



Content guide

# The quick guide to payroll compliance

Advice from the experts on how to manage and maintain compliance.

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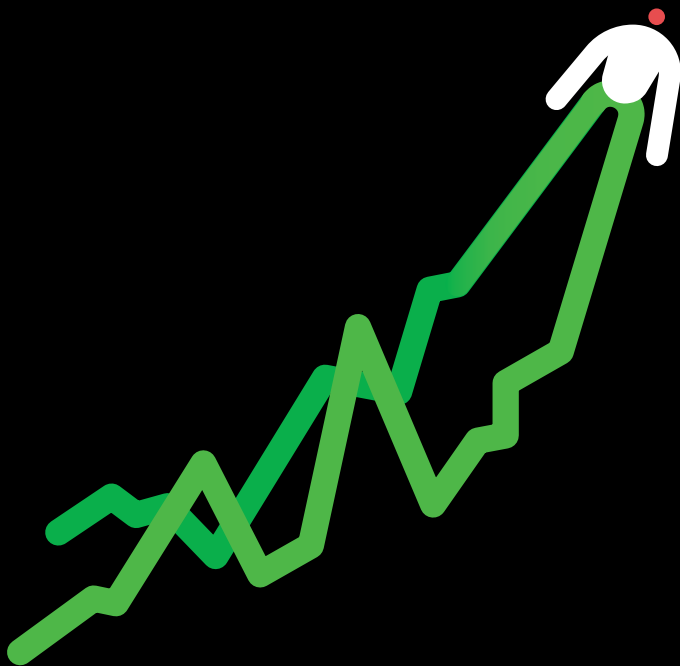
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# Staying informed

How are you keeping up with the ever-changing compliance factors impacting the payroll function?

Managing the many aspects of payroll compliance can be tricky because the rules change so often. While changes to payroll tax are routine, legislative complexity makes it difficult to keep tabs on everything.

Failure to maintain compliance hits businesses where they feel it most: **their time and their finances.**



Inaccuracies in payroll mean spending work hours checking and double-checking figures.



Small businesses can be penalised for incorrect payroll taxes.

To protect your company from fines and possible litigation, you need to stay informed about employment laws, reporting rules, and other factors of compliance.

This guide looks at **common compliance challenges**, as reported by payroll experts, and **offers best practices and solutions to help your payroll function run smoothly and confidently.**



# Tax-related compliance

## Common payroll tax mistakes.

### **Not keeping tabs on local laws and requirements**

Globally, legislation is becoming more complex because of continual changes. Even the most experienced payroll professionals turn to different resources to keep them up to date. Missing any important laws can have significant consequences for a business, which is why it's important to invest in resources with the expertise to keep you informed. We'll explore those options later in this guide.

### **Misclassifying employees and contractors**

Understanding worker classification and getting it right is important because it impacts employment tax. It also impacts whether the worker is entitled to leave and how their remuneration should be reported.

### **Late payments**

Deadlines are another complexity of payroll tax—specifically payment due dates. It's important to keep a calendar that outlines important dates, so nothing slips through the cracks.

### **No audit controls**

If you're not keeping up with local legislation and don't have a system in place to regularly check for compliance, your organisation might discover inconsistencies once it's too late. Businesses that implement processes to control compliance are more prepared in case of an audit and can catch inconsistencies in advance.

### **Data inaccuracies**

Businesses that use outdated tools to manage payroll data need to spend more time double-checking their figures because of the higher margin of human error. 88% of spreadsheets contain significant errors that can result in overpayment, underpayment, and penalties.



# Four tips to ensure compliance

## **TIP 1: Consider outsourcing**

If you don't have an in-house accountant or payroll expert, look for accounting practices that can help you maintain up-to-date records, remit taxes, and file returns. They can also find discrepancies in records and give you advice.

Investigate the cost of having an outsourced payroll vendor take care of all your payroll needs. You'll find the easiest way to stay compliant is to have experts handling tasks like collecting your employees' time records, processing the payroll, submitting direct deposits, and even filing your taxes with the relevant authorities.

## **TIP 2: Keep employees engaged and informed**

Ensure that your employees understand their part in remaining compliant, such as adhering to your expenses policy or keeping their time records up to date. Explain to employees how to document expenses and time properly. Create a comprehensive set of policies and practices for all issues that affect employees' pay.

This will provide a useful guide for employees to follow when enquiring about additions to or deductions from their earnings.

## **TIP 3: Adopt a self-service model for employees**

Speaking of personnel data accuracy, payroll teams can use a self-service platform for employees to document and track their personal information, work hours, sick leave, and time-off requests. This ensures accuracy and frees up time to manage other payroll tasks.

Even if your payroll is outsourced, you can still keep your employees engaged through various self-service portals. These platforms can ensure your workforce is always up to date with the latest releases, policies, and procedures.



## **TIP 4: Implement automation**

Cloud software provides many benefits when it comes to managing payroll. Often, the **payroll software** will be built from the ground up to consider regulatory requirements like local tax laws, reducing the risk of mistakes.

You'll find that most outsourced payroll vendors have technology stacks that can automatically adjust to all the compliance twists and turns and other traditionally manual processes. In most cases, they can take them off your plate so you can focus on your core business.

# Regulatory compliance

## Personal data compliance

Maintaining the safety of your company's employee and payroll data is crucial in today's digital society. When you decide to outsource your payroll processes, you are relying on your payroll vendor to ensure that the right security measures are in place and up to compliance standards.

## Personal data security checklist

Whether you outsource or not, here's a data-safety compliance checklist to help you avoid the most common data security mistakes:

### 1. Consolidate your personnel and payroll data

If you currently have your personnel and/or payroll data in lots of different locations like spreadsheets, pull everything together into a single location. Keeping this data in one place will help your payroll team oversee it properly.

### 2. Adopt relevant rules and standards

By adopting relevant rules and standards, you can meet some legislative security requirements as they are updated.

### 3. Consider all types of data

You need to consider lots of different types of data. How are you handling and storing timesheets? Emails or text messages from employees who are asking for holiday leave? Sick notes?

### 4. Handle payments more securely

If your business is still using printed payslips, **consider upgrading to electronic** payslips where employees can securely access them—they need to put a password in, for example, before they can see them.

### 5. Remember what data you can and can't collect

You won't be able to collect and store lots of personal data if there isn't a purpose for it and consent hasn't been given. Make sure your payroll team is collecting and processing only necessary personal data that is required for each purpose.





#### **6. Give employees full visibility of their personal data**

Your employees need to know what personal data of theirs your payroll team and business hold. Meanwhile, you will have to respond to requests for their personal data to either be rectified or erased. You do have the right to refuse excessive or unfounded personal-data requests; however, you will need to demonstrate how they are unfounded in your compliance documentation.

#### **7. Create compliance privacy notices for your employees**

Let your employees know what information they are entitled to as per any local requirement for transparency. Remember, you can't use your employees' data for a different purpose without notifying them. And you might need to offer simple functionality that allows your employees to opt out of the different ways you use their data.

# Keeping up with tax changes

SARS has extensive resource sections that cover topics specific to employers.

## **Transform your HR and Payroll software**

Next-generation HR and Payroll software from Sage is automatically updated with the latest legislative requirements. This means that you don't have to worry about applying those factors manually—saving you time, ensuring accuracy, and preventing costly penalties due to noncompliance.

**[Tell me more](#)**







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