Why Building In-House Payroll Tax Solutions Costs More Than You Think

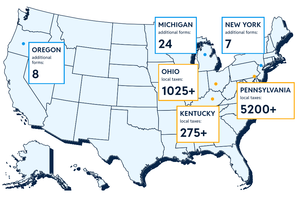
Building your own payroll tax compliance products can be a big undertaking. But just how big is it? We're breaking down what it actually takes to build and maintain these essential payroll tax solutions.

A Foundation of Payroll Tax Research

A US payroll tax engine and US withholding forms product require a strong foundation of tax research to ensure accurate gross-to-net calculation and automated employee onboarding.

7,000+
Number of taxes in a comprehensive US payroll tax engine

130+
Number of withholding forms in a comprehensive US withholding forms product



13
Federal taxes (e.g. FUTA, SUTA, Medicare)

6+ locals
Standard state taxes* (e.g. SIT, SUI, PFML, SDI, TDI)
*This includes state-wide taxes and local taxes like city taxes, school district taxes, and more.

4
Federal forms (e.g. W4, 1099, 1044, etc., in English and Spanish)

3
Standard state forms (on average)

The thousands of initial taxes required to build a tax engine can be daunting. And determining which forms you need to offer requires a high volume of expert research.

Research for a US tax engine takes...

2
Full-time tax researchers

2,080
Working hours per year per employee

91
Weeks of research

While research for a US withholding forms product takes...

1
Full-time tax researcher

2,080
Working hours per year per employee

27
Weeks of research

A Heavy (and Expensive) Engineering Lift

The many complexities of US payroll tax infrastructure have to be coded manually into the final product—for every federal, state, and local jurisdiction. At that level of engineering, it takes almost 7 years combined to build both a US tax engine and US withholding forms product.

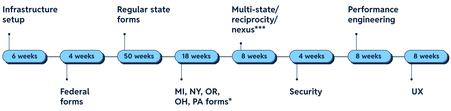
US PAYROLL TAX ENGINE TIMELINE

245 weeks | 4 years, 8 months*

* Assuming one engineer completing the work sequentially.
** These states require additional focus due to complexity, with over 5,000 local taxes to account for in total.

US WITHHOLDING FORMS TIMELINE

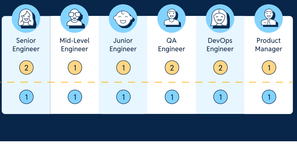
111 weeks | 2 years, 1 month*



* Assuming one engineer completing the work sequentially.
** These states require additional focus due to complexity.
*** There are 7500 combinations of 1-to-1 home state and work state scenarios for implementation of all multi-state rule processing.

Engineering Teams That Make It Happen

The scale of these solutions is immense, and it takes compliance-focused engineers to bring them to life. That's why these builds require full-time engineering teams.



Budgeting for an In-House Solution

So, what kind of budget do you need to set aside to build—and maintain—a US payroll tax engine and withholding forms product? Between the full-time team members working around the clock and the infrastructure and additional software and tools needed to stay up and running, the cost can add up quickly.

Building costs
It's a significant investment to build and launch in-house solutions.

US PAYROLL TAX ENGINE SPEND

Total cost to build: **$2.8M**

$288K
Total tax research team cost

$2.2M
Total engineering and product team cost

$240K
Total software and infrastructure cost*

US WITHHOLDING FORMS SPEND

Total cost to build: **$1.4M**

$144K
Total tax research team cost

$1.1M
Total engineering and product team cost

$150K
Total software and infrastructure cost*

*This includes geolocation software, web hosting, development tools, and information security.

Maintenance Costs

Even after most of the hard work is done and your products have been successfully launched, you'll need to maintain them with a dedicated team that ensures tax data is up-to-date and accurate.

US PAYROLL TAX ENGINE TEAM

5 Engineers

3 Researchers

$1.6M Total annual maintenance cost

US WITHHOLDING FORMS TEAM

1.5 Engineers

1.67 (1 full-time year-round, 2 full-time for 4 months) Researchers

$618K Total annual maintenance cost

Symmetry

Making the Right Choice for Your Business

All in all, the cost to build and maintain payroll tax infrastructure is significant. And that's not mentioning the exposure risk (like penalties and fines) if you don't do it right.

That's why onboarding and payroll platforms are leveraging Symmetry's category-leading tax compliance infrastructure solutions.

Learn more at
www.symmetry.com