



June 1, 2017

## **IRS-Certified for Clients: ADP TotalSource Becomes One of the First Certified Professional Employer Organizations in the United States**

### **Certification gives business owners greater confidence in selecting an HR partner**

ROSELAND, NJ -- (Marketwired) -- 06/01/17 -- [ADP TotalSource®](#), ADP's Professional Employer Organization (PEO), has been named by the U.S. Internal Revenue Service (IRS®) as one of the first-ever Certified Professional Employer Organizations (CPEO). IRS certification gives business owners confidence that a PEO partner has met specific standards set by the U.S. government.

A PEO like ADP TotalSource provides a co-employment relationship in which clients retain the day-to-day control over management of their employees, and the PEO handles HR and employee benefits administration responsibilities. Clients who partner with ADP TotalSource gain access to a larger suite of offerings, including FORTUNE 500®-caliber health benefits and employee growth and development programs. These, in turn, allow clients to provide more robust benefits to help attract and retain employees.

"We're thrilled to be among the first PEOs to receive this important certification from the IRS," said Brian Michaud, senior vice president, ADP TotalSource. "Our team has consistently sought to provide our clients with top-notch PEO services by adhering to the highest standards. Becoming a certified PEO is another example of the lengths to which we're willing to go to ensure our clients know they are working with a trusted partner."

The Small Business Efficiency Act (SBEA) amended the Internal Revenue Code to allow PEOs that are certified by the IRS to collect and remit federal employment taxes under the PEO's Employer Identification Number for wages paid to worksite employees. PEOs that choose to participate in the certification program must meet specific requirements regarding tax status, background, experience, financial reporting, and more. The certification program also requires a CPEO to post a bond each year guaranteeing payment of its federal employment tax liabilities. The full requirements are described in the [statute and IRS regulations](#).

"Not all PEOs are created equal and many do not participate in industry accreditation or financial assurance programs," said Lisa Rowan, research vice president, HR and Talent Management Services, with IDC®, a premiere global marketing intelligence firm. "This certification gives small and midsized businesses a regulatory guidepost they can rely on to help them select the best PEO partner for their particular situation."

In addition to providing business owners with a guidepost to help select the right provider, the SBEA also eliminates the double taxation that can occur when a company joins or leaves a PEO mid-year. Under the SBEA, a CPEO can be treated as a successor employer for purposes of Social Security/Medicare (FICA) and federal unemployment (FUTA) taxes. This eliminates the need to restart the FICA and FUTA wage bases. This double taxation has been a deterrent for many businesses in the past. Additionally, the SBEA confirms that clients of a CPEO may continue to qualify for specified federal tax credits such as the Work Opportunity Tax Credit.

"To qualify for IRS certification, ADP TotalSource had to adhere to very specific bonding and independent financial-review requirements," Michaud added. "We also will participate in ongoing reporting and record-keeping to maintain our status as a CPEO."

Other benefits realized by businesses choosing ADP TotalSource include access to a dedicated HR professional, career development training, recruiting and new-talent selection, and access to a top-flight 401(k) retirement savings plan that provides a broad range of investment choices and includes full plan administrative services. Although the co-employment relationship is unique, ADP TotalSource works with 471,000 worksite employees, putting it on par with the [top five private sector employers](#) in the United States.

For more information about ADP TotalSource, please call 1-800-HIRE-ADP (1-800-447-3237) or visit [www.adptotalsource.com](http://www.adptotalsource.com).

The IRS does not endorse any particular certified professional employer organization. For more information on certified

professional employer organizations go to [www.IRS.gov](http://www.IRS.gov).

**About ADP TotalSource**

ADP TotalSource is a Certified Professional Employer Organization (CPEO) that offers small to midsized businesses an end-to-end cloud-based human resource solution that includes guidance from dedicated human resource professionals. ADP TotalSource clients access a full suite of critical HR services and benefits such as compliance assistance, including the Affordable Care Act; health benefits and retirement solutions; risk management; talent recruitment and management, and other employee solutions. In addition, through a co-employment relationship, client companies and ADP TotalSource share responsibility for minimizing certain employment risk.

**About ADP** (NASDAQ: ADP)

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