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finances they incurred in the past 12 months or how much they cost their organizations.

Mar. 29, 2016

A new study shows that while the vast majority of mid-sized business owners express confidence in being compliant with payroll tax laws and other workforce regulations, more than one-third experienced unintended expenses due to non-compliance.

The fourth annual [ADP Mid-sized Business Owners Study](#) surveyed more than 700 business owners and executives at U.S. companies with 50-999 employees. The research revealed that nearly half of business owners do not know how many fines they incurred in the past 12 months or how much they cost their organizations. Of those business owners surveyed who could recount the fines experienced, the average number of fines doubled to 13 over the past four years.

“When it comes to compliance, it’s clear that business owners’ perception doesn’t reflect reality,” said Tom Perrotti, president of ADP’s Major Account Services. “If employers are overconfident in their ability to remain compliant and don’t know the impact these fines have on their bottom line, they’re losing money due to non-compliance and don’t even realize it. Companies need to recognize that compliance is not a one-time investment, but an ongoing journey. Trying to solve compliance challenges with only internal resources can sometimes end up costing more than paying a third-party expert to help.”

According to the study, some of the leading reasons for being fined include:

- Payroll taxes
- Workers’ compensation
- Sales and use tax

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According to the survey, only 25 percent of business owners are completely confident their organizations understand ACA regulations and less than half feel they are well prepared to effectively manage the complexities of eligibility and affordability requirements of benefit plans under the ACA.

While three-quarters of respondents express some degree of confidence they'll be compliant with ACA regulations, only slightly more than one-third are completely confident their organizations will be compliant.

“Business owners’ confidence in their ability to comply with ACA requirements may be due to their reliance on their HR/Benefits staff or third-party experts to handle all aspects of understanding and complying with the law,” said Perrotti. “While the majority of mid-sized companies report they’re handling ACA compliance tasks in-house, more are considering outsourcing. Almost 25 percent of respondents this year said they’re more likely to consider outsourcing benefits, up from just nine percent two years ago.”

The research also revealed that:

- Only one-quarter of business owners completely agree that their company has the tools needed to make the best health benefits decisions.
- Only 49 percent have a plan in place to lower the cost of health care coverage.
- 46 percent of employers feel providing employer-sponsored medical health insurance is a major barrier to achieving their company’s business goals, up from 29 percent in 2014.

More information about the study and its results are [here](#).

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