

VIRGINIA ACTS OF ASSEMBLY -- 1998 SESSION

CHAPTER 347

An Act to amend the Code of Virginia by adding a section numbered 58.1-3732.3, relating to local license taxes on gross receipts of staffing firms.

[S 113]

Approved April 11, 1998

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 58.1-3732.3 as follows:

§ 58.1-3732.3. Limitation on gross receipts; staffing firms.

A. Gross receipts for license tax purposes under this chapter shall not include employee benefits paid by a staffing firm to, or for the benefit of, any contract employee for the period of time that the contract employee is actually employed for the use of the client company pursuant to the terms of a PEO services contract or temporary help services contract. The taxable gross receipts of a staffing firm shall include any administrative fees received by such firm from a client company, whether on a fee-for-service basis or as a percentage of total receipts from the client company.

B. For the purpose of this section:

"Client company" means a person, as defined in § 1-13.19, that enters into a contract with a staffing firm by which the staffing firm, for a fee, provides PEO services or temporary help services.

"Contract employee" means an employee performing services under a PEO services contract or temporary help services contract.

"Employee benefits" means wages, salaries, payroll taxes, payroll deductions, workers' compensation costs, benefits, and similar expenses.

"PEO services" or "professional employer organization services" means an arrangement whereby a staffing firm assumes employer responsibility for payroll, benefits, and other human resources functions with respect to employees of a client company with no restrictions or limitations on the duration of employment.

"PEO services contract" means a contract pursuant to which a staffing firm provides PEO services for a client company.

"Staffing firm" means a person, as defined in § 1-13.19, that provides PEO services or temporary help services.

"Temporary help services" means an arrangement whereby a staffing firm temporarily assigns employees to support or supplement a client company's workforce.

"Temporary help services contract" means a contract pursuant to which a staffing firm provides temporary help services for a client company.