RIPPLING

# PEO and EOR Compliance Program

Rippling offers PEO services in the United States, and EOR services in many countries around the world. When customers choose Rippling as their PEO or EOR, they entrust us to assist them with workforce compliance. This whitepaper provides more information about our PEO and EOR compliance programs.

# What is Rippling PEO versus Rippling EOR?

Professional Employer Organizations (PEOs) and Employer of Record companies (EORs) help customers manage their workforce around the world. The main difference between a PEO and an EOR is that a PEO acts as a co-employer (a business model that is only legally recognized in the US) while an EOR acts as the sole employer.

Rippling PEO is offered in the United States by Rippling PEO 1, Inc., a wholly-owned subsidiary and a fully-licensed professional employer organization (PEO). Rippling PEO provides comprehensive HR solutions for businesses such as access to better, more affordable benefits, multi-state tax registrations, and a variety of administrative HR functions—like payroll, access to HR advisors, and workers' compensation.

Rippling EOR is offered in a number of countries by its affiliates and partners, listed in Appendix A of the Rippling EOR Terms of Service. Rippling EOR provides legal employer of record services for businesses and their distributed workforces, which allows them to hire, pay and manage people around the globe.

# The Rippling PEO and EOR Compliance Program

In the United States, PEOs must be registered or licensed in several states in order to operate, and accordingly, compliance should be a key factor in evaluating any PEO program. Specifically:

**PEOs must be licensed or registered in many states. Currently, 37 states require licensing or registrations, with some states allowing a company to apply only if there are employees/wages in that state.**

**PEOs must maintain up-to-date compliance filings related to taxes, employee and employer changes, annual reports and required certifications such as:**

- PEO registrations and renewals
- State and Income tax account registrations
- State Unemployment account registrations
- Client Addition and Termination Reporting
- New Employee Notices
- Notice of Cancellation of Workers' Compensation Coverage
- Unemployment Insurance Quarterly Tax & Wage Reporting
- Quarterly Payroll Tax Certification

**PEOs must be bonded, where required. A surety bond is a way to guarantee the PEO's obligations to the state such as payment of employment taxes, unemployment insurance and workers' compensation coverage. Rippling's financial strength, access to financial markets, and focus on in-house compliance has allowed it to access and maintain all required surety bonds to maintain licensing and ongoing compliance.**

Compliance should be a key factor in evaluating any EOR program. Because the EOR model is a newer model, there are not generally regulations or licensing requirements specific to EORs. The closest regulations are often those governing temporary or labor leasing agencies, and each EOR takes a different approach on when or where to obtain such licenses.  In many countries, however, EORs must have business licenses or permits, and registrations to operate. Specifically:

**EORs often must obtain and maintain local business licenses or permits, and complete entity and social security registrations. EORs must maintain up-to-date compliance filings related to taxes, employee and employer changes, annual reports such as:**

- Annual financial statements as required by local regulations
- Statutory registers and corporate resolutions (e.g. annual approval of financials, officer appointments or resignations)
- UBO (Ultimate Beneficial Owner) registrations and extracts
- Statistical and tax filings, such as labour surveys, wage declarations, or withholding tax confirmations

## At Rippling PEO and Rippling EOR, we have implemented robust administrative, technical, and contractual controls to maintain an end-to-end PEO and EOR compliance program.

### Internal Policies and Compliance Reports

All key policies and compliance reports are reviewed by the Insurance and Regulatory Committee and documentation providing more detailed information around operational standards are maintained by the Compliance team.

### Resources and Expertise

- Members of the National Association of Professional Employer Organizations (NAPEO) and Global Employment Innovation Organization (GEIO) for EORs, attend industry events, and leverage industry resources (e.g. the NAPEO regulatory database) to stay up-to-date on relevant federal, state, and local requirements and regulations for PEOs and EOR.
- Advised by knowledgeable counsel and advisors with decades of experience in the PEO and EOR industries, including in the topics of:
    - PEO and EOR licensing and compliance
    - Benefits and workers' compensation
    - Unemployment registrations and other filings
    - Payroll tax matters
- Advised by local employment counsel in every EOR country in which we operate

### Training

- Trainings to provide relevant and timely information to individuals involved in the PEO or EOR.

## Technical Tools

- In-house technology is used to ensure on-time filings for our PEO and EOR
- Automation of compliance notices and filings to ensure compliance with both PEO-level, EOR-level, and customer-level regulatory requirements

## Licensing Program

- **PEO:** Licensed in all states that require special PEO licensing to operate a professional employer organization. Copies of our PEO licenses can be found here.
- **EOR:** Licensed in certain countries and jurisdictions. Copies of our EOR licenses can be found here.

## Reliability

- Significant venture capital backing and access to financial markets support our ability to provide safe and reliable PEO and EOR programs.
- Maintenance of a robust corporate insurance program ensures that we have adequately protected our entities from downside risks.
- Our financial strength, access to financial markets, and focus on compliance has allowed us to access and maintain all required surety bonds to maintain licensing and ongoing compliance with state requirements.
- In-house technology ensures the PEO and EOR compliance items are tracked and renewed timely.

# Additional resources

- Rippling PEO
- Rippling Global & EOR
- Using an EOR
- Licenses: Rippling PEO
- Licenses: Rippling EOR

