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GUIDE TO THE BEST PAYROLL SERVICE

Part I: Figuring Out What You Want in a Payroll Service

The importance of payroll to small businesses stands out more today than perhaps it has in previous years. Not only are small businesses paying billions in payroll tax penalties, we're also seeing a record number of wage theft cases.

Handling payroll properly is essential for a number of reasons, not least of which is that it's the law. However, it affects the livelihoods of all the people out there working to take care of themselves and their loved ones.

One way to help ensure you are doing payroll the right way is by using a payroll service. And really with the options available today, with the ability you have to do payroll online, you should have the best payroll service. This is, of course, easy for us to say – we are a payroll service.

But regardless this guide is not intended to get you to sign up with SurePayroll. Its goal is to make you as informed as possible on payroll. The best payroll service for you could mean doing payroll yourself. And if it means hiring someone there are a number of things we want to educate you on.

What Other People Want in a Payroll Service

Don't take our word for it. Let's take a look at what people are saying they want in a payroll service.

First of all, according to research from [SoftwareAdvice.com](https://www.softwareadvice.com), many small business owners are not happy with the payroll service they have. In fact, 67 percent are [seeking to replace their current payroll software solution](#).

More than 80 percent are seeking some type of integrated solution that includes HR functions. This could mean time-tracking, benefits administration, hiring and recruiting, or 401(k). While perhaps not specifically payroll, these functions all swirl around the same sphere. Obviously it makes sense for some business owners to want to group them together.

Finally, having a payroll system that is web-based or "in the Cloud" is preferred by 69 percent of payroll buyers, according to [SoftwareAdvice.com](https://www.softwareadvice.com).

Based on SurePayroll's own survey research, the No. 1 most important factor in choosing a payroll solution is the ability to run payroll on the Internet, followed by price, a service that pays and files payroll taxes automatically, ease of use and the ability to use direct deposit.

Why are People Looking to Switch Payroll Services?

So why are a significant number of people unhappy with how they're running payroll? The top reasons from [SoftwareAdvice.com](https://www.softwareadvice.com) include a need for increased organization/efficiency, missing features, wanting to modernize/go electronic, their current method doesn't support growth and they need better integration.

The top request payroll features included reporting, employee self-service, 401k, direct deposit, tax forms and the ability to use the payroll service at multiple locations.

Some of these features may seem like obvious things you would want, but there are a lot of payroll options out there. Not all of them can provide a large range of features beyond the very basics.

Where Do Small Business Owners Go for Payroll?

Whatever you decide is best for your business, the key is that it's a reputable service you can trust. For some, that means their accountant or bank, for others it's themselves. When it came to an online or web-based payroll service, which we know is a preferred method, SurePayroll, Paychex, ADP, Intuit Full Service Payroll, Intuit Online Payroll and Quickbooks Basic Payroll were the top providers chosen based on our SurePayroll survey of small business owners nationwide.

This is not to say that there are not other reputable services out there – there are a number of them, but these were the most popular among small business owners. We want small business owners to be able to choose their payroll provider wisely and with a degree of certainty that it will work out.

Part II: The Fundamentals of Payroll

In order to at least ask the right questions, you should have a basic understanding of payroll, and the outside factors that may impact your payroll.

Calculating Payroll

This is the most basic function of running a payroll. We're talking about withholding taxes from your employees, making necessary employer contributions and filing the correct forms.

Our infographic on calculating payroll taxes is [a handy resource](#). However, what you need to understand is that you're withholding federal, state and local taxes from your employees' paychecks. This includes Medicare, Social Security and income tax.

Medicare and Social Security withholdings are matched by the employer.

Taxes paid solely by the employer include FUTA (Federal Unemployment Tax Act) and SUI (State Unemployment Insurance). In the case of SUI, the rate changes depending on what state you are in.

This is one of the trickiest parts of calculating payroll taxes – each state is different. If you're doing payroll yourself, you'll need to [familiarize yourself with the laws in your state](#).

Other Tax Considerations

The tax environment, of course, changes from year to year, and small business owners may need to account for those changes.

If you have more than 50 employees, you have to plan for [how the Affordable Care Act might impact your business](#). Meanwhile, there are various tax breaks available and [others being eliminated](#).

Certain states will owe more in FUTA taxes; the Social Security Wage baseline has changed; but pension and 401k limits are staying the same, so be aware of these regulations.



So What is the Best Payroll Service?

It would be irresponsible of us to answer this question directly. First of all, there's more than one good option. Secondly, it very much depends on the size of your business. And finally, you as a consumer have to decide what you're most comfortable with.

We encourage you to compare services, while keeping in mind the information provided above.

If you have 100 employees or less, we believe [SurePayroll would be a great fit](#). However, if you have several hundred employees or want one-on-one attention for every payroll you run, [we recommend our parent company Paychex](#), and all their immense resources.

If you need to start running payroll for a startup and you want to do so on your own, make sure you're aware of [the necessary steps](#).

Doing payroll on your own does come with certain risks – who do you call when you've made a mistake or something comes up that you don't understand? There's also the fact that if you're spending an undue amount of time on payroll, that's energy that doesn't get directed toward growing your business, making a profit and achieving your goals.

And if you're already with a payroll service or using payroll software that isn't working for you, consider that you can switch at any time. Everything should transfer over nice and smooth.

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