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# How Outsourcing Accounting, Payroll Beats Buying Software for the Purpose

Many entrepreneurs believe that if they buy the right software, they can take care of accounting and payroll on their own, but to use the software correctly, they must know the subject matter. In some cases, outsourcing accounting/payroll is better than buying software to do it.

To make an informed decision about which approach suits your needs, you must understand the unique benefits of outsourcing over software. Therefore, we've detailed the advantages of outsourcing accounting/payroll over buying software internally to help you in the process.

## Increases Productivity

Outsourcing your payroll operations takes nearly all of the day-to-day processing work off your hands, so you can focus more on growing your business. Outsourcing accounting functions allows you and your staff to concentrate more on revenue-generating tasks that are strategically more important for your business. However, buying software for handling accounting or payroll tasks will require training for employees. You'll also need to update your software version regularly to access advanced features.

## Fulfills Customized Needs

Integrating payroll or accounting functions with other business processes can reduce the number of different systems deployed by a firm. Having an integrated system can help you improve process efficiencies and make administration robust. However, you'll need to integrate payroll software with HR software and employee onboarding/attendance systems to manage all functions digitally.

An HR or accounting software system has to be customized manually according to a company's needs and integrated with benefit plans. If you want to process multiple countries' payrolls together, it may become a challenging task to manage and consolidate the payroll information across the board. You can either choose to integrate these functions in-house or outsource to a firm that offers an all-inclusive HR or accounting integrated software.

## Saves Time

Processing payroll requires complicated calculations, such as basic pay, deductions, taxation, hourly rates, overtime, weekend pay rates, paid leaves, unpaid leaves, etc. Understanding all these functions using payroll software can be very time-consuming. You can save your valuable time and energy to focus more on building sales and marketing strategies and improving workflow efficiencies by outsourcing complex payroll and accounting functions. Thus, you can not only save time, but also gain the additional benefit of having experts efficiently handling your payroll and accounting operations.

## Maintains Compliance

Government rules and regulations often change, and entrepreneurs may find it challenging to stay on top of the latest requirements. As a business owner, you have to keep your company compliant with changing regulations, particularly those related to the Affordable Care Act (ACA) and current tax laws.

[Outsourcing accounting](https://escalon.services/hr-payroll/) payroll helps ensure that what you're offering to customers or employees complies with present regulatory guidelines. An outsourced accounting/payroll team stays up-to-date with current rules, regulations and changes in tax rates for all geographic locations. These individuals specialize in the complexities of payroll processing and cash flow management.

An outsourced payroll team will always have the latest and most accurate information about health care law, worker's compensation and safety, overtime law compliance and other employment laws. Therefore, your outsourced team can help you stay compliant with various federal and state policies regarding payments to employees and information regarding payrolls.

You may face potential fines for improperly calculating tax obligations and submitting less than what's required or not making deposits on time. By outsourcing your accounting/payroll functions, you can gain access to experts who provide advice and ensure compliance with government regulations (especially when foreign governments are involved). Your outsourced team can provide you access to accounting software with benefits, such as tracking and calculating invoices, cash flow and tax calculations. They can also file your tax returns on time to avoid penalties.

## Offer Enhanced Assistance

Outsourcing accounting/payroll services can provide you with more assistance than what you can have with a software package. Outsourcing offers a wide range of service choices, such as tax filing, recruiting and onboarding, financial reporting, employee benefits assistance and many more.

A payroll outsourcing company can help you file state and federal payroll taxes for your business and process your year-end 1099 and W-2 forms for your employees. They can also ensure the filing of federal, state, and local tax returns while providing on-time responses to employees' inquiries. Thus, outsourcing reduces the headache of knowing the latest tax policies, filing deadlines, deposit requirements, tax tables, etc.

Outsourcing your accounting/payroll functions can provide you with a robust human resource management system offering faster processing of information and better employee management than accounting/payroll software. Most payroll outsourcing companies can provide your employees with an online self-service platform (Human Resource Information System) for quick and easy access to their salary and leave information. They can also provide you with user-friendly onboarding and training systems to get you in motion.

## Requires No Infrastructure or Maintenance Costs

Carrying out the accounting/payroll functions in-house may require you to hire experienced staff to perform the activities involved. In addition, you will need to buy infrastructure, office supplies and payroll software, which add implementation and maintenance fees. While outsourcing, you do pay for the outsourcing service, but you can save the time and money required to train staff.

Some payroll software comes with a high price tag, so consider annual fees of renewal or update after you add up the software costs and the staff costs to run it. On the other hand, outsourcing companies charge a reasonable fixed amount or pay per use which is more cost-effective than maintaining an in-house payroll team.

With an outsourced team of experts, you can save on hiring many payroll assistants, software costs, training and support costs, as well as compliance-related expenditures. Outsourcing payroll services can help you avoid costs for updating software and you'll keep payroll running smoothly. By outsourcing accounting/payroll functions, you can avoid capital investment for having updated technology or professionally trained staff.

## Improves Accuracy

Human error is a big downside to consider when using accounting/payroll software. Outsourcing can help you reduce your liability for mistakes with accurate tax calculations and ensures that your taxes are paid on time. With outsourcing, efficiency and quality won't vary along with holidays and sickness of your employees.

Your outsourced team can keep your financial records up-to-date and accurate while helping you eliminate errors, mistakes and omissions in your financial documents. They can also provide you with accurate and timely financial reporting and insights. Your outsourced team can ensure that all of your invoices are paid on time and accurately. They can also handle your financial responsibilities, such as following up on invoices and collecting money due to you.

## Enhances Data Security

An outsourcing firm can keep your sensitive information safe and secure from cyberattacks. Most outsourcing companies use advanced technologies and encryption software to keep your data secure. They also have tech in place to help you mitigate the risk of an internal data breach, identity theft or embezzlement. Thus, they can also spot and alert clients to various types of payroll fraud, such as payment manipulation.

You must back up your payroll and accounting data regularly. With an in-house software program, there is always the risk of the computer crashing and data loss. An outsourcing firm can store and back up your data on multiple server locations or highly secure cloud-based servers. They can save your data in a safe and secure place without taking up your valuable internal server space.

## Mitigates Risk

Outsourcing firms are skilled at processing payroll, handling accounting functions and solving many challenges that come along with these tasks. Tax laws are different in different countries, states and localities, although an outsourcing company can handle these differences well. Thus, they can help you reduce your exposure to tax fines and penalties. Your outsourced payroll providers can collect and pay your and your employees' payroll-related tax liabilities on time and accurately.

If your payroll employee and accountant quit their jobs and walk out with the knowledge acquired during the tenure, you'll need to hire and train new staff immediately. With payroll outsourcing, you may avoid delays in payroll processing due to such issues. Your outsourced team of experts can help you reduce the chances of mistakes that could result in penalties and fines.

## Provides Access to the Latest Tech

When you outsource your accounting/payroll services, you can operate 24/7 with a time-zone advantage and access your data at any time. Therefore, you can be sure that all important tasks are taken care of in the scheduled manner and on time.

Outsourcing accounting/payroll services provides you with access to the best software and technology to handle your functions more efficiently and reliably. Also, your outsourced firm can adopt robotic process automation (RPA) to bring further efficiency to the process. RPA can help you optimize payroll processing and improve the accuracy of accounting functions.

Once you outsource, you'll have access to a team of highly qualified and trained professionals, who use the latest technology and tools to ensure that your data is accurate and secure. These experts are up to date on the latest trends and laws in the industry. With an outsourcing partner, you can benefit from having access to the latest technologies at no additional cost.

You'll also have the flexibility to opt for specific business services so you don't end up paying for something you don't need. You can eliminate expenses related to hardware, software and office supplies while still keeping up with technological advances and software upgrades.

## Provides Customized Reports

Many payroll software programs can't provide custom reports that employers require, or they may not be integrated with other processes, so you'll need to calculate the numbers manually. Your team of outsourced accounting experts can accurately maintain your books and transaction reports. Thus, they lower the risk of having your books manipulated.

Your outsourced team can generate accurate financial reports for you to predict future costs and revenues and make well-informed decisions. These insights can help you determine the most valuable clients or customers, business profitability, the amount of money to invest in your growth plan and how to minimize expenses. The team can also help you solve even the most challenging issues of cash flow management.