

Sage Construction and Real Estate

Electronic Filing



Introduction

No one likes tax time—not accountants, individual filers or companies. In construction, the tax process can be even more complicated, given the number of fixed assets and equipment companies have in their possession and the complications that can come with filing payroll taxes for all employees. Federal and state governments have sought to cut their administrative burdens by mandating that fee and tax collections be made electronically, and more agencies are mandating that tax reports, such as those for companies' payrolls, must also be submitted electronically.⁵

While it may seem that learning a new system for filing payroll taxes would be cumbersome, construction companies can actually benefit from this trend, as e-filing cuts time and simplifies the filing process. Automation can also help improve accuracy.⁵

Electronic Filing Is Becoming Increasingly Common

As aspects of our personal and professional lives become digitized, more businesses are starting to use the government's e-filing options for submitting their payroll taxes and other financial reports.

In 2005, the Internal Revenue Service announced that many corporations would have to file electronically in an effort to substantially cut down on the amount of paper forms and reduce the IRS processing time from up to two years to approximately 120 days.⁴ Then in 2006, the U.S. Department of Labor announced that employers would have to start filing their annual benefit reports—widely known as Form 5500—electronically in 2009. Other tax forms that construction companies have to file can be very complicated, such as the 1099 form, which has nearly 20 different versions for reporting various revenues and payments.¹⁰ Forms 940, 941, and 944 can also be filed electronically.¹²

Considering the Department of Labor has taken a much harder stance on how firms categorize their independent contractors—a common employment type in the building industry—construction companies do not want to risk the big fines that can come with employee misclassification.⁶

Trends Surrounding Electronic Tax Filing and Payment

Construction executives see automation of all cash-related processes as a key way to staying profitable and competitive.⁵ Reevaluating all business processes—from how you staff your company to how you report to the government—can help achieve lower costs and higher productivity.

As many contractors are more focused on what's happening on the job site instead of how state and federal tax regulations are playing out in government offices across the country, it can be hard for businesses to stay up to date on changes to tax laws. Having software that tracks amendments and updates can help a business avoid noncompliance issues while also ensuring it is properly storing and submitting data.⁵ An extension of this is filing payroll taxes and ensuring the company complies with all regulations surrounding wages and W-2s.

Another benefit of electronically storing accounting and payroll information is the ease with which companies can create new files based on whether they are submitting reports to local, state, or federal agencies. Stay on top of the myriad business regulations related to recordkeeping and employee management.⁵ By avoiding the risk of noncompliance, construction companies can quickly get their reporting obligations out of the way, giving them room to focus on improving and expanding their businesses.

The benefits of e-filing include faster processing of reports and improved accuracy, which can help companies avoid the aforementioned inadvertent mistakes on 1099 forms, W-2s, and the myriad of other wage reporting forms that can cause headaches down the line.¹

Not every state has the option to file electronically yet. At the moment, 37 states and Washington, D.C. offer the e-filing capability for income taxes.¹ Additionally, several state governments have mandated that companies e-file their forms and reports.⁹ For companies that make payments on a regular basis, as construction firms do, the electronic submission of payroll-tax-related forms is required to file 1099, W-2 G, and a host of other forms if they file more than 250 of each of the documents in a calendar year.¹¹ The IRS has set up the FIRE (Filing Information Returns Electronically) system to make this easier.

"Filing Information Returns Electronically is cost-effective, easier than filing on paper, and is more accurate," the IRS says. "The status of your file is available within two business days for most forms. Electronic filers also receive a later due date for most returns."¹¹

Conclusion

Sage can help construction firms improve the way they file taxes electronically and manage other reports submitted to the government or maintained internally. Sage 300 Construction and Real Estate (formerly Sage Timberline Office) and Sage 100 Contractor (formerly Sage Master Builder) both offer companies a means of saving time by automatically completing more than 250 state and federal payroll tax forms, such as new hire reports, unemployment forms and withholding forms.^{2,3} Then, firms have the option of either printing off and mailing the files, or instantly submitting them electronically. An added benefit of using an e-filing service is the option to have the provider prepare employee copies of W2 or 1099 forms and mail the documents to workers or set up a secure online portal for them to access a paperless version.

The best system to reduce administrative costs and filing time while improving report accuracy is one that links e-filing services with a business' payroll and accounting software, such as that offered with Sage 100 Contractor, Sage 300 Construction and Real Estate or Sage 300 Trade Specialty (formerly Sage Timberline Enterprise). Sage 300 Construction and Real Estate HR Management Forms can also help. By integrating business management solutions with an e-filing service, construction companies will be able to automatically complete state and federal tax forms with the information that's already stored in their databases.

Users who have an integrated system can review the complete forms and make any necessary edits before submitting them. Sage also offers services for printing, stamping, and mailing W-2 and 1099 forms. Doing this can lead to administrative and time savings worth hundreds or thousands of dollars, an important benefit in the construction industry, where each penny and every minute counts.⁵

Sources

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