

## Using Employee Payroll Tax Automation to Reduce Costs

### Introduction

The management of employee withholding allowance certificates (W-4s) is an essential task all employers are required to complete. W-4 forms must be collected from each employee during the new hire process. If you are an employer that is currently using manual, paper-based processes to capture and manage this information, it is likely that you often find these procedures to be overly complex and time-consuming. In short, they are proving to be a burden on your already limited resources.

The good news is that web-based solutions exist that can help you streamline these processes at every step. Adopting a web-based approach to employee forms administration and processing can yield benefits that outweigh the initial investment. In this white paper, we will look at several areas of your Human Resources management system where technology can generate tremendous benefits in terms of costs, processing time and employee longevity and satisfaction.

### Employee Onboarding

“Onboarding” is a word that refers to a delivery method through which new employees acquire the necessary knowledge, skills, and behaviors to become effective organizational members. It is an important time and one on which employers are increasingly focused. According to an Aberdeen Group study, employee retention, employee productivity and company reputation have been the pressures driving organizations to pursue better onboarding processes. The study went on to say that a positive first impression sets the stage for new employee success and makes them feel more satisfied with their decision to join the company.

---

Implement simpler, more streamlined onboarding processes and you can improve employee retention and make a great first impression with new hires.

---

### W-4 Form Management

To properly calculate employee withholding taxes, a Federal W-4 form and equivalent state form must typically be completed by each employee. However, the use of paper-based form completion processes can lead to employees submitting inaccurate or erroneous information that later requires correction by both the employee and the employer. This is time consuming and creates a potential bottleneck in the new hire process.

---

Implementing an automated forms management system can streamline the flow of information associated with these forms and reduce the margin for error. Electronic forms management has become a best practice of high-performing HR service delivery models, as it often results in fewer form resubmissions, reduced administrative burdens and improved employee service. Add to that the elimination of the costs of paper, printing and physical storage, and an electronic forms management system can often result in a significant cost reduction for the employer.

---

### Decreased “Form Churn”

Paper-based form systems tend to be very susceptible to “form churn” – an expression that refers to forms which have to be resubmitted either because the information was entered incorrectly, or required information was not submitted. This is another common cause of delays and bottlenecks in HR/Payroll departments. An effective automated forms management system should have mechanisms that prevent conflicting entries, data errors and submission of forms that have blank required fields. For example, when a field requires a number, the employee should be prevented from entering a letter. Dropdown menus and pop-up on-screen messages are commonly used techniques to prevent these errors.

---

The use of an automated forms management system safeguards against these issues. By preventing the submission of incomplete forms and forms with errors, fewer forms require resubmission, thus saving precious HR/Payroll staff time.

---

*To Be Sure.*

## Improved Forms Administration

The utilization of paper forms as a means of collecting data can have a negative impact on the HR/Payroll administrative functions. For example, handwritten W-4 form data may be illegible, in which case it must be deciphered before it can be manually keyed into the organization's payroll system. Furthermore, W-4 form administration requires staff to maintain current forms, distribute the applicable forms to each employee and store them for the required number of years. All of these factors can create costly inefficiencies in an administrative system.

Collecting data through an electronic form can shorten processing time by automatically extracting data from the form, storing it in a database and exporting it into other systems as needed. This is a more efficient process which virtually eliminates illegibility and makes form data less susceptible to misinterpretation. Furthermore, the time spent managing paper forms can be reduced through the creation of a library of electronic forms. This library provides each employee with the appropriate form and then stores the data electronically. This level of automation frees up staff from most of the administrative tasks associated with W-4 form management.

## Improved Employee Service

Paper-based form systems can lead to an increase in employee inquiries to the HR/Payroll department, which in turn can mean degradation in the quality of the service provided to employees, resulting from too many inquiries for too few staff.

A simpler forms completion process cuts down on the number of employee inquiries to the HR/Payroll office. Electronic W-4 forms containing "rules" to protect against inappropriate entries enable employees to complete the forms faster and with less difficulty. Not only that, a fully integrated and automated forms management system can simplify form completion even further. Employee record data that was

previously collected can be used to pre-populate W-4 forms, leaving the employee to provide only the information that was not previously captured.

## Non-Resident Certificates and I-9 Form Management

Non-resident certificates are submitted by employees as required by a taxing authority where they work, which declares their residency or non-residency in that jurisdiction.

The I-9 Employment Eligibility Verification Form is a U.S. Citizenship and Immigration Services form. It is used by an employer to verify an employee's identity and to establish that the worker is eligible to accept employment in the United States. Both of these processes can greatly benefit from the automation of electronic forms, as inefficient paper-based procedures result in added complexity, employee frustration, and increased costs to employers.

## Summary

Automated forms management undoubtedly is a step in the right direction toward improving processes related to employee payroll tax form management. HR/Payroll departments that leverage technology to administer onboarding paperwork provide better employee service and streamline procedures. Electronic fillable forms are a common "best practice" and full integration with back-end systems maximizes efficiency and translates into substantial time and cost-savings for organizations of all sizes.

## About BSI

Business Software, Inc. (BSI) is a leading provider of North American tax filling, tax calculation, compliance onboarding and supporting solutions in the cloud. Leveraging 35 years of experience, BSI offers the largest array of solutions in the industry that are used by clients to process more than a half billion transactions annually. Thousands of organizations – including many of the world's best-known companies – use BSI to minimize their compliance risks, reduce labor costs, maintain regulatory compliance, improve workforce productivity and increase employee satisfaction. For more information, please visit [www.bsi.com](http://www.bsi.com).

*Reference: All Aboard: Effective Onboarding Techniques and Strategies, Aberdeen Group, Jan. 2008*