



Building a better
working world

A woman with blonde hair, wearing a light pink shirt, is shown in profile from the chest up. She is looking at a wall of white mailboxes. Her right hand is raised, holding a set of keys and looking at a specific mailbox. The background is a brightly lit hallway with a grid of mailboxes.

Employment Tax Master Data Review Services

Uncovering risk and opportunity within employee
state and local payroll tax configurations

The initial setup and ongoing maintenance required to maintain compliant and accurate employee payroll tax master data are both complicated and time-consuming. Accordingly, whether the tax setup is handled internally or through a service provider, businesses are increasingly challenged to examine the accuracy of their employees' payroll tax data configurations and overall processes to avoid penalties and costly audits.

Creating and maintaining proper payroll tax configurations is a complex component of a business' overall payroll process. Understanding the intricacies involved in identifying proper federal, state and local payroll withholdings and employment taxes for each employee is critical. Proper employee-level tax setup is necessary for establishing compliant processes around tax withholding configurations, tax remittance schedules and reporting.

Errors in the initial employee tax setup, as well as gaps with ongoing maintenance, introduce the risk of incorrect withholding and errors in the preparation of Forms W-2 and other payroll tax returns, all of which can lead to potential audit exposure, costly penalties and operational stress.

With the support of Ernst & Young LLP's tax technology resources and our experienced team of employment tax professionals, we provide a holistic approach to the review of employee state and local payroll tax configurations and the related payroll processes. A thorough review and robust feedback process provide our clients with the knowledge and information they need to comply with payroll tax requirements.

Employment Tax Master Data Review Services

Our approach

We assist businesses in evaluating the accuracy of their employment tax coding/configurations by:

- ▶ Holding a collaboration meeting to define project scope and expectations while also retrieving the required employee tax data
- ▶ Analyzing employee tax setup data and related payroll system processes, focusing on federal, state and/or local tax code configuration anomalies
- ▶ Preparing a detailed report of findings and risks
- ▶ Reviewing and discussing findings and their root causes
- ▶ Co-developing a remedial action plan

What we review

Our comprehensive approach to the review of employee state and local tax configuration includes tax code setup analysis for:

- ▶ State income tax withholding
- ▶ Local income tax withholding
- ▶ State and local employer-paid taxes
- ▶ State insurance withholding and employment taxes (e.g., unemployment, paid family and medical leave, disability)
- ▶ Confirmation of reciprocity rules for state and local jurisdictions

Also ask us about these services:

- ▶ [Employment Tax Process Improvement](#)
- ▶ [Employment Tax Audit Defense and Risk Controversy Services](#)
- ▶ [TaxAbility™](#)
- ▶ [Short-Term Business Traveler](#)
- ▶ [Look-back Review Services](#)

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SCORE No. 06663-191US
CSG No. 1907-3224738
ED None

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