

# Payroll - a fresh approach

By Gary Johnstone, senior manager of outsourcing at A2+B LLP

**Employers increasingly have to balance a number of criteria in order to be compliant while meeting the needs and expectations of their workforce.**

In the energy industry workers are located both in the UK and internationally. It is therefore important that payroll systems/processes adequately deal with UK and non UK issues and maintain compliance both at home and abroad.

The success or failure of any payroll system will ultimately be judged by employees as well as the taxing authorities. The ability to address new legislative requirements is vital with the potential of non-compliance becoming an increasingly expensive risk for companies.

It is also important to recognise that payroll is part of the wider reporting processes of the company. Links to general reporting and information systems must therefore provide what is required by the management team and the wider organisation.

Outsourcing can bring new focus and drive to the payroll function. The energy industry brings with it many complex domestic and international tax issues requiring a different delivery focus from the simple "rack em and stack em" approach.

An integrated solution utilising employment tax experts, payroll professionals, industry experience and flexible management information tools is a good place to start in addressing these issues.

The outsourcing transition cycle is simple and if managed correctly can bring immediate positive results to any organisation.

Some key considerations when developing a payroll solution tailored to your organisations needs are:

#### Implementation

- Roles and responsibilities - who, what, when and accountability

- Timing - consider key staff resources, time and availability to deliver
- Structure - identify the output reports required to support the organisation
- Training - employee workshops advising on tax impact on pay

#### Core payroll

- Employee support - dedicated helpline for general and specialised tax advice
- Payments and payslips - consider the green approach and utilise ePayslips
- HMRC - compliance and confidence that obligations are met timeously and accurately
- Year end - P60, P14, P35 seamlessly delivered due to monthly reconciliations

#### Reporting

- Secure delivery - avoid e-mail traffic and utilise a self service client extranet
- Avoid duplication of effort - utilise information available and avoid reworking the same data
- Who needs information - define the style and format to serve different internal customers e.g. rig/vessel managers, project leads, HR, finance, operations teams

#### Additional support

- Reorganisation or IT change - consider the wider impact on your payroll delivery
- Dedicated contact - quick responses to queries and problem solving
- Budget and forecast exercises - powerful inputs available to assist in preparation

#### Advisory and consulting

- The internationally mobile workforce - 52 week rule tracking, modified PAYE schemes, robust international assignment policies,



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managing net of tax credit agreements and tax withholding obligations in worldwide locations

- The domestic workforce - tax efficient salary and benefits packages including share schemes/salary sacrifice arrangements, effective reporting and monitoring of statutory obligations e.g. PSA, dispensations

A proactive, relationship-driven service geared to continuous improvement is what every organisation needs. An integrated delivery approach, quality review meetings and advanced management information capabilities bring the perfect blend to meet the complex demands and requirements of the energy industry. ■



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- Need your provider to offer a more flexible service with pro-active advice?
- Interested in a wider service offering including taxation advice?

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