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How Much Does Payroll Software Cost?

2021 PRICING GUIDE

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Businesses in the market for payroll software will want to carefully consider pricing before they make a decision. Although it can save companies time and money, the software requires setup and additional expenses.

Only a few payroll software vendors offer pricing plans on their websites. Most require companies to contact them directly for a price quote.

To help you better understand the payroll software market, we've put together this extensive pricing guide with common pricing models, additional costs to consider and examples of popular vendor pricing.

What is Payroll Software?

Payroll software helps businesses streamline complex payroll processes through automated calculations and payments. It reduces costly errors and time spent on administrative tasks, such as reviewing timecards and printing checks. Companies can also simplify tax filing and manage compliance with federal, state and local regulations.

Common features of payroll software include:

Payroll processing – The payroll processing feature automatically calculates employee gross pay based on hours worked, as well as any deductions for taxes, insurance and retirement contributions. It also takes into consideration bonuses, raises and overtime pay.

Tax management – With the tax management feature, companies can calculate federal, state, local, Social Security and Medicare taxes and deduct them from employee paychecks. This feature is regularly updated when tax codes change.

Tax form preparation – Tax forms, such as W-2, W-4 and 1099, are prepared at the end of each year or quarter. Companies can either print these forms or file them electronically when they need to report employee withholdings or submit taxes to the IRS.

Time and attendance – Time and attendance can capture employee hours via time-clock software or a manual time clock. Hours can then be used to calculate pay. This feature also keeps track of vacation and sick time. Some payroll systems have time and attendance features built in, while others may require integration with a separate module.

Benefits management – Benefits management keeps track of insurance, retirement, vacation/sick time and other benefits. This may be a built-in feature or a separate module.

Payment processing – Companies can process employee payments by printing paychecks or sending direct deposits to their bank accounts. In some cases, businesses can pay employees via paycards, which are similar to debit and credit cards.

Reporting – Reporting functionality includes templates and custom reports for metrics such as gross-to-net payroll register, compensation analysis, taxes and deduction analysis.

Employee self-service – The employee self-service portal lets employees view payroll, time and attendance, and benefits info through a web browser or mobile app.

Payroll: Keep it In-House or Outsource?

Payroll is more than just cutting employees a check. There are taxes to withhold, deductions for specific benefits and even wage garnishments. And for independent contractors, the process gets more complicated.

Larger companies may have the resources to hire a dedicated in-house payroll administrator. But for small to medium-sized businesses (SMBs), payroll duties may fall to accounting, human resources (HR) or even the business owners.

Businesses may decide to outsource the payroll function entirely to a third-party provider, especially if the company is small and doesn't want to handle complex tax codes and employment laws internally.

However, outsourcing payroll has its own challenges: Services can cost more than payroll software, mistakes can happen with an employee's paycheck and businesses can't be sure if their employees' personal info is secure.

Payroll software vendors have responded by rolling out hybrid solutions that combine payroll software and payroll outsourcing. This option generally means companies handle payroll internally throughout the year, except when an accountant reviews and files taxes.

This option can benefit companies that want control over payroll data, but not the headaches of running the entire payroll process. Both Patriot Software and Quickbooks (listed below) offer monthly software packages that outsource tax filing to third-party professionals.

Payroll Software vs. Payroll Module

Payroll software prices usually depend on the number of employees and level of features. There are three common payroll software pricing plans:

Per month, plus per employee monthly subscription plan – In a software-as-a-service (SaaS) pricing model, companies pay a monthly fee to access software through the cloud. The most common subscription plan for payroll software is a per month, plus per employee monthly fee.

For example, Patriot Software charges companies $10 per month, plus $4 per employee each month for the Basic plan. A company with 100 employees would pay $410 per month.

Monthly subscription plans often come in several tiers with varying levels of features and services. The most expensive plans may include more technical support, HR advice and a dedicated accountant to review and file taxes.

This option is popular with companies of all sizes because the monthly fee is small and the per employee, per month fee is scalable. Companies also have flexibility in the features they choose to deploy.

Per month subscription plan – Some vendors offer a per month subscription plan that includes an unlimited number of employees. These solutions, however, generally have limited functionality and support.

The ideal customers for per month subscription plans are small businesses that don't have extensive payroll needs. Larger companies will likely need more comprehensive features like tax filing and the ability to edit employee checks.

Perpetual license fee – Companies that deploy ERP, HRMS or accounting solutions on-premise can often purchase a perpetual license for a payroll module as well. This one-time fee is generally much higher than a monthly subscription price and doesn't include upgrades.

With a perpetual license, however, companies have more opportunities to customize the software. In addition, the payroll module is better integrated with other modules for accounting, HR, and time and attendance.

Additional Costs to Consider

There are additional costs for payroll software beside the subscription or license fee. Here are a few expenses that businesses should consider:

Implementation – Implementation includes adding employee info and business tax data, as well as integrating the software with other solutions, such as accounting, time and attendance, or an HR self-service portal. Some vendors include implementation with their more expensive monthly subscription plans, while others will charge an extra fee.

Support – Limited support (e.g., knowledge base, email support) is generally included in basic subscription plans. Priority support and access to a dedicated customer service manager, however, are generally offered with the higher tiers of features.

Maintenance – Payroll software often requires ongoing maintenance, including updates, patches and upgrades. This is

particularly important because tax codes can change from year to year. For companies with a perpetual license, obtaining software upgrades usually requires additional fees.

Payroll Software Vendor Pricing

We've compared pricing for several popular payroll solutions. Note that many vendors don't publicly list pricing info, so you'll need to contact them directly for a quote.

CheckMark Payroll targets small businesses and has two pricing plans.

The Pro plan costs $449 for full features, online access to program fixes and up to 90 minutes of support within the first year. The Pro+ plan is $519 and includes up to five hours of priority support in the first year, exclusive live chat support and reduced data recovery rates.

Gusto is an online payroll system that includes benefits management and compliance for small businesses. It has four pricing tiers.

The Basic plan is recommended for one or two users and costs $19 per month, plus $6 per employee, per month. It includes full-service payroll in any single state, employee self-service, workers compensation administration, four-day direct deposit, paid time-off policies and unlimited phone, email and chat support.

The Core plan costs $39 per month, plus $6 per employee, per month. It adds on full-service payroll in all 50 states, two-day direct deposit, employee onboarding tools, integration with accounting and time-tracking software, health insurance administration, Payroll on Autopilot, employee access to Gusto Wallet and employee offers and document management features.

The Complete plan is $39 per month, plus $12 per employee, per month and adds next-day direct deposit, time-off requests, project tracking, customizable employee onboarding features, access permissions, an employee directory and an employee survey features.

The Concierge plan costs $149 per month, plus $12 per employee, per month and adds an HR resource center, advice from certified HR experts and access to a dedicated support team.

There's a Contractor plan for companies that want to pay their 1099 contractors. It costs $6 per contractor (no base price) and includes unlimited contractor payments, contractor self-service and 1099 form creation and filings.

Gusto also offers options for employee benefits.

401(k) retirement plans cost $8 per participant, per month ($39 per month minimum). The 529 college savings plan is $6 per participant, per month ($18 per month minimum), and healthcare reimbursement starts at $15 per employee, per month.

Patriot Software is a web-based payroll system for small businesses with two plans.

The Basic plan is $10 per month, plus $4 per employee. It includes paychecks, direct deposit, printable W-2s, setup and expert support.

The Full Service Payroll plan is $30 per month, plus $4 per employee. The vendor will file federal, state and local taxes on behalf of the company.

The vendor also provides add-on time and attendance ($6 per month) and HR features ($6 per month).

QuickBooks is a comprehensive business accounting solution from Intuit. As discussed in our research on Quickbooks pricing, companies can purchase the online payroll module separately or have it integrated with the desktop software.

The online payroll module has three pricing plans.

The Core plan costs $45 per month ($22.50 for the first three months), plus $4 per employee, per month. This plan includes full-service payroll, unlimited payroll runs, calculating paychecks and taxes, next-day direct deposit, employee self-service, health benefits, 401(k) plans, expert product support and availability in all 50 states.

The Premium version is $75 per month ($37.50 for the first three months), plus $8 per employee, per month. It adds same-day direct deposit, mobile time tracking, on-boarding expert review, workers compensation administration and a HR support center.

The Elite Plan costs $125 per month ($62.50 for the first three months), plus $10 per employee, per month. It adds on white-glove customized setup, mobile time and project tracking, 24/7 expert product support, tax penalty protection and support from a certified HR expert.

Payroll for Quickbooks Desktop also has two pricing plans.

The Enhanced plan costs $50 per month ($25 for the first six months), plus $2 per employee, per month. It includes many features, such as direct deposit, the ability to pay W-2 and 1099 workers and payroll tax forms.

The Assisted plan is $109 per month ($32.70 for the first six months), plus $2 per employee, per payroll. It adds on 24/7 premium support, and a payroll expert sets up the software and files company taxes each year.

Rippling Payroll is a module within Rippling's HR platform that provides flexible features for quick payroll processing. It is priced at $8 per employee, per month, and the vendor also offers optional HR outsourcing packages. If interested, please contact the sales team for a quote.

Workful is payroll and HR solution that helps small businesses run their operations more efficiently. It has an all-inclusive price that starts at $25 per month, plus an additional $5 per employee, per month.

Zenefits is a comprehensive HRMS solution. To access the payroll module, companies must purchase the entire software, which has three pricing options.

The Essentials plan is $10 per employee, per month ($8 if billed annually).

The Growth plan costs $18 per employee, per month ($14 if billed annually).

The Zen plan is $27 per employee, per month ($21 if billed annually).

The vendor also offers add-on modules. The payroll module is normally $6 per employee, per month but Zenefits is offering it to new clients for free for the first year to help small businesses impacted by the coronavirus pandemic. Benefits administration is $5 per employee, per month with an existing broker or free with a Zenefits partner. HR advisory services cost $10 per employee, per month ($8 if billed annually).

Bottom Line

Most of the payroll software vendors listed above have monthly per employee subscription plans with varying levels of features.

Companies looking for payroll software should carefully consider their needs and whether they want like assistance from an accountant or HR professional.

If you'd like to compare solutions, check out our reviews for over 20 payroll software vendors.