



# Keep up to date on **ACCOUNTS PAYABLE™**

Inside information on how leading companies are managing cash and payments, in a fast-read format, twice a month.

February 17, 2020

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## CFO DAILY NEWS

CFO Daily News, part of the Catalyst Media Network, provides the latest finance and employment law news for finance professionals in the trenches of small-to-medium-sized businesses. Rather than simply regurgitating the day's headlines, CFO Daily News delivers actionable insights, helping finance execs understand what finance trends mean to their business.

## 78% feel year-end burnout: Best ways to bounce back

### ■ Ready to rejuvenate your department?

The high stakes and long hours around year-end can certainly take a toll on even the most hardworking, persevering A/P staffers.

For weeks, you're busy verifying vendor details, double-checking IRS instructions and finalizing 1099s – all while managing your normal workload, too.

That can lead to serious burnout and stress for your whole department, a fact that was confirmed in a recent poll on our *Keep Up to Date on Accounts Payable* website.

When asked if their A/P staff feels burned out around year-end, the vast

majority (78%) of your peers said “yes, definitely.”

### A constant concern

Unfortunately, this workplace burnout isn't specific to the few months surrounding year-end.

Nearly a quarter (23%) of employees feel burned out at work very often or always, while another 44% feel burned out sometimes, according to a Gallup study.

Whether it's during year-end or the dog days of summer, you know burnout can have a big impact

*(Please see Burnout ... on Page 2)*

## Court decision: A/P staffer not liable for BEC scam

### ■ Email's wording was 'not unusual'

Here's good news in case your staff ever falls victim to a BEC scam.

A court said an individual staffer shouldn't be on the hook for losses.

Last year, we reported on the U.K. lawsuit where finance staffer Patricia Reilly fell victim to a BEC scam that resulted in about \$250K in losses.

The company fired and sued her, claiming she was liable for the \$138K it couldn't recover. It said she should have known the request wasn't from her boss because of the email address and how the message was worded.

But the court disagreed, saying the email address may not have been fully visible and the word choice was “not unusual.” Therefore, it ruled, Reilly didn't have to repay the \$138K.

### Keep your guard up

Though generally this is a win for A/P, Reilly still lost her job and got caught up in a multiyear legal dispute, all because of a BEC scam.

You should ensure fraud training remains a top priority in your office.

Info: [bit.ly/becscam510](http://bit.ly/becscam510)

## Burnout ...

(continued from Page 1)

on you as an individual and your A/P department as a whole. It can have negative effects on health, productivity, efficiency and more.

As one of the most crucial roles at your company, you want to avoid burnout as much as possible.

### Shifting your mindset, practices

Check out four strategies from the A/P specialists at Centreviews to reduce workplace burnout:

**1. Be realistic.** Some staffers may be guilty of perfectionism. And while it's good to have big goals, setting standards *too* high at an unrealistic level can lead to dissatisfaction and burnout.

That's why you'll want to verify A/P sets practical and attainable goals. That could include anything from software implementation and vendor adoption to error rates and annual discount capture.

When you reach goals and gain a sense of accomplishment, you'll be more motivated to keep working hard.

**2. Focus on good recordkeeping.** To ensure smooth operations, A/P must be able to access the right info quickly. That encompasses not only payment data but things like notes from vendor calls or project meetings.

So, apply those great organizational

skills of yours to recordkeeping.

It'll make A/P's job so much easier anytime you need to resolve issues or make important decisions. When things run smoothly, burnout is less likely, Centreviews explains.

**3. Mix it up.** There's no denying that some A/P tasks are repetitive and mundane. And doing the same things over and over can lead to burnout.

To combat this, try grouping similar tasks together and scheduling them for different days of the week.

Spacing out tedious tasks and mixing in strategic or group work breaks things up and creates variety so folks don't get burned out or bored.

**4. Develop a thick skin.** A/P often takes the brunt of the heat when issues arise. Your team is no stranger to annoyed employees or frustrated vendors, and these interactions can be draining.

Still, your staff must stay positive as you work through things. And taking a few minutes *before* tackling issues to prepare and get in the right frame of mind can lead to better outcomes, Centreviews says. When A/P staffers pause and reflect, they won't act rashly, and they'll be more rational when handling situations.

Lastly, remind your staffers that everyone's doing their best and they shouldn't take things personally. With this outlook, A/P will be able to work through issues – and then move on.

*Info: [bit.ly/burnout510](http://bit.ly/burnout510)*

## Sharpen your judgment

*This feature provides a framework for decision making that helps keep you and your company out of trouble. It describes a recent legal conflict and lets you judge the outcome.*

### ■ Errors, lies uncovered when staffer's on leave: Fireable?

A/P Manager Jenn Smith knocked lightly on HR Manager Harry Green's door. "You wanted to talk about Leslie Nolan?" she asked.

"Come on in," Harry said. "As you know, after we fired Leslie, she decided to sue us for discrimination and retaliation. I wanted to review the details with you one more time."

"Sure. Well, when Leslie went on maternity leave, I had other staffers fill in and help with her duties," Jenn began. "During that time, we came across some problems with Leslie's work. There were errors that someone with her experience shouldn't have made."

### 'Embellished' experience

"That's when it dawned on you that she might have lied about her qualifications?" Harry asked.

Jenn nodded. "I found a resume from two years ago when she applied for another job and compared it to the one she gave us. It appeared she'd exaggerated her experience and qualifications. So, we let her go the day she returned from leave."

Harry sighed. "Unfortunately, since this all happened around her leave, Leslie's claiming discrimination and retaliation," he said. "She's saying her resume only had small 'embellishments' and that we fired her right when she returned from leave without giving her a chance to improve her performance."

"I still think we did the right thing," Jenn said cautiously.

Jenn's company fought Leslie's lawsuit, saying it was within its right to fire her. Did it win?

■ *Make your decision, then please turn to Page 6 for the court's ruling.*



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EDITOR-IN-CHIEF: ALYSSA EVANS  
aevans@cfodailynews.com  
MANAGING EDITOR: JENN AZARA  
PRODUCTION EDITOR: JENNIFER ERB  
EDITORIAL DIRECTOR: CURT BROWN

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# Networking with Other A/P Pros

Our subscribers come from a broad range of companies, both large and small. In this regular section, three of them share success stories you can adapt to your own unique situation.

## 1 Keeping A/P on track with multiple offices

Managing invoices and payments in one office is difficult enough. But because our company had two offices, we faced even more challenges.

We receive a lot of interoffice packages, envelopes and boxes.

And no matter how thorough we were, there was always a hint of doubt or uncertainty of whether, between our two offices, we covered everything.

### Teamwork and efficiency

So, we took some steps to lessen that doubt in both offices.

First, we created detailed Excel spreadsheets of all the invoices that come in and the purchase orders that they apply to.

We keep one spreadsheet at our office and they keep another at theirs. Then each month, we compare our spreadsheets to double-check that we haven't missed anything.

Along with ensuring our payment process is running smoothly, it's nice knowing that at least once a month, our two offices are setting aside some time to collaborate. It creates a culture of teamwork.

And speaking of culture: We also work

hard to promote a culture of efficiency.

We talk with everyone involved in A/P processes about the challenges that arise with interoffice work and why it's so important to stay on top of things like approvals and paperwork.

Because everyone understands and knows things are going back and forth between offices, they've gotten really good about getting their A/P work done in a timely manner.

I'm happy to say both of our offices have become pretty efficient!

*(Gina Cusimano, A/P Clerk, Global Maritek Systems Inc., Fort Lauderdale, FL)*

## IMPROVING YOUR OWN A/P PROCESS

## 2 How our annual review leads to cost savings

We heard it all the time: A/P's a cost center, not a profit center.

We were determined to change that.

Our team started brainstorming strategic ways we could better track, assess and reduce A/P costs.

### Evaluate first, then act

That led us to the idea of conducting an annual review of our cost structure.

We opted to do the review once a year so it's not too time-consuming,

but it allows us to see how things change from one year to the next.

It looks at everything from invoicing to p-cards to payments, and it helps us assess where we may be able to reduce costs.

After seeing the evidence and identifying our best opportunities for cost savings, we can take action.

For example, an early review showed how much money we were wasting processing paper checks.

So, we acted on that. We began reaching out to any vendor that

received more than five checks from us per year to convert them to ACH.

That was an essential first step. After, we moved on to focus on reducing related expenses, like how much it costs to get invoices into our system.

With these reviews, we can identify new ways to turn A/P into a profit center every single year.

*(Michael Clark, A/P Manager, Southwest Airlines, as presented at the A/P P2P Conference & Expo, Las Vegas)*

## 3 Better training, less hassle for everyone

Training employees on company policies and procedures is a big, critical responsibility.

But considering how often things change or people come and go, it was nearly impossible to keep up with.

The truth was, I didn't have time to give employees thorough, detailed training whenever process changes occurred.

To help, I tried sending employees emails with instructions about changes

that they could read in depth on their own time.

But that was a bust. Employees simply kept doing things the old way.

I needed a different approach.

### Peer-to-peer learning

I asked my company to let me pull some of our top employees away for a short time to train their peers.

And it was a huge success!

Because employees were learning from their co-workers, they truly listened and absorbed the lessons.

Plus, these top employees were able to take more time to show step-by-step changes and really get down to the granular level with instructions.

Now, I'm no longer trying to rush through a general overview of process changes or sending written memos that won't get read.

This peer-based training method ensures everyone follows the most up-to-date procedures, so we're all working smarter.

*(Cathy Cox, Operations Training Supervisor, Holly Frontier Refining, El Dorado, KS)*

# T&E Spotlight

T&E comprises 8%-12% of the average organization's total budget – and it's also one of the areas where A/P can make the most impact. This regular feature showcases the latest ways you can save time and money on processing travelers' expense reports and reimbursements.

## CORPORATE CARD COSTS

Employees regularly use corporate cards for travel expenses, but does your A/P department know the *true* cost of this payment method?

For many companies, there's a fog of uncertainty surrounding corporate cards, according to a survey from the Global Business Travel Association.

Specifically, the survey found that a lot of corporate card confusion stems from rebates and fees.

### The knowledge gap

For companies that have rebate agreements with their card providers, almost a quarter (22%) weren't sure whether they were really receiving their full rebate amounts.

What's more, when it came to corporate card fees:

- 23% of companies didn't know if their cards had late fees or interest charges
- 21% didn't know if there was a fee for issuing or replacing a card, and
- 25% were unsure if there were fees for card renewals.

Essentially, some companies don't fully understand the additional savings and costs that can come along with their corporate card programs.

Without that awareness, Finance may not realize the *true* cost of using corporate cards.

### Educating the masses

Of course, sharing this message in A/P and Finance as a whole is step one.

To boost the bottom line, you'll want to make sure your company's getting the money it deserves via rebates and is actively working to avoid unnecessary or hidden fees.

And you can't effectively get rebates and minimize fees without the help of the employees using cards.

As a second step, you'll want to make sure these aspects are included in your card program training. You could even add a section to policy where you explain "additional card considerations and costs."

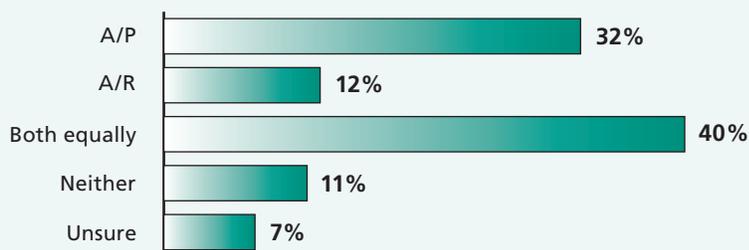
The more educated and aware everyone is, the more cost-effective your corporate card program can be.

Info: [bit.ly/ccards510](http://bit.ly/ccards510)

## Treasury has its eye on A/P

### Is Treasury more focused on A/P or A/R initiatives?

Note: Results are rounded and do not equal 100%.



Source: Strategic Treasurer, [strategicreasurer.com](http://strategicreasurer.com)

Right now, almost 75% of Treasury departments are focused on advancing your team. Even though A/P and Treasury have their own unique roles and responsibilities, it'd be smart to keep communication open and be proactive in suggesting new projects, technology or other opportunities for A/P.

## TEST YOUR KNOWLEDGE

### How to clear the clutter and purge those papers

Business expert Barbara Hemphill once said, "Clutter is nothing more than postponed decisions."

And once in a while, it's good to take time to clean up that clutter.

Answer *True* or *False* to see if you know the optimal ways to organize A/P's office space:

1. When scheduling a time to fully purge your desk or office, it's better to select one large block of time (like a full day) rather than drag it out for multiple days.
2. Time to tackle all those stuffed drawers! Organizational experts suggest cleaning drawers one by one versus clearing everything out at the beginning.
3. After you feel your space is organized and clean, you should schedule time for regular maintenance going forward. Twenty minutes per week is recommended.

## ANSWERS

1. *False*. Though it would be nice to clean everything in one day, it's usually not realistic, say the experts at BusinessTrainingWorks. Your regular workload can't fall by the wayside. Instead, schedule a couple hours here or there over the course of a few weeks.
2. *True*. Don't empty all drawers and cabinets at once, the experts warn. If you get interrupted or an urgent matter pops up, you'll be left with a giant mess. Work on one thing at a time.
3. *False*. The experts recommend allotting 15 minutes per day to remain organized long term. And once a week, you can make up for any daily organizing you had to skip on extra busy days.

Answers to the quiz:

# Performance Boosters

## PAYABLES NEWS

To help our readers improve payables operations, KAP selects the best ideas from a variety of sources and presents them in a quick-read format.

### **A surefire way to get vendors to adopt new technology**

As A/P goes digital, one big concern is whether vendors will get on board.

Will they really use your self-service portal? Are they actually going to be proactive about inputting their info?

Some of your peers have found success by requiring certain vendors to do these things in their contract terms. Essentially, A/P and Procurement add terms saying vendors will use your software and are responsible for adding and updating their own info.

If A/P ever receives pushback from vendor reps, it can reference the contract both companies agreed to.

*Info: As shared at the A/P P2P Conference & Expo, Las Vegas*

### **How to manage and work with all types in the office**

Do baby boomers, Gen Xers, millennials and Gen Zers really need difference approaches at work?

In some cases, maybe. But 42% of leaders said it isn't hard to lead across generations because "people are people," in a recent SmartBrief poll.

When working with a diverse group of employees, it may be better to:

- treat people as individuals
- focus on unique needs/goals, and
- use a one-on-one approach for feedback and recognition.

*Info: bit.ly/generations510*

### **Manufacturing exemptions: Where does your state stand?**

For A/P pros in the manufacturing industry, securing tax exemptions can make a huge difference in costs.

The key to maximizing savings? You must know how your state defines the start and end points of production, says accounting firm Cherry Bekaert.

Generally, states follow either:

1. **the integrated plant theory** (where any machinery/equipment essential to the process is exempt), or
2. **the direct use standard** (where only machinery/equipment directly used in the process is exempt).

You'll want to verify staffers and purchasers are aware of the distinction and know which theory to abide by for manufacturing purchases.

*Info: bit.ly/exemption510*

### **Customer service crisis! 4 short and sweet steps**

During a normal workday, an upset vendor calls, throwing you for a loop.

When faced with customer service issues, remember these four steps from executive coach Heather Wilde:

1. **Stay calm.** Don't panic! Try to be rational rather than emotional.
2. **Evaluate the situation.** Take in all the information. Get a full picture.
3. **Assess your resources.** What do you have available (people, tech, instructions, etc.) that could help?
4. **Act on the most urgent issue.** Even if you can't solve the overarching problem, there's usually something you can do to defuse things.

*Info: bit.ly/customerservice510*

## SOFTWARE SKILL BOOSTER

### **Word choice matters: A quick way to improve your text**

Need to find the right way to explain something in a report or doc?

Microsoft Word has a built-in Thesaurus to help you do just that.

Simply highlight any word and type **Shift + F7** to bring up the Thesaurus sidebar, which will list related words. Then you can scroll through until you find the right one.

*If you have a story idea or comment to share, contact the editor at aevans@cfodailynews.com*

### ■ **IRS redesigns CP2100 and CP2100A Notices**

If you get notices for backup withholding this spring, they're going to look a little different.

The Service recently revealed its CP2100 and CP2100A Notices were revamped to provide more information to help you, including:

- what to do after getting a notice
- which B Notice to use
- how and when to send B Notices
- types of TINs issued
- how to validate TINs, and
- when to stop backup withholding.

*Info: bit.ly/notices508*

### ■ **New resource to navigate online sales tax landscape**

If your company makes purchases from marketplace facilitators like Amazon or eBay, here's some help.

Due to all the recent economic nexus changes, The Multistate Tax Commission created a Wayfair Implementation and Marketplace Facilitator Collection work group. Its goal is "maximizing compliance while minimizing the burden" with online sales tax collection.

Now, it's produced a whitepaper, which will be updated regularly, that A/P and A/R can reference for general guidance on online sales tax.

Check it out below.

*Info: bit.ly/mtc510*

### ■ **Report: Not enough hands to manage the A/P workload**

In this tight job market, cultivating a full, top-notch staff isn't easy.

Four in 10 Accounting and Finance teams say they're understaffed, per a 2019 Robert Half report. And the biggest staffing challenge is finding skilled professionals.

With those struggles, you may have to get creative in A/P. Consider adding more incentives to retain existing staffers and extra training to further advance their skills.

*Info: bit.ly/staffing510*

## Ask these 4 questions to identify your biggest A/P inefficiencies

■ A starting point for positive process changes

Amid the daily grind, it's easy to fall into certain routines and forget to think about improvement.

Fact is, every A/P department has inefficiencies. You just have to set aside some time to delve into them.

And for the best results, get others involved. You may be surprised to see what bottlenecks staffers have noticed or what innovative ideas they have.

To get started, here are four areas where inefficiencies hide and questions to ask, courtesy of AccountingWeb:

### 1. Data management

*How much time is spent looking through your files for documents, correspondences, emails, etc.?*

While your office may have an organization system, maintaining it consistently is another story. Consider how all types of files are stored and whether there are better, easier ways to access what A/P needs quickly.

### 2. Processes

*What aspects of your A/P processes require good judgment and are hardest*

*to teach or learn?*

Complexities and uncertainties often lead to errors. Decide which process steps are hardest for your staff and others you work with and what you're going to do about it (e.g., tweak procedures, educate on policy).

### 3. Communication

*Where do you see your company communicating inefficiently, both internally and externally?*

Quick, easy communication breeds higher productivity. Think about who you struggle to connect with the most (e.g., approvers, vendors), what communication methods are used and if there are alternatives.

### 4. Overall outlook

*If you owned the company, what parts of the work would you change?*

A/P should also think big picture as a strategic partner. Mull over what aspects of your company, from finance tasks to office culture, could be updated to create a more effective office.

*Info: bit.ly/inefficiencies510*

But ultimately, the company had good reason to fire Leslie (i.e., poor performance and resume falsification). And Leslie failed to show she was discriminated against, the court said.

### Analysis: Focus on the wrongdoing

This case has a crucial takeaway for A/P managers who encounter problems with staffers on leave:

Generally speaking, you can still terminate staffers that are on leave for a "fireable offense" (i.e., something you would have fired them for had they not been on leave).

*Based on Bailey v. Oakwood Healthcare Inc. Dramatized for effect.*

## MISTAKES THAT COST

*This regular feature shows how companies and individuals have run afoul of state or federal laws. See how others got off track so you can avoid similar problems.*

### Leveraged accounting software to nab \$149K

**Individual:** Otavia Lewis, former office manager and bookkeeper at Apex Equipment Inc. in Crowley, LA.

**Violation:** Lewis pleaded guilty to wire fraud after stealing nearly \$149,000 from her company.

**Penalty:** A judge sentenced her to serve two years in prison and to pay full restitution.

**Note:** Lewis misused the accounting software QuickBooks to defraud her company. With the direct deposit feature, she transferred money from the company's bank account to her personal accounts. And to protect herself from exposure, Lewis used other employees' names when making the transfers.

**Cite:** [bit.ly/llewis510](http://bit.ly/llewis510)

### Controller steals \$8M to fund her own business

**Individual:** Sue O'Neill, former controller at Marco Contractors in Warrendale, PA.

**Violation:** This finance leader stole around \$8 million with the help of an accomplice ("R.G.") and pleaded guilty to wire fraud.

**Penalty:** A judge will hand down her sentence this March.

**Note:** Court records say O'Neill and R.G. created their own company, Bulldog Contractors. As controller at Marco Contractors, O'Neill was able to issue payroll checks and deposit them in Bulldog's accounts. She also made checks payable to Bulldog from Marco and its affiliated companies. And O'Neill muddied the A/P records so it looked like the money had been paid to real vendors.

**Cite:** [bit.ly/oneill510](http://bit.ly/oneill510)

## Sharpen your judgment THE DECISION

(See case on Page 2)

Yes, Jenn's company won. The court said it acted reasonably in firing Leslie when she returned from leave.

Leslie argued her resume just had small "embellishments" and that the company was wrong to fire her on her first day back from maternity leave without notice or a chance to improve.

The court admitted things could have been handled better. The timing was unfortunate, and the decision was communicated in a clumsy manner.

## Making Technology Work for You

# Snap a picture and import data into a spreadsheet with the Excel app

### ■ A great alternative to arduous data entry

Are you and other employees tired of keying data from receipts, invoices and other paper documents?

The Excel Mobile app can reduce the burden with a newer feature, “Insert data from picture.”

With it, users can take a picture of information (think an itemized receipt or a detailed purchase order).

The app’s software interprets the picture and turns it into a regular data table. After, that data can be placed right into an Excel spreadsheet.

Just imagine how much easier and more accurate expense reports and other spreadsheets could be.

### Ready in mere seconds

Here are the six steps you and other employees should follow:

1. Open a new document in the Excel Mobile app.
2. Tap the icon that looks like a small spreadsheet with a camera in the

bottom-right corner.

3. Once the camera opens, line up the data you want to import. A red outline will show where the software detects data.
4. Tap the circular capture button to take the picture. After, you can crop it if it contains parts you don’t need. When you’re satisfied with the picture, tap the checkmark.
5. A preview of the info will come up. If Excel has trouble with some of the data entries, it’ll let you review each entry. You can either tap *Edit* to correct mistakes or *Ignore* to skip them.
6. When everything looks right in your data table, tap *Insert* to transfer the data into your spreadsheet.

And take note: You can still edit your data afterward, just in case any text or alignment appears off.

*Info: [bit.ly/excelapp510](http://bit.ly/excelapp510)*

## 5 of the most aggravating workplace email mistakes

### ■ Are you guilty of any of these bad habits?

You communicate with many people more via email than face to face.

And whether it’s with a vendor, your on-the-go boss or an employee down the hall, your email habits can influence how people perceive you.

Great email etiquette? They like working with you. Bad email etiquette? They won’t be as cooperative with A/P.

### What people dislike

Fast Company created a round-up of the most annoying email mistakes. Here are five bad habits to make sure you and your staff avoid falling into:

**1. Making subject lines all caps.** It may intend to come off important, but it just sounds like yelling.

**2. Crafting unclear subject lines.**

This could make some overlook or ignore an important message.

**3. Disregarding “CC” and “BCC.”** Not every recipient has to be on the “To” line. Remember to use the other lines for those who need the info but don’t need to reply.

**4. Writing too much ... or too little.** Generally, you want your emails to be short and sweet. Still, don’t skimp on critical details (especially A/P complexities others may not get).

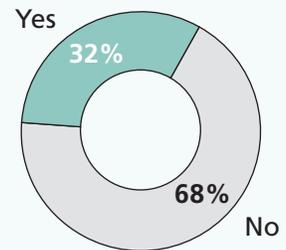
**5. Omitting a closing remark.** A note of gratitude (thank you) or other closing (regards, best, etc.) shows your politeness and professionalism.

*Info: [bit.ly/emails510](http://bit.ly/emails510)*

## How do you stack up?

### Expanding your skills

Does your CFO rotate finance managers through roles in relevant corporate functions?



Source: FTI Consulting Inc., [fticonsulting.com](http://fticonsulting.com)

The more experience you get, the more valuable you are. Finance managers can cross-train or rotate roles with other relevant positions to become more well-versed in their overall business operations.

*Each issue of KAP contains an exclusive survey to give payables professionals insight into what their peers nationwide are thinking and doing.*

## THE LIGHTER SIDE

### ■ A little expense fraud ... all in the name of love?

There’s more romance in the air around Valentine’s Day. And there are more sneaky employees, too!

Here are common T&E expenses flagged by AppZen’s platform to look out for this time of year:

- **Extravagant dinners.** If there are several wine bottles and desserts listed, you know to dig deeper.
- **Flowers.** Is that fancy bouquet for a client ... or a girlfriend?
- **Spa visits.** Some companies may offer spa services as rewards or perks, but A/P won’t approve that couple’s massage.
- **Jewelry.** It’s unlikely there’s any good reason for an employee to buy a ruby ring or pearl necklace on the company’s dime!

*Info: [bit.ly/valentine510](http://bit.ly/valentine510)*

## Taking the guesswork out of state tax compliance

Here's KAP's roundup of key state tax changes. Developments in other states often indicate trends to watch. Your state may be next.

### TECHNOLOGY

More technology brings more sales and use tax regulations. Check out two states making changes.

**NEW HAMPSHIRE** – Paying for electronic devices here?

Even though this state doesn't have state-level sales tax, some are pushing to add *other* taxes. A proposed bill would put a 4.3% tax on electronic devices.

That would include many standard business purchases, like cell phones, computers, hardware and software.

We'll keep you posted on this one.

*Info: bit.ly/nh-510*

**SOUTH DAKOTA** – Here's a happy reminder if you work in the Mount Rushmore State.

Starting July 1, 2020, Internet access will no longer be taxable. This applies to services that help users "connect to the Internet to access content, information, or other services."

But a few select electronic charges will still be taxable. See the state's release below for full details.

*Info: bit.ly/sd-510*

### EXEMPTIONS

Some exemptions come and go, others are more permanent, and A/P has to keep track of them all. Here are three states with recent updates.

**ARIZONA** – There's now more ways your company can save some green on "green thumb" materials.

The Arizona Department of Revenue (DOR) recently expanded the sales and use tax exemption for "propagative materials" used to produce agricultural, horticultural, viticultural or floricultural crops.

Now, "propagative material"

includes seedlings, roots, transplants, cuttings, soil, plant additives and more.

*Info: bit.ly/az-510*

**MINNESOTA** – This one's for A/P pros in the manufacturing industry.

In a recent case, the state clarified that a company's purchase of natural gas and electricity used to clean production equipment was exempt.

Minnesota has an exemption for natural gas and electricity used in the production process. But if it's used for painting, cleaning and repairing of tangible personal property that's not part of the process, it's taxable.

The court said that in this case, the natural gas and electricity were exempt because the company was cleaning equipment, not property for sale.

*Info: bit.ly/mn-510*

**UTAH** – Going forward, you may see more sales tax in the Beehive State.

A new law repealed some sales and use tax exemptions, including ones for:

- certain car washes
- certain cleaning of tangible personal property
- certain electricity produced from new alternative energy sources, and
- newspapers, including subscriptions.

*Info: bit.ly/ut-510*

### RECREATION

Aside from business purchases, you also pay for the fun stuff, like events, amusement and recreation. Two states have insight on these purchases.

**TEXAS** – Here's a good example for A/P of how an item's use can determine its taxability in Texas.

A restaurant bought coin-operated games for customers to use. Later, it requested a sales tax refund, saying the games were purchased for resale, as the restaurant was providing a taxable amusement service.

But the state denied the tax refund request. It said the company was

transferring "limited access to" rather than "possession or control of" the coin-operated games.

*Info: bit.ly/tx-510*

**WASHINGTON** – If your company events include local cruise excursions, take note of this new guidance.

The state just issued a document that discusses sales and use tax for day trips on waterway vessels (e.g., scenic, educational or sightseeing cruises).

It explains that, generally speaking, all of the following are taxable:

- day trips for sightseeing purposes
- cruise packages bundled with other goods or services, and
- separate retail sales made to people on the vessel (e.g., food, drinks).

*Info: bit.ly/wa-510*

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