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About the Business

# Well-run payroll business with formal client agreements and strong market reputation

Well-established payroll outsourcing business with efficient systems and a collaborative team structure. The company serves a diverse client base, providing reliable payroll processing and responsive support. Its streamlined operations make for easy transition to new ownership. Positioned for continued success in a growing market segment.

# Well-run payroll business with formal client agreements and strong market reputation



Sector: Services

Asking Price:

R 5,000,000

**Monthly Profit:** 

R 158,238

Asset Value: R 50,000

Stock Value:

R 0

Yearly Net Profit :

R 1,898,852

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### Fully describe the business's activities?

This established payroll outsourcing provider, based in, Gauteng, offers comprehensive payroll, salary, and administrative services to businesses seeking to streamline their payroll operations. With a strong focus on professionalism, compliance, and efficiency, the company manages all aspects of payroll processing, including salary and wage calculations, statutory deductions, leave management, and payslip generation. In addition to handling third-party payments and ensuring full compliance with relevant legislation, the business provides consulting services to help clients optimise their payroll processes and maintain adherence to regulatory requirements. Administrative support is also available, covering employee record maintenance, payroll reporting, and assistance with audits or tax authority queries. By delivering personalised and accredited payroll bureau services, this provider enables clients to focus on their core activities while ensuring that employees are paid accurately and on time, and that all statutory obligations are met.

### How long has the business been established?

Since 1997

### How does the business operate on a daily basis?

In a typical day, the business opens with the payroll administrators reviewing client requests, emails, and any urgent queries that may have come in overnight. Each administrator is generally assigned a portfolio of client companies, for whom they are responsible for the full payroll cycle. This includes collecting and verifying timesheets or salary data, processing payroll runs, calculating statutory deductions (such as PAYE, UIF, and SDL), and preparing payslips. Administrators also ensure all payroll deadlines are met.

The owner, being actively involved, usually oversees the workflow, provides guidance on complex or unusual payroll issues, and ensures compliance with the latest SARS and labour regulations. The owner also handle business development, and quality control—reviewing payrolls before final submission, signing off on statutory returns, and troubleshooting any escalated issues. The owner often steps in to assist with processing during peak periods or when an administrator is absent.

They are also responsible for preparing and submitting monthly and annual statutory reports, such as EMP201 and EMP501 reconciliations, and ensuring all payments to SARS and third parties are made on time. Administrative tasks—such as maintaining client and employee records, updating payroll software, and preparing management reports—are distributed among the administrators, with the owner ensuring that all processes are followed and that data security and confidentiality are maintained.

The business relies on digital tools and payroll software to streamline operations, minimise errors, and maintain compliance. The owner's hands-on approach ensures that the team remains responsive to client needs and that the business maintains its reputation for accuracy, reliability, and personal service.

## Does the business have any contract work?

Yes, service agreements must be in place either before or after the first payroll cycle is run. In some cases, payroll services may be delivered initially, and the client will enter into a service agreement afterwards. This approach allows the client to assess the quality of work performed before committing to a formal agreement.

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### How could the profitability of the business be improved?

Profitability in a payroll outsourcing business can be increased by expanding the client base through targeted marketing and referrals, offering additional services such as HR administration or compliance consulting to boost revenue per client. Scaling efficiently and emphasising the boutique, high-touch nature of the service can help differentiate the business and support sustainable profit growth.

### Give a breakdown of staff/functions/length of service?

3 x Payroll administrators

#### How involved is the Owner in running the business?

The owner is involved on a daily basis.

#### When does the current lease end?

At present, the office is based at the owner's residence, and the nature of the work provides staff with the flexibility to work remotely. However, the ideal scenario is to establish a dedicated office in Pretoria, which would serve as the main base of operations.

#### What are the main assets of the business?

Office equipment with computers.

#### Strengths?

- Deep expertise in South African payroll regulations and statutory compliance, ensuring accurate and reliable service delivery.
- Personalised, boutique service model that fosters strong client relationships and high retention rates.
- Use of advanced payroll software and digital tools to streamline operations, minimize errors, and maintain data security.
- Flexibility to scale services as clients grow, with the ability to offer tailored solutions for businesses of varying sizes.
- All clients are required to have formal service agreements in place, ensuring clear terms, legal protection, and predictable revenue streams.

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## Weaknesses?

- Limited brand recognition compared to larger, corporate competitors.
- High operational costs associated with maintaining up-to-date technology.

# **Opportunities?**

- Growing demand for outsourced payroll and HR services as businesses seek to focus on core activities and reduce administrative burdens.
- Expansion of service offerings, such as HR administration, compliance consulting, and employee benefits management, to increase revenue per client.
- Adoption of new technologies (e.g., cloud-based payroll, automation, AI) to improve efficiency and offer value-added services.
- Increasing regulatory complexity, which positions compliance-focused providers as trusted partners.

#### Threats?

• Economic fluctuations that may impact client budgets and demand for outsourcing.

#### What is the reason for the sale?

The owner wants to retire.

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