

# Small Business Tips & Advice

## Avoid Tax Pitfalls: Simplify Payroll Early In The Year

(NAPSA)—What better way to kick off a new year than by resolving to simplify and upgrade your payroll solution. For small businesses in particular, payroll can eat up large chunks of valuable time and manual payroll systems are prone to errors. Ninety percent of U.S. businesses, or 5.1 million, are small businesses; of these, many employers still run payroll manually and they're paying the price. A majority of small businesses regularly experience penalties, thereby hurting their bottom line. According to the IRS, in 2004 there were 6.3 million payroll tax penalties assessed. With these simple tips your small business can stay ahead of the curve in 2006 and make payroll painless!

1) *Stay Informed About Payroll Withholding Tax Changes*—Payroll withholdings can change at any time and without reliable tax rate updates, small businesses sometimes calculate taxes incorrectly, leading to penalties and the need to collect back taxes from employees. The easiest way to get current tax rates is through your accounting software's payroll tax table service or to use an online payroll service that "does it with you" such as [www.paycycle.com](http://www.paycycle.com), which updates its users' tax rates with 100 percent accuracy guaranteed.

2) *Remember That Unemployment Taxes Can Change, Too*—With over 400 tax updates in any given year, it's important not to overlook changes to employer taxes. Accurate paychecks address only half of the employer's responsibility. The employer must also correctly calculate employer-only taxes, such as unemployment taxes.

3) *Simplify The Process, Do Pay-*



**AVOID PAYROLL PITFALLS**—Many businesses still run payroll manually, and they're paying the price.

*roll & Filing Online*—On-demand or self-service payroll can make it easier and less expensive for small businesses to maintain control and avoid penalties. "An employer should select an online payroll service that provides instant, guaranteed accurate paycheck calculations, direct deposit, electronic tax payments and tax filings," says CEO of PayCycle, Jim Heeger. "One of the most valuable things an on-demand payroll service can offer is toll-free access to payroll experts whenever you need them."

From here, payroll data is then easily integrated with off-the-shelf solutions such as QuickBooks, QuickBooks Online, QuickBooks for Mac, and Microsoft Money. Automatic e-mail reminders make it simple to stay ahead of deadlines and data is stored on secure servers that allow easy access to your data. The IRS has mandated that 80 percent of businesses automate all tax filings by 2007. By using an online service such as PayCycle's, your payroll taxes are already queued up and ready to be "e-filed" with a simple click of a mouse.

For more information visit [www.paycycle.com](http://www.paycycle.com).