

Form 14737: CPEO Application (annual): 62,750 hrs Includes gathering information to complete application, submitting the application, paying the user fee, compiling and submitting quarterly financial statements, securing a surety bond. Annual audited financial statements are not included as those are considered a customary business practice. Hours are computed using a three year OMB form life prior to renewal.

	Respondents	Time Per Respondent	Total Hours
Year 1/2017	250	200	50,000
Year 2/2018	25	200	5,000
Year 3/2019	25	200	5,000
Total			

Year 1 250 applicants, 200 hrs each = 50,000 hrs

Year 2 25 applicants, 200 hrs each = 5,000 hrs

Year 3 25 applicants, 200 hrs each = 5,000 hrs

	Respondents	Time Per Respondent	Total Hours
Year 2/2018	250	10	2,500
Year 3/2019	25	10	250
Total	275		2,750 Hours

Recertification (renewal form is required annually; additional requirements have not been finalized):

Year 2 250 applicants, 10 hrs each = 2,500 hrs.

Year 3 25 applicants, 10 hrs each = 250 hrs.

Form 14737-A Responsible Individual Personal Attestation form (annual): 46,300 hrs

Includes gathering information to submit the form, form submission, securing fingerprint card, being fingerprinted and sending card to IRS.

Year 1 Assume 4 Responsible Individuals (RI) per CPEO Applicant: $250 \times 4 = 1000$ RIs

1000 RIs \times 40 hrs = 40,000 hrs

Year 2 4 RIs per 25 CPEO Applicants = 100×40 hrs = 400 hrs

Year 3 4 RIs per 25 CPEO Applicants = 100×40 hrs = 400 hrs

Annual renewal (form submission): 5,500 hrs.

Year 2 1000 RIs x 5 hrs (fingerprints are not routinely necessary) = 5000

Year 3 100 RIs x 5 hrs = 500

Total hrs = 109,050

Calculation of Hours Used for Form 8973:

Recordkeeping: 30 minutes per form

Preparing, copying, assembling and sending form: 30 minutes per form

Total per Form: 1 Hour per Form

Learning about law/form (1): 1 hour per new Certified Professional Employer Organization (CPEO)

Consent form only (2): 0.5 hours per consent form

Year	Number of Respondents	Number of Responses (Forms)	Hours for Form
		(1 Hour per Form; 0.5 Hours per Consent Form)	Number of New CPEOS
			Hours for New CPEOs (1 hour per New CPEO)
			Total Hours
1	240 (3)	170,000 (4)	170,000
			240 240 170,240
2	260	4,500 (5)	4,500
			20 (5) 20 4,520
3	280	4,500	4,500
			20 20 4,520
4	300	4,500 (Form)	170,000 (consent form only) (6)
			4,500 (form)
			85,000 (consent form only) 20 20 89,520

(1) Only new CPEOs will need to learn about the form and the laws it supports.

(2) Every three years, a CPEO must sign and submit a consent to disclose form (page 3 of Form 8973). This requires the CPEO to submit only one page of the 3-page form, and will therefore take much less time to complete.

(3) Projection based on number of applications received to date.

(4) A CPEO must complete and file a Form 8973 for every one of its customers under a CPEO contract and clients under a service agreement described in §31.3504-2(b)(2) of the Treasury Regulations. The number of customers and clients a CPEO has will vary greatly. We based our estimate of the total number of responses (i.e. the total number of customers and clients for whom a Form 8973 will be filed) on the following text from the National Association of Professional Employer Organizations website: "PEOs provide services to between 156,000 and 180,000 small and mid-sized businesses...."

(5) We are projecting that, after the "rush" of professional employer organizations applying to become CPEOs in the first year, the number of new CPEOs in subsequent years will be 20 per year. This may decrease even more in later years. We estimate number of responses (forms) attributable to these new CPEOs to be about 2,000. In addition, existing CPEOs will be commencing new contracts with new customers and clients each year, as well as terminating contracts with some customers and clients each year. For each of these commencements or terminations, the CPEO must file a Form 8973. We project the total of these commencements and terminations to be about 2,500. Thus the total number of responses (full forms filed) in subsequent years is projected to be about 4,500.

(6) In the fourth year, the CPEOs who started in year one will all have to submit page 3 of Form 8973 (consent to disclose) for each of their customers and clients.