

# Everything You Need To Know About Outsourcing Payroll Services



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**Payroll Outsourcing** is when a company hires an outside firm or organization to handle all payroll-related functions, including salary, employee benefits, wages, and salary deductions. The external firm would be in charge of making sure all the employees are paid the correct amount, at the right time, along with receiving expenses repayment.

Typically, payroll functions are handled by the Human Resources (HR) department, but this can quickly turn into a thankless and arduous task for those in charge. For a company that is focused on innovation and growth, especially in a highly competitive business landscape such as India, menial payroll tasks often act as hindrances to HR personnel, whose plates are already full of many other duties.

## How Does Payroll Outsourcing services in India Works?

**Payroll Outsourcing services in India** can be hard to do if companies do not conduct adequate research. Businesses need to find a **payroll outsourcing** firm that can fulfill all their requirements while simultaneously being diligent about compliance standards and regulations that apply both for the individual company and the entire industry.

Once a suitable payroll service company has been found, a payroll report is sent out. This report contains details such as the pay cycle, policies related to benefits and leaves, tax remittances, and other employee information. After this report is sent and approved by all involved parties, the **payroll outsourcing** company takes over and handles all the related activities, freeing up time and space for HR personnel to manage core business duties.

## The Pros and Cons of Payroll Outsourcing Services in India

Payroll outsourcing services in India has many benefits. Let's take a look at some important ones below:



- **Save time**  
A company saves a tremendous amount of time after hiring a **payroll outsourcing** firm. In-house staff no longer need to spend hours calculating clock-in/clock-out times of every employee, payments, deductions, and tax remittance-related documents. Most external services offer online tracking of employee hours, online pay stubs, and sometimes, even direct deposit.
- **Save money**  
**Payroll outsourcing** saves money in small ways – there is no longer a need to print out pay stubs physically, so paper and printing costs are reduced – and in more significant ways – there is no need for in-house payroll specific employees, meaning an organization can cut down on HR staff.
- **Expertise**  
**Payroll outsourcing** companies hire a team who are experts in the field and have the know-how in terms of anything pay-related, taxes, and legal compliance. This is a boost for any company, but doubly so for a company operating across multiple states and countries. These firms have experts that know the smallest details about payroll and stay up-to-date with the latest legal regulations pertaining to several industries. This takes a significant burden off of a company's shoulders.

- **Technology**  
Since most [payroll outsourcing firms](#) operate through online platforms and mobile apps, companies gain access to the latest technology. This can help improve daily functionality and speed up other operations. These platforms are also equipped with self-service tools to enable employees to keep track of their own payments online. Not only is this beneficial to HR personnel, but it provides much-needed transparency to the employees as well.
- **Reduce risks and errors**  
An external payroll services company can be liable for pay-related or tax-related errors, so they usually have a secure system in place that helps reduce errors and the risk of fraud from internal staff, which, while rare, can cost a business dearly. Errors are also cut down as a result of using efficient strategies and technology.
- **Improved security**  
**Payroll outsourcing** services in India have secure systems as they handle sensitive employee and business data. They often implement redundant backup strategies and multiple server locations to protect a business's™ data. This adds an extra layer of security to the company in the case of a data breach or internal data tampering.

**While there is a long list of pros for hiring external payroll services, there are a few cons as well:**

- **Lack of control**  
In-house handling of payroll and tax gives a company 100% control over these aspects, so when you outsource these tasks, some control has to be given up. Moreover, a poorly equipped payroll firm leads to sensitive data being vulnerable. In some cases, some financial data can become less accessible as it is stored in the external firm's™ servers.
- **Delayed correction of errors**  
While rare, payroll errors do occur and leave businesses liable to lawsuits from employees and other authorities. As such, it is vital that pay-related mistakes are corrected with haste. Choosing a payroll firm that responds to communication from employees quickly is essential so that if and when a mistake does happen, personnel are on board immediately to correct it.
- **The ultimate responsibility lies with the business**  
When something goes wrong, it is ultimately the business owners who are held responsible. For example, if a company fails to pay taxes on time, the authorities will land on the business owner's™ front porch and not the external payroll firm. While external firms can be prosecuted for mishandling taxes, the business could still be left with a tremendous amount of debt to pay off.

A [Payroll outsourcing services in India](#) provides a significant boost for businesses of all sizes, but choosing the right **payroll outsourcing** firm is the key to a successful

partnership. With the right experts and systems by their side, businesses can flourish beyond expectations.

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