# Key Considerations to Reduce Organizational Risk With Payroll Tax Management

ADP®

Always Designing for People™

# Table of Contents

# Payroll Tax Management

You know that the myriad requirements for filing and remitting payroll taxes and returns is complex and challenging. Add to that all the manual processes that you have to perform outside your ERP systems to comply with these requirements that typically differ by jurisdiction and tax type. It's a significant burden on companies.

**If you have locations in different states,**

You have to

## track, understand and implement

multiple local, state (and federal) tax laws and regulations with accuracy or you may face penalties, interest and potential legal action.

In addition,

## your employees may be impacted

including owing taxes that were not correctly withheld and being denied certain benefits, such as unemployment compensation.

This guide provides a closer look at the processes associated with managing payroll tax and shows how ADP SmartCompliance® Employment Tax can help **reduce risk, lower cost and create greater efficiency** for your organization.

# Payroll Tax Compliance Challenges

**There are many challenges involved with accurate payroll tax withholding, reporting and filing. Some of these include:**

**1** **Compliance complexity – You need to:**
- Ensure that both deposits and tax returns are made on a timely basis to the appropriate federal, state and local agencies
- Print and distribute year-end tax forms (W-2, 1099, etc.) according to applicable timeframes
- Prepare and file any necessary amendments with federal, state and local tax agencies for quarterly and annual filings

⚠️ **Potential risks include:**
- Penalties and interest due to late or inaccurate filings and deposits
- The burden of having to research, correct and respond to agency notices in order to resolve any inaccuracies

**2** **Heavy workload for staff – You need to:**
- Ensure that your ERP systems are integrated and delivering employee-level and company-level information
- Double-check and validate tax filing and amendment information during reconciliation and auditing to check for errors – a time-consuming and tedious process
- Monitor all payroll and unemployment tax law changes across all applicable jurisdictions

⚠️ **Potential risks include** filing and deposit errors that could result in interest, penalties, legal action or loss of financial or property assets.

**3** **Workforce and legislative dynamics – You need to:**
- Understand the current requirements in every jurisdiction in which you have tax liability
- Be a registered tax payer in each jurisdiction where you have workers getting paid. This has become significantly more burdensome with remote work arrangements and increased workforce churn.

⚠️ **Potential risks include** missing a major legislative change that could result in late filings and deposits, and/or inaccurate reporting.

# How ADP SmartCompliance® Employment Tax Module Helps to Address These Challenges

The Employment Tax module is a comprehensive tax filing and remittance solution that provides technology-enabled services with tenured specialists who monitor and help to reduce your company's payroll tax effort. You can manage all of your payroll tax-related obligations in a single solution with transparency and visibility into the work being done on your behalf.

ADP is able to integrate this solution with most major payroll and ERP systems.

## With the ADP SmartCompliance Employment Tax module, you may benefit from the following:

### Boost in efficiency

Leverage a team of experts and smart technology to ease the administrative burden of tax compliance on staff and reduce costs. ADP's Employment Tax experts have an average tenure of eight years, and many of them are CPP certified.

**You can boost efficiency with:**

- Intelligent technology that uses automated business rules to detect and flag errors in your tax information
- Automated tax deposits and filings – quarterly/annually for federal, state and local jurisdictions
- Easy integration with most major payroll and ERP systems
- 24/7 secure access to tax filings, reports, deposits, amendments and notices
- Dedicated support and expert service

ADP has **50+** years of experience in tax filing

ADP can make filings and deposits in **7,000** federal, state, local and territorial jurisdictions

Source: 2021 ADP Internal Data

## Reduced risk

The Employment Tax module helps to mitigate risk associated with handling all of the tasks associated with employment tax filing, reports, deposits, amendments and notices.

**ADP reduces your risk through:**

- Monitoring and implementing the latest tax legislation through a dedicated tax compliance team
- Receiving, prioritizing and sorting notices; researching reasons for the notice and responding to the agency
- Identifying and resolving negative wages, researching prior quarters and calculating correct amounts as needed
- Conducting continual balancing to ensure that tax filing data matches payroll data. ADP identifies and corrects reconciliation mistakes throughout the year to help save time and ensure an easier year-end.

## Services that can advance your organization

**The Employment Tax module has additional services you can select (additional fees may apply), including:**

- Registration services to obtain state tax identification numbers when paying employees in new jurisdictions
- Year-End Print Services providing W2 and 1099 statements that are available to employees via self-service access on desktop or mobile
- Third-party consulting services, through a referral relationship with ADP, for companies experiencing complex changes to their tax structure

# Why Should I Purchase the ADP SmartCompliance Employment Tax Solution?

All ADP SmartCompliance solutions are designed to help simplify and unify your HCM compliance processes, improve those processes with technology, and shield your company from disruption, both external and internal.

ADP's robust combination of technology, analytics and expertise helps you stay ahead of the latest tax legislation changes across all jurisdictions so that you don't have to.

**"** I like that they file and pay our payroll taxes especially since we are in multiple states. They also let us know when we do not have an account for a jurisdiction and make it easy to determine which taxes are needed for those areas. **"**

Verified User
Manager in Corporate Health
Wellness and Fitness Company, 10,001+ employees

**"** ADP SmartCompliance is the best Employer Tax Service in the market! My company uses SmartCompliance for all of our tax filing and registration needs. It allows the Payroll Department to focus on items other than tax compliance. I can depend on ADP to keep up with all the newest tax laws and trickle down the information to their clients. **"**

Verified User
Manager in Human Resources
Automotive Company, 5001-10,000 employees

To understand your potential cost savings when you use ADP SmartCompliance® Employment Tax or other HCM compliance processes, visit our **interactive calculator**.

# About ADP SmartCompliance Solutions

HCM systems of record typically are not designed to handle all the tasks required to stay compliant with ever-changing federal and state regulations. Additional work needs to take place outside of your HCM systems, which can mean information silos and disconnected workflows. This work is often manual and time-consuming, and it's hard to keep up with the pace of change in today's regulatory environment.

A manual, disconnected approach to managing HCM compliance can create a gap between your HCM system of record and interactions with multiple federal, state and local agencies. This gap opens you to data errors, increases the risk of penalties and interest, and places an ever-increasing burden on your staff who is responsible for ensuring the work gets done correctly and on a timely basis.

But you can close this gap by making the case to automate, optimize and integrate HCM compliance management into your systems, processes and business practices in a way that elevates performance while mitigating compliance risks.

**ADP SmartCompliance® Solutions integrate with your HCM platform from ADP, Infor, Oracle, SAP, Workday and many others to extend your HCM systems with a technology-enabled service platform that helps automate key HCM compliance processes including:**

- Payroll tax filing and remittance
- Affordable Care Act data management, reporting and compliance
- Unemployment claims
- End-to-end wage garnishment management
- Distribution of wages
- Paperless pay and employee financial wellness
- Employment verification
- Tax credits and business incentives

## HCM compliance solutions from ADP can help your organization to:

- Reduce the risk of data errors that can result in penalties and interest
- Avoid disconnected, manually intensive processes
- Identify and execute the best opportunities for bottom-line tax savings
- Collect information in a single, intuitive platform that offers complete visibility and proactive notifications
- Track critical tasks and monitor active and resolved agency notices, amendments and exceptions
- Engage with compliance specialist teams using real-time, chat and other tools
- Employ structure and automation to improve operational efficiency
- Reduce data integrity issues with HCM vendor-approved integrations

Integrated workflows built into ADP SmartCompliance help save time, reduce steps and automatically flag inconsistencies. Artificial Intelligence (AI) and machine learning reduce or remove human intervention. With ADP SmartCompliance, you get integrated, cloud-based solutions that work easily with most leading payroll, HR and financial systems.

**To learn more about how your organization can benefit from ADP SmartCompliance Employment Tax, contact your ADP Representative.**
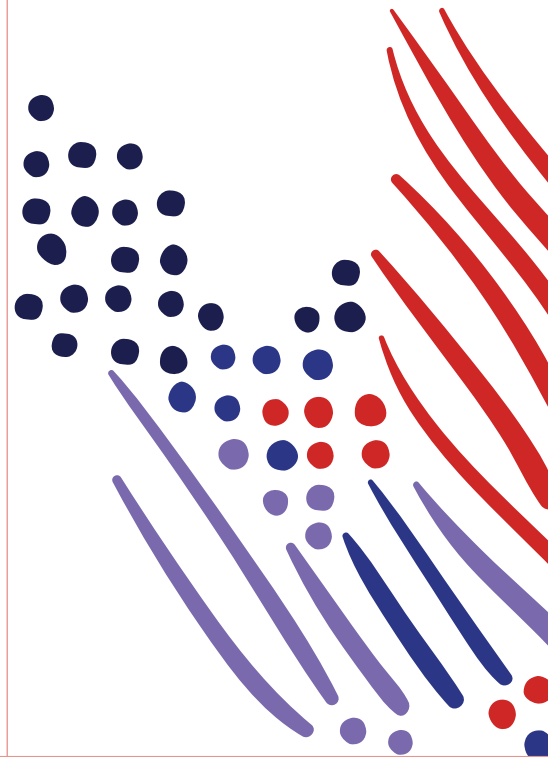
**Visit us at:**

ADP.com/EmploymentTax

**Call us at:**

888-696-1651

**ADP**®
Always Designing
for People™