

# Outsourcing Payroll Management: Why You Need to Consider Outsourcing?



## OUTSOURCING PAYROLL MANAGEMENT: WHY YOU NEED TO CONSIDER OUT- SOURCING?



Over the years, the shift towards **outsourcing payroll management** has already occurred. Even before the pandemic, more and more small and medium enterprises were choosing outsourcing payroll management in India to focus on strategic business activities. At the onset of the pandemic, the need for outsourcing payroll management spiked instantly. Millions and millions of employees were made to work from home, and various businesses were made to operate remotely, cut expenses, and manage everything smoothly.

As a result, these businesses moved to **outsourcing payroll management** for budget optimization, fewer errors, and hassle-free execution. Now, a lot of businesses are already outsourcing payroll management in India. If you also wish to try your hands at this amazing service, then read on.

We have discussed the amazing benefits of **outsourcing payroll management** along with other details.

## Advantages of Payroll Outsourcing

In every business payroll and accounting are important activities. However, these activities are not really the core functions of every business. For instance, a marketing firm has marketing automation and services as their core activities, not payroll. Hence, outsourcing payroll management seems like a feasible choice. This helps you focus on your core activities, reduce stress related to timely payroll dispatch, and eliminate mistakes.

We have discussed the advantages of payroll outsourcing in detail. Check out:

### 1. Cost-Effective

When you are processing payroll in-house, your cost of management is more. Outsourcing payroll management helps you reduce costing and maintain a robust budget.

You do the math.

If you have 20 employees and two of these employees are the **human resource** employees of the business. These employees are spending multiple hours on the payroll of employees, as they need to calculate everything manually and keep track of changing reforms.

Here, you are wasting your resources, as their precious time is being wasted in processes that can be easily handled by an outsourcing provider.

Here are the activities achieved by your team:

- Payroll calculations
- Timesheet management
- Attendance tracking
- Leaving tracking
- Deductions
- Tax payments

Calculate the time your team spends on payroll management and find out the money you are spending on these activities. Now, compare this amount spent with the plans offered by outsourcing payroll providers.

We are sure that you'd be surprised to know the difference. Payroll providers have a large team, and their core business function is **payroll management**. As a result, they are able to reduce the overall cost of management.

Apart from this, your payroll provider is also able to handle unwanted situations. If an HR employee resigns, you have to bear the cost of re-hiring, and you need to manage payroll

activities whether you have resources for this activity or not. The time and resources spent on this activity increase your cost of management.

When you consider **outsourcing payroll management**, you are able to move ahead of these challenges and only take care of your employees. You just have to pay for the services you acquire. There's no need to worry about the salary, management, and orientation of payroll employees. Your service provider will take over this hassle.

## 2. Time-Efficient

We have already seen a glimpse of this in the above pointer. You are able to save time when you outsource payroll management.

Check how you end up wasting time in payroll management:

- You have to calculate payroll manually
- You need to research new reforms
- You need to look after new hires
- You have to take care of tax deductions
- You have to prepare tax forms
- Lastly, you need to resolve employee queries

All of this takes a lot of your time. Your human resources team is always engrossed in this activity, and they are not able to offer strategic guidance to your employees. Your HR manager assumes the responsibility of nurturing employees, encouraging them, and helping them grow. The role of an HR manager is much more than just payroll. When deciding to go with outsourcing payroll management, your HR is able to focus on important things. They don't end up wasting all their time in payroll management and employee queries.

## 3. Reduced Penalties

A lot of small and medium businesses are trapped in the dirty spiral of tax penalties and wrong filings. It is not like these businesses file these taxes wrongly on purpose. They just end up making mistakes.

We already know that payroll mistakes for costly and often painful for the entire business. But, what can you do? You don't have experts to look over every tax filing and interpret when you are going wrong. Your employees work day and night to stay updated with tax reforms and avoid penalties. But, due to lack of experience and too many manual calculations, mistakes can happen. These mistakes are avoidable if you outsource payroll management.

A good payroll outsourcing provider has the tools and a team to handle everything without any errors. Once **payroll management** and taxes are automated, you are able to receive correct calculations. Your team doesn't need to spend 24 hours in the office to check and re-check every payroll calculation, tax filing, and client payments. Your payroll provider can automate most of these activities, and they even have an expert team that

always stays updated with tax reforms. These benefits of payroll outsourcing help you avoid tax penalties and errors that can cost your business: money and reputation.

#### **4. Experts Support**

Payroll is not a task that anyone can handle. When you have 2-5 employees, even then, you can find it hard to keep up with the complex payroll calculations and taxes.

There's a reason companies need a whole team of human resources to handle taxes, payroll, and employee queries. These activities need expert supervision because, with experience, HR managers learn to quickly adjust to changing tax reforms and utilize different calculations for payroll as per state and central guidelines.

Your outsourcing payroll provider has an expert team to understand these complex calculations, reform changes, and new regulations. They know how to change with the environment modifications and get work done without delays.

As a small or medium business, you can always get consultation and support from your [payroll outsourcing provider](#). You can ask these experts for advice when you want to change payroll bifurcation or implement a new insurance scheme.

#### **5. Business Continuity**

Along with helping you with compliance, payroll outsourcing ensures business continuity.

It is known that payroll fraud and security issues are amongst the top concerns for small and medium enterprises. These enterprises are mostly dependent on one person for their entire payroll. Therefore, this person ends up wearing a dozen hats and they can end up making mistakes or compromising the security of your data. Sometimes, this happens knowingly and many more times, this happens unknowingly.

A payroll outsourcing partner gives you some relief from the situation. You won't end up in a mess of errors or security loopholes. Your outsourcing provider keeps your data safe, limits access to the payroll portal, and divides duties amongst multiple employees. Hence, the overall risk is divided and mitigated to a large extent. This security gives you assurance of business continuity.

#### **6. Employee Self-Service**

Providing an employee self-service portal is not possible for small and medium organizations. So, the HR team ends up becoming the self-service portal, as they have to answer the minutest queries of employees personally.

By outsourcing payroll management, you can achieve the following:

- Submit leave requests
- Check total leaves

- Print tax forms
- Print pay-checks or pay-slips
- Check insurance details
- Complete orientation online
- Update data, such as address or number
- Update and preview payment details

This portal is accessible to employees through a common or different login, which helps them check details without running to HR every time. They can achieve a lot without facing any challenges. This even frees up your HR for more strategic activities.

## **Questions to Ask When Outsourcing Payroll Management?**

When you are outsourcing payroll management, you need to ask a few questions from your provider. These questions can help you make the right decision about payroll outsourcing and you would be able to receive quality services:

- What are the add-ons offered along with your services?
- How do you secure and manage the confidential data of our employees?
- How many customers are currently acquiring your services?
- Do you stay updated with current, upcoming, and new tax reforms?
- How do you calculate the tax liabilities of our employees?
- What are your pricing models?
- Do you offer reports and insights?
- Do you help us with tax forms and returns?

## **What Can You Outsource?**

If you are confused about the services you can outsource, then have a look. Here some of the important payroll activities that you should outsource during payroll management.

- Managing payroll records, such as payroll forms, consent forms, etc.
- Keeping track of deductions, withholdings, and amounts to pay.
- Sending paychecks or dispatching salaries through direct deposits.
- Offering tax reports and calculating annual salaries for tax filings, such as offering Form 16AS.
- Additional payroll activities like unemployment rates, reporting, etc.
- Managing services like pension plans, insurance plans, etc.
- Resolving employee queries related to pay dispatch and deductions.

## **Conclusion**

When you are a business owner with 10 important activities at hand, then you need to delegate tasks and outsource payroll management. In every organization, payroll is essential, but core activities of the business should not be left behind because of payroll.

Therefore, consider outsourcing payroll management to a provider that offers quality services, optimum support, and long-term partnerships.

Paysquare provides the best payroll outsourcing management services to a range of small and medium businesses. Check our website for more details.