

Food Franchisee Uses Paycom's Tax Credits Service to Add \$447,000 to the Bottom Line

Saved 75 hours per year in processing tax credits

Secured \$447,000 in government-appropriated funds

Received an average of **\$1,128 per certified employee**

In the competitive fast-food industry, flipping a profit can be as challenging as grilling the perfect hamburger: rare, but given the right ingredients, well-done. A growing fast-food franchisee faced the challenge of cashing in on available federal tax credits, tax savings for eligible new hires. With separate payroll and tax credit providers, executive management knew it was a no-brainer to seek a cohesive solution. With over 750 employees across 35 locations in three states, and hiring an average of 90 employees per month, the chief financial officer recognized his hourly employee base had a high probability of meeting the criteria for tax credits.

Problem

Lack of integration of payroll and tax credit solutions.

Prior to Paycom, the franchisee used different payroll and tax credits providers. Since securing federal tax credits requires verification of applicant and payroll information, going back and forth between vendors posed a problem.

"We'd have to provide the third-party provider with a lot of data once applicants completed the prehire documents for credits," the company's CFO said. While he knew they needed to find a reliable resource, he also was aware they were in no shape to tackle the administrative burden in-house. Finding a provider that could handle the complete package was a *must*.

"In the fast-food industry, approximately one in four new hires are potentially eligible for a credit, as opposed to one in eight in all other industries."



Solution

An all-in-one application was imperative to boosting their bottom line.

As an experienced industry leader, the CFO made the decision to switch to Paycom, listing a major selling point as its Tax Credits service.

Now, the franchisee's prescreening process runs like a finely tuned assembly line. Once an applicant completes the required paperwork on or before the offer date, he or she is screened automatically upon entry into the Tax Credits tool. Afterward, the company receives an instant potential-eligibility notification for credits. The HR team completes its portion of the requested information and sends it to Paycom's Tax Credit department for processing. Any federal tax credits found are applied almost dollar-for-dollar against the federal income tax liability. Best of all, the company pays nothing if credits aren't discovered – a win-win from any standpoint.

"We work awfully hard for a slim margin," said the CFO. "It's a competitive business, so if we can get credits that our competitors don't, then that gives us an edge."

Results

With Paycom, the company has received over \$447,000 in federal tax credits — a huge impact on its bottom line. To make as much in profits, it would have to sell approximately 5.5 million hamburgers.

"Some of our restaurants operate all year and won't make a profit of \$100,000," the CFO said. "What we annually qualify for in tax credits is more than the equivalent of one of our restaurants working 12 months."

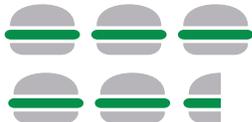
Additionally, the company reduced the amount of time spent processing tax credits, saving over 75 hours per year, which totals to almost two weeks' worth of work.

Running tax credit checks became the standard procedure. With Paycom's pay-only-if found policy, the company stood to profit from available tax credits that offset its federal income tax liability.

WOULD HAVE TO SELL

5.5 MILLION

HAMBURGERS



TO RECEIVE THE SAME

FINANCIAL
BENEFIT

AS THE

\$447,000

IN TAX CREDITS

This case study reflects actual data and results from a Paycom client. Because of our commitment to protecting the identity of our clients, we do not share their name publicly. However, we have many happy clients eager to share their story with you when you're ready to meet with one of our Paycom representatives.