

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4 [S 113]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That the Code of Virginia is amended by adding a section numbered 58.1-3732.3 as follows:**8 *§ 58.1-3732.3. Limitation on gross receipts; staffing firms.*

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

15 *B. For the purpose of this section:*

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

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

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

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

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

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

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

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

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