



RINGING IN 2015 WITH THE SMALL BUSINESS EFFICIENCY ACT AND PRESTIGE EMPLOYEE ADMINISTRATORS

SBEA: providing certainty and legitimacy for the PEO industry at the Federal level

Melville, NY, January 12, 2015 – Prestige Employee Administrators, Inc, a world-class Human Resources outsourcing firm that offers support to small and medium sized businesses, is eager to announce the passage of the Small Business Efficiency Act (S.479); the latest victory for Professional Employer Organizations (PEO's).

President Obama signed the Small Business Efficiency Act (SBEA), shortly after Senate approval on December 19th, 2014. The SBEA constructs a certification process for PEO's within the Internal Revenue Service, and makes it easier and safer for small businesses to use PEOs to fulfil their employment tax obligations. The SBEA makes the following changes to the Internal Revenue Code:

- **Certification Process** – The IRS is required to create a voluntary certification program for PEOs.
- **PEOs Recognized Under Federal Tax Law** – PEO's that choose to be certified (CPEO's) will have clear statutory authority to collect and remit federal employment taxes under the CPEO's EIN for wages the CPEO pays to worksite employees. CPEO customers will never be liable for those taxes.
- **Customer Eligibility for Tax Credits Confirmed** – The SBEA expressly codifies that customers of CPEOs will qualify for specific federal tax credits that the customers would be entitled to claim if there were no PEO relationship.
- **CPEO Gets Federal Tax Credit for SUTA Taxes Paid** – If a CPEO (or a customer) makes a contribution to a state unemployment fund with respect to wages paid to a worksite employee, the CPEO receives the federal (FUTA) tax credit with respect to that contribution.

- **Potential Double Taxation Eliminated** – The FICA and FUTA wage bases will not restart when a customer joins or leaves a PEO mid-year.

Prestige, a proud member of NAEPO, National Association of the Professional Employer Organizations, met with members of Congress back in June to help influence the lobbying efforts of the legislation. “This is an exciting time for PEO’s and their clients,” said Jean Goldstein, COO of Prestige Employee Administrators. “The passage of the SBEA is another step in the right direction in protecting the interest of small and medium sized businesses.” The new legislation eliminates the wage base restart for PEO clients joining or leaving a PEO relationship, and codifies that costumers of certified PEOs will now be able to qualify for specific federal tax credits that others, not in a PEO relationship, are entitled to.

To learn more about the passage of the SBEA and what it means for the PEO Industry, view NAEPO’s one page summary here: <http://www.napeo.org/docs/SBEAPassageFactSheet.pdf>

About Prestige Employee Administrators, Inc.

Prestige Employee Administrators, Inc. is a full service Human Resources outsourcing firm that offers strategic Human Resources support, payroll services, employment compliance services and outstanding benefit programs to small and medium sized firms. As a PEO – Professional Employer Organization, Prestige combines the purchasing power of many smaller companies and can often deliver this expertise at little or no incremental cost to its clients. When partnering with Prestige, companies receive a comprehensive array of services to care for their staff and ease the burden that complex, time-consuming and costly employment related rules, regulations and filing requirements place on a firm. For further information, please visit www.prestigeemployee.com.

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