

Tax Compliance Can be a Four-Letter Word

The common misperception is that payroll compliance starts and stops with payroll taxes. This thinking vastly underestimates the amount of regulations business owners must adhere to, and the cost can be devastating. There are hundreds of compliance obligations and each comes from a different source. Let's take a look at four payroll compliance contributors that you need to be aware of.

Success and New Employees

As your company and employee count grow, new mandates are introduced at specific employee thresholds. COBRA requirements, including initial rights notifications, kick in at 20 employees, while EEOC reporting and filing can start at 50 employees. Additionally, each new employee brings additional responsibilities. Garnishment mandates, dependents covered on insurance, worksite health benefits, it all falls on the employer to administer properly. Success has a price, and it can be costly if you don't have the tools or know-how to manage it.

Influxes in the Economy

Injecting business incentive to stimulate hiring or extending healthcare coverage for termed employees are both great, but they come with added compliance pressures. New Hire Act and Veterans Hire Initiative both provide tax relief to employers, but to take advantage of this incentive, your system and/or your provider need to be nimble enough to account for it. Do it wrong, and you will not be incented - you could be fined.

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Healthcare Shift

Affordable care for all means more regulations for employers - no argument. While individuals gain access to care, it is the employer's responsibility to ensure the company is in compliance with the mandates that afford this coverage. Benefits for dependents have been extended to age 26, requirements to report healthcare premium dollars spent on employees is mandated to certain employer groups and the introduction of exchanges will require payroll deduction and remittance regulations.

The Government Basics

Payroll taxes, W2 reporting and FLSA regulations are examples of the basics compliance regulations that our country has adopted and that contribute to the complexity of payroll. While the tenants of these laws remain consistent, amendments and changes are continuous. In 2012, there were countless amendments added to these existing laws, with some states adding new, specific regulations of their own. Additionally, social security limits, 401K contributions limits, and W2 reporting requirements all change every year.

Netchex has the tools, resources and experts you need to ensure your business stays compliant. Not knowing is not an acceptable excuse and the penalties can be stiff. Avoid fines and get back to focusing on your business passion by trusting your payroll need to Netchex.