

New Guidance on EEO-1 Component 2 Data Submissions For Companies Involved in Corporate Transactions

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The Equal Employment Opportunity Commission (EEOC) has released [additional guidance](#) regarding the new EEO-1 Component 2 data reporting requirements for employers who were involved in mergers, acquisitions and spinoffs in 2017 and 2018. As we previously [reported](#), employers must report their Component 2 pay and hours worked data for calendar years 2017 and 2018 by September 30, 2019.

In its guidance, EEOC advises, among other things, that acquiring companies are responsible for submitting Component 2 data of their acquired entity – whether the transaction occurred before or after the acquiring company’s workforce snapshot period. Similarly, where two companies merge to form a new entity, the new entity must report its Component 2 data, regardless of whether the merger occurred before or after the workforce snapshot period. Where a purchasing or newly formed company does not have access to a former entity’s Component 2 data, they should note that in the comments box on the certification page in the EEO-1 online portal. For acquisitions closing in 2018, an acquiring company would not be required to report the 2017 Component 2 data of a purchased company, if the purchased company would not have been obligated to report its own 2017 Component 2 data (*i.e.*, if it had less than 100 employees in 2017).

With respect to spinoffs occurring in 2018, newly created subsidiaries are not responsible for reporting their 2017 Component 2 data. The former parent company, however, would be responsible for filing the 2017 Component 2 data for the employees of the spun off company. Parent companies that sold a part of their business in 2018 are not required to file the 2017 or 2018 Component 2 Data for the sold entity – the purchasing company has that responsibility.

The EEOC has also provided guidance for Professional Employer Organizations (PEOs). A PEO is not responsible for filing Component 2 data of entities that are former clients at the time of filing. When an agreement between a PEO and a client company does not cover 100% of the client's workforce, the client company, not the PEO, must submit the Component 2 data.

Employers that have undergone mergers, acquisitions or spinoffs in 2017 and 2018 should consult the FAQs to determine their reporting requirements. We will continue to monitor and provide updates as they become available.

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