

# Payroll

## 7 Good Reasons to Leave your Payroll to the Professionals



Payroll is a complicated, mandatory business function for any business. For retailers, it is even more complex. You have employees on salary and you have employees on hourly rates, scaled and overtime rates. Not to mention shift changes or no-shows.

All this complexity adds to the time and cost it takes to do payroll.

Here are seven areas to consider about whether to continue with your in-house payroll or outsource it to an accountant who specialises in payroll processing.

### 1. Cost of Payroll

Payroll can be costly to your retail business from a time perspective. Gathering information about employee's hours, shifts, shift changes, holidays, overtime and individual benefits takes time.

Analyse how many hours are spent gathering information for payroll, preparing the payroll and running the payroll. Include the admin hours of filing tax returns, distributing wage-slips and answering queries from employees.

### 2. Efficiency of Finance Staff

If you do the exercise as outlined in step no. 1, you will find that payroll is a time-consuming exercise.

If you have an in-house accountant or accounts clerk doing your payroll, imagine taking away those hours of doing the payroll and spending it more productively on preparing and analysing your day to day and monthly accounts. Keeping up to date with your financials will help give you a great overview of how your business is performing.

### 3. Accuracy of Payroll

The onus is on you as the employer to ensure the correct amount of taxes (PAYE, PRSI, USC, LPT) are deducted and returned to the Revenue on time. Getting it wrong opens you up to trouble with Revenue. You don't want to be liable to pay Revenue penalties and back pay for making a payroll mistake, not matter how small.

It's also your responsibility that all staff are paying the correct amount of relevant taxes and all your returns are filed (P35 on 15th February) and P60s at the start of 2016.

### 4. Sick Pay and Disability Pay

Sick & disability pay is one of the most complex areas when processing payroll. In the retail sector, due to the

nature of employment, it's even more complicated. For example, where an employee is entitled to sick pay from the Department of Social Protection, that amount is now taxable and must be entered in the payroll system. The onus is on you to ensure all payroll deductions are correctly applied.

### 5. Holiday Pay Entitlements

Similarly, not all holiday pay is created equal. Holiday pay could be calculated at 8% of hours worked, 4 weeks off or one third of a working week. And you need to know what days are considered 'working hours'. For example, sick hours are not included but maternity leave and parental days are.

### 6. Continual Training and Best Practice

Anyone who processes your payroll must be continually trained in payroll. Every year, there are new changes introduced in the budget which affects payroll. Most recently, the property tax now goes through the payroll system.

Confidentiality is of key concern when processing payroll. You must have 100% peace of mind that best practices are in place. When you outsource, that confidentiality is guaranteed.

### 7. Contingency Planning

Payroll is a function that needs to be done on a weekly, bi-weekly or monthly basis. There is no exception. If your employee who processes payroll is out sick for a few days, then your payroll and your employees will be affected.

To conclude, it's really your decision to continue with payroll in-house but another alternative is to outsource to the professionals so make sure it's an informed one. For most businesses, your wage bill is your biggest bill, so it's important to get it right.

AG Associates is an accounting practice that specialises in affordable accounting and payroll solutions for the SME business owner. For further information please contact Angela at:

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