

# WHY IT PAYS TO ELIMINATE THE PAYROLL BURDEN



By Anthony Mazzo, Owner, A. Mazzo Accounting Services, Member, Small Business Resource Association

When is it best to focus on the serving your customers and spend less time doing administrative chores? Almost ALWAYS.

Payroll services immediately come to mind. If you do administer payroll yourself as a business owner, simply keeping abreast of changing regulations and fielding employees' questions regarding compensation, PTO, deductions and overtime can be an overwhelming task. Add in garnishments, child support orders and payroll tax deposits, and payroll administration can strike fear into the hearts of office managers and business owners alike.

That being said, many business owners still handle the chore of payroll themselves. If you're one of them, understand that you can start processing payroll anytime during the year but it's best to start the initial payroll for your business the first day of a new quarter or the first day of the New Year. This is in order to avoid the expenses of having to prepare quarterly payroll tax returns for less than one full month.

While saving money by processing payroll yourself may be great, be aware of some things that can prove very costly. If you're dependent on saving costs and reducing liability by using non-conventional talent to operate your business such as independent contractors, consultants and free lancers, misclassification of those employees could be a problem. Some business owners intentionally misclassify employees as contractors to avoid paying taxes and benefits for those employees. Hefty fines can be assessed for failure to ensure compliance.

Withholding taxes is one of the most complicated aspects of payroll. Mistakes made through the withholding process can also result in major fines and penalties for your business. Missing tax deadlines is a fairly common mistake made by small business owners, which often results from

not establishing reminders or simply not being aware of the rules.

The failure to account for deductible expenses and the improper recording of employee hours can also be costly to business owners who prefer to do it for themselves. And ask yourself, providing you have good record keeping system, do you have the proper system backup? Being able to produce accurate documentation when requested is vital.

Simply put, the peace of mind you'll enjoy by having a professional process your payroll and knowing it will be done right the first time may very well be worth the cost. And that cost may not be as much as you think. Ask your accountant if they offer payroll as an add-on to tax preparation services, or even part of a package of other business services you may already be using. It may be cheaper in the long run to eliminate some of the administrative services you do to save money and focus that time and energy on servicing your clients.

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