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Payroll Options

If you are looking for an SME payroll software package, there are a number of issues to consider, not least new legislation from the government and the EU **BY JULIAN CLARKE**

THE INTRODUCTION OF THE new tax credit system, the nine-month tax year from April 2001 and the demise of the punt from January 2002 are among the challenges facing payroll software vendors this year. Only payroll software designed or adapted for the Irish market will cope with the nuances of the Irish PAYE and PRSI system. This is in stark contrast to UK accounting software which is generally well suited to the needs of the average Irish business, sometimes requiring little more than a change of VAT rates. Payroll can of course be calculated using a spreadsheet, but the vagaries of PAYE and particularly PRSI are likely to result in many 'IF' statements in formulae.

Fortunately the quality of payroll software available for the Irish small to medium-sized enterprise appears high and there is little reason to use other methods of calculation, particularly when the cost of the software is generally under £200 and annual maintenance fees for the average SME vary from around £100 to £200.

The longest-established payroll package is Paymaster from Pascal, originally released as a DOS product in 1984. Sage is a leading UK-based Accounting Software vendor with significant market share in a number of European countries. Much of its growth has been by acquisition so it was not surprising when it acquired Computer Resources and its two Irish payroll packages, Quickpay and Micropay, last year.

Sage's most recent acquisition has been TAS Books, which has just had its busiest ever two-month period. In addition to acquiring another leading small business accounting software vendor, Sage has now also added another payroll package to its portfolio - TAS Payroll. A trial version is not available but TAS offers a 60-day money-back guarantee.

Irish software house GFK Technology also started by writing DOS accounting software. Its Take Five accounts package has been well rewritten for Windows for a number of years and its sister payroll software EasyPay displays superb Windows functionality. Links have recently been written between EasyPay and a range of

human resource management software. A trial version can be downloaded from www.takefive.ie.

Ireland's first Windows-based payroll package was WinPay. It underwent a change of ownership a few years ago and is now distributed by Intellect (ironically a Sage accounting solutions centre).

The final package reviewed is also the most competitively priced. Proll is produced by Ashbourne-based Thesaurus Software. Although priced at only £80, like most of the other packages it displays good Windows functionality. A trial version can be downloaded from www.itco.ie.

All the packages reviewed are well priced for the small business with the exception of Micropay, which is suited to larger organisations with network servers. Micropay options include Job Costing, Nominal Ledger Interface, links to Time & Attendance software and the ability to specify and format your own reports using the Report Writer. Prices start at £475.

Ideally accounting software should be used every day (backlogs can build up just as easily with accounting software as with keeping manual books). However, the average SME may only need to use payroll software for less than an hour, or perhaps only 15 to 30 minutes, every week, fortnight or month. Consequently payroll software needs to be easy to use and all of the products tested for this article were. The vendors provide training, but due to the ease of use of the products and details supplied both within the packages and the manuals, they say training is generally only necessary for the user unfamiliar with payroll or accounting software.

Quickpay's demo CD doesn't just show

off the product, it illustrates how to install the software, set up a company and employees, define payments and deductions, review tax and PRSI rates and even includes a payroll run tutorial. In contrast to the automated demos of the other products, Paymaster's is actually a full working version with restricted volumes of data entry, allowing users to experiment with their own figures. Working versions on a trial basis of Proll and EasyPay can be downloaded from their websites.

Where the products do differ is in their look and feel. When the first Windows-based accounting packages were introduced, the argument in favour of 'character based' or DOS packages was ease of data entry, although with later Windows products this became less of an issue. For DOS aficionados, those preferring a product with long proven stability or for those just not comfortable with fancy Windows screens, the simplicity of Paymaster's 1,2,3,4,5 menu system is hard to beat.

The Windows products are well-designed with well laid out screens and a functionality you would expect. A good example is EasyPay, which features an interactive WYSIWYG payslip and employee records with a variable sort order. Routine tasks are facilitated by the customisable 'JobList' which reminds the user of the required tasks in logical order, accesses the task by a mouse double click and permits the task to be ticked off when completed.

There is no margin for error in payroll computations - they are either right or wrong. There are only a few ways that people can be paid while allowances and deductions, both pay and non-pay, are generally quite similar. The inputs and calculations are known and the Revenue specify the required outputs. So don't be wooed by the attractiveness of Windows screens or the simplicity of DOS screens. The accuracy of the computations is of primary importance. Is there a 'net to gross' computation facility? Is there a warning if an employee goes from a lower to higher tax rate?

Examine the reports provided by the package and check that all the required Revenue

Payroll Packages For SMEs

Product	Vendor	Basic Price
EasyPay	GFK	£196
Micropay	Sage	£475
PayMaster	Pascal	£125
Proll	Thesaurus	£80
Tas Payroll	Tas	£99
Quickpay	Sage	£195
WinPay	Intellect	£199

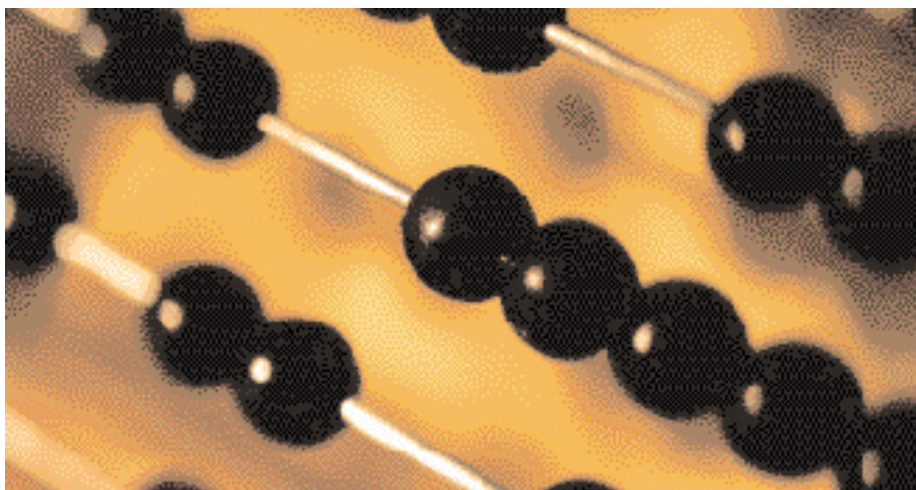
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reports are provided, including those capable of being submitted on disk. Can employees' time or cost be split between a number of cost centres? Examine how well the package caters for unusual cases such as staff leaving, holidays (paid, unpaid or not taken at all) and short-term disability. In the latter case (sick pay) different rules apply after six weeks and the employer has a number of options concerning treatment of the employee's wages and benefits. Can you pay employees who want to work their holidays? Can employees' insurable weeks for PRSI be adjusted (for new monthly staff joining mid-month)?

Payment Methods

A payroll package also has to allow for payment by a number of methods including cash, cheque, giro or by 'PayPath' directly into the employee's bank account. Can the employee's net pay be split between more than one bank account? Are there warnings if the total PayPath file total exceeds a certain amount? Can the package deal with hourly, weekly, fortnightly, four-weekly and monthly payments, as appropriate to your business? Can you define your own special pay period? Does the package cater for all the deductions you require and can you define your own?

Compatibility is another issue to be looked at. If you use clock-card systems will the payroll package import the data? Password security is also very important. Can the office junior find out what the MD is earning? Or change the PAYE or



PRSI tables? Or grant a pay increase to favoured colleagues and pay reduction to less-favoured colleagues?

Enquire also about the availability of payroll stationery, particularly payslips and computer cheques. Check what the annual maintenance fee covers in addition to telephone support. Some vendors also offer site visits and newsletters, but these are all of little use if the support fee doesn't include any program changes resulting from the Budget.

Euro


All payroll packages will need to be capable of operating in euros from January 1, 2002. Employers wishing to start the new tax year in euros had to inform the Revenue Commissioners by mid-February. In reality many Irish

businesses will end 2001 in punts and switch to euros from January 1 2002. This may put a strain on the support desks of the software vendors so a change of currency in October or November may be worth considering. Although switching currencies mid-year is easier with the accounting systems than payroll systems.

EU regulations have laid down strict requirements for Euro Conversion Routines. Confirm your chosen product meets these regulations. Your payroll is more than likely to be capable of converting to the euro now. However, you do need to give all interested parties notice before you convert. The list of bodies to consider may include some or all of the following:

- Revenue Commissioners
- Your payroll software vendor
- Bankers
- Union representatives
- Employees

Changing to the euro is an irreversible operation once it has been performed. Once you elect to convert to the euro, the returns and payments must be in euro. The Revenue Commissioners have published a number of informative booklets covering the euro issue. These can be obtained from the Euro Changeover Unit by calling the Euro Helpline on 1890 200 256.

Given the level of accuracy required, the complexity of payroll computations and the timeliness of Revenue reporting requirements, perhaps the SME owners' time would be better spent acquiring a payroll package rather than being stuck with tax tables and calculator. 

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Outsourcing Payroll

Jimmy Browne, managing director of Professional Business Systems, advises companies that do their own payroll to run a full test of the payroll system, check calculations manually at a certain level and take a cross section of different employees with different circumstances and tax levels. But those people involved in payroll have to understand the components of payroll and how it is calculated. "It's not just someone pushing buttons on a computer, there has to be a level of understanding."

PBS is an outsourcing payroll company and IT consultancy based in Bunnahally. "Payroll specialists like ourselves understand the nuances of the changes and keep abreast of any new changes and legislation. The biggest issue of the new tax credit system is education in terms of getting employees to understand the various ways it affects them and the basis on which the credits are introduced."

He added: "Payroll is more complex than many people think. The payroll system that we use is Megapay, which has been around for a number of years and is one of the leading corporate payroll solutions. It is up-to-date and 100% compliant in tax credits and the euro."

A software solution like Megapay may be too expensive for smaller companies and has functions they may not need. This is where PBS steps in. "If SMEs want to use our services they can avail of Megapay and its additional functionality without having to buy the system. We can take the hassle out of payroll for SMEs."