

# Simplifying HR and payroll compliance with cloud solutions

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HR and payroll teams at South African businesses have their hands full right now. From increasing employee engagement and driving productivity to building an organisational culture and helping employees to manage mental health needs, there is no shortage of challenges competing for their attention.



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Yet all too many HR and payroll teams are finding it hard to keep ahead of admin in a time when labour legislation and tax regulation are becoming more complex. HR and payroll teams are also increasingly faced with complying with new laws and regulations outside their traditional competence. Data privacy and environmental, sustainability & governance (ESG) are becoming key concerns, for example.

A survey of 1,000 South African enterprises conducted by Sage reveals 30% of HR and payroll professionals agree that it is not easy to remain up to date with all the latest tax and labour related legislation. Furthermore, 77% consider payroll taxes to be complex, and only 50% feel confident that they can always explain payroll tax calculation to a colleague in terms they can understand.

This picture is becoming more, rather than less, complex and the stakes of getting it wrong are high. With Sars focusing on closing the tax gap by going after non-compliant individuals and companies, there is no scope for error. With Pension Fund reforms and other changes waiting in the wings in the Medium-Term Budget Policy Statement (MTBPS), we can expect legislation to keep evolving post-Covid.

## New layers of complexity with data privacy

New laws and regulations such as the Protection of Personal Information Act (PoPIA) and Europe's General Data Protection Regulation (GDPR) add even more layers of intricacy to compliance. HR and payroll teams are now seen as stewards of employee and candidate personal information and are expected to be even more careful in how they handle personal data than they were before.

Our survey shows nine in 10 professionals believe that their organisation is fully compliant with PoPIA and GDPR. Yet that's not to say the data privacy regulations are not causing them some anxiety. Nearly half (48%) worry about being PoPIA and GDPR compliant. Around 15% are worried that information could be lost or stolen, while 12% are concerned about risk of cyberattacks.

As they wrestle with the challenges of compliance, many HR and payroll teams are held back by manual administration. Eight in 10 in our survey agreed that HR and payroll involves many repetitive tasks, while 52% prepare payroll, compensation and benefits as a daily task. Unsurprisingly, 70% say they are likely to move away from manual/on premise systems to cloud-based systems.

Because compliance is complex and the risks of non-compliance are high, even small companies businesses can no longer rely on spreadsheets and other manual methods to do their payroll calculations and file returns. Automated solutions are becoming more essential for keeping reliable records and performing accurate payroll calculations.

## The cloud and hybrid working models

Moving to the cloud is the next natural step for those that have automated with on-premises software. A cloud-based system allows HR and payroll employees to work online and collaborate wherever they are – essential in these times of remote and hybrid working models. Vendors keep the software up-to-date with latest laws and regulations – no need for patches and updates on the user's end.

For many HR and payroll teams, moving to a secure, cloud system is a way to address some of the challenges of PoPIA and GDPR. For half of companies in our survey consider a move to HR cloud-based systems in the future, part of their motivation is to increase the security of documents by enabling access restrictions.

By using automated, cloud-based software to simplify compliance, HR and payroll teams can focus on strategy, employee engagement and growth rather than on red-tape. They can reduce the risks of compliance failures, while also delivering better employee experiences that enhance morale, productivity and retention. Technology that is accessible from anywhere and intuitive for colleagues to use can put HR and payroll teams on the right footing to support their organisation as it grows.

## ABOUT YOLANDI ESTERHUIZEN

Yolandi Esterhuizen oversees the interpretation and implementation of tax, labour and protection of personal information legislation into Sage's HR and payroll as well as accounting products across Africa and the Middle East. She brings to her role expert knowledge and consulting experience in tax and labour law, including PAYE, Employment Tax Incentive, Employment Equity, Skills Development and Labour Relations.

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