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## **ADP Study Shows Increasing Government Regulation Is Resulting in More Unexpected Fines for Midsized Business Owners**

### **Despite Fines, Business Owners Confident Their Companies Will Be Compliant With the Affordable Care Act, Payroll Tax Laws and Other Workforce Regulations**

ROSELAND, NJ -- (Marketwired) -- 03/29/16 -- A recent ADP® study reveals that while the vast majority of midsized business owners express confidence in being compliant with payroll tax laws and other workforce regulations, more than one-third experienced unintended expenses due to non-compliance.

The fourth annual [ADP Midsized Business Owners Study](#) surveyed more than 700 business owners and executives at U.S. companies with 50-999 employees. The research revealed that nearly half of business owners do not know how many fines they incurred in the past 12 months or how much they cost their organizations. Of those business owners surveyed who could recount the fines experienced, the average number of fines doubled to 13 over the past four years.

"When it comes to compliance, it's clear that business owners' perception doesn't reflect reality," said Tom Perrotti, president of ADP's Major Account Services. "If employers are overconfident in their ability to remain compliant and don't know the impact these fines have on their bottom line, they're losing money due to non-compliance and don't even realize it. Companies need to recognize that compliance is not a one-time investment, but an ongoing journey. Trying to solve compliance challenges with only internal resources can sometimes end up costing more than paying a third-party expert to help."

According to the study, some of the leading reasons for being fined include:

- | Payroll taxes
- | Workers' compensation
- | Sales and use tax

### ***Affordable Care Act (ACA) Compliance and Concerns***

Today, employers who averaged at least 50 full-time employees (including *full-time equivalent* employees) during the preceding calendar year are required to offer "affordable" health insurance to their full-time employees (generally those averaging 30 hours or more of service per week) or pay a penalty. They are also required to track, record and report specific health care insurance and workforce information for each qualifying employee to meet the regulatory requirements of the Internal Revenue Service (IRS).

According to the survey, only 25 percent of business owners are completely confident their organizations understand ACA regulations and less than half feel they are well prepared to effectively manage the complexities of eligibility and affordability requirements of benefit plans under the ACA.

While three-quarters of respondents express some degree of confidence they'll be compliant with ACA regulations, only slightly more than one-third are completely confident their organizations will be compliant.

"Business owners' confidence in their ability to comply with ACA requirements may be due to their reliance on their HR/Benefits staff or third-party experts to handle all aspects of understanding and complying with the law," said Perrotti. "While the majority of midsized companies report they're handling ACA compliance tasks in-house, more are considering outsourcing. Almost 25 percent of respondents this year said they're more likely to consider outsourcing benefits, up from just nine percent two years ago."

The research also revealed that:

- | Only one-quarter of business owners completely agree that their company has the tools needed to make the best health benefits decisions.
- | Only 49 percent have a plan in place to lower the cost of health care coverage.
- | 46 percent of employers feel providing employer-sponsored medical health insurance is a major barrier to achieving

their company's business goals, up from 29 percent in 2014.

To learn more about the study results, download a free copy of the action paper [here](#).

For legislative updates and their impact on employers, please visit [Eye on Washington: Legislative Updates](#) and subscribe to receive email alerts.

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