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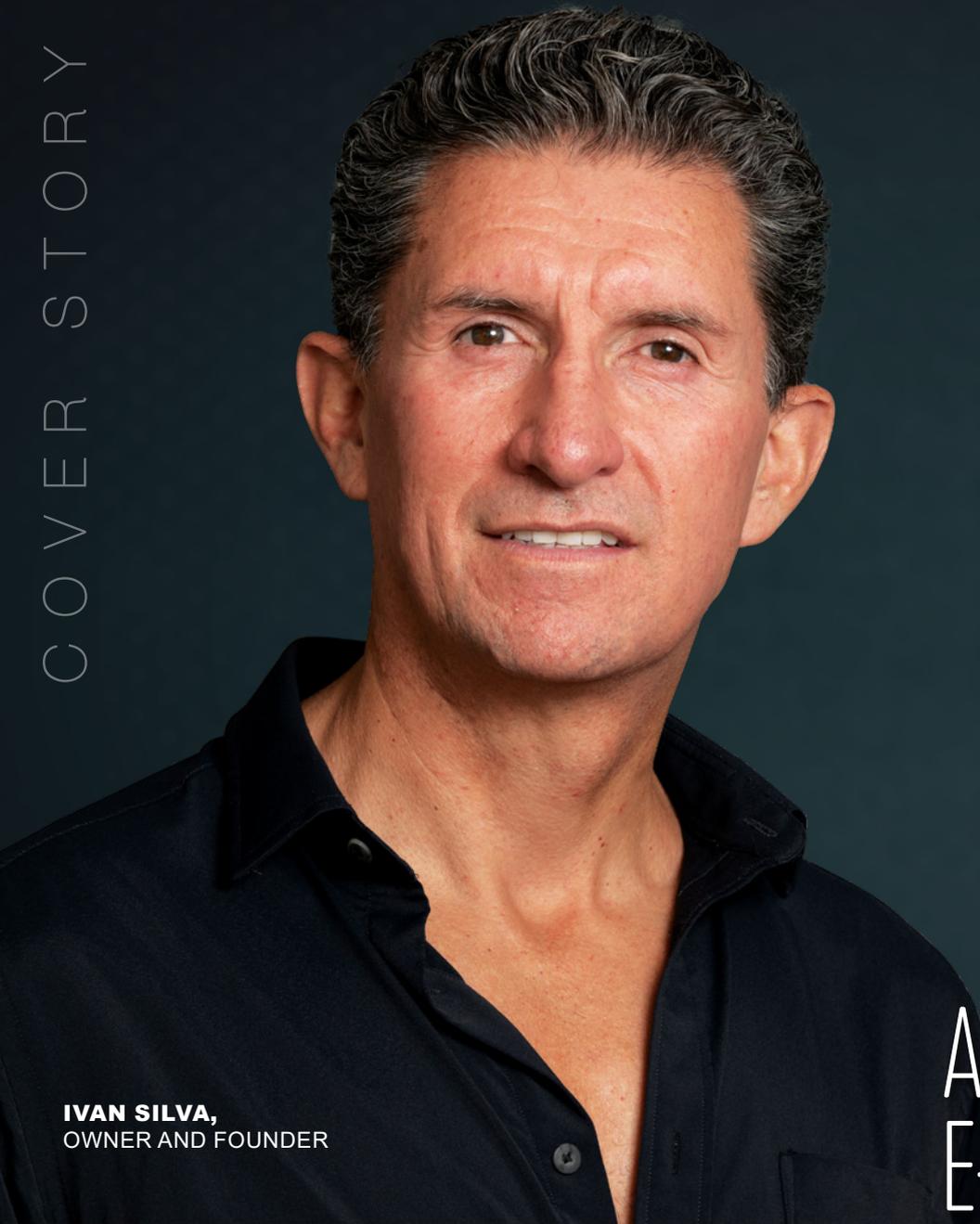
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TaxMe

AUTOMATING E-FILING OF TAX
RETURNS—SETTING THE STAGE

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AUTOMATING E-FILING OF TAX RETURNS— SETTING THE STAGE

“OUR DESIGN IS UNIQUE AND USER-FRIENDLY. OUR SIGNATURE METHOD IS THE MOST EFFICIENT AND SECURE IN THE MARKET”

By Hanna Wilson

If a business has at least one employee, including the business owner, the IRS requires them to file a payroll tax return quarterly. For years, employers or their accountants have been churning out the paper to comply with this requirement—millions and millions of filings per year. While the IRS encourages electronic filing, they don't offer the service themselves. Instead, they require taxpayers to either hire a tax professional or purchase IRS-approved software. Unfortunately, neither of these options is attractive, and the process typically requires an IRS-issued PIN, which can take about 45 days to receive by U.S. post. Frustrated by the intricacies of e-filing, many employers continue to file their forms on paper.

TAXME OFFERS THE PERFECT SOLUTION

TaxMe identified the systemic flaws in the e-filing process and saw a significant opportunity to fix them. TaxMe re-imagined the entire process from start to finish, using a completely different, custom-designed, button-based method that uses the latest encryption technologies.

WHAT IS THE SOLUTION AND WHY IS IT INNOVATIVE?

TaxMe's re-imagined process was developed so that employers of any size, in any industry, by themselves or through an advisor, can e-file their payroll tax returns (e.g., forms 941, 940) entirely online in minutes without paper, pens, scanners or IRS-issued PINs, the historic headaches.

“Our design is unique and user-friendly. Our signature method is the most efficient and secure in the market,” says Ivan Silva, founder, TaxMe.

In particular, TaxMe uses an industry-first method that allows users to self-select their PIN, even if they haven’t e-filed before. This method does not require a separate process and allows taxpayers to instantly file their returns online. While the system will generate all the IRS-required authorizations (e.g., Form 8879-EMP), these documents are automatically created behind the scenes by TaxMe’s software.

From the design perspective, TaxMe’s process is clean and crisp, with nothing to buy, download, or configure. The process uses a friendly, button-based navigation system that is easy to follow and understand, allowing taxpayers to enter data as they would on paper form. The software performs

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all calculations and moves entries to the appropriate lines. If taxpayers have a balance due, the system enables them to enter their banking credentials and pay their bills with the click of a button. Similarly, if they need to file as a semiweekly depositor, the system seamlessly pops open the monthly schedule.

As an added bonus, TaxMe ensures their data is clean and error-free before filing. It requires users to click a “Validate Button” that checks for the most common errors and indicates entries that must be fixed before submission. If taxpayers find an error during a review, they can easily make the change(s) and re-validate the data. Once they are completely satisfied with the return, TaxMe will transmit the return to the IRS and email them the IRS acknowledgment within 24 hours when the IRS systems are operational. Clients love this feature, as it documents the exact time the IRS receives their returns. And if a return is rejected, clients don’t need to worry as TaxMe helps them understand the reason for the rejection and assists in re-filing.

Speaking of security, TaxMe’s server-client communications meet or exceed the general standards of cryptographic protocols and are designed to provide

communication security over the internet. Being innovative from the security standpoint, the company is also innovative in that and has eliminated usernames and passwords because such use exposes users’ information to the internet and puts their data at risk.

TaxMe takes security to the next level and does not use databases to store data. Instead, in an innovative design, each return is saved in its own encrypted file, making the customer data extremely secure and resistant to large-scale hacks. In yet another attempt to distinguish it from the crowd, TaxMe rolled out a completely optional face recognition feature, which can be used to pre-populate certain data and eliminate repetitive entries. This is the first solution to use facial recognition technology as two-factor authentication to safeguard taxpayer data.

WHAT ARE THE OTHER BENEFITS OF TAXME’S SOLUTION?

TaxMe’s products are always free to try. Taxpayers can hop onto the system to see if they like it. The fee is always prominently displayed on the website and users only pay if they decide to file with TaxMe.

Simplicity. All of the software is contained in the web-based platform, so they don’t have to download and configure anything. Users will never need to purchase an update or worry whether they’ve got the latest version. All they need to do is select the right period and file away. Want to file multiple forms? No problem. Simply open multiple windows and prepare each form in a separate window.

The software is vendor agnostic and can be used with any accounting system, as the web-based platform stands alone and doesn’t need to be integrated. This is especially helpful for employers who do not need an entire payroll package. Since TaxMe doesn’t have usernames or passwords, there is nothing to remember or have stolen.

As a software developer, TaxMe doesn’t use any third-party services in its e-filing process. “We are self-sustained and don’t depend on anybody else,” adds Silva.

If users have questions, they can chat with live support.

“Finally, since the information that comes to their servers is cleaner and free from unhandled errors, it streamlines the process for the IRS” says Damian Karjane, owner and founder, PayMe. This significantly speeds up refunds for customers, as the IRS takes an average of eight months to process an employment paper form.

HOW WAS THE BUSINESS IMPACTED BY COVID-19

To help small businesses struggling through the pandemic, Congress passed COVID-19 legislation containing many new tax benefits, all of which flowed through form 941. To

accurately report these benefits, the IRS initially updated the payroll tax return by increasing it from two to three pages and tripling the data fields. Thereafter, it changed the form almost quarterly. Many taxpayers were unprepared for the complexity of these changes.

Businesses that purchased IRS-approved software often struggled to download and integrate the updates. Many companies couldn’t handle the changes and had to manually prepare or enter information. Often, they ended up just filing by paper.

Such constant change was not a problem for TaxMe, which was easily able to update its software as the IRS rolled out new versions of the form. It did not get distracted by the additional payroll complexities their competitors faced.

them! You take all the guessing out, making it impossible to screw up the return!”

HOW DID TAXME START

TaxMe has been an approved IRS e-file provider since 2010, but it didn’t roll out this web-based solution until 2019, when it initially went to market utilizing a platform developed by PayMe, Payroll Filing Made Easy. The process showed the solution worked, but it also highlighted areas that needed improvement. When COVID hit, and the IRS released its first set of changes, PayMe migrated the business to TaxMe, which introduced a new platform that contained an improved architecture. Now PayMe acts as a conduit to route customers to TaxMe, which does all the heavy lifting.



And consistent with TaxMe’s design aesthetic, the platform highlighted all the new COVID lines in blue and added explanations where relevant. It even added an extra line or two when required to automate the new COVID-related worksheets.

WHO ARE TAXME’S CUSTOMERS

With thousands and thousands of returns filed and a 100 percent customer satisfaction rate, TaxMe’s customers come in all sizes and shapes, especially CPAs. Recently, TaxMe has seen an uptick in filings from state organizations, such as boards of education, schools, and county offices. Like other customers, they use TaxMe’s software to access its many advantages. As one customer stated, “Hi Guys - Awesome software! Makes it so painless to submit 941’s, which normally can have SO many problems when the IRS reviews

To implement its vision, TaxMe first had to get recognized by the IRS as an Electronic Return Originator (ERO), Software Developer, and Transmitter. Classification in all three categories is fairly unusual and was crucial to allowing TaxMe to roll out its innovative, industry-first solutions.

WHAT’S NEXT

The company would like to grow by spreading the word to paper filers and others not satisfied with their current filing strategy. In addition, TaxMe is continually trying to improve its service by modifying the website based on client feedback and updating for law changes.

TaxMe also looks forward to delivering the same e-filing experience to users in the payroll space for e-filing other forms and plans to onboard more forms with similar processes to its platform to drive maximum value to clients. 