equal to the product of such dollar amount and the premium adjustment percentage (as defined in § 1302(c)(4) of the Patient Protection and Affordable Care Act<sup>1</sup>) for the calendar

year. If the amount of any increase is not a multiple of \$10, such increase is rounded to the next lowest multiple of \$10.

The Department of Health and Human Services (HHS) published the premium adjustment percentage for 2024 on December 12, 2022, using the most recent National Health Expenditure Accounts (NHEA) income and premium data that was available at the time of publication. For calculation of the 2024 benefit year payment parameters, HHS used the NHEA Projections 2021-2030, the data source that reflected the most recent projections available. Using the NHEA Projections 2021-2030, the premium adjustment percentage for 2024 is the percentage (if any) by which the NHEA Projections 2021-2030 value for per enrollee ESI premiums for 2023 (\$7,292) exceeds the NHEA Projections 2021-2030 value for per enrollee ESI premiums for 2013 (\$4,894) carried out to ten significant digits. Using this formula, the applicable premium adjustment percentage is 1.4899877401.<sup>2</sup> For calendar year 2024, the adjusted \$2,000 amount under § 4980H(c)(1) is \$2,970 (\$2,000

$\times 1.4899877401 = \$2,979.9754802$  rounded down to \$2,970), and the adjusted \$3,000 amount under § 4980H(b)(1) is \$4,460 ( $\$3,000 \times 1.4899877401 = \$4,469.9632203$  rounded down to \$4,460).

### SECTION 3. EFFECTIVE DATE

This revenue procedure is effective for taxable years and plan years beginning after December 31, 2023.

### SECTION 4. DRAFTING INFORMATION

The principal author of this revenue procedure is Jennifer Friedman of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this revenue procedure, contact the Health and Welfare Branch in the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) at (202) 317-5500 (not a toll-free number).

<sup>1</sup> Pub. L. 111-148, 124 Stat. 119 (2010).

<sup>2</sup> See <https://www.cms.gov/files/document/2024-papi-parameters-guidance-2022-12-12.pdf>.

## Rev. Proc. 2023-18

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## SECTION 1. BACKGROUND AND DEFINITIONS

The Stephen Beck, Jr., Achieving a Better Life Experience (ABLE) Act of 2014, enacted on December 19, 2014, as part of the Tax Increase Prevention Act of 2014 (Pub. L. 113-295), added sections 3511 and 7705 to the Internal Revenue Code (Code) relating to the certification requirements for, and the federal employment tax consequences of being, a certified professional employer organization (CPEO). The ABLE Act requires the establishment of a voluntary program for persons to apply to the Internal Revenue Service (IRS) to become certified as a CPEO. On May 6, 2016, the Department of the Treasury (Treasury Department) and the IRS published final and temporary regulations under section 7705 (TD 9768) in the Federal Register (81 FR 27315, as corrected July 12, 2016, at 81 FR 45012) that describe the application process and certification requirements necessary for a person to become and remain a CPEO. On the same date, the Treasury Department and the IRS published a notice of proposed rulemak-

ing (REG-127561-15) in the Federal Register (81 FR 27360) cross-referencing the temporary regulations and proposing additional regulations under section 3511 that describe the federal employment tax consequences of becoming a CPEO for CPEOs and their customers.

On June 3, 2016, Revenue Procedure 2016-33 (2016-25 I.R.B. 1034) was issued, providing procedures for applying to be certified as a CPEO. To address several comments received in response to the temporary and proposed regulations and Revenue Procedure 2016-33 that required prompt attention, the Treasury Department and the IRS issued Notice 2016-49 (2016-34 I.R.B. 265) on August 5, 2016. The Treasury Department and the IRS also issued Revenue Procedure 2017-14 (2017-3 I.R.B. 426) on December 29, 2016, which addressed the requirements for a CPEO to remain certified and the procedures relating to suspension and revocation of CPEO certification. Final regulations under sections 3511 and 7705 (TD 9860) describing the certification requirements necessary for a person to become and remain a CPEO, and the federal employment tax

consequences of being a CPEO, which incorporated changes from Notice 2016-49, were published in the Federal Register (84 FR 24367) on May 28, 2019.

This revenue procedure modifies and supersedes both Rev. Proc. 2016-33 and Rev. Proc. 2017-14. It addresses the procedures for applying to be certified as a CPEO, the requirements for a CPEO to remain certified, and the procedures relating to suspension and revocation of CPEO certification. This revenue procedure consolidates the ongoing requirements articulated in Rev. Proc. 2016-33, as modified by Notice 2016-49, Rev. Proc. 2017-14, and the regulations under sections 3511 and 7705. In addition, it reflects changes in the ongoing operations of the CPEO program, including updates to the IRS Online Registration System, since Rev. Proc. 2016-33 and Rev. Proc. 2017-14 were issued, and changes in response to comments and questions received from CPEOs and CPEO applicants.

The IRS received several written comments in response to the proposed and temporary regulations, Rev. Proc. 2016-33, Rev. Proc. 2017-14, and Notice 2016-

49. While all relevant comments were considered and addressed in the final regulations, some comments were beyond the scope of the regulations. When appropriate, comments not addressed in the final regulations because they were beyond the scope of the regulations were considered in the drafting of this revenue procedure.

.01 *Nature of Changes.* This revenue procedure provides clarifications and substantive changes to the procedures outlined in Rev. Proc. 2016-33 and Rev. Proc. 2017-14. Specifically, this revenue procedure:

(1) Expands and defines the role of the application submitter in order to make application processing, document and information submission, and other communications with respect to the CPEO applicant or CPEO more efficient. Because of this expanded role, this revenue procedure also further clarifies who can be an application submitter. Rev. Proc. 2016-33, section 2.01, provided that the individual submitting the online application for CPEO certification on behalf of the CPEO applicant must be authorized by section 6103(e) to inspect the return of the CPEO applicant. Furthermore, Rev. Proc. 2017-14, section 2.01, provided that the individual submitting information and documents on behalf of the CPEO through the CPEO's online account must be authorized by section 6103(e) to inspect the returns and return information of the CPEO. Under this revenue procedure, an application submitter must either hold a position specified in section 1.02(1)<sup>1</sup> or have a valid Form 2848, Power of Attorney and Declaration of Representative, for the CPEO applicant or CPEO on file with the IRS.

(2) Provides updates to the procedures for a denial of CPEO certification and for the suspension and proposed revocation of a certification—specifically, procedures concerning what information the IRS CPEO program office will consider when reviewing a CPEO applicant's or CPEO's request for review and when this information should be submitted. Further, additional detail is provided concerning review by the IRS Office of Professional Responsibility (OPR), including rules

prohibiting most communications between OPR and the IRS CPEO Program Office and between OPR and the CPEO applicant or CPEO during OPR's review.

(3) Provides information on how CPEOs should submit Form 8973, Certified Professional Employer Organization/Customer Reporting Agreement, unsigned by a client, for CPEOs that occasionally experience difficulty in obtaining a signature on Form 8973 from a client subject to a service agreement described in § 31.3504-2(b)(2).

(4) Provides additional details concerning the CPEO applicant's and CPEO's use of the IRS Online Registration System account, including a requirement that CPEO applicants and CPEOs that are members of a controlled group in which more than one member of the controlled group is a CPEO applicant or CPEO must create a controlled group license within the IRS Online Registration System.

(5) Clarifies that as part of an examination level attestation indicating that the CPEO or CPEO applicant failed to withhold or make deposits in certain immaterial aspects, the CPEO or CPEO applicant may include an explanation not only as to why the failures were immaterial, but also how the failures were addressed, if applicable.

(6) Provides updates to the fingerprint procedures for responsible individuals. Specifically, all responsible individuals are now required to submit fingerprints electronically using Fieldprint. Fingerprint submissions on Form FD-258 will no longer be processed. All current responsible individuals will have until June 1, 2023, to submit new fingerprints electronically.

.02 *Definitions.* For purposes of this revenue procedure—

(1) *Application Submitter.* The term “application submitter” means the individual who is submitting an application on behalf of a CPEO applicant and any other individual submitting information and documents to the IRS on behalf of a CPEO. Except as provided in this section 1.02(1), the application submitter must be a partner or limited partner if the CPEO applicant or CPEO is a partner-

ship; the president, vice president, secretary, treasurer, chief accounting officer, any tax officer (including Controller), 1% shareholder (corporation), or shareholder (S-corporation) if the CPEO applicant or CPEO is a corporation or S-corporation; or owner or sole proprietor if the CPEO applicant or CPEO is a sole proprietorship. An individual who does not occupy one of these positions must have a valid Form 2848, Power of Attorney and Declaration of Representative, for the CPEO applicant or CPEO on file with the IRS in order to be the application submitter.

(2) *Controlled Group.* The term “controlled group” means any group of corporations or trades or businesses under common control within the meaning of section 414(b) and (c), and §§ 1.414(b)-1 and 1.414(c)-1 through 1.414(c)-6 of the Treasury Regulations.

(3) *Certified Public Accountant.* The term “certified public accountant” (CPA) means a certified public accountant who--

(a) With respect to a CPEO or CPEO applicant, is independent of the CPEO or CPEO applicant (as prescribed by the American Institute of Certified Public Accountants' Professional Standards, Code of Professional Conduct, and its interpretations and rulings);

(b) Is not currently under suspension or disbarment from practice before the IRS;

(c) Is duly qualified to practice in any state; and

(d) Files with the IRS a written declaration that the CPA is currently qualified as a CPA.

(4) *Covered Employee.* The term “covered employee” means, with respect to a customer, any individual (other than a self-employed individual, as defined in section 1.02(18)) who performs services for the customer and who is covered by a CPEO contract between the CPEO and the customer.

(5) *CPEO.* The term “CPEO” means a person that has been certified by the Commissioner as meeting the requirements of § 301.7705-2, this revenue procedure, instructions in the online application, and any applicable subsequent guidance, and whose certification has not been revoked or voluntarily terminated.

<sup>1</sup> Unless otherwise indicated, all references to sections in this document refer to sections of this revenue procedure.



(6) *CPEO Applicant*. The term “CPEO applicant” means a person that submits or has submitted an application to be certified as a CPEO in accordance with § 301.7705-2, this revenue procedure, the instructions in the online application, and any applicable subsequent guidance. A CPEO applicant remains a CPEO applicant until the CPEO applicant is certified (meaning the CPEO applicant receives a notice of certification described in section 6.01 and timely and correctly submits a proof of bond, as described in section 6.02); withdraws its application; or receives a notice of final denial, as described in section 7.04.

(7) *CPEO Contract*. The term “CPEO contract” means a service contract between a CPEO and a customer that satisfies the requirements in section 7705(e)(2) and § 301.7705-1(b)(3).

(8) *Customer*. The term “customer” means any person who enters into a CPEO contract with a CPEO, except that a provider of employment-related services that uses its own employer identification number (EIN) for filing federal employment tax returns on behalf of its clients (or that used its own EIN for filing its clients’ returns immediately prior to entering into a CPEO contract with the CPEO) is not a customer, even if it has entered into a CPEO contract with the CPEO.

(9) *Federal Employment Taxes*. The term “federal employment taxes” means the taxes imposed by subtitle C of the Code.

(10) *Guidance*. The term “guidance” includes guidance published in the Federal Register or Internal Revenue Bulletin, as well as administrative guidance such as forms, instructions, publications, or other guidance on IRS.gov.

(11) *IRS Online Registration System*. The term “IRS Online Registration System” means the system made available by the IRS on IRS.gov and used by CPEO applicants and CPEOs to apply for and maintain certification, and by responsible individuals of CPEO applicants and CPEOs to create a Responsible Individual Personal Attestation. To apply for certification, CPEO applicants must create an account on the IRS Online Registration System, and CPEO applicants must use this account to provide the IRS with the information and supporting documenta-

tion necessary to obtain certification. A CPEO must use its IRS Online Registration System account to annually verify information previously submitted, to provide updates that reflect material changes to previously submitted information, and to comply with annual and quarterly program requirements. Responsible individuals of CPEO applicants and CPEOs must use the IRS Online Registration System to create a Responsible Individual Personal Attestation (RIPA), through which they provide the information necessary for their CPEO applicants and CPEOs to obtain and maintain certification. See section 2.02 for a discussion of controlled group licenses and their use on the IRS Online Registration System.

(12) *Online Application*. The term “online application” means the electronic submission by a CPEO applicant and its responsible individuals of all information required by the CPEO application for certification on the IRS Online Registration System, as well as the accompanying forms and documentation required by § 301.7705-2, this revenue procedure, and any applicable subsequent guidance.

(13) *Precursor Entity*. The term “precursor entity” means an entity described in § 301.7705-1(b)(10).

(14) *Qualified Surety*. The term “qualified surety” means a surety that meets the requirements of § 301.7705-2(g)(6).

(15) *Related Entity*. The term “related entity” means an entity described in § 301.7705-1(b)(12).

(16) *Responsible Individual*. The term “responsible individual” means an individual described in § 301.7705-1(b)(13).

(17) *Responsible Individual Personal Attestation*. The term “Responsible Individual Personal Attestation” (RIPA) means the attestation a responsible individual must submit through the IRS Online Registration System as a prerequisite to the organization submitting a CPEO application via the IRS Online Registration System. The RIPA contains information that will allow the IRS to perform a suitability check on the responsible individual.

(18) *Self-Employed Individual*. The term “self-employed individual” means an individual with net earnings from self-employment (as defined in section 1402(a) and without regard to the exceptions

thereunder) derived from providing services covered by a CPEO contract, whether the net earnings from self-employment are derived from providing services as a non-employee to a customer of the CPEO, from the individual’s own trade or business as a sole proprietor customer of the CPEO, or as an individual who is a partner in a partnership that is a customer of the CPEO, but in each case only with regard to those net earnings.

(19) *Work Site*. The term “work site” means a physical location at which an individual regularly performs services for a customer of a CPEO or, if there is no physical location at which an individual regularly performs services for a customer of a CPEO, the location from which the customer assigns work to the individual. A work site may not be the individual’s residence or a telework site unless the customer requires the individual to work at that site. For purposes of this section 1.02(19), work sites that are contiguous locations will be treated as a single physical location and thus a single work site, and noncontiguous locations will be treated as separate physical locations and thus separate work sites, except as provided in the next sentence. A CPEO customer may treat noncontiguous locations as a single physical location and thus a single work site if each of the locations is separated by less than 35 miles from every other location in the single work site, and all locations in the single work site operate in the same industry. For purposes of the preceding sentence, the determination of the industry of a work site is based on the nature of the CPEO customer’s work at that work site, irrespective of work performed by other entities at the same site. When treating noncontiguous locations as a single physical location and thus a single work site, a noncontiguous location cannot be included in more than one work site.

(20) *Work Site Employee*. The term “work site employee” means, with respect to a customer, a covered employee who performs services for the customer at a work site where, at any time during a calendar quarter, at least eighty-five percent of the individuals performing services for the customer are covered employees of the customer. To be a work site employee, a covered employee regularly performing services for a customer at a work site



during a calendar quarter is not required to be performing services for the customer at the time the work site coverage requirement is met at that work site.

(a) Solely for purposes of determining whether the eighty-five percent threshold described in this section 1.02(20) is met, a self-employed individual described in section 1.02(18) is treated as a covered employee if the individual is performing services at the work site and would be a covered employee but for the exclusion of self-employed individuals from the definition of a covered employee in section 1.02(4).

(b) In determining whether the eighty-five percent threshold is met, an individual who is an excluded employee described in section 414(q)(5) is not treated as either an individual providing services or covered employee.

(c) A covered employee will be considered a work site employee for the entirety of a calendar quarter with respect to all services performed for a customer at one or more work sites if the employee qualifies as a work site employee with respect to the customer at any work site during that calendar quarter.

(d) The determination of whether a work site meets the eighty-five percent threshold is made separately with respect to each customer of a CPEO and with respect to each work site of a customer. However, a covered employee may be determined to be a work site employee of more than one work site during a calendar quarter.

(e) A CPEO's determination that a covered employee is a work site employee will be respected if the CPEO has made a good faith determination that the covered employee meets the requirements of section 7705(e), § 301.7705-1(b)(17), this section 1.02(20), and any applicable subsequent guidance related to work site employee determinations.

.03 *Changes and request for comments.* This revenue procedure may be updated periodically to improve CPEO program procedures. The IRS solicits comments on this revenue procedure and the administration of the CPEO program. Comments

on whether additional guidance is needed due to ongoing changes in workforce practices that have in part resulted from the COVID-19 pandemic as those changes relate to the definition of work site or work site employee are specifically requested and should be submitted by June 9, 2023. All comments will be available for public inspection and copying. Comments may be submitted in one of two ways:

(1) *Mail.* Send paper submissions to: CC:PA:LPD:PR (RP-2023-18), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

(2) *Electronically.* Submit electronic submissions via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (indicate IRS and RP-2023-18) by following the online instructions for submitting comments. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. Commenters are strongly encouraged to submit public comments electronically. The Treasury Department and the IRS will publish for public availability any comment submitted electronically, and to the extent practicable on paper, to its public docket.

## SECTION 2. PROCEDURES FOR APPLYING FOR CERTIFICATION AS A CPEO

.01 *Method of submission.* A person seeking certification as a CPEO must electronically submit through its IRS Online Registration System account a properly completed and executed online application for CPEO certification and all accompanying forms and documentation required by § 301.7701-2, this revenue procedure, the instructions in the online application, and any applicable subsequent guidance. Paper submissions will not be accepted and will be treated as an incomplete application as described in section 4.02. Except as otherwise provided in this revenue procedure or the instructions in the online application, documents required to be submitted after the application is submitted must also be submitted electronically through the CPEO

applicant's IRS Online Registration System account. Only an application submitter can submit the online application for CPEO certification and all accompanying forms and documentation. In addition, each of the CPEO applicant's responsible individuals must electronically submit a properly completed and executed RIPA at the time and in the manner described in the instructions in the online application.<sup>2</sup> As of June 1, 2022, responsible individuals must also submit fingerprints electronically using Fieldprint, or by another method permitted in the instructions in the online application. Fingerprint submissions on an FD-258, Fingerprint Card, will no longer be processed. All current CPEO responsible individuals will have until June 1, 2023, to submit new fingerprints electronically. For more information on the electronic fingerprinting process, including scheduling an appointment, see Publication 5249, *Fingerprint Card Instructions for Voluntary Certification of Professional Employer Organizations*. For more information on how to electronically submit the information and documents required in this revenue procedure, see instructions in the online application or responsible individual's RIPA accessible through the CPEO's IRS Online Registration System account.

.02 *Controlled groups.* If more than one member of a controlled group seeks to be certified as a CPEO, each such member must submit a separate online application. Members of a controlled group may not apply jointly on one online application. However, CPEOs and CPEO applicants that are members of a controlled group in which more than one member is a CPEO or CPEO applicant must create a controlled group license within the IRS Online Registration System. The controlled group license will formalize the link between members of the controlled group in the system and will allow for certain documents to be submitted only once for all CPEO and CPEO applicant members in the controlled group. See sections 2.04, 2.05(6), and 2.06(5) for details regarding the necessary documentation relating to the bond and financial review require-

<sup>2</sup> Once the RIPA is submitted, the information contained in the RIPA becomes return information, under section 6103, of the CPEO applicant and may be disclosed to the CPEO applicant if the IRS determines that the disclosure will not seriously impair federal tax administration.

ments that CPEO applicants that are members of a controlled group must submit.

.03 *User fee.* Consistent with section 7528(b)(4), upon submission of the online application for certification through the IRS Online Registration System, the application submitter will be automatically directed to pay a user fee in the amount of \$1,000. No CPEO application will be processed until the IRS receives the user fee. Once processing of the application has begun, the user fee will not be returned, even if the application is withdrawn or denied.

.04 *Surety letter.* With its online application, a CPEO applicant must submit through its IRS Online Registration System account a signed letter from a qualified surety confirming that the surety agrees to issue a bond to the CPEO applicant if and when it is certified as a CPEO (a “surety letter”). The surety letter must also state that the surety agrees to issue a bond in the amount required by § 301.7705-2(g)(2) and pursuant to the terms set forth in Form 14751, *Certified Professional Employer Organization Surety Bond*. If a CPEO applicant is a member of a controlled group of which other members are CPEO applicants or CPEOs, the surety letter must also contain the name and EIN of each CPEO applicant and each CPEO that is or will be covered by the bond. All CPEO members of a controlled group are required to be on the same bond in the amount required by § 301.7705-2(g)(2), applied as if all such CPEO members (and any of their precursor entities, if applicable) were one organization.

.05 *Submission of annual audited financial statements, CPA opinion, and statement of working capital.*

(1) *Copy of annual audited financial statements.* With its online application, a CPEO applicant must submit through its IRS Online Registration System account a copy of its annual audited financial statements for the most recently completed fiscal year, except as provided in the next sentence. If a CPEO applicant submits its application before the last day of the sixth month following its most recently completed fiscal year, and the audit of the financial statements for that fiscal year has not been completed at the time it submits its application, the CPEO applicant must provide with its application the annual audited financial statements for

the fiscal year immediately preceding the most recently completed fiscal year, and the CPEO applicant must subsequently provide to the IRS the annual audited financial statements for the most recently completed fiscal year by the last day of the sixth month after such fiscal year ends. In addition, for any fiscal year that ends after the CPEO applicant submits its application for certification and on or before the effective date of certification, the CPEO applicant must provide the annual audited financial statements by the last day of the sixth month after such fiscal year ends. The obligations described in this section 2.05(1) continue even if the CPEO applicant is certified as a CPEO before the IRS has received the annual audited financial statements. See section 8.04 for obligations concerning annual audited financial statements that continue after certification.

(2) *CPA opinion.* With each of these annual audited financial statements, the CPEO applicant must submit an opinion of a CPA that the financial statements are presented fairly and in accordance with generally accepted accounting principles (GAAP). The CPA opinion must be an unmodified opinion (i.e., it cannot be a qualified opinion, an adverse opinion, or a disclaimer of opinion), accompanied by a written and signed declaration that the CPA is currently qualified as a CPA.

(3) *Working capital statement.* Each of the annual audited financial statements submitted to the IRS must include a statement in the Note to the Financial Statements covered by the CPA opinion that the CPEO applicant’s annual audited financial statements reflect positive working capital or, only if the CPEO applicant satisfies the requirements of section 2.05(4) of this section, reflect negative working capital. The statement must set forth a detailed calculation of the CPEO applicant’s working capital as reflected in the annual audited financial statements (a working capital statement).

(4) *Exception for negative working capital.* A CPA statement described in section 2.05(3) may state that a CPEO applicant’s annual audited financial statements reflect negative working capital, but in that case the statement will meet the requirements of section 2.05(3) only if--

(a) The CPEO applicant has negative working capital for no more than two con-

secutive fiscal quarters of the fiscal year, as demonstrated by the required annual audited financial statements, or the statements described in section 2.06(3), or the submission of quarterly unaudited financial statements;

(b) The CPEO applicant provides with the statement a detailed calculation of its negative working capital and an explanation to the IRS describing the reason for the failure to demonstrate positive working capital; and

(c) The IRS determines, in its sole discretion, that the failure to demonstrate positive working capital does not present a material risk to the IRS’s collection of federal employment taxes. The determination of whether the failure to demonstrate positive working capital presents a material risk to the IRS’s collection of federal employment taxes may depend, in part, on whether the CPEO applicant has identified facts and circumstances that will result in positive working capital in the near future.

(5) *Newly established CPEO applicants.* A CPEO applicant that was not operating as a provider of payroll services for all or part of the most recently completed fiscal year as of the date it applies for certification must also provide for the entity or entities listed in section 2.05(5)(a) and (b) a copy of each entity’s audited financial statements for the most recently completed fiscal year, subject to the exception provided in section 2.05(1), accompanied by an unmodified opinion of a CPA that such financial statements are presented fairly and in accordance with GAAP, and including a statement in the Note to the Financial Statements that the annual audited financial statements reflect positive working capital or, only if the requirements of section 2.05(4) are met (as applied to the entity), reflect negative working capital, with the statement in either case setting forth in detail a calculation of the entity’s working capital as reflected in the financial statements. The entity or entities for which this information is required are:

(a) Any precursor entity of the CPEO applicant; or

(b) If the CPEO applicant does not have a precursor entity, any related entity described in § 301.7705-1(b)(12)(ii)(B).

(6) *Annual Audited Financial statements for controlled groups.* In satisfaction of the requirement in section 2.05(1),

if a CPEO applicant is a member of a controlled group of which other members are also CPEO applicants or CPEOs, the CPEO applicant must submit copies of combined or consolidated annual audited financial statements for all CPEO applicants and CPEOs in the controlled group, with an accompanying unmodified opinion of a CPA that such financial statements are presented fairly and in accordance with GAAP. The combined or consolidated annual audited financial statements may, but are not required to, also include all members of the controlled group that are not CPEO applicants or CPEOs. The statements and opinion must contain the name and EIN of each CPEO applicant and CPEO in the controlled group. If the statements and opinion include members of the controlled group that are not CPEOs or CPEO applicants, the name and EIN of these members must also be included. Although the CPEO applicant is not required to provide a copy of its separate financial statements as part of its application, if the financial position of a CPEO applicant is unclear from the combined or consolidated financial statements of the controlled group of which the CPEO applicant is a member, the IRS may request additional financial information that is needed to evaluate the CPEO applicant's financial position, such as the annual balance sheet, income statement, and statement of cash flow, of the individual CPEO applicant. Notwithstanding the foregoing, and as required by section 2.05(3), the annual audited financial statement submitted by a CPEO applicant that is a member of a controlled group of which other members are also CPEO applicants or CPEOs must include a statement in the Note to the Financial Statements that each individual CPEO applicant's financial statements reflect positive working capital or, if the requirements of section 2.05(4) are met, reflect negative working capital, with each statement in either case setting forth in detail a calculation of the individual CPEO applicant's working capital. For purposes of the requirements of section 2.05(4), if it is unclear whether the CPEO applicant has positive or negative working capital for the last quarter of the fiscal year based on the combined or consolidated financial statements of the controlled group of which the CPEO applicant is a member,

the IRS may request additional financial information on an individual CPEO applicant basis. The status of other CPEO applicants and CPEOs in the controlled group is not affected if the CPEO applicant is denied certification because the annual audited financial statements reflect that the CPEO applicant has negative working capital and the CPEO applicant fails to meet the exception described in section 2.05(4).

(7) *Fiscal year.* A fiscal year will be considered completed once the last day of that fiscal year has ended, regardless of whether the CPEO applicant was in operation or certified for all 12 months of the fiscal year or the fiscal year consisted of fewer than 12 months.

.06 *Submission of quarterly assertions, attestations, and working capital statements.* For the most recently completed calendar quarter as of the date of its application for certification, a CPEO applicant must submit through its IRS Online Registration System account an assertion, as described in section 2.06(1), that it has withheld and made deposits of all federal employment taxes for which the CPEO applicant is liable for the quarter; an examination level attestation from a CPA, as described in section 2.06(2), stating that this assertion is fairly stated in all material respects; and a statement verifying that the CPEO applicant has positive working capital, as described in section 2.06(3). The CPEO applicant must continue to provide this documentation for every subsequently completed calendar quarter during which its application for certification is pending for some or all of the quarter. This documentation must be provided by the last day of the second month after the end of each subsequent quarter, even if the CPEO applicant receives its certification before this deadline.

(1) *Assertion.* The assertion must be signed under penalties of perjury by a responsible individual of the CPEO applicant and state that the CPEO applicant has withheld and made deposits of all federal employment taxes for the calendar quarter as required by subtitle C of the Code (except that federal employment taxes imposed by chapter 23 are not required to be included in the assertion).

(2) *Examination level attestation.* The examination level attestation from a CPA

must state that the assertion described in section 2.06(1) is fairly stated in all material respects and complies with the requirements of the American Institute of Certified Public Accountants' Statements of Standards for Attestation Engagements, including the specific requirements for Examination Reports. The attestation must be accompanied by a written declaration, signed by the CPA or the accounting firm where the CPA is employed or is an owner, or with which the CPA is otherwise affiliated, that the CPA is currently qualified as a CPA. A CPEO applicant will not fail to meet the requirements of this section 2.06(2) if the examination level attestation indicates that the CPEO applicant has failed to withhold or make deposits in certain immaterial respects, provided that--

(a) The attestation provides a summary of the immaterial failures that were found;

(b) The attestation states that, and explains why, the failures were immaterial and isolated (including how the failures were addressed, if applicable) and do not reflect a meaningful lapse in compliance with federal employment tax withholding and deposit requirements; and

(c) The IRS determines, in its sole discretion, that the isolated and immaterial failures identified by the CPA do not present a material risk to the IRS's collection of federal employment taxes.

(3) *Statement of positive working capital.* The statement verifying positive working capital must be signed by a responsible individual under penalties of perjury and verify that the CPEO applicant has positive working capital (as defined by GAAP) with respect to the most recently completed fiscal quarter. The statement must include a detailed calculation of the CPEO applicant's working capital and be accompanied by a copy of the CPEO applicant's unaudited financial statements for the most recently completed fiscal quarter, if such statements are available. A CPEO applicant will not fail to meet the requirements of this section 2.06(3) as a result of having negative working capital at the end of the fiscal quarter if--

(a) The CPEO applicant does not have negative working capital at the end of each of the two fiscal quarters immediately preceding such fiscal quarter, as demonstrated by the required annual audited financial statements described in section 2.05



or the statements described in this section 2.06(3), or the submission of quarterly unaudited financial statements;

(b) The CPEO applicant provides a detailed calculation of its negative working capital, unaudited financial statements for the quarter, if available, and an explanation to the IRS describing the reason for negative working capital; and

(c) The IRS determines, in its sole discretion, that the negative working capital does not present a material risk to the IRS's collection of federal employment taxes. The determination of whether the failure presents a material risk to the IRS's collection of federal employment taxes may depend, in part, on whether the CPEO applicant has identified facts and circumstances that will result in positive working capital in the near future.

(4) *CPEO applicant with precursor entity.* If a CPEO applicant was not operating as a provider of employment-related services for all or part of the most recently completed calendar quarter as of the date of its application for certification or during any calendar quarter that ends while its application for certification is pending, the CPEO applicant must provide the assertion, examination level attestation, and working capital statement described in this section 2.06 with respect to any precursor entity, if applicable. The information required by this section 2.06(4) must be provided by the last day of the second month after the end of each applicable calendar quarter, beginning with the most recently completed calendar quarter as of the date of the application (or as of the date the entity became a precursor entity while the application was pending) and for all subsequent quarters while the application is pending and the CPEO applicant is not operating as a provider of employment-related services for all or any portion of a quarter.

(5) *Quarterly assertions, attestations, and working capital statements for controlled groups.* In satisfaction of the requirement in this section 2.06, if a CPEO applicant is a member of a controlled group of which other members are CPEO applicants or CPEOs, the CPEO applicant must submit the quarterly assertions and

attestations described in this section 2.06 for all CPEO applicants and CPEOs in the controlled group on a combined or consolidated controlled group basis, rather than for the CPEO applicant individually. The quarterly assertions and attestations must include the name and EIN of each CPEO and CPEO applicant in the controlled group. However, the quarterly working capital statement described in section 2.06(3) must relate to the CPEO applicant alone and must not be prepared on a combined or consolidated basis with other members of the controlled group. For purposes of the requirements of section 2.06(3), if it is unclear whether the CPEO applicant has positive or negative working capital for the last quarter of the fiscal year based on the combined or consolidated financial statements of the controlled group of which the CPEO applicant is a member, the IRS may request additional financial information about the individual CPEO applicant. The status of other CPEO applicants and CPEOs in the controlled group is not affected if the CPEO applicant is denied certification because the quarterly working capital statement described in section 2.06(3) reflects negative working capital and the CPEO applicant fails to meet the exception described in section 2.06(3).

### SECTION 3. SUITABILITY AND TAX-COMPLIANCE CHECK

A CPEO applicant will be required to identify its related entities, precursor entities, and responsible individuals as part of its online application for certification. The IRS will investigate the accuracy of statements and representations made by a CPEO applicant and its responsible individuals in the CPEO applicant's online application by conducting background checks of the CPEO applicant, any related entities or precursor entities,<sup>3</sup> and responsible individuals. These background checks may include checks on tax compliance, criminal background, professional experience, credit history, professional sanctions, and other relevant facts. By submitting an application, a CPEO applicant and its responsible individuals agree

to provide the IRS with additional information the IRS may request to facilitate its background checks (see section 4.03). A CPEO applicant and each of its responsible individuals must authorize the IRS to conduct required background checks and to investigate the accuracy of statements and submissions, including waiving confidentiality and privilege in situations in which the IRS is otherwise unable to obtain information or would otherwise be prevented from obtaining or confirming information necessary to evaluate a CPEO applicant's qualification for certification from relevant third parties (such as former employers) because of the existence of confidentiality, non-disclosure, or similar agreements. Failure to provide such information or take such action may result in denial of certification.

### SECTION 4. STANDARDS FOR GRANTING CERTIFICATION AS A CPEO

*.01 Eligibility for certification must be established in the application.* A CPEO applicant will be certified as a CPEO only if its application for certification and supporting documentation establish to the satisfaction of the IRS that the CPEO applicant meets the requirements of § 301.7705-2, this revenue procedure, the instructions in the online application, and any applicable subsequent guidance, so as not to present a material risk to the IRS's collection of federal employment taxes.

*.02 Incomplete or inaccurate application.* All applications for certification must be complete and accurate. An application is not complete and accurate if it does not contain all of the items required by § 301.7705-2, this revenue procedure, the instructions in the online application, and any applicable subsequent guidance. If an incomplete application is submitted, the IRS generally will request from the CPEO applicant additional information needed for a completed application. However, the IRS may deny an incomplete application without requesting additional information.

*.03 Even if an application is complete, additional information may be required.* Even if an application is complete, the

<sup>3</sup> In order for the application submitter to discuss a return of a related entity of the CPEO applicant with the IRS, the application submitter must be authorized by section 6103(e) to inspect the return information of the CPEO applicant or have a Form 8821, Tax Information Authorization, for that related entity and that return on file with the IRS.

IRS may request additional information before approving or denying certification. For instance, if the results of a background check as described in section 3, including the result of a tax compliance check, suggest a potential failure to meet a requirement described in § 301.7705-2, the IRS may request that the CPEO applicant provide an explanation of the results. As another example, the IRS may ask a CPEO applicant to support its representations with respect to its experience by providing a written work history or third-party references.

.04 *CPEO applicant must notify IRS of material changes relevant to its application for certification.* Within 30 days of its occurrence, a CPEO applicant must notify the IRS through its IRS Online Registration System account of any change that materially affects the continuing accuracy of any previously made agreement or other information provided to the IRS as a part of its application for certification. Examples of material changes are provided in section 8.06(3) and include, but are not limited to, any change in the tax compliance, criminal background, or professional license or registration status of the CPEO applicant, or any of its precursor entities, related entities, or responsible individuals; any change to the CPEO applicant's fiscal year; and any change that results in another individual being considered a responsible individual of the CPEO applicant or another entity being considered a precursor entity or a related entity of the CPEO applicant. For purposes of this section 4.04, a material change also includes the discovery of significant errors in or new facts relevant to any agreement or information provided to the IRS as part of the application for certification.

## SECTION 5. WITHDRAWAL OF APPLICATION

.01 *Application may be withdrawn.* An application may be withdrawn upon the written request of an application submitter submitted through the CPEO applicant's IRS Online Registration System account.

.02 *Information may be used in subsequent examination.* When an application is withdrawn, the IRS may retain and use for tax administration, the application, all supporting documents, and the infor-

mation submitted in connection with the withdrawal request.

## SECTION 6. NOTICE OF CERTIFICATION

.01 *Notice of certification.* If a CPEO applicant is approved for certification, the IRS will electronically issue a notice of certification to the CPEO applicant through its IRS Online Registration System account. If a CPEO applicant is a member of a controlled group and other members of the controlled group are also applying for certification, the IRS will issue a separate notice of certification to each CPEO applicant member of the controlled group that has been approved for certification. The notice of certification will specify the effective date of certification and indicate that the effective date of certification is contingent upon timely receipt by the IRS of an acceptable Form 14751 as set forth in section 6.02.

.02 *Proof of bond.* A CPEO applicant has 30 days from the date of the notice of certification to submit to the IRS, through the CPEO applicant's IRS Online Registration System account, proof of a bond in the form of a properly completed and executed Form 14751, signed by both a qualified surety and the CPEO (or CPEOs in the case of a controlled group), and in an amount prescribed by § 301.7705-2(g)(2). The CPEO is not obligated to use the same qualified surety company that signed the Surety Letter. If the CPEO applicant fails to provide proof of a bond within 30 days after the date of the notice, its certification will not become effective, and the CPEO applicant will subsequently be sent a final notice of denial (with no opportunity to request review of the denial). If a CPEO applicant in a controlled group receives a notice of certification after other members of its controlled group are already certified by the IRS, the controlled group will be required to post a properly completed and executed Form 14751 that includes the CPEO applicant in its identification of all CPEOs in the controlled group and that reflects the correct bond amount for all CPEOs in the controlled group, including the CPEO applicant. To add the newly certified CPEO to the controlled group's bond and to increase the bond amount, if applicable, a CPEO may amend an ex-

isting bond through the use of a rider, or post a superseding or new bond, where applicable, as described in section 8.03(3). If the CPEO applicant fails to submit a properly completed and executed Form 14751 reflecting the addition of the newly certified CPEO within the time period provided in this section 6.02, the CPEO applicant's certification will not become effective, and it will subsequently be sent a final notice of denial (with no opportunity to request review of the denial). However, the status of the other CPEOs in the controlled group will remain unaffected.

.03 *Effective date of certification.* The effective date of certification will typically be the first day of the first calendar quarter following the date of the notice of certification.

.04 *Disclosure of organizations certified as CPEOs.* The IRS will publish a list of all organizations that are certified as CPEOs, and the effective date of their certification, on *IRS.gov*, which will be updated to reflect newly certified CPEOs by the 15th day of the first month of every calendar quarter. However, an organization will not appear on this list until the IRS has received the proof of bond on Form 14751, as described in section 6.02.

## SECTION 7. DENIAL OF CERTIFICATION

.01 *Notice of proposed denial.* If the IRS decides that an application for certification should be denied based on the CPEO applicant's failure to satisfy one or more of the requirements of § 301.7705-2, this revenue procedure, the instructions accompanying the online application, and any applicable subsequent guidance, the IRS will issue a notice of proposed denial (unless the circumstances in section 7.02 apply) to the CPEO applicant's IRS Online Registration System account, which will (i) include the reason(s) for the denial of certification; and (ii) inform the CPEO applicant of its opportunity to request review of the proposed denial.

.02 *Circumstances in which denial is final, with no opportunity for review.* In situations in which the denial of an application is based on the CPEO applicant's failure to comply with a requirement in § 301.7705-2, this revenue procedure, the instructions in the online application,

or any applicable subsequent guidance, and such failure is not subject to reasonable factual or legal dispute, the IRS will not issue a notice of proposed denial, but will instead issue a notice of final denial, which will include the reason(s) for the denial of certification, but will not provide for an opportunity for review. Denials based on failures that are not subject to reasonable factual or legal dispute include, but are not limited to, denial based on the following:

(1) *Incomplete application.* The CPEO applicant submits an incomplete application as described in section 4.02 or fails to respond to a request from the IRS for additional information needed for a complete application (as described in section 4.02) by the date required.

(2) *Modified opinion.* The CPA opinion of annual audited financial statements submitted by the CPEO applicant is a modified opinion (which includes a qualified opinion, an adverse opinion, or a disclaimer of opinion).

(3) *Negative working capital.* The annual audited financial statements submitted by the CPEO applicant or the quarterly statements submitted by a responsible individual of the CPEO applicant reflect negative working capital, and the CPEO applicant fails to meet the exceptions described in section 2.05(4) or 2.06(3), respectively.

(4) *Failure to provide proof of bond.* The CPEO applicant fails to provide proof of the bond required in section 6.02 within 30 days after the date of the notice of certification.

.03 *Request for review of a notice of proposed denial.* A notice of proposed denial, in accordance with section 7.01, will inform the CPEO applicant of its opportunity to request a review by OPR.

(1) *How to request a review of a notice of proposed denial.* To request a review, the CPEO applicant, using its IRS Online Registration System account, must submit a written statement of the facts, law, and arguments in support of its position within 30 days from the date of the notice of proposed denial. The arguments in support of the CPEO applicant's position should focus on the factual information provided by the CPEO applicant and its responsible individuals, including whether any information provided as part of the

application has changed or was incorrect. Arguments concerning the materiality of information provided or whether certain facts present a material risk to the IRS's collection of federal employment taxes are outside the scope of review and will not be considered.

(2) *Additional materials.* Subject to the exceptions in section 7.05(1) and (3), after a CPEO applicant has submitted a written request for review, the CPEO applicant may not submit any additional or new information as part of its request for review or any additional arguments in support of the CPEO applicant's position. The IRS CPEO program office will not consider any additional or new information or arguments as part of its handling of the request for review under section 7.05, unless new information is provided pursuant to section 7.05(1) or (3). The IRS CPEO program office also will not forward any additional or new information or arguments to OPR under section 7.05(5), unless new information was provided pursuant to section 7.05(1) or (3).

(3) *Extension of time to request review.* The IRS CPEO program office may extend the deadline for submitting a request for review by an additional 30 days. To request this 30-day extension, a CPEO applicant must submit a written request through its IRS Online Registration System account explaining the need for the extension. A CPEO applicant must submit its request not later than 20 days after the date of the notice of proposed denial. A CPEO applicant may request only one extension.

(a) The IRS CPEO program office will grant the extension if, in its sole discretion and based on a review of the relevant facts and circumstances, it determines that the extension is in the interest of tax administration.

(b) A request for an extension, a denial of an extension, or any other matter related to this section 7.03(3) is not subject to the review described in section 7, including section 7.06.

.04 *Notice of final denial where no request for review of the proposed denial is submitted.* If the CPEO applicant does not submit a timely request for review of a notice of proposed denial in accordance with section 7.03, including any extension of time under section 7.03(3), a notice of

final denial will be issued to the CPEO applicant.

.05 *How the IRS handles a request for review.* If a CPEO applicant submits a timely request for review, the IRS CPEO program office will first review the request and accompanying written statement of the facts, law, and arguments in support of the CPEO applicant's position.

(1) *Request for additional information.* In reviewing a CPEO applicant's request for review, the IRS CPEO program office may request additional information from the CPEO applicant, if it determines that further information is required to sufficiently evaluate the initial request for review.

(a) The CPEO applicant must provide the requested information or materials by the date specified in the request. The IRS CPEO program office will consider any request by the CPEO applicant for an extension of the time by which the requested information or materials must be provided on a case-by-case basis.

(b) In accordance with section 7.03(2), a CPEO applicant should not send any additional information or documentary materials to the IRS CPEO program office unless the information or materials are requested, and the IRS CPEO program office will not consider any unrequested information or materials received from the CPEO applicant.

(c) Similarly, if the IRS CPEO program office requests additional information or materials, the IRS CPEO program office will not consider any additional information or materials not timely provided by the CPEO applicant (by the date specified in the request or any extended date) or that is not responsive to or is outside the scope of the request.

(2) *Additional failures.* Before referring a proposed denial to OPR for review, the IRS CPEO program office will provide written notice to the CPEO applicant of any additional failures to satisfy one or more of the requirements of § 301.7705-2, this revenue procedure, and any applicable subsequent guidance, that arose or that were discovered after the issuance of the notice of proposed denial and give the CPEO applicant additional time to respond to the notice regarding the failures. The CPEO applicant must provide any response regarding the additional



failures by the date specified by the IRS CPEO program office. The IRS CPEO program office will consider any request by the CPEO applicant for an extension of the time by which the response must be provided on a case-by-case basis. The IRS CPEO program office will not consider any additional information or materials not timely provided by the CPEO applicant by the date specified in the notice of additional failures, or any extended date, or that is not factually responsive to or is outside the scope of, the notice.

(3) *IRS CPEO program office review.* In conducting its review, the IRS CPEO program office will consider the initial request for review, any additional information provided by the CPEO applicant in response to a request made in accordance with section 7.05(1), any additional failures, as defined in section 7.05(2), that arise or that are discovered after the issuance of the notice of proposed denial, and any timely responses by the CPEO applicant to the notice of additional failures.

(4) *Notice of certification.* After reviewing the request for review, if the IRS CPEO program office determines that the CPEO applicant qualifies for certification, it will issue the CPEO applicant a notice of certification in accordance with section 6.

(5) *Forwarding to OPR.* If, upon review, the IRS CPEO program office affirms the proposed denial, it will forward the administrative record to OPR for review. The administrative record will consist of the notice of proposed denial, the CPEO applicant's request for review, the IRS CPEO program office's written analysis of the CPEO applicant's request for review, any other information timely provided by the CPEO applicant in response to a request by the IRS CPEO program office, including information with regard to any additional failures, and all supporting documentation. The administrative record will include only information that was either: (i) stated in the notice of proposed denial or in a notice described in this section 7.05 and all supporting documentation; or (ii) related to the IRS CPEO program office's determination, upon review of all information subject to consideration under sections 7.03(1) and 7.05(1)-(3), that the CPEO does not qualify for certification. The IRS CPEO program office will notify

the CPEO applicant after it forwards the administrative record to OPR for review.

*.06 Consideration by OPR.*

(1) *OPR consideration.* OPR will consider only the information provided in the administrative record.

(2) *Conducting the review.*

(a) During OPR's review, subject to the exception described in section 7.06(2) (b), neither the IRS CPEO program office nor the CPEO applicant may contact OPR with respect to the pending review, and OPR will not contact the IRS CPEO program office or the CPEO applicant or its authorized representative with respect to the pending review. Further, except as provided in section 7.06(2)(b), during OPR's review, a CPEO applicant and its authorized representative may not:

(i) Submit any information or documentation to OPR;

(ii) Request or offer to have a telephone conference with OPR;

(iii) Request the name or contact information of any OPR employee who has been assigned to conduct the review; or

(iv) Attempt to contact the employee, such as by telephone or email.

(b) Notwithstanding section 7.06(2) (a), the IRS CPEO program office and the CPEO applicant may contact OPR to request the status of a pending review and an estimate of when OPR expects to complete its review. Either OPR or the CPEO program office will provide the CPEO applicant with contact information for these purposes.

(c) All communications between OPR and either the CPEO applicant or the IRS CPEO program office will conform to current IRS security and authentication policies and procedures, as applicable.

(3) *OPR will establish procedures to ensure that no additional information is considered.* To facilitate an independent review, OPR will establish procedures to ensure that any information from a CPEO applicant or authorized representative that is sent to OPR outside of the administrative record will not be considered.

(4) *Standard of review.* OPR will apply an abuse of discretion standard to its review, and if OPR concludes that the IRS CPEO program office erred in denying certification, it will issue a letter notifying the CPEO applicant that a notice of certification will be issued by the IRS CPEO

program office. Under an abuse of discretion standard, the Director, OPR will not change the decision of the IRS CPEO program office unless the IRS CPEO program office's determination is arbitrary, capricious, clearly unlawful, or without a sound basis in fact or law. *See Ewing v. Commissioner*, 122 T.C. 32, 39 (2004), vacated on other grounds, 439 F.3d 1009 (9th Cir. 2006); *see also Woodral v. Commissioner*, 112 T.C. 19, 23 (1999). If OPR finds no abuse of discretion, it will issue a letter of final denial.

*.07 A request for review may be withdrawn.* A CPEO applicant may withdraw its request for review of the notice of proposed denial before OPR issues its final determination. A request for review may be withdrawn only upon the written request of an application submitter, submitted through the CPEO applicant's IRS Online Registration System account. Upon receipt of the CPEO applicant's withdrawal request, the IRS will complete the processing of the application in the same manner as if the CPEO applicant was issued a final denial.

## SECTION 8. PROCEDURES FOR MAINTAINING CERTIFICATION AS A CPEO

*.01 In general.* To maintain certification, a CPEO must meet the applicable requirements described in § 301.7705-2, this revenue procedure, and any applicable subsequent guidance. In addition, any responsible individuals of the CPEO must meet any requirements applicable to them that are described in § 301.7705-2, this revenue procedure, and any applicable subsequent guidance. Except as otherwise provided in this revenue procedure or other guidance, the information and documents required in sections 8.02(1) and (2) and 8.03 through 8.05 must be submitted electronically via the CPEO's IRS Online Registration System account. Only an application submitter can submit the information and documents required in sections 8.02(1) and (2) and 8.03 through 8.05.

*.02 Annual verification.*

(1) *In general.* Consistent with section 7705(b)(5) and § 301.7705-2(j), to maintain its certification, a CPEO must submit through its IRS Online Registration Sys-

tem account a properly completed and executed online annual verification. CPEOs that are members of a controlled group must each submit a separate annual verification. The due date for submitting the annual verification is 30 days before the anniversary of the date (month and day) on which the CPEO's certification became effective.

(2) *User fee.* Consistent with section 7528(b)(4), upon submission of the online annual verification, the individual that submits the verification on behalf of the CPEO will be automatically directed to pay a user fee in the amount of \$1,000. No CPEO annual verification will be processed until the IRS receives the user fee. Once processing of the annual verification has begun, the user fee will not be returned.

(3) *Background check and tax compliance check.* As part of a CPEO's annual verification, the IRS may investigate the accuracy of statements and representations made by a CPEO and its responsible individuals by conducting background checks, including checks on tax compliance, criminal background, professional experience, credit history, professional sanctions, and other relevant facts. By submitting an annual verification, a CPEO and its responsible individuals agree to provide the IRS with such additional information as the IRS may request to facilitate its background investigations. A CPEO and each of its responsible individuals must take such actions as are necessary to authorize the IRS to conduct background checks and to investigate the accuracy of statements and submissions. This may include waiving confidentiality and privilege in situations in which the IRS would otherwise be prevented from obtaining or confirming information necessary to evaluate a CPEO's continued qualification for certification from relevant third parties (such as former employers) because of the existence of confidentiality, non-disclosure, or similar agreements. Failure to provide such information or take such action may result in revocation of certification.

#### .03 Bond requirements.

(1) *In general.* After the initial posting of a bond as provided in section 7705(c), § 301.7705-2(g), and section 6.02, a CPEO must continue to post a bond (or bonds, as described in section 8.03(3))

from a qualified surety for the payment of federal employment taxes, using Form 14751 through its IRS Online Registration System account, in the amount described in § 301.7705-2(g)(2) and this section 8.03, for each period beginning on April 1st of any calendar year and ending on March 31st of the following calendar year (the bond period). As prescribed by § 301.7705-2(g)(2)(i), the amount of the bond (or bonds, as described in section 8.03(3)) with respect to the bond period must be at least equal to the greater of five percent of the CPEO's liability under section 3511 during the preceding calendar year (up to \$1,000,000) or \$50,000. See § 301.7705-2(g)(2)(ii) for special rules applying to a CPEO in its first or second year of certification. The bond, any riders thereto, and any strengthening bonds posted to satisfy the requirements of section 8.03(3), are considered one continuous obligation of the surety for unpaid tax liabilities accrued by the CPEO under subtitle C from the effective date of the bond until the bond is superseded, as described in section 8.03(3), or cancelled, as described in section 8.03(4) (the term of the bond).

(2) *Controlled groups.* In the case of a controlled group in which more than one member of the controlled group is a CPEO, all CPEO members of the controlled group are required to be covered by the same bond in the amount required by § 301.7705-2(g)(2), applied as if all such CPEO members were one organization. CPEOs in a controlled group should submit Form 14751 once for all CPEOs in the controlled group through their controlled group's IRS Online Registration System controlled group license.

(3) *Increase in bond amount.* By March 1st in any calendar year, a CPEO must determine if an increase in bond amount for the new bond period beginning on April 1st of that calendar year is necessary and, if so, increase the amount of the bond covering the new bond period. That is, if five percent of a CPEO's liability under section 3511 (or other applicable federal employment tax liability pursuant to § 301.7705-2(g)(2)(ii)) for the preceding calendar year (up to the \$1,000,000 maximum liability) exceeds the current amount of the bond, the CPEO must increase the amount of its bond with respect to the

new bond period beginning on April 1st. To increase the amount of the bond, the CPEO must submit through its IRS Online Registration System account a properly completed and executed Form 14751, or such other form or document required by the IRS in the instructions for Form 14751 or further guidance, by March 1st of the calendar year in which the new bond period begins. The CPEO must also increase the amount of its bond if, at a later point in the bond period, the CPEO or the IRS determines that the CPEO's liability under section 3511 (or other applicable federal employment tax liability pursuant to § 301.7705-2(g)(2)(ii)) for the preceding calendar year was higher than the amount reported and paid and on which the bond amount for the bond period was based and makes an adjustment or assessment reflecting such determination. To increase the amount of its bond due to an adjustment or assessment, the CPEO must submit through its IRS Online Registration System account a properly completed and executed Form 14751, or such other form or document required by the IRS in the instructions for Form 14751 or further guidance, within 30 days of the date of the adjustment or assessment. To increase the bond amount, a CPEO may amend an existing bond through the use of a rider, or post a strengthening, superseding, or new bond, as applicable.

(a) A rider is an amendment to an existing bond that increases the bond amount. The rider must apply to liabilities that arise on or after the effective date of the bond that the rider amends. The surety remains liable under the existing bond, as amended by the rider, for the assessment and collection periods applicable to the CPEO under sections 6501 and 6502, respectively, for any taxable period that occurs during the term of the bond unless and until the bond is superseded.

(b) A strengthening bond is an additional bond posted in the incremental amount of the increase so that the strengthening bond together with the existing bond equal the total required bond amount. The strengthening bond must apply to liabilities that arise on or after the effective date of the bond it strengthens. Both the strengthening bond and the bond it strengthens must remain in effect, and the surety remains liable under both bonds

for the assessment and collection periods applicable to the CPEO under sections 6501 and 6502, respectively, for any taxable period that occurs during the term of the bonds, unless and until the bonds are superseded.

(c) A superseding bond is a bond posted for the total required bond amount, not just the incremental increase. Upon execution of the superseding bond, the superseded bond is no longer in effect, and the surety that provided the superseded bond is no longer liable under the superseded bond. The superseding bond must apply to liabilities that arise on or after the effective date of the superseded bond.

(d) A new bond is a bond posted for the total required bond amount and may only be posted upon the CPEO's initial certification or immediately following cancellation of an existing bond. In the case of a cancellation of an existing bond, the effective date of the new bond must be no later than the effective date of the cancellation of the existing bond, and the surety providing the existing (now cancelled) bond remains liable for liabilities that accrued during the term of the cancelled bond for the assessment and collection periods applicable to the CPEO under sections 6501 and 6502, respectively, with respect to any taxable period that occurred during the term of that bond.

(4) *Cancellation of bond.* Consistent with § 301.7705-2(g)(4), a bond may be cancelled by the surety only after the surety gives written notice of cancellation to the IRS and the CPEO in the manner provided in the instructions for Form 14751 or any applicable subsequent guidance. Similarly, a bond may be cancelled by the CPEO only after the CPEO gives written notice of cancellation to the IRS in the manner provided in the instructions for Form 14751 or any applicable subsequent guidance. If a CPEO either receives a notice of cancellation from the surety provider of its bond, or gives written notice to the IRS of the CPEO's intent to cancel the bond, the CPEO must also submit to the IRS through its IRS Online Registration System account a "Notification of Cancelled Bond," which can be any scanned document or memo providing the name of the surety for the cancelled bond, the cancelled bond number, and the effective date of cancellation. The CPEO must also

post a new or superseding bond for the required amount by submitting Form 14751 no later than 30 days prior to the effective date of the cancellation of the previous bond. If a new bond is provided, it must be effective no later than the effective date of the cancellation of the previous bond. If a superseding bond is provided, it must be effective as of the effective date of the previous bond.

(5) *Changing surety companies.* When changing surety companies, a CPEO must cancel the existing bond with its current surety company in accordance with the requirements in Form 14751. Additionally, a CPEO must provide notice of the cancellation to the IRS through its IRS Online Registration System account and post a new or superseding bond in accordance with the requirements in section 8.03(4).

(6) *Loss of qualified surety.* If the surety provider of a CPEO's bond no longer meets the requirements for a qualified surety, the CPEO must post a new or superseding bond with a qualified surety for the required amount by submitting Form 14751 via the IRS Online Registration System no later than 30 days after notification that the previous surety no longer meets the requirements of a qualified surety.

.04 *Submission of annual audited financial statements.*

(1) *Copy of financial statements, CPA opinion, and working capital statement.* By the last day of the sixth month after the end of each fiscal year of the CPEO (the audit date as defined in section 7705(c) (6)) and beginning with the first fiscal year that ends after the CPEO's effective date of certification, a CPEO must submit through its IRS Online Registration System account a copy of its annual audited financial statements for the fiscal year. With its annual audited financial statements, a CPEO must submit a CPA opinion described in section 2.05(2) (as applied to a CPEO rather than a CPEO applicant) and a working capital statement described in section 2.05(3) and (4) (as applied to a CPEO rather than a CPEO applicant).

(2) *Annual audited financial statements for controlled groups.* In the case of a controlled group in which more than one member of the controlled group is a CPEO, all CPEOs in the controlled group must submit through the controlled group's IRS

Online Registration System controlled group license the annual audited financial statements described in section 8.04(1), with an accompanying CPA opinion described in section 2.05(2) (as applied to a CPEO rather than a CPEO applicant), on a combined or consolidated basis for all CPEOs in the controlled group, rather than for the CPEO individually. Although a CPEO is not required to provide a copy of its separate financial statements as part of its submission, if the financial position of a CPEO is unclear from the combined or consolidated financial statements of the controlled group of which the CPEO is a member, the IRS may request additional financial information that is needed to evaluate the CPEO's position, such as the annual balance sheet, income statement, and statement of cash flow of the individual CPEO.

(a) The combined or consolidated annual audited financial statements provided pursuant to this section 8.04(2) may, but are not required to, also include all members of the controlled group that are not CPEOs. The name and EIN of each member of the controlled group that is included within the consolidated audited financial statements of the controlled group submitted (including each member that is not a CPEO) must be listed in the CPA opinion, a Note to the Financial Statements covered by the CPA opinion, or in a separate attachment signed under penalties of perjury by a responsible individual of any one of the CPEOs in the controlled group.

(b) A CPEO that is a member of a controlled group of which other members are CPEOs must provide, in the Note to the Financial Statements covered by the CPA opinion, a statement that the individual CPEO's financial statements reflect positive working capital or, if the requirements of section 2.05(4) are met, reflect negative working capital, with the statement in either case setting forth in detail a calculation of the individual CPEO's working capital. If it is unclear whether the CPEO has positive or negative working capital for the last quarter of the fiscal year based on the combined or consolidated financial statements of the controlled group of which the CPEO is a member, the IRS may request additional financial information on an individual CPEO basis. The status of other CPEOs in the controlled group



is not affected if the CPEO's certification is suspended or revoked if the reason for the suspension or revocation is due to the CPEO's working capital statement described in section 2.05(4) reflecting negative working capital and the CPEO failing to meet the exception described in section 2.05(4).

.05 *Submission of quarterly assertions, attestations, and working capital statements.*

(1) *Quarterly assertions, attestations, and working capital statements.* By the last day of the second month after the end of each calendar quarter, a CPEO must submit through its IRS Online Registration System account an assertion, as described in section 2.06(1) (applied to a CPEO rather than a CPEO applicant), that it has withheld and made deposits of all federal employment taxes for which the CPEO is liable for the quarter; an examination level attestation from a CPA, as described in section 2.06(2) (as applied to a CPEO rather than a CPEO applicant), stating that this assertion is fairly stated in all material respects; and a working capital statement, as described in section 2.06(3) (as applied to a CPEO rather than a CPEO applicant).

(2) *Quarterly assertions, attestations, and working capital statements for controlled groups.* In the case of a controlled group in which more than one member of the controlled group is a CPEO, each CPEO in the controlled group must submit for each calendar quarter the assertion described in section 2.06(1) (as applied to a CPEO rather than a CPEO applicant) and the examination level attestation described in section 2.06(2) (as applied to a CPEO rather than a CPEO applicant) on a combined or consolidated basis for all CPEOs in the controlled group, rather than for the CPEO individually. The assertion must contain the name and EIN of each CPEO in the controlled group. However, the working capital statement described in section 2.06(3) (as applied to a CPEO rather than a CPEO applicant) must relate to the CPEO alone and must not be prepared on a combined or consolidated basis with other members of the controlled group. For purposes of the requirements of section 2.06(3), if it is unclear whether the CPEO has positive or negative working capital for the last quarter of the fiscal

year based on the combined or consolidated annual audited financial statements of the controlled group of which the CPEO is a member, the IRS may request additional financial information about the individual CPEO. The status of other CPEOs in the controlled group is not affected if the CPEO's certification is suspended or revoked if the reason for the suspension or revocation is due to the working capital statement described in section 2.06(3) reflecting negative working capital and the CPEO failing to meet the exception described in section 2.06(3).

.06 *Reporting Requirements.*

(1) *Commencement and termination of contracts.* A CPEO must report the commencement or termination of any CPEO contract between the CPEO and a customer, or any service agreement described in § 31.3504-2(b)(2) between the CPEO and a client, and the name and EIN of such customer or client, using Form 8973, *Certified Professional Employer Organization/ Customer Reporting Agreement*.

(a) Except as provided in section 8.06(1)(b), a CPEO must submit a Form 8973 within 30 days of the commencement of any CPEO contract or service agreement described in § 31.3504-2(b)(2) (including the conversion of an existing service agreement described in § 31.3504-2(b)(2) to a CPEO contract and vice versa). For more information on where to send the Form 8973, see the Instructions for Form 8973.

(b) To provide a newly certified CPEO with sufficient time to complete Forms 8973 for clients with whom it has had service agreements prior to certification as a CPEO (existing clients), a CPEO has six months from the date of its notice of certification to submit Forms 8973 with respect to the commencement of any CPEO contracts with existing clients (including the conversion of a service agreement described in § 31.3504-2(b)(2) with an existing client to a CPEO contract) or the commencement of any service agreements described in § 31.3504-2(b)(2) with existing clients (including the continuation by a newly certified CPEO of a service agreement described in § 31.3504-2(b)(2) with an existing client).

(c) CPEOs are required to secure the signature of all clients subject to a service agreement described in § 31.3504-2(b)

(2) prior to submission of the form to the IRS to report the commencement of the service agreement. The IRS recognizes, however, that a CPEO might occasionally experience difficulty in obtaining a signature from a client subject to a service agreement described in § 31.3504-2(b)(2). In these limited situations, the CPEO must still submit Form 8973, even though it is unsigned by the client, with the CPEO's signature, by the applicable deadline. Because the CPEO did not obtain its client's signature on the form, the CPEO must attach a written statement to the Form 8973 with the following information:

(i) The CPEO's name, federal taxpayer identification number, mailing address, contact name, phone number, and e-mail address;

(ii) The name and federal taxpayer identification number of the client for which the associated Form 8973 is being submitted;

(iii) A detailed statement which provides the steps the CPEO has taken to meet its requirement to secure the client's signature in a timely manner, and why the steps were unsuccessful; and

(iv) A statement (signed by an individual who has the authority to execute Form 8973 for the CPEO), with the following language: *Under penalties of perjury, I declare that the information contained in this statement is true, correct and complete to the best of my knowledge and belief.*

(d) The occasional submission by a CPEO of an unsigned Form 8973 with the attachment described above for a service agreement described in § 31.3504-2(b)(2) should not, absent other factors, result in suspension or revocation of the CPEO's certification. However, the prevalence of unsigned Forms 8973 for a particular CPEO may reach a level of significance that poses a material risk to the IRS's collection of federal employment taxes. If the IRS determines, in its sole discretion, that the prevalence or number of unsigned Forms 8973 for a particular CPEO does pose a material risk to the collection of federal employment taxes, the IRS will issue a notice of suspension and proposed revocation to the CPEO.

(e) Information relating to a client subject to a service agreement described in § 31.3504-2(b)(2) must be properly reported on Schedule R of Forms 940 and

941 (or Form 943, if applicable), even if the client does not sign Form 8973.

(f) CPEOs are required to secure the signature of all customers subject to a CPEO contract (as described in section 7705(e)(2)) on Form 8973 prior to submission of the form to the IRS to report the commencement of the CPEO contract. The IRS recognizes, however, that a CPEO might occasionally experience difficulty in obtaining a signature from a customer subject to a CPEO contract. If a customer subject to a CPEO contract does not sign Form 8973, section 3511 does not apply to the customer. Consequently, the CPEO must report this customer as a client covered by a service agreement described in § 31.3504-2(b)(2), rather than as a customer covered by section 3511, on Form 8973 and on Schedule R of Forms 940, 941, and 943 (if applicable). The CPEO should submit Form 8973 (reporting the customer as a client covered by a service agreement described in § 31.3504-2(b)(2)), even though it is unsigned by the customer, with the CPEO's signature, following the procedures set forth in section 8.06(1)(c), by the applicable deadline.

(g) A CPEO must submit Form 8973 to the IRS within 30 days of the termination of any CPEO contract or service agreement described in § 31.3504-2(b)(2). Only the CPEO's signature is required on the form to notify the IRS that a CPEO contract or service agreement has ended. In addition, though not required, the customer may also separately file its own Form 8973 to notify the IRS that its CPEO contract or service agreement with the CPEO has ended. If a customer separately files its own Form 8973 to notify the IRS that its CPEO contract or service agreement with the CPEO has ended, only the customer's signature is required on that Form 8973.

(h) Form 8973 includes a CPEO Consent to Disclosure of Tax Information, on which the CPEO consents to the IRS disclosing to the customer or client identified on the Form 8973 information from the CPEO's employment tax returns (for example, Forms 940 and 941) filed with respect to the customer or client identified on the Form 8973 and information about the CPEO's certification. The CPEO consents to this disclosure only to the extent necessary to carry out the purposes of the CPEO program and will list on the CPEO

Consent to Disclosure of Tax Information the specific year(s) or period(s) for which consent to disclosure of employment tax return information is provided. The CPEO must file a new CPEO Consent to Disclosure of Tax Information before the end of the last year or period listed on the most recent prior consent for the customer or client, unless and until the CPEO submits a Form 8973 to report the termination of the applicable CPEO contract or service agreement. For more information, see Form 8973 and its instructions.

(2) *Employment tax reporting.*

(a) A CPEO that is treated as an employer of a covered employee under section 3511 must meet all reporting and recordkeeping requirements described in subtitle F that are applicable to employers, in a manner consistent with that treatment. Specifically, with any Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*, Form 941, *Employer's QUARTERLY Federal Tax Return*, and Form 943, *Employer's Annual Federal Tax Return for Agricultural Employees*, that it files, a CPEO must file Schedule R (Form 940), *Allocation Schedule for Aggregate Form 940 Filers*, Schedule R (Form 941), *Allocation Schedule for Aggregate Form 941 Filers*, and Schedule R (Form 943), *Allocation Schedule for Aggregate Form 943 Filers*, respectively, providing all the information required by the form and its instructions. In addition, Form 940, Form 943, and, except with respect to the first calendar quarter for which the CPEO is certified, Form 941, along with all required schedules, including Schedule R, must be electronically filed. A CPEO may file the Form 941, along with all required schedules, including Schedule R, on paper with respect to the calendar quarter that begins on the effective date of its certification. See the instructions for Form 940, Form 941, Form 943, Schedule R (Form 940), Schedule R (Form 941), and Schedule R (Form 943) for additional information on filing these forms.

(b) The IRS may waive the electronic filing requirements of this section 8.06(2) in case of undue economic hardship. The principal factor in determining undue economic hardship will be the amount, if any, by which the cost of electronically filing Form 940, Form 941, and Form 943 (and all applicable schedules) exceeds the cost

of paper filing. The IRS will also consider temporary software and technological issues that prevent the CPEO from electronically filing. Temporary generally means the problem is expected to affect the filing of only one return. Waiver requests claiming technological issues as the explanation for continual paper filing will be denied. In addition, the waiver will be subject to such terms and conditions regarding the method of filing as may be prescribed by the IRS. To request a waiver from electronic filing requirements, a CPEO must submit a written request specifying the type of filing (that is, the name of the form or schedule), as well as the period to which it applies. The request must also include a detailed statement explaining:

- (i) the steps the CPEO has taken in an attempt to meet its requirement to timely file its return electronically.
- (ii) why the steps were unsuccessful.
- (iii) a description of the undue hardship – economic, technological, or otherwise – that would result from complying with the electronic filing requirement.
  - (A) If the hardship is economic, then the CPEO must include the amount by which the cost of electronically filing employment tax returns and all applicable schedules exceeds the cost of paper filing. These incremental costs must be supported by a detailed computation. The detailed computation must include a schedule detailing the costs to file on paper and the costs to file electronically.
- (iv) what steps the CPEO will take to ensure its ability to file future returns electronically and the date this is expected to be achieved.
- (v) a statement signed by an individual authorized to sign the CPEO's return, with the following language: *Under penalties of perjury, I declare that the information contained in this waiver request is true, correct and complete to the best of my knowledge and belief.*

Electronic filing waiver requests must be filed at least 45 days before the due date of the return for which the CPEO is unable to electronically file. Additionally, a waiver request may be made only for the current taxable period, and waiver re-

quests for taxable periods other than the current tax period will not be considered. The waiver request should be submitted through the CPEO's IRS Online Registration System account. For additional information on waivers from electronic filing requirements, see the information provided on *IRS.gov*.

(c) A CPEO claiming and reporting employment tax credits on behalf of a customer must collect from the customer any information necessary to accurately claim the credits on the customer's behalf.

(i) Either the CPEO or the customer may maintain the records to substantiate the customer's eligibility for a credit. However, if the customer maintains the records, upon request by the IRS, the CPEO must obtain from the customer and provide to the IRS the records to substantiate the customer's eligibility for the credit.

(ii) The CPEO will be liable for employment taxes that are due as a result of any improper claim of employment tax credits. For non-worksites employees, the customer may also be liable for employment taxes due as a result of improperly claimed employment tax credits.

(3) *Reporting of material changes.* A CPEO must notify the IRS of any change that materially affects the continuing accuracy of any previously made agreement or other information provided to the IRS (material change), including a modification or update to previously provided information, as well as new information (for example, a new responsible individual). A CPEO must notify the IRS of a material change no later than 30 days (45 days in the case of a new responsible individual) after the date of the material change. Notification must be provided through the CPEO's IRS Online Registration System account. Material changes that must be reported as prescribed in this section 8.06(3) include, but are not limited to, the following items:

(a) Any change to the information previously provided by the CPEO as part of its initial application for certification or as part of a prior material change notification or annual verification that relates to business name or organization, address, fiscal year, licensing information, precursor entities, related entities, controlled group information, responsible individuals, or background information.

(b) Any change to the tax compliance information previously provided by the CPEO as part of its initial application for certification or as part of a prior material change notification or annual verification. When reporting material changes to the CPEO's tax compliance information, the CPEO must specifically report both:

(i) The discovery of any failure (other than immaterial and isolated failures that do not reflect a meaningful lapse in compliance with federal employment tax withholding and deposit requirements) by the CPEO or any of its precursor or related entities within the last six years to timely and accurately file federal, state, or local tax or information returns (including federal employment tax returns) or pay any applicable federal, state, or local tax (including federal employment taxes), except that with respect to precursor entities that are no longer related entities, the CPEO must report only those failures of which it becomes aware and that relate to the precursor entity's tax and reporting responsibilities connected with any assets that were transferred to the CPEO from the precursor entity; and

(ii) The assessment of fraud penalties by the IRS or a state or local tax authority against the CPEO or any of its precursor or related entities for any year, including for years before the CPEO was certified, except that with respect to precursor entities that are no longer related entities, the CPEO must report only those assessments of fraud penalties of which it becomes aware and that relate to the precursor entity's tax and reporting responsibilities connected with any assets that were transferred to the CPEO from the precursor entity.

(c) Any change to any annual audited financial statements or annual working capital statements previously submitted to the IRS in accordance with section 2.05 or 8.04, and § 301.7705-2(e), that would require a restatement of previously submitted annual audited financial statements.

(d) Any change to the quarterly working capital statements previously submitted to the IRS in accordance with section 2.06 or 8.05, and § 301.7705-2(f), that causes working capital to no longer be positive or that causes a CPEO with negative working capital that met the requirements of section 2.06(3) (as applied to a

CPEO rather than a CPEO applicant) to no longer meet those requirements.

(e) The discovery by the CPEO of tax fraud or criminal activity in violation of federal, state, or local laws by a responsible individual.

(f) The CPEO, a related entity of the CPEO, or a responsible individual of the CPEO is charged with or convicted of any criminal offense under the laws of the United States or of a state or political subdivision thereof.

(g) The commencement of an active IRS criminal investigation of the CPEO, or the discovery by the CPEO of an active IRS criminal investigation of a related entity or a responsible individual.

(h) The occurrence of a transaction by which a person or group of persons gain control or effective control, directly or indirectly (including through control of the owner of the CPEO), of fifty percent or more of the stock or other ownership interests in a CPEO (determined by vote or value).

(i) The sale, transfer, or disposition of all or substantially all of the CPEO's business, or the reorganization, spin-off or similar division, liquidation, dissolution, or closure of the CPEO business entity, directly or indirectly (including through sale, transfer, disposition, reorganization, spinoff, or division of the owner of the CPEO) regardless of whether the event is taxable or tax free.

(4) *Reporting of material changes by responsible individuals.* Responsible individuals of a CPEO must notify the IRS of any material changes to the information they submitted on the RIPA pursuant to sections 8.01 and 8.06(4), within 30 days of the change, by submitting an update through the online account of the responsible individual who submitted the previous RIPA. This reporting requirement is in addition to the requirement that the CPEO report material changes relating to responsible individuals, as provided in sections 8.06(3)(a), (e), (f), and (g). Material changes that must be reported as prescribed in this section 8.06(4) include—

(a) Any change to the responsible individual's basic information, address, business information, related entities, and other attestations (such as attestations related to the denial, suspension, or revocation of licenses, registrations, or accreditations);



- (b) Disbarments;
- (c) Charges or convictions for any federal, state, or local criminal offense;
- (d) IRS criminal investigations;
- (e) Any failures to file any required federal, state, or local tax or information returns, or to pay any required federal, state, or local taxes, in a timely or accurate manner;
- (f) Initiation of a bankruptcy proceeding by the responsible individual; and
- (g) Any assessments of the Trust Fund Recovery Penalty under section 6672 against the responsible individual.

(5) *Reporting of new responsible individuals.* Each individual who, after the CPEO's effective date of certification, becomes a responsible individual of the CPEO must, within 30 days of becoming a responsible individual, either, (i) submit an update through the individual's online account adding the CPEO as a CPEO with which the responsible individual is associated (if the responsible individual had previously completed a RIPA for any CPEO); or, (ii) electronically submit a properly completed and executed online RIPA and submit fingerprints using Fieldprint, or by such other method of fingerprint submission provided for in applicable subsequent guidance, obtain an individual (INDV) number from the IRS, and provide this INDV number to the CPEO in the manner described on *IRS.gov* (if the responsible individual had not previously completed a RIPA). All requirements in section 8.06(5)(ii) must occur before the CPEO can update its responsible individual information.

(6) *Reporting to customers.* A CPEO must meet the following reporting requirements with respect to its customers:

(a) A CPEO must notify a customer in writing if its CPEO contract has been transferred to another person (or if another person will report, withhold, or pay, under such other person's EIN, any applicable federal employment taxes with respect to the remuneration of any individuals covered by its CPEO contract with the customer) and provide the customer with the name and EIN of such other person no later than 10 days after the transfer or other applicable event.

(b) A CPEO must provide its customers with the information necessary to claim the credits specified in section 3511(d)(2)

and any other credits specified in further guidance, and the information necessary to properly report employee tips, as provided in section 6053(c)(8).

(c) If a CPEO's certification is suspended or revoked, as described in section 9, the CPEO must provide written notice to each of its customers within 10 days of the date of such suspension or revocation, as provided in sections 9.03(1) and 9.09.

(d) If any covered employees are not, or cease to be, work site employees because they perform services at a location at which the eighty-five percent threshold described in section 7705(e)(3) is not met, the CPEO must notify the customer in writing within 30 days following the end of the applicable calendar quarter that the customer may also be liable for the federal employment taxes imposed on remuneration remitted by the CPEO to those covered employees.

(7) *Information required in an agreement or contract between a CPEO and a client or customer.*

(a) In the case of a service agreement described in § 31.3504-2(b)(2) that is not a CPEO contract (as a result of which the individuals covered by that service agreement are not covered employees), or if section 3511 does not apply to a CPEO contract in accordance with section 8.06(7)(b), the agreement or contract must notify, or be accompanied by a notification to, the client or customer that the service agreement or contract is not covered by section 3511 and does not alter the client or customer's liability for federal employment taxes on remuneration remitted by the CPEO to the employees covered by the service agreement or contract.

(b) In the case of a CPEO contract, the contract must notify, or be accompanied by a notification to, the customer that section 3511 does not apply to a CPEO contract under the following circumstances--

(i) The customer has a relationship to a CPEO described in section 267(b) (including, by cross-reference to section 267(f)) or section 707(b), except that "10 percent" shall be substituted for "50 percent" wherever it appears in the applicable sections;

(ii) The customer has commenced a CPEO contract with the CPEO but commencement has not been reported to the IRS in accordance with section 8.06(1);

(iii) The CPEO contract has been entered into by the CPEO while its certification has been suspended by the IRS; or

(iv) The certification of a CPEO has been revoked or voluntarily terminated but only for the period following the effective date of the revocation or voluntary termination, and in which case the notification required by section 8.06(6)(a) should be sent as required by sections 9.09 and 10.01.

(c) In situations in which a CPEO contract with a customer covers remuneration remitted by a CPEO to self-employed individuals, the CPEO contract must notify, or be accompanied by notification to, the customer that the remuneration remitted by the CPEO to any self-employed individuals is not covered by section 3511.

(8) *Penalties and additions to tax.* A CPEO is subject to the penalty under section 6652(n) for failure to make any report required by sections 3511 and 7705, and by § 31.3511-1(g), as well as the reporting requirements described in this section 8.06, and any applicable subsequent guidance. In addition, a CPEO is subject to the same penalties and additions to tax as any employer that fails to meet the applicable employment tax reporting requirements discussed in section 8.06(2), including but not limited to penalties and additions to tax under sections 6651, 6656, 6662, 6672, 6721, 6722, and 6723. However, the failure to file Forms 940, 941, or 943, as applicable, along with all required schedules, electronically, as provided in section 8.06(2), does not constitute a failure to file for purposes of the section 6651(a) (1) addition to tax or a failure to make a report for purposes of the section 6652(n) penalty. The consequence of any failure to file these forms and associated schedules electronically is the potential suspension or revocation of certification as a CPEO, addressed in section 9.

## SECTION 9. SUSPENSION AND REVOCATION OF CPEO CERTIFICATION

.01 *In general.* The IRS may suspend and revoke the certification of any CPEO as a result of one or more failures to comply with any of the requirements for CPEOs described in sections 3511 and 7705, §§ 31.3511-1, 301.7705-1, and

301.7705-2, this revenue procedure, and any applicable subsequent guidance, and will do so if the IRS determines, in its sole discretion and based on a review of the relevant facts and circumstances, that one or more such failures present a material risk to the IRS's collection of federal employment taxes. In determining whether one or more failures present a material risk, the IRS generally will consider all relevant facts and circumstances, including the size, scope, nature, significance, recurrence, and timing of and reason for the failure and, in the case of a CPEO, any prior failures of the CPEO to meet the requirements of sections 3511 and 7705, §§ 31.3511-1, 301.7705-1, and 301.7705-2, this revenue procedure, and any applicable subsequent guidance. In examining the facts and circumstances concerning one or more failures to comply with CPEO program requirements, the IRS has sole discretion in determining which facts and circumstances are relevant and should be considered, and how those relevant facts and circumstances affect the determination as to whether the failures present a material risk. Section 9.02 provides examples of specific failures that may result in the issuance of a notice of suspension and proposed revocation, the consequences of which are described in section 9.03(1). A CPEO may request review of the proposed revocation, in the manner described in section 9.03(2), which may result in the lifting of the suspension or the issuance of a notice of final revocation. Consequences of revocation of certification are described in section 9.09.

.02 *Specific failures resulting in suspension and proposed revocation.* Specific circumstances that may result in suspension and proposed revocation of certification include, but are not limited to--

(1) *Failure to complete annual and quarterly requirements.* A failure to timely complete an annual verification, timely submit annual audited financial statements and an accompanying CPA opinion, or timely submit a quarterly assertion, attestation, or working capital statement, as provided in sections 8.02, 8.04, and 8.05;

(2) *Failure to maintain bond.* A failure to maintain a bond or bonds in the required bond amount, as provided in section 8.03;

(3) *Failure to satisfy reporting requirements or report a material change.* A failure to satisfy the reporting requirements provided in section 8.06, including a failure of the CPEO or a responsible individual of the CPEO to notify the IRS of a material change (as provided in sections 8.06(3) and 8.06(4));

(4) *Criminal Offenses.* The charging or conviction of the CPEO, or a related entity or a responsible individual of the CPEO, with or for any criminal offense under the laws of the United States or a state or political subdivision;

(5) *IRS Criminal Investigation.* The CPEO, or a related entity or a responsible individual of the CPEO, being the subject of an active IRS criminal investigation;

(6) *Failure to pay or report taxes.* A failure (other than an immaterial and isolated failure that does not reflect a meaningful lapse in compliance with federal employment tax withholding and deposit requirements) by the CPEO or any responsible individual to pay any applicable federal, state, or local taxes or file any required federal, state, or local tax or information returns in a timely and accurate manner, unless the failure is determined to be due to reasonable cause and not due to willful neglect;

(7) *Tax Fraud.* The assessment of fraud penalties against the CPEO or any of its responsible individuals or related entities by the IRS or another tax authority; and

(8) *Errors or omissions.* The discovery of any errors or omissions in any annual audited financial statements, working capital statements, or CPEO application previously submitted to the IRS in accordance with sections 2.05, 2.06, 8.04 and 8.05, and § 301.7705-2(e) and (f), that would require a restatement of previously submitted statements.

.03 *Notice of suspension and proposed revocation.* If the IRS CPEO program office determines that suspension and proposed revocation of certification is appropriate, the IRS will issue a notice of

suspension and proposed revocation to the CPEO through the CPEO's IRS Online Registrations System account that will explain the reason(s) for and consequences of the suspension and proposed revocation, as described in section 9.03(1), and advise the CPEO of its opportunity to request review of the proposed revocation, as described in section 9.03(2). The CPEO's suspension is effective as of the date on the notice. For questions concerning the specific reasons for suspension and proposed revocation, the consequences of suspension and proposed revocation, or questions concerning the review process, the CPEO may contact the individual listed at the top of the notice of suspension and proposed revocation.<sup>4</sup>

(1) *Consequences of suspension of certification.* Within 10 days of the date of the notice of suspension and proposed revocation, the CPEO must provide written notice to its customers of its suspended status and upload a copy of this notice to its IRS Online Registration System account. Moreover, the IRS will include the suspended CPEO in the published list of suspended CPEOs, available on *IRS.gov*, and may also individually notify the CPEO's customers of the suspension. A CPEO that has received a notice of suspension and proposed revocation is still responsible for meeting all applicable certification requirements in the regulations, this revenue procedure, and any applicable subsequent guidance. However, section 3511 will not apply to any new CPEO contract (not including modifications to, or extensions of, existing contracts) that the CPEO enters into while its certification is suspended. Notwithstanding the foregoing, any new CPEO contract entered into while the CPEO's certification is suspended is still subject to the applicable provisions of § 31.3511-1(g) and sections 8.06(1), (2), and (6), assuming the contract otherwise constitutes a service agreement described in § 31.3504-2(b)(2).

(2) *Request for review of proposed revocation.* A notice of suspension and proposed revocation will advise the CPEO of its opportunity to request review of the

<sup>4</sup>In order for the individual requesting further information to discuss a return of the CPEO or a related entity of the CPEO with the IRS, the individual must be authorized by section 6103(e) to inspect the return of the CPEO or related entity or have a Form 8821, Tax Information Authorization, for that CPEO or related entity and that return on file with the IRS.

proposed revocation. To request a review, the CPEO, using its IRS Online Registration account, must submit, within 30 days of the date of the notice, a written request for review that contains a statement of the facts, law, and arguments in support of the CPEO's position, including a description of the actions it has taken, is taking, or intends to take to cure the failure(s) identified in the notice (if possible) and to prevent the failure(s) from reoccurring. The arguments in support of the CPEO's position should focus on the factual information being provided by the CPEO concerning its failure(s) to comply with the requirements for CPEOs and on the factual information being provided as evidence disputing any underlying facts on which the IRS based its conclusion, as well as on the actions it has taken or intends to take to cure the failure(s) (if possible) and to prevent the failure(s) from reoccurring. Although arguments concerning whether the actions the CPEO has taken or intends to take have cured or will cure the failure(s) (if possible) and will prevent the failure(s) from reoccurring are appropriate for the CPEO to make in its request for review, arguments concerning whether the failure(s) presented or continue to present a material risk to the IRS's collection of federal employment taxes are outside the scope of review and will not be considered.

(3) *Administrative Record.* Subject to the exceptions in sections 9.05(1) and (3), after a CPEO has submitted a written request for review, the CPEO may not submit any additional information as part of its request for review or any additional arguments in support of the CPEO's position. The IRS CPEO program office will not consider any information or arguments described in the preceding sentence as part of the IRS CPEO program office's handling of the request for review under section 9.05, unless new information is provided pursuant to section 9.05(1) or (3). The IRS CPEO program office also will not forward any such information or arguments to OPR under section 9.05(5), unless new information is provided pursuant to section 9.05(1) or (3).

(4) *Extension of time to request review.* The IRS CPEO program office may extend the deadline for submitting a request for review by an additional 30 days. To

request this 30-day extension, a CPEO must submit a written request through its IRS Online Registration System account and include an explanation of the need for the extension. A CPEO must submit its request not later than 20 days after the date of the notice of suspension and proposed revocation. A CPEO may request only one extension.

(a) The IRS CPEO program office will grant the extension if, in its sole discretion and based on a review of the relevant facts and circumstances, it determines that the extension is in the interest of sound tax administration.

(b) A request for an extension, a denial of an extension, or any other matter related to this section 9.03(4) is not subject to the review described in section 9, including section 9.06.

.04 *Notice of final revocation issued if no request for review of the proposed revocation is submitted.* If the CPEO does not timely submit a request for review of the proposed revocation in accordance with section 9.03(2), including any extension of time under section 9.03(4), a notice of final revocation will be issued to the CPEO by the IRS CPEO program office.

.05 *How the IRS handles a request for review of the proposed revocation.* The IRS CPEO program office will first review the request to determine if the CPEO's actions have cured or will cure the failure(s) (if possible) and will prevent the failure(s) from reoccurring, so that the suspension can be lifted.

(1) *Request for additional Information.* In reviewing a CPEO's request for review, the IRS CPEO program office may request additional information from the CPEO, if it determines that further materials are required to sufficiently evaluate the initial request for review.

(a) The CPEO must provide the requested information or materials by the date specified in the request. The IRS CPEO program office will consider any request by the CPEO for an extension of the time by which the requested information or materials must be provided on a case-by-case basis.

(b) In accordance with section 9.03(3), a CPEO should not send any additional information or documentary materials to the IRS CPEO program office, unless the

information or materials are requested, and the IRS CPEO program office will not consider any unrequested information or materials received from the CPEO.

(c) Similarly, if the IRS CPEO program office requests additional information or materials, the IRS CPEO program office will also not consider any additional information or materials not timely provided by the CPEO (by the date specified in the request or any extended date) or that is not factually responsive to or is outside the scope of the request.

(2) *IRS CPEO Program Office Review.* In conducting its review, the IRS CPEO program office will consider the initial request for review, any additional information and documentation requested by the IRS CPEO program office and provided by the CPEO as part of the review process, any additional failures, as defined in section 9.05(3), to comply with any of the requirements for CPEOs that arise after the issuance of the notice of suspension and proposed revocation, and any timely responses by the CPEO to the additional failures.

(3) *Additional Failures.* Before referring a suspension and proposed revocation to OPR for review, the IRS CPEO program office will provide written notice to the CPEO of, and give the CPEO additional time to respond to, any failures to comply with any of the requirements for CPEOs that have arisen or were discovered since the notice of suspension and proposed revocation was issued. The CPEO must provide any response to the additional failures by the date specified by the IRS CPEO program office. The IRS CPEO program office will consider any request by the CPEO for an extension of the time by which the response must be provided on a case-by-case basis. The IRS CPEO program office will not consider any additional information or materials not timely provided by the CPEO by the date specified in the request or any extended date or that is not factually responsive to or is outside the scope of the request.

(4) *Lifting the suspension.* If the IRS CPEO program office finds that the CPEO's actions have cured or will cure the failure(s) (if possible) and will prevent the failure(s) from reoccurring, the suspension will be lifted. The IRS CPEO program office will provide to the CPEO writ-



ten notice of this finding that will include the date the suspension is lifted. Section 3511 will apply to any new CPEO contract that the CPEO enters into on or after the date the suspension is lifted. However, section 3511 does not apply to any CPEO contract that the CPEO entered into while it was suspended. The IRS will remove the listed CPEO from the published list of suspended CPEOs as soon as practicable, but no later than the next update of the list that occurs after the suspension is lifted.

(5) *Forwarding to OPR.* If, upon review of the CPEO's request for review of the proposed revocation, the IRS CPEO program office determines that the CPEO's actions have not cured or will not cure the failure(s) and will not prevent the failure(s) from reoccurring, it will forward the administrative record to OPR for review. The administrative record will consist of the notice of suspension and proposed revocation, the CPEO's request for review, the IRS CPEO program office's written analysis in response to the CPEO's request for review, any other information timely provided by the CPEO in response to a request by the IRS CPEO program office, including with regard to any additional failures, and all accompanying supporting documentation, to OPR. The administrative record will include only information about (i) failures that were stated in the notice of suspension and proposed revocation or in a notice described in section 9.05 and all supporting documentation; and (ii) failures related to the IRS CPEO program office's determination, upon review of all information subject to consideration under sections 9.03(2) and 9.05(1)-(3), that the CPEO's actions have not cured or will not cure the failure(s) and will not prevent the failure(s) from reoccurring. The IRS CPEO program office will notify the CPEO when it forwards the administrative record to OPR for review, including the forwarding date.

*.06 Consideration by OPR.*

(1) *OPR Consideration.* OPR will consider only the information provided in the administrative record.

*(2) Conducting the review.*

(a) During OPR's review, subject to the exception described in section 9.06(2)(b), neither the IRS CPEO program office, nor the CPEO may contact OPR with respect

to the pending review, except as provided below, and OPR will not contact the IRS CPEO program office or the CPEO or its authorized representative with respect to the pending review. Further, except as provided below, during OPR's review, a CPEO and its authorized representative may not:

(i) Submit any information or documentation to OPR;

(ii) Request or offer to have a telephone conference with OPR;

(iii) Request the name or contact information of any OPR employee who has been assigned to conduct the review; or

(iv) Attempt to contact the OPR employee, such as by telephone or email.

(b) Notwithstanding 9.06(2)(a), the IRS CPEO program office and the CPEO may contact OPR to request the status of a pending review and an estimate of when OPR expects to complete its review. Either OPR or the CPEO program office will provide the CPEO applicant with contact information for these purposes.

(c) All communications between OPR and either the CPEO applicant or the IRS CPEO program office will conform to current IRS security and authentication policies and procedures, as applicable.

(3) *OPR will establish procedures to ensure that no additional information is considered.* To facilitate an independent review, OPR will establish procedures to ensure that any information from a CPEO or authorized representative that is sent to OPR outside of the administrative record, will not be considered.

(4) *Standard of review.* OPR will apply an abuse of discretion standard to its review, and if, applying this standard, OPR finds that the IRS CPEO program office erred (i) in proposing revocation; or (ii) in determining that the CPEO's actions have not cured or will not cure the failure(s) (if possible) and will not prevent the failure(s) from reoccurring, the CPEO's certification will not be revoked, and its suspension will be lifted. Under an abuse of discretion standard, the Director, OPR will not set aside the IRS CPEO program office's determination unless the determination is arbitrary, capricious, clearly unlawful, or without a sound basis in fact or law. *See Ewing*, 122 T.C. at 39, *see also Woodral*, 112 T.C. at 23 (1999).

(5) *Written Notice.* If OPR finds no abuse of discretion, OPR will provide written notice of its finding to both the CPEO and the IRS CPEO program office and will issue a notice of final revocation to the CPEO, which is described in section 9.08. If OPR concludes that the IRS CPEO program office's determination constituted an abuse of discretion, OPR will provide written notice of its finding to both the CPEO and the IRS CPEO program office, which will include the date the suspension is lifted. As of the date the suspension is lifted, the CPEO will be restored to full status as a CPEO, section 3511 will once again apply to any new CPEO contract that the CPEO enters into. However, section 3511 does not apply to any CPEO contracts that the CPEO entered into while it was suspended. The IRS will remove the listed CPEO from the list of suspended CPEOs as soon as practicable, but no later than the next update of the list that occurs after the suspension is lifted.

*.07 A request for review may be withdrawn.* A CPEO may withdraw its request for review of the notice of proposed revocation before OPR provides written notice of its finding to the CPEO. A request for review may be withdrawn only upon the written request of an application submitter, submitted through the CPEO's IRS Online Registration System account. Upon receipt of the CPEO's withdrawal request, the IRS will issue a notice of final revocation.

*.08 Notice of final revocation.* The notice of final revocation will incorporate by reference the notice of suspension and proposed revocation (including an explanation of the reason(s) for the suspension and proposed revocation) and explain the consequences of revocation of certification, as described in section 9.09. If the CPEO requested review of the proposed revocation (and did not withdraw its request for review), the notice of final revocation will also include additional discussion of the IRS's rationale for revocation of certification in response to arguments made in the CPEO's request for review. The notice of final revocation will state the effective date of the revocation, which will ordinarily be the first day of the first quarter following the date of the notice of final revocation.

.09 *Consequences of revocation.* A CPEO is no longer a CPEO as of the effective date of revocation stated in the notice of final revocation, and the provisions of section 3511 no longer apply to the organization as of that date. Unless otherwise stated in the notice of final revocation, within 10 days after the date of the notice of final revocation, the former CPEO must provide written notice to each of its customers that its CPEO certification has been revoked, that the provisions of section 3511 no longer apply to the customer's relationship with the former CPEO, and that the customers may also be liable (as of the effective date of revocation) for federal employment taxes imposed on remuneration remitted by the former CPEO to all employees covered by the customer's contract with the former CPEO. The former CPEO will also be removed from the list of CPEOs that the IRS publishes on *IRS.gov*, which is updated by the 15th day of the first month of every calendar quarter. Moreover, the IRS will include the former CPEO in the published list of revoked CPEOs, available on *IRS.gov*, as soon as practicable, but no later than the next update of the list that occurs after the effective date of revocation, and may also individually notify the former CPEO's customers of the revocation.

.10 *Reapplication after revocation.* A former CPEO whose certification has been revoked may not reapply to be certified as a CPEO until one year has passed after the effective date of its revocation. In seeking re-certification, the former CPEO must submit a completely new application, complying with the applicable procedures set forth in sections 2 thru 8 concerning application for and maintenance of certification. As part of the re-application process, the former CPEO must disclose that it has previously been certified and that its CPEO certification was revoked, provide the reasons for the revocation and explain what procedures the former CPEO has taken in the time since the revocation to ensure that it no longer poses a material risk to the IRS's collection of federal employment taxes. Specifically, the former CPEO should explain procedures that were instituted in order to correct its past failures and should describe how those procedures will prevent any new failures to comply with the requirements

of a CPEO, were it to be certified again. The former CPEO must also submit to the IRS CPEO program office a copy of the written notice sent to the clients informing them of the former CPEO's revocation, and a list of the clients that were notified of the former CPEO's revocation.

## SECTION 10. VOLUNTARY TERMINATION

.01 *Notice of voluntary termination.* A CPEO may voluntarily terminate its certification at any time other than while its certification is suspended. To voluntarily terminate its certification, the CPEO must submit to the IRS through its IRS Online Registration System account a written notice of voluntary termination at least 30 days prior to the date on which the CPEO intends for the termination to take effect. A certification may be voluntarily terminated upon the written request of an application submitter, submitted through the CPEO's IRS Online Registration System account. The effective date chosen by the CPEO must coincide with the first day of a calendar quarter. Prior to sending the IRS the notice of voluntary termination, the CPEO must notify each of its customers in writing of the CPEO's intention to terminate its certification and of the proposed effective date of termination and provide an explanation of the employment tax consequences of termination, including a statement that the customer may also be liable (as of the effective date of termination) for federal employment taxes imposed on remuneration remitted by the CPEO to all employees covered by the customer's contract with the CPEO.

.02 *Notice of termination sent to customers by IRS.* Upon receipt of a CPEO's notice of voluntary termination, the IRS may also send notification of the CPEO's intent to terminate certification to the CPEO's customers.

.03 *Effect of voluntary termination.* A CPEO that voluntarily terminates its certification is, as of the effective date stated in the notice of voluntary termination, no longer a CPEO and the provisions of section 3511 will no longer apply to the organization. The former CPEO will also be removed from the list of CPEOs that the IRS publishes on *IRS.gov*. Moreover, the IRS will include the former CPEO in

the published list of voluntarily terminated CPEOs, available on *IRS.gov*, as soon as practicable, but no later than the next update of the list that occurs after the effective date of voluntary termination, and may also individually notify the former CPEO's customers of the voluntary termination.

.04 *Reapplication after voluntary termination.* A former CPEO whose certification as a CPEO was voluntarily terminated may reapply to be certified as a CPEO. There is no waiting period for re-application after voluntary termination. In seeking re-certification, the former CPEO must submit a completely new application, complying with the applicable procedures set forth in sections 2 thru 8 concerning application for and maintenance of certification. As part of the re-application process, the former CPEO must disclose its previous voluntary termination. Furthermore, a sample of the notification of intention to terminate sent to customers as required in section 10.01 must be attached to the new application.

## SECTION 11. EFFECTIVE DATE

This revenue procedure is effective March 10, 2023.

## SECTION 12. PAPERWORK REDUCTION ACT

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget (OMB) in accordance with the Paperwork Reduction Act (44 U.S.C. § 3507) under control number 1545-2266.

The collection of this information in this revenue procedure relates to the information a person must submit to the IRS to apply for and maintain certification as a CPEO for purposes of sections 3511 and 7705 and to the information a CPEO must report to the IRS and to its customers and clients to ensure the accurate, efficient, and transparent payment and reporting of employment taxes. Generally, the collection of information burden associated with this revenue procedure is reflected in the burden estimates for Form 14737, *Request for Voluntary IRS Certification of a Professional Employer Organization*; Form



14737-A, *Responsible Individual Personal Attestation*; Form 14751, *Certified Professional Employer Organization Surety Bond*; and § 301.7705-2 and § 31.3511-1, all of which are under the same control number. The collection of information burden associated with sections 8.06(1) and 8.06(2), in particular, will be reflected in the burden estimates for new Form 8973, *Certified Professional Employer Organization/Customer Reporting Agreement*, and for the amendments made to the applicable Schedules R of Forms 940, 941, and 943.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

Books and records relating to the collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by section 6103.

## SECTION 13. DRAFTING INFORMATION

The principal author of this revenue procedure is Nina Huson of the Office of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this revenue procedure, please contact Nina Huson at (202) 317-4774 (not a toll-free number).

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26 CFR 1.911-2: *Qualified Individuals*.  
(Also: Part I, § 911.)

## Rev. Proc. 2023-19

### SECTION 1. PURPOSE

This revenue procedure provides information to any individual who failed to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code (Code) for 2022 because of adverse conditions in a foreign country.

### SECTION 2. BACKGROUND

.01 Section 911 allows a “qualified individual,” as defined in section 911(d)(1), to elect to exclude from gross income the foreign earned income and to exclude or deduct the housing cost amount of such individual.

.02 Section 911(d)(1) of the Code defines the term “qualified individual” as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a *bona fide* resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or resident of the United States who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days.

.03 In addition, section 911(d)(4) of the Code provides that an individual will be treated as a qualified individual with respect to a period in which the individual was a *bona fide* resident of, or was present in, a foreign country if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

.04 The Internal Revenue Service previously has listed countries for which the eligibility requirements of section 911(d)(1) of the Code are waived under section 911(d)(4) because of adverse conditions in those countries. See Rev. Proc. 2022-18, 2022-13 I.R.B. 933.

### SECTION 3. SCOPE

.01 For 2022, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions precluded the normal conduct of business in the following countries beginning on the specified date:

Country	Date of Departure On or After
Ethiopia	January 3, 2022
Iraq	January 14, 2022
Ukraine	February 12, 2022
Belarus	February 28, 2022
China	April 11, 2022
Mali	July 29, 2022

For example, for purposes of section 911 of the Code, an individual who left Ethiopia on or after January 3, 2022, will be treated as a qualified individual with respect to the period during which that individual was present in, or was a *bona fide* resident of, Ethiopia if the individual establishes a reasonable expectation that he or she would have met the requirements of section 911(d) but for those conditions.

.02 To qualify for relief under section 911(d)(4) of the Code, an individual must have established residency, or have been physically present, in the foreign country on or before the date that the Secretary of the Treasury determines that individuals were required to leave the foreign country. For example, individuals who were first physically present or established residency in Ethiopia after January 3, 2022, are not eligible to qualify for the exception provided in section 911(d)(4) of the Code for 2022.

### SECTION 4. INQUIRIES

A taxpayer who needs assistance on how to claim this exclusion, or on how to file an amended return, should consult the section under the heading **Foreign Earned Income Exclusion** at <https://www.irs.gov/individuals/international-taxpayers/us-citizens-and-resident-alien-abroad>; consult the section under the heading **How to Get Tax Help** at the same web address; or contact a local IRS office.

### SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Ms. Hwa on (202) 317-5001 (not a toll-free number).

# Definition of Terms

*Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:*

*Amplified* describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

*Clarified* is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

*Distinguished* describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

*Modified* is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the

new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

*Obsoleted* describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

*Revoked* describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

*Superseded* describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

*Supplemented* is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

*Suspended* is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

## Abbreviations

*The following abbreviations in current use and formerly used will appear in material published in the Bulletin.*

A—Individual.  
Acq.—Acquiescence.  
B—Individual.  
BE—Beneficiary.  
BK—Bank.  
B.T.A.—Board of Tax Appeals.  
C—Individual.  
C.B.—Cumulative Bulletin.  
CFR—Code of Federal Regulations.  
CI—City.  
COOP—Cooperative.  
Ct.D.—Court Decision.  
CY—County.  
D—Decedent.  
DC—Dummy Corporation.  
DE—Donee.  
Del. Order—Delegation Order.  
DISC—Domestic International Sales Corporation.  
DR—Donor.  
E—Estate.  
EE—Employee.  
E.O.—Executive Order.  
ER—Employer.

ERISA—Employee Retirement Income Security Act.  
EX—Executor.  
F—Fiduciary.  
FC—Foreign Country.  
FICA—Federal Insurance Contributions Act.  
FISC—Foreign International Sales Company.  
FPH—Foreign Personal Holding Company.  
FR—Federal Register.  
FUTA—Federal Unemployment Tax Act.  
FX—Foreign corporation.  
G.C.M.—Chief Counsel's Memorandum.  
GE—Grantee.  
GP—General Partner.  
GR—Grantor.  
IC—Insurance Company.  
I.R.B.—Internal Revenue Bulletin.  
LE—Lessee.  
LP—Limited Partner.  
LR—Lessor.  
M—Minor.  
Nonacq.—Nonacquiescence.  
O—Organization.  
P—Parent Corporation.  
PHC—Personal Holding Company.  
PO—Possession of the U.S.  
PR—Partner.  
PRS—Partnership.

PTE—Prohibited Transaction Exemption.  
Pub. L.—Public Law.  
REIT—Real Estate Investment Trust.  
Rev. Proc.—Revenue Procedure.  
Rev. Rul.—Revenue Ruling.  
S—Subsidiary.  
S.P.R.—Statement of Procedural Rules.  
Stat.—Statutes at Large.  
T—Target Corporation.  
T.C.—Tax Court.  
T.D.—Treasury Decision.  
TFE—Transferee.  
TFR—Transferor.  
T.I.R.—Technical Information Release.  
TP—Taxpayer.  
TR—Trust.  
TT—Trustee.  
U.S.C.—United States Code.  
X—Corporation.  
Y—Corporation.  
Z—Corporation.

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<sup>1</sup> A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2022–27 through 2022–52 is in Internal Revenue Bulletin 2022–52, dated December 27, 2022.

## **Finding List of Current Actions on Previously Published Items<sup>1</sup>**

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<sup>1</sup> A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2022–27 through 2022–52 is in Internal Revenue Bulletin 2022–52, dated December 27, 2022.

# **Internal Revenue Service**

## **Washington, DC 20224**

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## **INTERNAL REVENUE BULLETIN**

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at [www.irs.gov/irb/](http://www.irs.gov/irb/).

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## **We Welcome Comments About the Internal Revenue Bulletin**

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page ([www.irs.gov](http://www.irs.gov)) or write to the Internal Revenue Service, Publishing Division, IRB Publishing Program Desk, 1111 Constitution Ave. NW, IR-6230 Washington, DC 20224.