mha
TAIT WALKER

In-house Payroll vs Outsourced Payroll Processing

Should your business keep payroll in-house or outsource?

When it comes to paying your employees and dealing with all of the aspects covered by payroll tax legislation, the payroll service that is provided (whether in-house or outsourced) plays a critical role. Your payroll process ensures your employees are happy by paying them correctly and on time, whilst also ensuring that the business is compliant and not at risk of receiving penalties from HMRC or the Pensions Regulator.

In-house Payroll

If your company likes to have full visibility and control over your own payroll, and is constantly dealing with last-minute changes, in-house payroll processing could be the best option. An in-house payroll team can provide face to face contact for staff if that is a key issue for your business.

However, in-house payroll processing requires having certain skills internally and having the correct operating systems in place. For example, you need:

- At least one experienced payroll administrator (ideally more than one) who won't just rely on the software, but who understands the payroll process and how taxes are calculated to enable them to deal with employee and HMRC queries correctly

- A level of Human Resources (HR) knowledge within the business and the knowledge of when to employ external consultants to assist with HR matters

- Payroll software costs, including secure servers if the data isn't fully Cloud hosted

- A good understanding of General Data Protection Regulations (GDPR) and have robust data security processes and procedures in place

- Auto Enrolment knowledge to ensure that the company is compliant with workplace pension obligations

- To ensure that the appropriate people are kept up to date or have the time to research changes in payroll taxes legislation, for example, Auto Enrolment, Salary Sacrifice, Apprenticeship Levy and the most recent changes to IR35

The benefits

In-house payroll processing gives your business the ability to have instant access to your payroll history or data. Also, in terms of privacy, you may feel safer not outsourcing to a third party.

The drawbacks

Having one single individual looking after all of your financial data in-house can leave your business vulnerable to risks such as fraud, knowledge obsolescence and other financial threats.

In-house processing can also be time consuming and if your payroll administrator is off sick or takes holiday at prime processing time, you must ensure you have the appropriate cover to fall back on.

Also, in event of a malfunction in software or other IT issues, you have the extra worry and responsibility of ensuring that employees are still paid on time.

Outsourced Payroll

If you want to focus your time on your primary business requirements and responsibilities, then outsourcing payroll processing could be an option for you.

Outsourcing to a dedicated payroll team such as MHA Tait Walker could offer your business a lower risk solution and could potentially save your business thousands of pounds through the economies of scale a payroll provider has. It also minimises the risk of missing changes in legislation, ensuring you are compliant with rapidly-changing payroll legislation such as new National Minimum Wage levels. You also have the following advantages:

- Saving valuable time that would normally be taken to process and review payroll

- A clear audit trail of data and payroll outcomes

- Advice on how to improve your internal processes, e.g. templates provided to collate data / plan budgets

- Payroll systems improvement knowledge e.g. we can build reports to suit internal processes / journals / nominals

- Access to a team of professionals with years of experience, and knowledge and experience on key payroll subjects

- Clear separation of tasks, e.g. team members processing in-house banking are different to team processing payroll figures

- As a business owner it is your responsibility to keep up to date with complex changes. MHA Tait Walker will always be aware of the changes and ensure you are kept up to date, saving you hours of research or training requirements

- You not only have an experienced designated payroll administrator, but you have access to others within the team that cover your payroll in the event of any absences

- MHA Tait Walker offer additional services within the firm that you will also have access to if needed, e.g. Employment Taxes / Wealth Management

- No software or added server costs

- MHA Tait Walker ensure compliance with General Data Protection Regulations, which are regularly reviewed

The benefits

Outsourcing payroll processing can be beneficial for companies of all sizes. MHA Tait Walker not only offer payroll outsourcing, but can also assist your in-house payroll team with the following:

- Payroll health check to ensure compliance

- Review SAGE software process to check that software is used to its full capability. e.g. importing instead of manual input

- Payroll legislation training including Auto Enrolment

- Emergency payroll cover if your in-house administrator is absent or in case of IT issues

Contact us

If you are considering outsourcing and taking advantage of the above, or would like to chat through your options, please do not hesitate to contact Claire Brown using the details below.

Claire Brown
Senior Payroll Manager
T: 0191 226 8391
E: claire.brown@taitwalker.co.uk

taitwalker.co.uk

T: 0191 285 0321

@TaitWalker

MHA Tait Walker

An independent member of
bakertilly
INTERNATIONAL