

IC 22-4-6.5

Chapter 6.5. Professional Employer Organizations

IC 22-4-6.5-1

"Client"

Sec. 1. As used in this chapter, "client" has the meaning set forth in IC 27-16-2-3.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-2

"Client level reporting method"

Sec. 2. As used in this chapter, "client level reporting method" has the meaning set forth in section 11(a) of this chapter.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-3

"Covered employee"

Sec. 3. As used in this chapter, "covered employee" has the meaning set forth in IC 27-16-2-8.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-4

"Professional employer agreement"

Sec. 4. As used in this chapter, "professional employer agreement" has the meaning set forth in IC 27-16-2-12.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-5

"Professional employer organization"

Sec. 5. As used in this chapter, "professional employer organization" or "PEO" has the meaning set forth in IC 27-16-2-13.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-6

"PEO level reporting method"

Sec. 6. As used in this chapter, "PEO level reporting method" has the meaning set forth in section 9(a) of this chapter.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-7

Covered employee of PEO is PEO employee for purposes of unemployment compensation insurance

Sec. 7. (a) For purposes of this article, a covered employee of a PEO is an employee of the PEO.

(b) A PEO is responsible for the payment of contributions, surcharges, penalties, and interest assessed under this article on wages paid by the PEO to the PEO's covered employees during the term of the professional employer agreement.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-8

PEO reporting methods; limitations

Sec. 8. (a) A PEO shall use the client level reporting method to report and pay all required contributions to the unemployment compensation fund as required by IC 22-4-10, unless the PEO elects the PEO level reporting method under section 9 of this chapter.

(b) A PEO that initially elects the PEO level reporting method under section 9 of this chapter may subsequently elect the client level reporting method under section 11 of this chapter.

(c) A PEO using the client level reporting method may not change its reporting method.

(d) Except as provided by IC 22-4-32-21(d), a PEO and its related entities shall use the same reporting method for all clients.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-9

PEO election of PEO level reporting method

Sec. 9. (a) A PEO may elect the PEO level reporting method, which uses the state employer account number and contribution rate of the PEO to report and pay all required contributions to the unemployment compensation fund as required by IC 22-4-10.

(b) A PEO shall make the election required by subsection (a) not later than the following:

(1) December 1, 2013, if the PEO is doing business in Indiana on July 1, 2013.

(2) The first date the PEO is liable to make contributions under this article for at least one (1) covered employee, if the PEO begins doing business in Indiana after July 1, 2013.

(c) The election required by subsection (a) must be made in writing on forms prescribed by the department.

(d) A PEO that does not make an election under this section shall use the client level reporting method.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-10

PEO use of PEO level reporting method

Sec. 10. (a) The following apply to a PEO that elects to use the PEO level reporting method:

(1) The PEO shall file all quarterly contribution and wage reports in accordance with IC 22-4-10-1.

(2) Whenever the PEO enters into a professional employer agreement with a client, the PEO:

(A) shall notify the department not later than fifteen (15) days after the end of the quarter in which the professional employer agreement became effective; and

(B) is subject to IC 22-4-10-6 and IC 22-4-11.5, beginning on the effective date of the professional employer agreement.

(3) The PEO shall notify the department in writing on forms prescribed by the department not later than fifteen (15) days

after the date of the following:

(A) The PEO and a client terminate a professional employer agreement.

(B) The PEO elects the client level reporting method under section 11 of this chapter.

After receiving a notice under this subdivision, the department shall make any changes required by IC 22-4-10-6 and IC 22-4-11.5.

(b) Except as provided by IC 22-4-32-21(d), a PEO that elects to use the PEO level reporting method is liable for all contributions, interest, penalties, and surcharges until the effective date of an election under section 11 of this chapter by the PEO to change to the client level reporting method.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-11

PEO election of client level reporting method

Sec. 11. (a) A PEO using the PEO level reporting method may elect the client level reporting method, which uses the state employer account number and contribution rate of the client to report and pay all required contributions to the unemployment compensation fund as required by IC 22-4-10.

(b) A PEO shall make an election under subsection (a) not later than December 1 of the calendar year before the calendar year in which the election is effective.

(c) An election under subsection (a) must be made in writing on forms prescribed by the department.

(d) An election under subsection (a) is effective on January 1 of the calendar year immediately following the year in which the department receives the notice described in subsection (c).

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-12

PEO use of client level reporting method

Sec. 12. The following apply to a PEO that elects to use the client level reporting method:

(1) Whenever the PEO enters into a professional employer agreement with a client, the PEO shall notify the department not later than fifteen (15) days after the end of the quarter in which the professional employer agreement became effective.

(2) If a client is an employing unit on the date the professional employer agreement becomes effective, the client retains its experience balance, liabilities, and wage credits, and IC 22-4-10-6 does not apply to the client.

(3) If a client is not an employing unit on the date the professional employer agreement becomes effective, the client immediately qualifies for an employer experience account under IC 22-4-7-2(f) and is subject to IC 22-4-11-2(b)(2) for purposes of establishing an initial contribution rate.

(4) A client is associated with the PEO's employer experience

account by means of the PEO's primary federal employer identification number (FEIN) for purposes of liability under this article and federal certification.

(5) Upon the termination of a professional employer agreement between the PEO and a client:

(A) the client retains the experience balance, liabilities, and wage credits for the client's employing unit account;

(B) the client's federal employer identification number (FEIN) becomes the primary FEIN on the employing unit's account; and

(C) the PEO's FEIN is not associated with the client's employing unit account after the date:

(i) all outstanding reports are submitted; and

(ii) all outstanding liabilities are paid in full.

As added by P.L.33-2013, SEC.1.

IC 22-4-6.5-13

Client transfers between PEOs; client use of payments in lieu of contributions

Sec. 13. (a) A client that transfers between PEOs is not subject to IC 22-4-10-6 and IC 22-4-11.5 whenever:

(1) the PEOs are not commonly owned, managed, or controlled; and

(2) both PEOs have elected to use the PEO level reporting method.

(b) The client of a PEO that has elected to use the client level reporting method may elect to become liable for payments in lieu of contributions (as defined in IC 22-4-2-32) whenever:

(1) the client is otherwise eligible to make the election; and

(2) the requirements of IC 22-4-10-1 are met.

As added by P.L.33-2013, SEC.1.