NATHO Travel Tax FAQs – Agency version

A major benefit of travel assignments for healthcare professionals is that they can qualify for tax free travel and housing benefits so long as they meet certain IRS requirements including maintaining a permanent tax home and working away from that home, among other things. Staffing agencies that fail to follow these IRS guidelines put themselves at serious risk of incurring major tax liabilities as well as other penalty and interest charges. The following discussion is designed to provide staffing agencies with general guidance on the nature of the IRS guidelines and how to remain in compliance.

Disclaimer – The reader is advised that the following discussion is general in nature and should not be considered advice for any specific tax situation. As such, NATHO hereby disclaims all warranties, expressed or implied. Given the unique circumstances of each staffing agency's tax situation, the reader should consult with a tax attorney, CPA, and/or other tax planning professional for any specific guidance rather than relying solely on the discussion herein. Moreover, changes are made periodically to the tax laws, administrative rules, tax releases, tax rates and other materials, which may or may not be fully incorporated into the discussion below. Also, any general tax advice provided in the discussion below is not intended to be used and cannot be used, by the reader for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code.

1. How does the IRS define a permanent tax home?

A tax home is the taxpayer's regular place of business, regardless of where the taxpayer maintains a family home. It includes the entire city or general area in which the work is performed. If the taxpayer has more than one regular place of business, the tax home is the main place of business taking into account time spent, level of business activity, and the significance of the associated income. In most cases, travelers will not have a main place of business and their tax homes would then be the place where they regularly live. At this point, a traveler would need to consider the following three factors to determine whether a claimed tax home away from the regular place of business truly qualifies for that status:

a. Does the traveler perform a portion of his/her business in the vicinity of the home and use that home for lodging while doing business in the area? Many travelers will not meet this requirement, as they do not have regular work in the tax home area.

b. Does the traveler have living expenses (mortgage, rent, utilities, etc.) at the claimed permanent tax home that are duplicated while the traveler is on assignment away from home? In general, the duplicated expense to maintain a tax home should exceed $250 per month and reasonably reflect a fair market basis for similar accommodations in the geographical area.

c. Has the traveler either a.) not abandoned the area in which both the historical place of lodging and the claimed main home are located; b.) has a member or members of the family living at the main home; or c.) uses the home frequently for the traveler's own lodging needs? On this last point, there is limited IRS guidance, but the return trips should be more than a few times per year and one or more of the trips should be much longer than a long weekend.

If the traveler satisfies all three factors, the traveler definitely has a permanent tax home. If the traveler satisfies only one or no factors, the traveler is considered an itinerant worker and the tax home is wherever the traveler is working. As an itinerant worker, the

traveler cannot claim a travel expense deduction because the traveler is never considered to be traveling away from home.

If a traveler satisfies only two factors, the traveler may have a tax home depending on all the facts and circumstances. Listed below are relevant facts and circumstances to consider. In general, a traveler would need to satisfy a majority of these in order to have a permanent tax home:

- The tax home address is the address of record for filing income tax.
- The tax home has phone service or is the traveler's primary mailing address.
- License plates and driver's license are registered in the tax home city.
- The tax home address is the address of record for the traveler's professional license.
- The primary banking relationship is in the vicinity of the tax home.
- The traveler is registered to vote in the tax home precinct.
- The traveler belongs to a church, club, or other associations in the tax home vicinity.

2. How often can a permanent tax home be changed?

There is no limit to how many times it can be changed as long as all of the requirements to have a permanent tax home are met.

3. What responsibility, if any, does the staffing agency have to verify permanent tax home information provided by a traveler?

According to US Treasury regulations, the general rule is that, absent actual knowledge or reason to know otherwise, a withholding agent may rely on the representations of the taxpayer without having to inquire into the truthfulness of these representations. So, the staffing agency must have each traveler declare in writing whether or not the traveler has a permanent tax home. If the traveler reveals any details to his/her recruiter or any other member of the staffing agency's internal staff that would indicate that the traveler truly does not have a perm tax home, that knowledge would invalidate any contradictory information provided by the traveler in the permanent tax home declaration form.

4. Is it true that travelers working at one location for a year or more no longer qualify for tax free per diems, or other tax free benefits such as airfare, rental cars, travel reimbursements, company paid housing, etc?

Yes. Once a traveler has worked in a single location away from his/her home for a year, the traveler is no longer eligible for tax free per diems or tax free travel and housing benefits. To be clear, the traveler can still receive these benefits, but such benefits would be considered income and, therefore, taxable. The IRS considers away from home to mean that the traveler must be far enough from home that he/she could not go home, rest, and return to work the following day.

5. When do the per diems and other company benefits become taxable for travelers who are going to work more than a year in one location?

The per diems and other company benefits become taxable as soon as it is known that the traveler will be working a year or more in a single geographical location. In other words, as soon as a traveler signs a confirmation that would have the effect of taking the assignment beyond 52 weeks, the benefits and/or per diems become taxable immediately. Working in multiple facilities within commuting distance of each other still counts as a single geographic location. As an example, a nurse has been working away from home at various facilities in Los Angeles for 37 weeks. When she completes her current assignment, she will have worked in Los Angeles for a total of 39 consecutive

weeks. On week 37, she signs an agreement to extend her assignment 14 more weeks, putting her over one year worked in Los Angeles. All of her travel and housing benefits and per diems become taxable on week 37 when she agreed that she would be working beyond one year. Additionally, once these benefits become taxable, they must be included in the overtime rate calculation. For example, rather than simply taxing a traveler's per diems, the staffing agency should shift the per diem into the pay rate, which would then result in a higher overtime rate. This is especially important in California where travelers receive daily overtime after eight hours worked in a day.

6. So long as a traveler works less than one year at any single location, is it true that the traveler can qualify for tax free per diems or other tax free benefits beyond a single year?

Yes, a traveler can qualify for tax free per diems by working in multiple geographic locations so long as the traveler continues to maintain a permanent tax home. As a part of maintaining a permanent tax home, the traveler needs to periodically return home. IRS guidance on how frequently a traveler should return home and how long she should remain there is not clear. Based on case law, a traveler should return home several times per year and should return for a more extended stay at least once every 24 months. As far as the length of that extended stay return visit, the IRS has ruled that 3 weeks is never long enough to reset the clock for tax free travel benefits and seven months is always long enough. Unfortunately, the IRS has provided no guidance for breaks in between these two extremes. While the traveler would not be required to work at home during this return visit, doing so would certainly reinforce the traveler's permanent tax home status. Considering that travel assignments typically last 13 weeks, a 13 week return home would represent a clear break from traveling so long as there was no written or oral understanding during this break period about returning to the same assignment area where the traveler was working immediately prior to the break. Additionally, the 13 week return home must be continuous. Multiple breaks totaling 13 weeks or more won't work. Of course, if a traveler worked in multiple facilities within commuting distance of each other, all of those assignments would still only count as a single geographic location and the traveler would be limited to tax free travel benefits for only one year.

7. Is the staffing agency required to review the traveler's employment history with other companies to determine eligibility for tax free per diems and other company benefits?

No. It is up to the individual taxpayer to determine her status regarding the tax treatment of benefits. The staffing agency can rely on the traveler's representations without further review unless agency personnel have specific information or reason to believe that such representations are false. To minimize liability, the staffing agency should add language to the permanent tax home declaration form where the traveler states that he/she has not and will not be working at one geographic location for more than a year without at least a 13 consecutive week break. Additionally, the traveler should declare that she/he has not and will not be working more than 24 months away from home in multiple geographic locations or any one of these location for more than 12 consecutive months without at least a 13 consecutive week return home. It should also be stated that the traveler understands that working in multiple facilities within commuting distance of each other or through multiple different agencies still counts as a single geographic location.

8. How long does a traveler have to go home or be away from an assignment location to reset the clock for tax free per diems and other travel related benefits?

The IRS has ruled that 3 weeks is never long enough to reset the clock for tax free travel benefits whereas seven months is always long enough. Unfortunately, the IRS has

provided no guidance for breaks in between these two extremes. Considering that travel assignments typically last 13 weeks, a 13 week break from the local geographic area should be sufficient to reset the clock. The traveler could either return home or take another travel assignment in a different geographic area. If the traveler then returned back to the same local geographic area where the traveler was working immediately prior to the break, the break would more than likely need to be even longer than 13 weeks. The reason for this would be that there should be no written or oral understanding during this break period about returning to the same assignment area where the traveler was working immediately prior to the break. Finally, the 13 week break must be continuous. Multiple breaks totaling 13 weeks or more won't work.

9. How far does a traveler need to live from a facility to qualify for tax free per diems or other tax free benefits? Should it be based on distance or commute time? Also, should the length of the shift be taken into account?

The IRS has not provided clear guidance in this area, except that a traveler needs to be far enough from his/her permanent tax home so that it would be unreasonable to go home, rest and return to work the next day. In considering what is unreasonable, the IRS looks at individual facts and circumstances, paying close attention to travel time, the actual distance and the traveler's intentions. Generally speaking, the IRS tends to give more weight to the travel time and the traveler's intentions vs. the actual distance. Not surprisingly, while there is a minimum 50 mile limit for moving expenses to be tax deductible when a taxpayer changes jobs, there is no connection between this rule and the minimum distance a worksite has to be from the taxpayer's home in order for the taxpayer to be considered away from home and therefore eligible for tax free travel and housing benefits. For example, if a traveler lives 50 miles from the worksite location and is only working 8 hour shifts, there should be more than sufficient time to go home, rest, and return to work the next day. By the same token, if a traveler lives 100 miles from the worksite location and is working 12 hour shifts, there is probably not enough time to go home, rest, and return to work the next day, even under ideal circumstances. Staffing agencies should carefully review any situations where the distance is less than 100 miles as there are cases that could qualify for tax free per diems. As an example, if a traveler lives in a major metropolitan area such as Los Angeles and works 12 hours shifts at a worksite 50 miles away, the commute time may be significantly longer than other areas of the country and may justify allowing tax free per diems or travel benefits. If the staffing agency knows that the traveler is only paying for housing for a few work days per week and is returning to his/her tax home every week, the staffing agency should pro-rate the taxability of per diems accordingly. For example, if a traveler is only working three shifts per week and then returning home on a weekly basis, the staffing agency should only provide three days worth of tax free per diems. Alternatively, the staffing agency could pay seven days worth of per diems and tax four of the seven days. Whenever the distance between the worksite location and the perm tax home is less than 100 miles, the staffing agency should carefully review whether per diems should be pro-rated. Since the IRS requires that a traveler be "duplicating lodging expenses to qualify for tax free per diems and other benefits, if a traveler is commuting from his/her permanent residence for every shift without spending any money on additional lodging, these benefits are taxable no matter how far the commute is because it's clearly reasonable enough for the traveler to actually do it. Along the same lines, if the traveler is receiving a housing per diem and has indicated or implied an intention to return home more than occasionally during the work week, that would be a strong indication that the assignment is within commuting distance of the tax home.

10. What is the maximum daily amount of per diems that can be provided tax free? Where is the best source for the latest maximum daily per diem rates?

The amount varies depending on the worksite location. The IRS publishes maximum per diem amounts by county in Publication 1542. While it provides guidance for many of the

largest and most populous counties in the nation, it also provides a maximum rate for all other areas not specifically listed. IRS Publication 1542 is the best source for the latest maximum daily per diem rates and can be found in the Publications section of the IRS website (www.irs.gov).

11. If the staffing agency provides housing and the cost is lower than the maximum per diem rate, can the difference be provided to a traveler as a tax free per diem?

No, the agency can not concurrently supply housing and pay a per diem. It should also be noted that meals and incidentals are separate from the housing per diem, so there is no problem with providing maximum M&I per diems to a traveler even if the agency is providing housing. Of course, the hourly wage rate, by itself, (including any overtime) must represent fair market value compensation for that occupation.

12. Is there a risk to the staffing agency of quoting hourly pay rates that are blended with per diems? Should Overtime be paid on per diems?

Strictly speaking, per diems are not compensation. Also, they are provided on a daily basis rather than an hourly basis. Blending per diems with taxable wages may lead travelers and others to view them more as compensation, which is taxable. Even worse, the IRS may interpret this as wage recharacterization. As an example, if a staffing agency offered to pay $45/hr, with $15/hr taxable and the remainder in the form of a non-taxable per diem, the presentation of $45/hr makes it all look like taxable compensation, which could lead the IRS to argue that $30 of the hourly wages were recharacterized as tax free per diems and should have been taxed. Such a determination could also lead to additional penalties and interest on the unpaid tax liability. Regarding overtime, there are no restrictions on paying more than 1.5 times the regular hourly pay rate. Having said that, if the overtime rate is equal to 1.5 times a rate of compensation which is blended with per diems, it further suggests that wages have been recharacterized, which may subject the company to a significant tax liability if the IRS determines that the per diems are really compensation. To help defend against wage recharacterization, the agency needs to ensure that, excluding any per diem or travel and housing benefits, the hourly wage rate (including any overtime) by itself should represent fair market value compensation for that occupation.

13. Can per diem rates for a traveler be based on the number of hours worked per week?

No. Per diem rates based on hours worked make per diems look like compensation and could likely be viewed by the IRS as wage recharacterization. By contrast, while an agency should not modify the per diem rate, it could reduce or increase the number of days worth of per diems provided based on the number of days actually worked by a traveler. In summary, per diems should never be paid hourly, but instead should be paid daily.

14. When offering tax free per diems, should there be a minimum wage rate? What is a reasonable wage rate? Should it vary geographically?

Yes there should be minimum wage rate when offering per diems and it should be a reasonable hourly rate of pay that would represent fair market value compensation for that occupation. So, even if the employee were to receive no travel or housing benefit or per diems, the rate of pay by itself would be acceptable to the employee or most other people in the same occupation working on a full time basis. Another way to look at it would be that the pay rate for someone getting per diems should never be lower than the lowest pay rate for someone receiving company provided housing. As to the exact amount, it can be argued that the average wage rate for an occupation as reported by the Bureau of Labor Statistics (www.bls.gov) would be considered a reasonable wage

acceptable by a majority of people presently employed in the occupation. On the question of geographic variability, each agency needs to be able to defend its definition of fair market value compensation for an occupation. There are certainly valid arguments that pay rates should vary geographically based on different supply and demand imbalances and there are valid arguments that travelers are somewhat immune to geographic variability as part of the variance is related to differences in housing cost, which is somewhat irrelevant as the agency provides for this expense. Whether the agency chooses a minimum wage on a national or geographic basis, the agency needs to be prepared to show that the wage rate(s) represents fair market value compensation for the occupation. Also, so long as wages are at or above fair market value, it's ok to have variability in compensation packages even at the same hospital or in the same unit as each employee brings different skills, experience, and personal requirements, among other things. With that said, negotiating a unique compensation package within the constraint of the fair market value requirement is acceptable so long as the negotiation occurs upfront prior to the traveler accepting the assignment and so long as the negotiation is not contingent in anyway on whether or not the employee maintains a permanent tax residence.

15. If a traveler works less than his/her guaranteed or required hours, can the staffing agency take back a pro-rated portion of the per diems or other travel benefits?

Assuming that the per diems are truly non-taxable, there is no minimum required amount of per diems and no specific IRS regulations that would prevent an agency from taking a pro-rated portion back. At the same time, there may be specific Employment laws in certain states that restrict the type of deductions that can be taken from an employee's payroll check. With that in mind, it's important to clearly define tax free per diems as one element of an employee benefit package advanced to the traveler in consideration of completing a set amount of days or hours per week or per assignment. To the extent that the employee does not work the number of days or hours required, benefits would be reduced accordingly. Considering that per diems are provided on a daily basis, they should not be taken back in increments smaller than daily. Any effort to take them back on an hourly basis runs the risk of additional scrutiny as it could lead the IRS to conclude that the agency was treating per diems as hourly compensation, which would be taxable.

16. If yes, should the deduction be pre or post tax?

These deductions should be taken on a post tax basis. The problem with taking them on a pre tax basis in the eyes of the IRS is that it reduces the staffing agency's tax liability. As such, it could be construed as recharacterizing wages, potentially subjecting the agency to tax penalties and interest.

17. What responsibility, if any, does the staffing agency have to verify that a traveler is truly using housing per diem for housing? Should the staffing agency require housing receipts?

According to US Treasury regulations, the general rule is that, absent actual knowledge or reason to know otherwise, a withholding agent may rely on the representations of the taxpayer without having to inquire into the truthfulness of these representations. So, the staffing agency must have each traveler declare in writing that he/she is using housing per diems to pay for duplicated housing expenses. This could be included in the permanent tax home declaration form or a separate form. The only exception would be if the agency or any member of the agency's internal staff learned that the traveler was not using per diems for housing expenses. At that point, the agency would either have to treat the per diems as taxable or require the traveler to provide receipts proving that the traveler was in fact incurring duplicated expenses.

18. If two travelers (both with a permanent tax residence) working away from home share an apartment and the company pays one of them a housing per diem, should the housing per diem be taxed?

Yes. If the company is providing the free apartment to the two travelers, they have clear knowledge that neither traveler is actually incurring duplicate lodging expenses while away from home. Therefore, any stipend paid must be taxed. At the same time, the agency could pay a tax free meals and incidental per diem since the travelers are still incurring meals and incidental expenses even though they are living in a company apartment. Incidentally, it would also be beneficial for the agency to have all travelers receiving housing per diems sign a declaration that they are using the housing per diems to pay for duplicated expenses. This could be included as part of the permanent tax home declaration form or as a separate form. Even with this declaration, it would not absolve the agency of responsibility if any of its personnel knew or had reason to believe that a traveler was not incurring duplicate housing expenses.

19. Are car, travel and housing allowances taxable?

Yes, unless all of the requirements for not taxing per diem are met. An employer has two choices for reimbursing travel expenses: reimburse actual costs or pay under a per diem method. Allowances would fall under the per diem method. Allowances are sums of money provided to an employee in anticipation of the employee incurring expenses. Typically, an employer providing an allowance does not expect to receive any receipts or other documentation of the expenses actually incurred. To treat an allowance as non taxable, an employer must have a reasonable belief that the employee will incur these expenses and the circumstances would need to meet the same requirements applied when treating per diems as non-taxable. In other words, the employee must have a permanent tax home and must work far enough away from home to make commuting impossible and therefore require a duplication of housing expense. Further, the employee must not have worked in any one geographic location away from home for more than a year or worked in multiple geographic locations away from home for more than two years (without an extended return home), with the understanding that working in multiple locations within commuting distance of each other or through multiple staffing agencies still counts as a single geographic location. Additionally, per diems have only been established for lodging and meals and incidentals. With that said, a housing allowance that meets all of these requirements and is provided on a daily, weekly or monthly basis would be ok to treat as non taxable so long as it met all of the requirements herein and did not exceed the maximum lodging per diem for the local area as established by IRS Publication 1542. There are no per diems established for cars so a car allowance would be considered taxable. Strictly speaking, there is no such thing as a travel per diem, so travel staffing agencies would be better off to specifically define any allowance intended to be non-taxable as either a lodging or meals and incidentals allowance. Incidentally, it should be noted that there is no such thing as a lodging only per diem in the eyes of the IRS. If an agency offers a lodging only per diem, the agency should be aware that the IRS will view at least 40% of that per diem as meals and incidentals.

20. If a rental car is provided and used only for a daily commute and not for personal reasons is it considered a taxable benefit?

No. So long as the traveler is away from home and meets all of the requirements for tax free benefits, a rental car would be considered a tax free benefit as well. For example, if the staffing agency flies a healthcare traveler to an assignment, the traveler will need local transportation, which could be provided in the form of a rental car. In this scenario, the rental car would be considered a tax free benefit.

21. Are there any limits on the amount of mileage that can be reimbursed tax free?

Yes. Mileage reimbursed should be limited to one roundtrip per travel assignment between the healthcare traveler's perm tax home and the general assignment area plus the daily roundtrip commute between the temporary housing and the worksite location. Similar to the rental car scenario, so long as the traveler is away from home and meets all of the requirements for tax free benefits, mileage reimbursement would be considered a tax free benefit as well. The only exception would be that mileage incurred strictly for non-business purposes would not be eligible for tax free reimbursement. Regarding the initial drive to the general assignment area, a healthcare traveler could come directly from another assignment rather than his/her perm tax home, but the amount of tax free mileage reimbursement would still be limited to the distance between the perm tax home and the new worksite location. Additionally, in order to reimburse for this mileage on a tax free basis, the staffing agency must have a reasonable belief that the healthcare traveler actually drove the miles. As an example, if a healthcare traveler extends his or her assignment without taking a break and then submits an expense report for mileage, it would be unreasonable to reimburse that amount on a tax free basis as the traveler would not have been able to go home between the assignments. Travel staffing agencies should be very careful in reviewing these expense reports and require that the healthcare traveler provide a complete address for both the departure point and the final destination along with the dates of travel.

22. How much are penalties and interest if the IRS determine that per diems or other travel benefits should have been taxable?

Generally speaking, penalties are expressed as a percentage of the unpaid tax liability. If the IRS determines that per diems should have been taxable, the staffing agency would be required to pay the employer and employee portions of FICA (15.3%) as well as unwithheld employee Federal income tax which would most likely be charged at the flat supplemental rate of 25% of earnings. If the IRS determines that the staffing agency's actions were negligent, showed a disregard for the rules or regulations, or there was a substantial understatement of tax, the IRS can impose a penalty of an additional 20% on the entire tax liability. Further, if the taxes are not paid within 10 days of notice, the IRS may impose an additional penalty of 25%. Beyond this, the IRS can charge a penalty of up to $50 for each incorrect W-2. Interest charges generally range from 8-10%. In addition to these penalties, if the agency's per diem program was deemed to be abusive, all the per diem payments under the program could be treated as taxable compensation, not just the quantified excesses. Alternatively, an employer may be eligible for a IRC section 3509 adjustment with reduced penalty rates and an exemption from paying the under withheld taxes provided it properly classifies earnings in the future. Please consult your tax advisor for more details.

23. Are there any corporate income tax implications for the staffing agency by providing per diems?

Yes. 50% of the Meals and Incidental per diems can not be deducted as an expense on the Staffing Agency's Federal Income tax return. To calculate the amount of Meals and Incidental per diems, the IRS takes the higher of 100% of the Meals and Incidental per diems or 40% of all per diems provided by the staffing agency. Said differently, if a Staffing Agency claimed that 100% of the per diems were for housing, the IRS would still consider 40% of that number to be Meals and Incidental per diems. This is true even if the agency claims that all or most of the per diems were used by the travelers for duplicated housing expenses. Depending on the amount of per diems an agency is paying, this tax rule can add a significant amount of income tax expense to a staffing agency. There have been occasions where staffing agencies have overlooked this rule and have been subjected to rather large multi year tax liabilities plus penalties and

interest. If an agency believe that less that 40% of per diems provided were Meals and Incidentals, the only way for the agency to prove it in the eyes of the IRS would be to provide receipts to account for all of the housing and M&I expenses incurred by the travelers who received per diems.

24. What should a staffing company do to be prepared in case of an IRS audit?

A staffing agency should have a clearly written policy outlining how it handles the taxability of per diems and other housing or travel benefits. The policy should explain in detail the procedures that the agency uses to ensure that it is making a reasonable effort to comply with IRS regulations. Each internal employee of the staffing agency who deals with these issues should be provided with a hard copy of the entire policy document and should sign an acknowledgement that he/she has read and understands the policy and is not aware of any situations where the agency is out of compliance. Additionally, there should be an internal periodic audit procedure to ensure ongoing compliance with the IRS regulations as well as internal company policies and procedures.

25. Is there ever a circumstance where a staffing agency could pay a nurse as an independent contractor?

This would be extremely difficult. In the eyes of the IRS, an independent contractor must be someone who has substantial direction and control over how and when he/she completes his/her work. The general problem with such an arrangement is that a nurse working in a hospital setting is far from independent. The hospital determines the hours worked, when breaks are taken, and there is a manager and physicians at the hospital supervising the nurse's delivery of patient care. Nurses are not allowed to make decisions outside of their scope of practice, but must advise the attending physician instead. Beyond these challenges, most client contracts require the staffing agency to carry professional liability and workers compensation insurance covering all of its healthcare workers, which means the nurse could not be an independent contractor. Likewise, most allied health professionals also do not meet the conditions to be considered independent contracts. In addition, the Joint Commission is now scrutinizing agencies that pay contractors on 1099's vs. W-2s and will not certify those that are classifying workers as independent contractors who should actually be W2 employees.

26. What should I do if I find another staffing company abusing or ignoring the IRS guidelines in this area?

If the staffing agency is a member of the National Association of Travel Healthcare Organizations (NATHO), call NATHO and provide them with a written complaint and any documentation which may support that concern. Every NATHO member has agreed to abide by a Code of Ethics and abusing or ignoring IRS guidelines would represent a breach of these guidelines. If a member company is accused of abusing or ignoring those guidelines, it needs to be able to show that the accusation is false. Alternatively, it's also possible that the company made a mistake or series of mistakes in good faith. In such instances, NATHO would work with the company to provide educational assistance to help the company get into compliance as quickly as possible. If the evidence shows that the accusations are valid and that the company willfully abused or ignored the guidelines, the company would need to immediately correct the problem or it would face sanctions including, but not limited to reprimand, probation, suspension or expulsion from NATHO. If the company is not a member of NATHO, this would be a great time to encourage them to join. If you don't really have a strong relationship with the other staffing company, call NATHO. It's very likely that there are other NATHO members who have dealt with that other staffing company and would be better positioned to discuss membership with them.