

Employment Tax Process Improvement Services

Uncovering risk and
opportunity within
employment tax processes



EY

Building a better
working world

Businesses can obtain insights about risks and opportunities through an employment tax process review independently conducted by employment tax professionals.



The current environment and what it means to you

Employment tax represents a significant cost and operational risk to businesses, so much so that it is evaluated by both internal and external auditors. Governmental regulators are also paying more attention, with income and unemployment insurance tax audits occurring far more regularly than in the past.

Accordingly, whether handled internally or through a service provider, businesses are increasingly challenged to examine the integrity and efficiency of their employment tax operations.

Understanding the magnitude and impact of potential gaps and risks in employment tax processes can be challenging, particularly for large employers with numerous entities operating across multiple jurisdictions.

From point of hire to the transmission of tax returns, numerous individuals, systems and vendors are relied upon to get it right. With rules and systems constantly changing, the chance always exists that something important is overlooked.

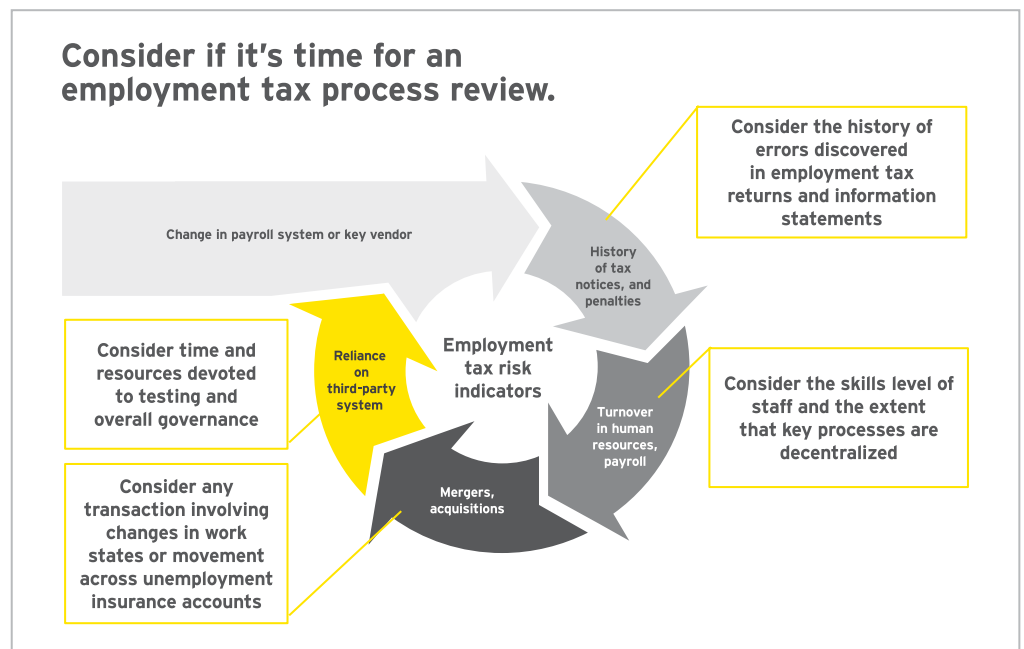
Payroll is generally positioned as a function of human resources (HR) or finance. The tax department is usually not involved in employment tax matters except when there is a larger tax planning project (e.g., merger, acquisition) or if a problem arises, such as a tax audit or assessment. This indirect relationship between tax and payroll frequently results in missed opportunities and overlooked risks.

The trend in employment tax outsourcing has also shifted the primary focus of payroll departments in many organizations to HR-strategic projects and goals. As a result, professional tax advisors play a key role in helping businesses evaluate and address compliance risks.

One way that professional tax advisors can assist businesses in gaining insights about their risks and opportunities is through an independently conducted employment tax process review.

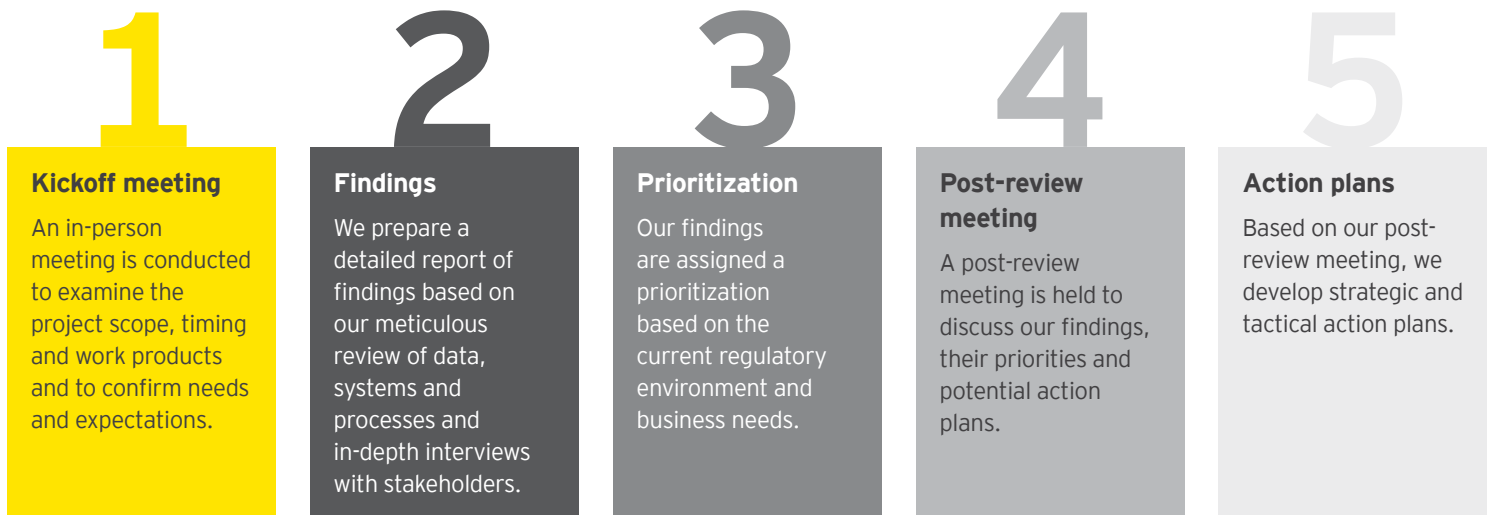
Watch the video below to learn about the risk factors that indicate an employment tax review is warranted.

“As payroll departments increasingly give more focus to HR-strategic projects and goals, the role of professional employment tax advisors is critical in addressing compliance needs.”



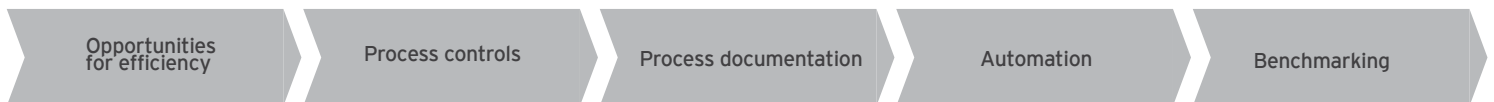
Employment tax process review process and scope

Our process

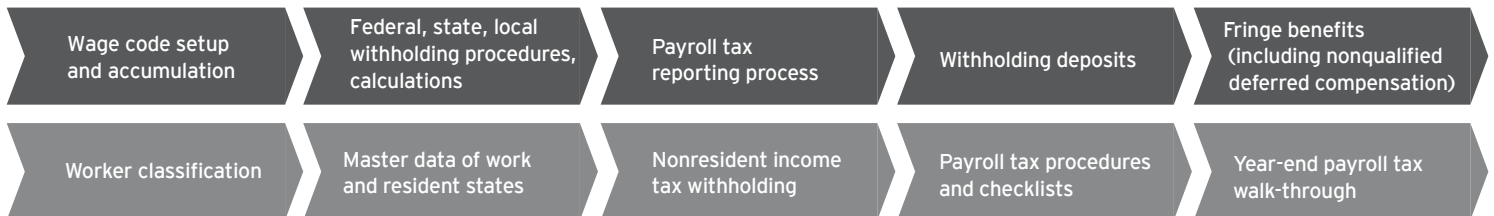


Scope of review

General risk and opportunity



Testing and analysis



With rules and systems constantly changing, the chance always exists that something important is overlooked.

We can help you to uncover risk and opportunity in your employment tax processes.



Understanding the magnitude and impact of potential gaps and risks in employment tax processes can be challenging, particularly for large employers with numerous entities operating across multiple jurisdictions.



We can help

Our integrated services for assessing performance, enabling change and supporting your needs:

Employment tax process review

Through staff interviews, data analysis and random sampling, our team identifies areas of opportunities and risk involving:

- ▶ Wage code setup and accumulation
- ▶ Federal, state and local withholding procedures and calculations
- ▶ Payroll tax reporting process
- ▶ Withholding deposits
- ▶ Fringe benefits and equity compensation
- ▶ Master data
- ▶ Nonresident withholding (short-term business traveler)
- ▶ Payroll tax procedures and checklists
- ▶ Year-end payroll tax walk-through
- ▶ Employee classification

Employment Tax (ET) Rapid Assessment™

You can complete a questionnaire or schedule an on-location quantitative session to complete our assessment. Results are delivered in a report highlighting potential risks and opportunities within your employment tax operations. Our team of qualified tax professionals are available to support with each of these steps:

- ▶ Review flags
- ▶ Prioritize their ranking
- ▶ Collaborate in developing a remedial action plan

TaxAbility™

TaxAbility™ is our technology-enabled system for reviewing the payroll tax system configuration settings of earning and deduction codes. The research library contains tax set-up values for over 160 wage and deduction types. The analytics tool compares your tax set-up values to ours, and delivers numerous reports of variances and anomalies. The library contains the following fully supported federal and state documentation:

- ▶ Federal and state income tax and withholding
- ▶ Federal and state unemployment insurance
- ▶ Supplemental wage accumulator indicator
- ▶ Special Form W-2 reporting for fringe benefits

System implementation support*

Adding our skilled resources to the system implementation team provides integrity to the employment tax processes while freeing staff resources to focus on their routine responsibilities. Implementation support is available in all phases including:

- ▶ Data migration planning and implementation
- ▶ Design and specifications
- ▶ Testing and data sampling

Co-sourcing*

Our qualified tax professionals are available to meet your employment tax operational needs including:

- ▶ Staffing
- ▶ Training
- ▶ Tax technical one-off questions

*The scope of these services may be limited for Ernst & Young LLP SEC registrant audit clients.

Employment Tax Process Improvement Services

Is it time for a checkup?

- ▶ Do you have a known problem in the payroll and employment tax areas?
- ▶ Have you received employment tax notices from taxing authorities or notice of an unclaimed property audit?
- ▶ Do you have a mobile workforce?
- ▶ Have you had a recent shift in payroll management, payroll processing systems and/or payroll service providers?
- ▶ Have you undergone a merger, acquisition or restructuring impacting environment?
- ▶ Have you undergone past internal/external audits that did not give specialized focus to payroll and employment tax?
- ▶ Have you increased or decreased your headcount?
- ▶ Do you lack a routine confirmation process for payroll system logic and configurations?






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