



accounting business solutions

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Newsletter for Sage MAS 90 and Sage MAS 200 ERP

September 2009 • Volume 9 • Issue 5

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Headline News

The annual Sage Summit conference will be held November 9 -12, 2009 at the Georgia World Congress Center in Atlanta. Sage Summit is the place to discover proven tips, tricks, strategies, and skills that will help you boost productivity and save your organization money. Registration began on July 21, and discounts are available for early registration. [Click here](#) to access online registration.



Payroll Processing—In House, Outsource, Or The Best Of Both?

What is the most efficient and cost effective way to handle your payroll processing? In this article, we will discuss the pluses and minuses of handling payroll in house versus outsourcing to a service, and cover one way you can have the best of both options.

Outsourcing Payroll

Perhaps the single most important reason companies choose to outsource is the issue of tax compliance. There are over 10,000 U.S. taxing agencies that continually change regulations—and assess penalties (up to 11 percent of payroll tax deposit) for late or missed payments. Companies who outsource like the peace of mind of letting the service bureau take responsibility for calculating taxes and submitting payroll tax deposits on time.

However, it may be difficult or impossible for your payroll service agency to accommodate special requests, such as a custom report or unique deductions handling. The inevitable errors that require a check to be reissued or adjusted may take longer to correct. And, you must run your business on the timetable of your service bureau, meeting their deadlines, while only having access to answers to your urgent questions during their normal business hours.

In-House Payroll

While payroll outsourcing may off-load some of the processing work, it typically amounts to less than half the work required



for payroll. The data entry, interface maintenance, and monitoring of changes must still be done in house. Allocating funds for payroll, and making the necessary deductions, like car allowances, must also be done in house. Information must then be telephoned, faxed, or submitted electronically through Web pages or software provided by the payroll service bureau. This leaves the service bureau with little more to do than print checks on payday.

If you process payroll in house, you gain the flexibility and control of having data stored on your local computer, with historical information readily available. And you can work on payroll on your schedule.

With in-house payroll your historical data is readily accessible for inquiries and reporting. How long might it take to research a

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payroll question involving payroll for the previous year with your service bureau? Should an employee notice an error on their check, with in-house payroll processing you can easily correct it, while it might take until the next pay cycle for your service bureau to correct a problem.

The down side to in-house payroll processing is payroll tax compliance. It can be daunting to many small to medium sized companies. It is the single most difficult and expensive task associated with payroll, especially for businesses operating in multiple states and localities. Costs associated with preparation and research of ever-changing tax laws and filing requirements are climbing, but failure to attend to these issues incurs the risk of having to pay costly penalties.

The Best Of Both

One payroll processing solution is to bring payroll in house using either Sage MAS 90 ERP Payroll or the Sage Abra HRMS Payroll module, and use Sage Tax Filing Services for payroll tax compliance. This hybrid payroll solution gives you the best of both in-house and outsourced payroll processing and can deliver enormous efficiencies.

Choosing An In-House Solution

Both the Sage MAS 90 and Sage Abra Payroll modules offer powerful payroll processing capabilities. Both programs give you the ability to track payroll in multiple departments with security by department. Both can automatically apply multiple earnings and deductions for employees, and track benefits such as 401K, cafeteria plans, and fringe benefits. U.S. federal and state tax table updates are provided for customers on Client Care, and both support printing of 941s and W-2s. Finally, both payroll solutions integrate with the Sage MAS 90 General Ledger, the Sage

Abra Human Resources module, and with Sage TimeSheet.

With either Payroll module you can produce paychecks on demand and source the funds from multiple bank accounts. When necessary, you can void and reissue checks and update the correct accounts automatically. And, you can make last-minute changes according to your schedule without being charged extra by a service bureau.

Sage MAS 90 Payroll Module

Companies choosing the Sage MAS 90 Payroll module typically administer payroll from within the accounting department. The Sage MAS 90 Payroll module is often the best choice for construction and job shop organizations or companies that pay commissions to their sales staff. Companies needing to report tips also find it a good choice. Job Cost integration allows labor entries to post to both Payroll and Job Cost simultaneously, and when using the TimeCard module, you can produce a certified Payroll report. Accounts Receivable module integration allows commissions to be calculated and paid during the regular payroll run, and the module supports tip reporting and minimum wage adjustment for restaurant and hospitality industry employees.

Sage Abra HRMS Payroll

The Sage Abra HRMS Payroll module may be preferred if you have dedicated staff responsible for payroll processing, and complex tax reporting needs, such as multiple local tax jurisdictions within multiple states, multiple garnishments, or if you require employee self-service capabilities. The Abra Payroll module can maintain and calculate an unlimited number of local taxes per employee, and allows you to use annual pay rates. Accrual balances can be viewed during time entry to prevent overpayment of benefits, and wage garnishments can be calculated as a percent of

disposable income. The module also can perform gross-up calculations. Documents, such as W-4 forms, can be electronically stored and attached to employee records.

Sage Tax Filing Services

Perhaps you are comfortable with your ability to process payroll in house, but would like to avoid the hassle and potential liabilities associated with tax filing. Sage Tax Filing Services can be an ideal complement to the Sage MAS 90 or Sage Abra Payroll solution. It can relieve you of the burden of tax reporting, deposits, and filings. You simply upload an electronic file containing your tax data to Sage Tax Filing Services following each payroll cycle. The service also can print and mail your W-2 forms and file with the IRS electronically.

Most service bureaus impound your payroll tax liabilities during each pay cycle. It is a great deal for the bureaus, because they collect interest on your money until the taxes are due. Sage Tax Filing Services does not impound your tax liabilities. Instead, your payment is electronically routed directly from your bank account to the taxing authority just before or on the tax due date. You keep the money, and the interest on that money, until it's due.

While the tax processing is outsourced, you will still remain informed. You will have the opportunity to verify your tax payments before they are made. Hard copies of every tax return are provided to you for your files. Your state taxes are prepared on a signature-ready return or on your original blank return form. With Sage Tax Filing Services you receive same-day confirmation of tax information received by the service.

Please give us a call to discuss your payroll processing options. ✨