

Instructions for Form 8973

(Rev. December 2018)



Department of the Treasury
Internal Revenue Service

Certified Professional Employer Organization/Customer Reporting Agreement

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8973 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8973](https://www.irs.gov/Form8973).

General Instructions

Purpose of Form 8973

Certified Professional Employer Organizations (CPEOs) use Form 8973 to notify the IRS that a service contract between a CPEO and a customer has started or ended, and to correct a previously filed Form 8973. If Form 8973 is being used to notify the IRS that a service contract has started, CPEOs also use Form 8973 to identify the forms that the CPEO will file reporting wages or compensation paid to employees performing services for the customer and to allow the CPEO to consent to the disclosure of tax information to the customer.

For purposes of this form, a service contract is either a CPEO contract described under section 7705(e)(2) or a service agreement described under Regulations section 31.3504-2(b)(2), and a customer is any person who has entered into such a service contract with the CPEO. For more information on CPEO contracts and service agreements, see the [line 10](#) instructions, later.

For more information about the CPEO program, including frequently asked questions, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO).

TIP *If the customer filed Form 2678, Employer/Payer Appointment of Agent, appointing the CPEO as an authorized agent of the customer under Regulations section 31.3504-1, then the relationship between the CPEO and the customer isn't subject to a CPEO contract or a service agreement under Regulations section 31.3504-2(b)(2). In this case, the CPEO shouldn't file Form 8973 for the customer.*

Substitute Forms

The IRS accepts quality substitute tax forms that are consistent with the official forms and have no adverse impact on our processing. The official Form 8973 is the standard for substitute forms. Because a substitute form is a variation from the official form, you should know the requirements of the official form for the year of use before you create a substitute version. For details on the requirements for substitute forms, see Pub. 1167.

Who Must File

The CPEO must file Form 8973 to notify the IRS that a service contract started between a customer reported in Part 2 and a CPEO reported in Part 3 or to correct a previously filed Form 8973. The CPEO is required to file Form 8973 to notify the IRS that a service contract has ended. In addition, though not required, the customer may also separately file its

own Form 8973 to notify the IRS that its service contract with the CPEO has ended.

When To File

Generally, a CPEO must file Form 8973 within 30 days of starting or ending a service contract with a customer. However, a newly certified CPEO has 6 months from the date of its notice of certification to submit Forms 8973 with respect to the commencement of any service contracts with existing customers (see section 2.06(1) of Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14)).

In addition, before the end of the last year or period listed on the most recent prior CPEO Consent to Disclosure of Tax Information, the CPEO must renew the consent if it is still under a service contract with the customer named on the consent. For more information on renewing the consent, see [Renewing the CPEO Consent to Disclosure of Tax Information](#), later.

Where To File

Mail to the following address.

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0089

Completing and Filing Form 8973

Make entries on Form 8973 as follows to enable accurate scanning and processing.

- Use 12-point Courier font (if possible) for all entries if you're typing or using a computer to complete your form. Portable Document Format (PDF) forms on IRS.gov have fillable fields with acceptable font specifications.
- In Part 1, enter the date as "MM/DD/YYYY." For example, if a service contract started on January 1, 2019, enter "01/01/2019."

Specific Instructions

Part 1: Why Are You Filing This Form?

Check a box to tell the IRS if you're filing Form 8973 because a service contract started between the customer reported in Part 2 and the CPEO reported in Part 3, a service contract ended between the customer reported in Part 2 and the CPEO reported in Part 3, or you're correcting a previously filed Form 8973. You must enter the date (formatted as MM/DD/YYYY) that the service contract started or ended.

Service contract started. In Part 1, the service contract date is the date the CPEO and customer entered into either a CPEO contract described under section 7705(e)(2) or a service agreement described under Regulation section 31.3504-2(b)(2). If line 10 in Part 4 is checked "Yes" (that is, the CPEO and customer are subject to a CPEO contract), then the service contract start date entered in Part 1 must be the date the CPEO and customer entered into the CPEO contract, even if the CPEO and customer had an existing

contractual relationship prior to the CPEO's certification. The service contract start date of a CPEO contract under section 7705(e)(2) can't precede the CPEO's certification effective date.

When reporting that a service contract has started, either the customer or the CPEO can complete Parts 1 and 2. The CPEO must complete Parts 3 and 4 and provide the customer a copy of these instructions before the customer signs Part 5. The CPEO must also complete Part 6 and the CPEO Consent to Disclosure of Tax Information before sending Form 8973 to the IRS. The CPEO must provide the customer with a copy of the fully completed and signed Form 8973.

Service contract ended. The CPEO is required to file Form 8973 to notify the IRS that a service contract has ended. Only the CPEO's signature is required to notify the IRS that a service contract has ended. In addition, though not required, the customer may also separately file its own Form 8973 to notify the IRS that its service contract with the CPEO has ended. If a customer separately files its own Form 8973 to notify the IRS that its service contract with the CPEO has ended, only the customer's signature is required on that Form 8973. In both cases, Parts 1, 2, and 3 must be completed (although Part 2, line 5, should be blank). It isn't necessary in either case to complete Part 4 or the CPEO Consent to Disclosure of Tax Information.

Correcting a previously filed Form 8973. Submit Form 8973 with the correct information in accordance with these instructions.



Before the end of the last year or period listed on the most recent prior CPEO Consent to Disclosure of Tax Information, the CPEO must renew the consent if it is still under a service contract with the customer named on the consent. See [Renewing the CPEO Consent to Disclosure of Tax Information](#), later.

Transfer or assignment of a service contract. If a CPEO (the transferor) transfers or assigns a service contract that was previously reported as "started" on Form 8973 to a subsidiary or affiliate (the transferee), the transferor must file a Form 8973 to tell the IRS that the service contract has ended between the customer reported in Part 2 and the CPEO reported in Part 3. Then, if the transferee is a CPEO, within 30 days of the transfer, the transferee must file Form 8973 to tell the IRS that a service contract has started between the customer reported in Part 2 and the CPEO (transferee) reported in Part 3.

Part 2: Customer Information

Line 1. Customer's Employer Identification Number (EIN)

Enter the customer's EIN. The EIN that you enter on line 1 must match the EIN that the IRS assigned to the customer. If the customer previously filed employment tax returns (for example, Form 941, Employer's QUARTERLY Federal Tax Return), the EIN on line 1 also must match the EIN that the customer used on its employment tax returns. The customer's business should have only one EIN. If the customer has more than one EIN and isn't sure which one to use, the customer can write to the IRS office where it files its employment tax returns (use the *Without a payment* address in the instructions for the employment tax returns) or call the IRS at 800-829-4933. If the customer doesn't have an EIN, it may apply for one online by visiting [IRS.gov/EIN](https://www.irs.gov/EIN). The

customer may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If the principal business was created or organized outside of the United States or U.S. territories, the customer may also apply for an EIN by calling 267-941-1099 (toll call).



Don't use a social security number (SSN) in place of an EIN.

Line 2. Customer's Name

Enter the customer's name (not the trade name). The name on line 2 should be the same as the legal name the customer used when it applied for its EIN, unless the customer notified the IRS of a name change.

Line 3. Customer's Trade Name

Enter the customer's trade name (if any). The trade name on line 3 should be the same as the trade name the customer used when it applied for its EIN.

Line 4. Address

Enter the customer's address.

Line 5. Identify Forms That the CPEO Will File Reporting Wages or Compensation Paid to Employees Performing Services for the Customer

Check the boxes for all forms that the CPEO will file reporting wages or compensation paid to employees performing services for the customer. If the CPEO is reporting only some of the wages or compensation paid to employees performing services for the customer, check the boxes under *CPEO reports some wages/compensation paid to employees*.

For example, if the CPEO reports wages or compensation paid by the CPEO to employees performing services for the customer pursuant to a service contract and the customer separately reports wages or compensation (including, for example, bonuses, stock options, and taxable fringe benefits) paid by the customer to the same employees, the CPEO is reporting some, but not all, of the wages or compensation paid to employees performing services for the customer and should check the boxes under *CPEO reports some wages/compensation paid to employees*.

Similarly, if a CPEO and a customer enter into a service contract that covers some, but not all, of the employees performing services for the customer, so that the customer reports wages or compensation paid to the employees not covered by the service contract, the CPEO is reporting some, but not all, of the wages or compensation paid to employees performing services for the customer and should check the boxes under *CPEO reports some wages/compensation paid to employees*.

For details on wages and compensation, see Pub. 15-A, Employer's Supplemental Tax Guide, and the General Instructions for Forms W-2 and W-3.

Part 3: CPEO Information

Line 6. CPEO's EIN

Enter the CPEO's EIN. The EIN that you enter on line 6 must be the same as the EIN that you'll use when you file employment tax returns (for example, Form 941 and its related Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers).

Line 7. CPEO's Name

Enter the CPEO's name (not the trade name). The name that you enter on line 7 must be the same as the name that you'll use when you file employment tax returns (for example, Form 941 and its related Schedule R (Form 941)).

Line 8. CPEO's Trade Name

Enter the CPEO's trade name (if any). The name that you enter on line 8 must be the same as the trade name that you'll use when you file employment tax returns (for example, Form 941).

Line 9. Address

Enter the physical address that the CPEO provided on its application for certification as a CPEO (if this address has changed and the CPEO has provided an updated address to the IRS, enter the updated address). The address must be an address in the United States.

Part 4: Customer Relationship Information

Answer "Yes" or "No" to the questions on lines 10–13. However, if you answer "No" to question 10, you may skip lines 11–13.

Line 10. Is the CPEO's Relationship With the Customer Reported in Part 2 Subject to a Contract Described Under Section 7705(e)(2)?

The CPEO's relationship with the customer is subject to a contract described under section 7705(e)(2) (also called a CPEO contract) if the contract is in writing and, with respect to an individual providing services for the customer pursuant to the contract, provides that the CPEO will assume responsibility for:

- Payment of wages or Railroad Retirement Tax Act (RRTA) compensation to the individual(s) performing services for the customer, without regard to the receipt or adequacy of payment from the customer;
- Reporting, withholding, and paying any applicable federal employment taxes on the wages or RRTA compensation paid to the individual(s) performing services for the customer, without regard to the receipt or adequacy of payment from the customer;
- Providing employee benefits that the contract may require the CPEO to provide, without regard to the receipt or adequacy of payment from the customer; and
- Recruiting, hiring, and firing individuals performing services for the customer (in addition to the customer's responsibility for recruiting, hiring, and firing).

Additionally, the CPEO must agree in the contract to maintain employee records for the individual(s) performing services for the customer and to be treated as a CPEO for federal employment tax purposes in relation to the individual(s) performing services for the customer.

If the CPEO's relationship with the customer isn't subject to a CPEO contract ("No" is checked on line 10), Form 8973 must still be filed if the CPEO's relationship with the customer reported in Part 2 is subject to a service agreement described under Regulations section 31.3504-2(b)(2). A service agreement under Regulations section 31.3504-2(b)(2) means an agreement that provides that the CPEO:

- Asserts it is the employer (or "co-employer") for the individual(s) performing services for the customer pursuant to the agreement;

- Pays wages or RRTA compensation to the individual(s) performing services for the customer pursuant to the agreement; and
- Assumes responsibility to collect, report, and pay, or assumes liability for, employment taxes on the wages or RRTA compensation paid by the CPEO to the individual(s) performing services for the customer pursuant to the agreement.

Line 11. Is the Customer Reported in Part 2 a Provider of Employment-Related Services?

The customer is a provider of employment-related services if it provides:

- Employment tax administration,
- Payroll services, or
- Other employment-related compliance services to clients.

Other employment-related compliance services may include, but aren't limited to, collecting, reporting, and paying employment taxes for wages or compensation paid to individuals performing services for the clients.

Line 12. Is the Customer Reported in Part 2 a Related Party of the CPEO?

A CPEO won't be treated as the employer of an individual performing services for the customer for purposes of federal employment taxes if the customer is a related party, even if the CPEO's relationship with the customer is subject to a CPEO contract. The customer is a related party if it has a relationship with the CPEO as described in section 267(b) or section 707(b), but substituting "10 percent" for any reference to "50 percent."

Line 13. Does the CPEO Apply the Exemptions, Exclusions, Definitions, and Other Rules Which Are Based on Type of Employer Under Sections 3511(a)(2) and 3511(c)(2) to the Customer Reported in Part 2?

For purposes of federal employment taxes, the exemptions, exclusions, definitions, and other rules that are based on type of employer under sections 3511(a)(2) and 3511(c)(2) are presumed to be based on the customer and, in most cases, "Yes" will be checked for this line. However, check the "No" box in the rare case that another entity is the common law employer of individuals performing services for the customer, and the exemptions, exclusions, definitions, and other rules that are based on type of employer will be based on that entity.

Part 5: Customer Signature

Part 5 must be signed by a person who has the authority to execute Form 8973 for the customer listed in Part 2. By signing Part 5, you acknowledge that Form 8973, Parts 1, 2, and 4 are, to the best of your knowledge and belief, true, correct, and complete.



Customers can visit [IRS.gov/CPEO](https://www.irs.gov/CPEO) for more information about the CPEO program and to access the list of organizations (updated quarterly) that are certified by the IRS as CPEOs.

Part 6: CPEO Signature

Part 6 must be signed by a person who has the authority to execute Form 8973 for the CPEO listed in Part 3. By signing Part 6, you acknowledge, under penalties of perjury, that

Form 8973, Parts 1–4 are, to the best of your knowledge and belief, true, correct, and complete.

TIP Only the CPEO's signature is required if you're telling the IRS that a service contract has ended.

CPEO Consent to Disclosure of Tax Information

When filing Form 8973 to report the start of a service contract, the CPEO must complete the CPEO Consent to Disclosure of Tax Information.

By signing, dating, and entering the CPEO's EIN at the bottom of the consent, you allow the IRS, to the extent necessary to carry out the purposes of the CPEO program, to disclose information to the customer named on the consent from the CPEO's employment tax returns (for example, Forms 940 and 941) as it relates to the customer named on the consent. This consent also covers the disclosure of any information regarding the CPEO's obligations to report, deposit, and pay federal employment taxes for the customer named on the consent. You also consent to the disclosure of information regarding the CPEO's certification, regardless of year. You must enter the following information on the consent.

Customer's name. Enter the customer's name as shown in Part 2.

Customer's EIN. Enter the customer's EIN as shown in Part 2.

Tax form number. Enter the tax form the CPEO files that will include information related to the customer named on the consent. Enter only one tax form on each line.

CAUTION Don't use a general reference such as "All tax forms" in place of the actual tax form number.

Year(s) or period(s). Enter the year(s) or period(s) for which you consent to the disclosure of tax information. You may not list more than 3 years or 12 quarters. However, we recommend that you list exactly 3 years or 12 quarters because you must renew the consent, if you're still under a service contract with the customer named on the consent, when the last year or period listed on the consent ends.

Example. You may list "2019–2021" or "2019, 2020, 2021" for returns filed annually. For returns filed quarterly, you may list "2nd Qtr. 2019–1st Qtr. 2022," or you can list the years (as shown earlier) if those years include all four quarters.

CAUTION Don't use a general reference such as "All years" or "All periods" in place of the actual year(s) or period(s).

Signature. Sign and date the bottom of the consent. You also must enter the CPEO's EIN and name, and print your name and title.

Renewing the CPEO Consent to Disclosure of Tax Information

If you're still under a service contract with the customer named on the consent before the end of the last year or period listed on the most recent prior consent, you must renew the consent by sending a new consent to the IRS. The renewed consent can cover an additional 3 years or 12 quarters. For details, see [Year\(s\) or period\(s\)](#) above. You

only need to send the renewed consent (page 3 of Form 8973). Don't send a completed Form 8973. Mail the renewed consent to the address provided under [Where To File](#), earlier.

CAUTION You must enter the customer's name and customer's EIN that were included in Part 2 of the original or corrected Form 8973 that was filed to report the start of the service contract.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on Form 8973 to carry out the Internal Revenue laws of the United States. Our authority to request the information is Internal Revenue Code sections 3511 and 7705 and the regulations thereunder. We use this information to record the start or end of a service contract between a CPEO and the customer. A customer isn't required to enter into a service agreement with a CPEO. However, if a customer chooses to enter into a service contract with a CPEO, both the customer and the CPEO are required to provide the information requested. Section 6109 requires the customer and the CPEO to provide their identification numbers. If the customer or CPEO fails to provide the information in a timely manner, or provides false or fraudulent information, the customer and the CPEO may be subject to penalties. Additionally, if the CPEO fails to provide this information in a timely manner, or provides false or fraudulent information, the IRS may revoke or suspend its certification.

Neither the CPEO nor the customer is required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires us to disclose this information to others as described in the Code. We may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions to administer their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file Form 8973 will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	15 min.
Learning about the law or the form	1 hr.
Preparing and sending the form to the IRS	15 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 8973 simpler, we would be happy to hear from you. You can send us comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send Form 8973 to this address. Instead, see [Where To File](#), earlier.