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ADVISORY

Want to Grow Your Firm? Think Payroll First

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David Bergstein • Apr. 17, 2018



The topic of change comes up every year at the end of December. Everyone has New Year's resolutions and thoughts of how they are going to improve themselves in 2019 with regards to health, diet and fitness, as well as to how they are going to improve themselves in relationships, work and business.

While January is the perfect time to switch processes, and improve your technology and workflow processes, April is a close second.

The *best time to implement* [new payroll processes](#) is in January because there are no numbers to carry over. All you generally need to do is import the employee list which contains the information you need to start to pay them in the new year. If you switch later in the year, you have to bring over numbers for what they have been paid

during the previous quarters, so while this doesn't mean you can't change later, January is the best time to do it.

The *second- best time* to switch is *after tax season in the month of April* because the first quarter's payroll taxes are not due until the 30 of April. You only have to deal with the first's numbers, which you can accumulate from scratch or import in.

The first thing you should do if you are going to do payroll for the first time or switch vendors is to check on what they do to *help your convert your data* electronically. The second item to do is create a *checklist* to make sure that you don't miss any information that you need to bring over. It's actually better if you can get the vendor do the conversion for you or at least assist in the process.

Checklist of items:

Employee demographics (name, address, SSN, W-4 withholding allowances)

Prior quarter balance information of wages, deductions per payroll period assuming that we are doing this prior to doing the first quarter payroll taxes. This is better than just taking the first quarter's summary numbers.

I'm keeping this simple because it is. I am assuming that we have investigated the various solution providers to make sure that they are capable of handling our needs.

Some clients need payroll calculated hourly, others by week, and some with variables to add on commissions, and so on. Others need various deductions for garnishments, retirement plan contributions, and voluntary wage deductions for insurances, charities, etc.

One additional word of advice is to try and *establish a niche* with your payroll services if you can and pick a certain type of client so that you can focus as an expert and offer additional services.

Once you make the decision to do payroll there are **various choices** as to how much work you want to do and how much work you want your client to do. Do you want it in the cloud or on-premise? Ten years ago your choices were limited and doing payroll was tedious and unprofitable. Today, making the right choices will yield profitability and increase realization to your bottom line.

Many larger CPA firms walk away from doing payroll because they think of it as unprofitable. They are missing the bigger picture and the fact that *automation has*

reduced the work, making it a profit center. Also, if you outsource your payroll processing to another vendor, you could become out of touch with the client and lose the opportunity to sell them other services.

Many new people are entering the world of accounting — or should I say the world of consulting — and they are using technology to be connected and stay in front of their clients on a weekly basis. Payroll services are one such vehicle.

If you pass on payroll, you risk losing clients in the long run to others who will sell them additional services, including collaborative accounting, tax services and advisory services.

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