

Payroll Institute of Australia Highlights Alternatives to Xero Payroll Amid Rising Costs for SMEs

September 09, 2024

Brisbane, QLD - September 09, 2024 - PRESSADVANTAGE -

Brisbane, Australia ? The Payroll Institute of Australia (PLIA) has raised concerns following Xero's recent pricing changes, which could significantly impact small and medium-sized enterprises (SMEs) across Australia. As of July 2024, Xero's popular Payroll-Only plan will be discontinued, forcing users to shift to more expensive options. This change is prompting many business owners to explore alternatives that offer similar or enhanced features at a lower cost. In response, PLIA has identified the top three payroll solutions that small businesses should consider to maintain efficiency and compliance without straining their budgets.

Xero has been a preferred choice for small businesses looking to manage payroll and comply with Single Touch Payroll (STP) requirements. However, the company's decision to eliminate its Payroll-Only plan has sparked concern. Previously priced at \$15 per month and supporting up to four employees, the plan will now be absorbed into Xero's Comprehensive Plan, which costs \$90 per month. This sixfold price increase is seen as a significant barrier for small businesses already navigating economic challenges.

"Xero's pricing shift could drive SMEs away from established providers in search of more affordable solutions," said the PLIA. "The financial burden on small businesses could be substantial, especially for those operating with tight margins. It's essential that these businesses have access to payroll services that are not only cost-effective but also meet compliance standards and offer robust support."

Many SMEs have expressed dissatisfaction with Xero's recent changes, citing the high cost and lack of advanced features. The significant increase in subscription fees is unaffordable for many micro-businesses and startups. Furthermore, Xero's platform lacks some of the sophisticated payroll management tools that competitors offer, leading to concerns about the software's ability to meet the evolving needs of growing businesses. Users have also reported difficulties in integrating Xero with other business tools and software, which has created additional challenges for companies relying on streamlined operations.

PLIA has emphasized the importance of exploring alternative payroll platforms that are tailored to the needs of small businesses. Key benefits of considering alternatives include potential cost savings, as many alternatives provide substantial savings compared to Xero's new pricing model. Additionally, competing platforms often offer more intuitive and user-friendly interfaces, making them easier to navigate for small business owners who may not have dedicated payroll personnel. Enhanced customer support and compliance features are also a consideration, with many Australian-focused solutions offering superior assistance and alignment with local regulations.

When selecting a Xero payroll alternative, small business owners are advised to consider several critical factors to ensure a smooth transition and continued compliance with ATO regulations. Ease of use is paramount; the platform should be straightforward for day-to-day payroll management, particularly for those without extensive payroll experience. Pricing remains a crucial factor, with plans needing to be affordable and flexible, particularly for businesses with a small number of employees.

Compliance with Single Touch Payroll (STP) reporting requirements is non-negotiable. Any chosen platform must be capable of reporting directly to the Australian Taxation Office (ATO) to avoid penalties. Features such as automated tax calculations, employee self-service portals, and direct deposit capabilities are essential for maintaining efficient operations. Additionally, integration with other accounting and business tools is key to ensuring that the payroll system fits seamlessly into the existing workflow. High-quality customer support and accessible resources are critical, as they provide the necessary backup when issues arise, ensuring that payroll processes remain uninterrupted.

As Xero increases its fees, PLIA highlights the availability of alternative payroll solutions that may offer better value for money. The first alternative is ClockOn, an Australian-made payroll and workforce management solution tailored for small businesses. ClockOn provides a comprehensive suite of payroll services that are ideal for SMEs, including STP compliance with direct ATO reporting, employee scheduling, and time and attendance tracking. ClockOn's pricing is highly competitive, with plans starting from \$135 per year, making it a cost-effective alternative to Xero.

The second alternative is ELMO Software, a cloud-based platform offering a robust HR, payroll, and rostering solution for small to medium-sized businesses. ELMO Software provides full-service payroll processing with STP compliance, as well as advanced reporting and analytics capabilities. The platform's modular approach allows businesses to pay only for the features they need, which can lead to significant cost savings compared to Xero's comprehensive plan.

Finally, Reckon is highlighted as a well-established Australian software provider offering a reliable and affordable payroll solution that integrates seamlessly with its accounting products. Reckon's payroll system is designed with ease of use in mind, providing simple setup and strong integration capabilities with

accounting, payroll, and invoicing tools. Reckon's pricing is competitive, often lower than Xero's revised plans, making it particularly attractive for small businesses seeking a cost-effective solution.

Switching from Xero Payroll can be a smooth and manageable transition for businesses seeking cost-effective alternatives. Solutions like ClockOn, ELMO Software, and Reckon provide reliable, compliant, and user-friendly payroll options tailored to the needs of Australian businesses. Each platform offers distinct advantages, with ClockOn known for its simplicity and affordability, ELMO Software recognized for its comprehensive feature set, and Reckon praised for its seamless integration with accounting services. These alternatives ensure that businesses can maintain efficient payroll management without compromising on quality or compliance.

About the Payroll Institute of Australia (PLIA)

The Payroll Institute of Australia (PLIA) is dedicated to supporting Australian businesses by providing expert guidance on payroll management, compliance, and software solutions. As a trusted authority in the industry, PLIA offers resources and advice to help businesses navigate the complexities of payroll processing and stay up-to-date with regulatory changes. For more information, visit PLIA's website.

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Payroll Leadership Institute of Australia

The Payroll Leadership Institute of Australia is an organisation supporting payroll professionals with education and advocacy

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