Overview

National Payroll Reporting Consortium Statement Concerning Switching Payroll Companies

Summary

It is common for employers to switch from one Payroll Service Provider (PSP) to another. When employers switch from one PSP to another PSP, there is a necessity for employers to provide year-to-date information to the new PSP to ensure accurate year-to-date reporting. In order to make this process easier for employers and PSPs, NPRC recommends that employers obtain and provide Company Data, Employee Data and Historical Payroll Data to the new PSP before processing their first payroll with the new PSP.

NPRC Recommendations to Employers switching Payroll Service Providers

- Before officially switching to a new PSP
    - Obtain year-to-date reports from prior PSP
        - Reports should include Company Data, Employee Data and Historical Payroll Data
            - Please see the detailed table below for each category
        - Reports for a closed quarter should be quarterly breakdowns.
        - Reports for an open quarter should be per pay period breakdowns.
            - Ensures tax calculations are accurate and based on year-to-date information
        - Provide all reports to the new PSP before processing your first payroll with them.
        - Confirm tax liability and which PSP is paying and filing which taxes
            - This includes who will be responsible for filing any annual returns such as W-2s, 1099's, Forms 940 (FUTA), as well as the annual employment tax returns.
            - Failure to confirm these details with both the new and previous provider can result in duplicate filings and future problems for both the employer and their employees.
- After officially switched over to the new PSP
    - Cancel service with old PSP
        - Be sure to confirm and communicate which PSP will be filing specific forms, especially in the 4th quarter. This avoids the

complication of both PSPs filing duplicative forms such as W2's, 940, 941, 944 etc.

- Ensure the new PSP has the Reporting Agent Authorization that they will need moving forward
  - NOTE the new provider should be authorized for the forms and deposits they will be authorized to file, from the date that they will begin on the new service.
  - The former PSP will retain authorization for the tax periods for which they have already filed and deposited on the employers behalf.
  - The new provider will be authorized for tax periods that follow the date the new service began.
  - The new PSP will provide you with the necessary forms and authorizations so they can effectively manage your day to day deposit and filing activities on your behalf.

Company Data	Employee Data	Historical Payroll Data

Company Address(es)
 	
• Main Company Location
  • Filling Address
  • Mailing Address
• Other Company Location(s) including remote employee work/home locations
 	
Federal Tax Setup
 	
• FEIN
	Active Employees
	
	Basics
	
	• First Name
	• Last Name
	• Hire Date
	• Work Address
	
	Compensation
	
	• Amount
	• Employee Type (Options: Salary/No Overtime, Salary/Eligible for
		For Each Employee
		
		• YTD wages, taxes, and deductions/contributions in each prior quarter
		  • Date Ranges:
		  • Q1: 1/1-3/31
		  • Q2: 4/1-6/30
		  • Q3: 7/1-9/30
		  • Q4: 10/1-12/31
		
		AND
		
		• YTD wages, taxes, and deductions/contributions for EVERY pay date in the current quarter

Company Data	Employee Data	Historical Payroll Data

• Deposit schedule (Options: Semiweekly, Monthly, Quarterly, Annually)
• Legal Entity Name
• Company Trade Name (DBA)
• Company Type (Options: C-Corporation, S-Corporation, Sole proprietor, LLC, LLP, Limited partnership, Co-ownership, Association, Trusteeship, General partnership, Joint venture, Non-profit)
 	
State Tax Setup
 	
• Most states will require some or all of the following data:
  • Withholding account ID
  • Withholding deposit schedule
  • Unemployment account ID
	Overtime, Paid by the Hour)
	• Per (Option: Hour, Weekly Month, Year)
	
	Personal Info
	
	• SSN
	• Birthdate
	• Home address
	• Email address
	
	Federal Taxes
	
	• Federal Filing Status
	• Federal Withholding Allowance
	• Additional Federal Withholdings
	
	State Taxes (will vary by states)
	
	• Filing Status
	• Withholding Allowance
	• Additional Withholding
		• Must be rolled up by employee
		
		**This data should be in report format (PDF or Excel), most commonly called "payroll details" or "employee earning summary" in payroll providers*

Company Data	Employee Data	Historical Payroll Data
• Unemployment rate • Local tax ID	• File New Hire Report Local Taxes • Political Subdivision Codes (PA) • Resident vs Non-resident designation **Payment Details** • Payment Method (Options: Direct Deposit, Check) • Account Type (Options: Checking, Savings) • Bank Account Number • Routing Number **Deductions , Reimbursements and Garnishments** • Per pay period amounts for recurring benefits, deductions, or reimbursements	

Company Data	Employee Data	Historical Payroll Data
	PTO • Policy details • Current balance	
	Terminated Employees • First Name • Last Name • SSN • Birthdate • Hire Date • Termination Date • Home Address • Work Address • Year to date historic payrolls	

About NPRC

The National Payroll Reporting Consortium (NPRC) is a non-profit trade association whose member organizations provide payroll, tax reporting, tax payment, and related services to more than 1.4 million employers nationwide, covering more than one-third of the private sector workforce. The NPRC actively supports appropriate electronic filing and tax payment programs. In addition to our long-time association with state workforce agencies, we have long worked with the IRS and state revenue agencies and private sector organizations dedicated to developing and improving electronic filing standards.

If there are additional questions about this process, please contact your payroll provider.