

IRS News Release

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IRS Regulations Provide Guidance for New Voluntary Certification Program; Application Process for Professional Employer Organizations Opens July 1

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WASHINGTON -- The Internal Revenue Service today released temporary and proposed regulations implementing a new voluntary certification program for professional employer organizations (PEOs).

The regulations, available today in the [Federal Register](#), carry out legislation enacted in late 2014 requiring the IRS to establish a voluntary certification program for these organizations. PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the new program, PEOs must meet tax status, background, experience, business location, financial reporting, bonding and other requirements described in the regulations.

The application process will open on July 1. A revenue procedure further detailing the application process will be released in coming weeks. Subsequently, as required by law, the IRS will publish lists of certified PEOs (CPEOs) and those whose certification has been revoked or suspended.

The IRS welcomes public comment on the regulations. Details on submitting comments can be found in the notice of proposed rulemaking in the Federal Register. The deadline for submissions is Aug. 4, 2016.