

Congress of the United States  
Washington, DC 20515

Ease Regulatory Burdens for Small Business and  
Improve Tax Compliance

Support the Bipartisan *Small Business Efficiency Act of 2011*

Dear Colleague:

We hope you will support bipartisan legislation to protect small businesses and ensure better compliance with complex federal employment tax responsibilities. H.R. 2466, *the Small Business Efficiency Act of 2011*, would provide clear rules for Professional Employer Organizations (PEOs) that are voluntarily certified by the IRS to collect and remit federal employment taxes for their small business clients. It will provide certainty for small businesses that use certified PEO services and will allow those small businesses to do what they do best – focus on their core business and create more jobs.


PEOs provide human resources services to their small business clients, providing access to retirement plans, health insurance, life insurance, and other benefits that many small businesses would not otherwise be able to afford. One of the most important tasks that PEOs can perform for small businesses is the timely and accurate payment of wages and the collection and timely remittance of employment taxes. Our bill will provide an important layer of certainty and protection for small business owners and their workers: it eliminates any ambiguity about a certified PEO's ability to assume employment tax responsibility and implements safeguards for the certified PEO's business clients.

H.R. 2466 directs the Department of Treasury to create a voluntary certification program for PEOs to collect and remit federal employment taxes for their business clients. To become a certified PEO (CPEO), a PEO must meet certain basic financial conditions, satisfy reporting obligations, and maintain ongoing certification with the IRS. After meeting certification requirements, the CPEO would assume full and sole responsibility and liability for employment taxes due as long as they are certified.

The IRS has stated that CPEOs would facilitate tax administration by reducing the number of returns it processes and by reducing errors in calculating and paying employment taxes. CPEOs will improve compliance with employment tax requirements, facilitate tax administration, reduce the number of returns the IRS has to process, and reduce errors in calculating and paying employment taxes. That is why a very similar proposal has been included in all of the recent budget proposals submitted by President Bush and President Obama.

We hope you will join us as a cosponsor of this important legislation. If you need more information or would like to cosponsor, please contact Kimberly Ellis (5-4901) in Congressman Brady's office or Carla McNeill (5-3311) in Congressman Thompson's office.

Sincerely,

  
KEVIN BRADY

  
MIKE THOMPSON