

IRS News Release

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IRS Explains Application Process for New Certified Professional Employer Organization Program

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WASHINGTON -- The Internal Revenue Service today released further details on how a business entity can become certified under the tax agency's [new certified professional employer organization](#) (CPEO) program.

Revenue Procedure 2016-33, posted today on IRS.gov, along with temporary and proposed regulations published last month in the Federal Register, carries out legislation enacted in late 2014 requiring the IRS to establish a voluntary certification program for professional employer organizations. These organizations 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, CPEOs must meet tax status, background, experience, business location, financial reporting, bonding and other requirements.

Under the revenue procedure, interested applicants will be able to apply electronically (paper applications will not be accepted) and submit supporting documents through a new online system. As authorized by law, a \$1,000 application fee must be paid using Pay.gov. The revenue procedure also includes detailed information on bond, financial audit and other requirements.

The new online application system will be accessible on IRS.gov in coming weeks, and the IRS will be ready to accept application materials beginning on July 1, 2016. The effective date of certification for an applicant that submits a complete and accurate application before Sept. 1, 2016, and is certified will be Jan. 1, 2017, even in situations where the certification letter is not issued until after that date. The IRS will publish a list of CPEOs on its website, and the list will be updated quarterly.

The IRS welcomes public comment on the revenue procedure. Details on submitting comments can be found in the revenue procedure, posted on IRS.gov.