



Sage Abra HRMS Newsletter

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The Challenge of Year End Processing

Payroll processing, reconciliation, and tax compliance for year end can be a grueling experience. Staff resources stretch thin and can result in the added cost of temporary personnel or excessive overtime. It's no wonder that so many companies today are outsourcing payroll and tax filing to alleviate the tremendous burden. If you're considering the same for your company, read on to learn about a few important factors you should consider before making your decision.

Outsourcing Just a Piece, or the Whole Ball of Wax

Some companies discover that processing payroll in-house while choosing *only* to outsource tax compliance is a perfect compromise. You maintain control of the payroll process and benefit from timely reporting and analysis, while eliminating the complexity of calculating and preparing tax returns and remitting payments. This step alone can provide welcomed relieve to your payroll and accounting staff at year-end.

On the other hand, many companies choose to outsource both tax compliance *and* payroll processing throughout the year. Interest in this option often arises as part of a corporate effort to lower operating and administrative costs. But there are also less tangible considerations such as reducing the level of stress among staff, raising morale, and freeing up time to focus on more strategic business objectives that can add to the outsourcing value proposition.

The Key: Comparing Total Cost of Ownership

When making a decision about outsourcing, start by comparing the total cost of ownership of both options (in-house vs. outsource). However, considerations must extend beyond a simple tally of staff hours required to fulfill these duties. A meaningful assessment of cost should also include:

- Expenses associated with recruiting and hiring qualified payroll personnel
- Recurring compliance training & educational costs to remain up-to-date on payroll tax law
- Other resources such as hardware, software and administrative assistance

Documenting costs will help ease the task of comparing these quantitative figures to quotes received from outsourcing providers. For some companies, the time and staff resources required to meet the challenge of in-house payroll processing and tax compliance simply isn't cost-effective. In those cases, outsourcing may be a perfect alternative.

Answering the Challenge - Sage Payroll Solutions

Sage offers solutions for both in-house and outsourced payroll processing and compliance that are integrated with many popular ERP and accounting systems. Whether you choose to process payroll in-house or prefer to outsource the task to [Sage Payroll Services](#), Sage offers the right mix of product and service to meet your needs.



Beyond the Paycheck: Assessing the Real Cost of Payroll

[Contact us](#) for a copy of this short article that further examines the true costs of in-house vs. outsourced payroll processing and tax compliance.

Year End Info & Reminders

The following section contains information and resources that should be helpful as you begin year end processing. As always, please be sure to contact us if you need assistance.

Important Deadlines and Tax Info

January 31, 2011 - Deadline to issue W-2, 1098, and 1099 forms to employees and independent contractors AND deadline for filing quarterly payroll & annual sales tax returns.

Depreciation and Section 179 Expense - The Small Business Jobs Act (SBJA) of 2010 **increases** the Section 179 deduction to **\$500,000**. The definition of "Qualifying Property" has also been expanded under the act. [Click here](#) for details.

Standard Mileage Rate - Beginning on January 1, 2010, the standard mileage rate for operating an automobile for business use is **50 cents per mile**.

HIRE Act - The HIRE act of 2010 provides tax benefits to small businesses directly related to hiring employees and writing off investments in equipment. [Click here](#) for details about payroll processing and tax implications for year end.

Back Up Your Data

The first thing you should do before beginning **any** year end processing task is to execute a complete back up of your Sage Abra data. This point cannot be emphasized enough. You should also **test the back up** to ensure it was successful and the data is readable. Without a reliable back up, there is no way to restore your system to its original state should you need to undo a significant year end processing mistake. It's also a good idea to make another back up **after** you successfully complete year end processing.

1099 Processing - The Debate Rages On

The recently-enacted healthcare bill included a provision requiring businesses and tax-exempt organizations to file 1099 forms for any transactions with suppliers that are cumulatively worth \$600 or more over the course of a year. This includes previously-exempted purchase of goods and services (like, say, office supplies from Staples) which will dramatically increase the administrative burden and volume of 1099s that will be processed by all small businesses.

However the debate rages on over the original intent vs. the ultimate impact on business. In fact, several politicians plan to introduce legislation to kill the new 1099 provision. Stay tuned for changes and make a point to visit www.irs.gov for updates throughout 2011. In the meantime, rest assured that your Sage Abra system will be updated to ensure compliance, whichever way things go.

New Versions of Sage Abra

This is the time of year that many companies look to update their software in preparation for 2011. As a reminder, Sage has recently announced a couple of new versions including Sage Abra SQL HRMS v10.1 and Sage Abra Suite v9. Click below for a short overview of what's new in each product and be sure to contact us with any questions or if you'd like assistance with an upgrade. Have a Happy New Year!

[What's New](#) in Sage Abra SQL v10.1 (PDF)

[What's New](#) in Sage Abra Suite v9.0 (PDF)

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