



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.

March 2, 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.

Expense reimbursement laws A/P must comply with now

■ States keen to add their own rules, nuances

Reimbursing employee expenses is getting more complicated for A/P.

As if IRS regulations weren't enough to keep up with, some states are now adding their own expense reimbursement laws!

Essentially, these laws require A/P to reimburse employees for "necessary expenditures" incurred on the job.

It sounds simple enough. But since each state can create its own unique requirements, some of your expense policies and procedures may need to be reconsidered or revised.

Plus, with federal *and* state eyes on A/P, having a compliant T&E process

will need to be an even higher priority than it was before.

This state's a prime example

Which states are at the forefront of this legislative movement?

Recently, Illinois modified its Wage Payment and Collection Act to include expense reimbursement rules, effective Jan. 1, 2019.

Expenses are considered "necessary expenditures" and reimbursable if:

1. Your company required or approved the employee to make the expense.
2. The employee submitted the

(Please see Expense... on Page 2)

IRS annual report: Recent progress, new suggestions

■ Information returns are a major focus for the Service

Notable changes to your 1099 filings are in the works.

IRS's 2019 report outlines actions it's taken on 2018 recommendations and more suggestions for the future.

The changes the Service has made based on last year's report include:

- reinstating Form 1099-NEC
- improving the FIRE system for e-filing information returns
- updating 1099-MISC instructions to clarify that scholarship and fellowship grants may have to be reported on Form 1098-T, and

- updating Forms W-9 and CP2100/CP2100A Notices with current backup withholding details.

Now, looking forward ...

Since IRS plans to implement Form 1099-NEC for tax year 2020, the report has a whole section about what A/P can expect (*see Page 76*).

It also includes other suggestions to simplify information return reporting for you, such as adding e-signatures for key forms like W-9s.

Info: irs.gov/pub/irs-pdf/p5316.pdf

State Legislation Trends

Expense ...

(continued from Page 1)

expense for reimbursement with proper supporting documentation* (i.e., a receipt) within 30 calendar days of when it was incurred.

*Note: Illinois says the employee can offer a signed statement regarding the expense instead of a receipt if supporting documentation doesn't exist, is missing or is lost.

Other states on board

Though Illinois is making waves now, it's not the first state to act.

Other jurisdictions that already have expense reimbursement laws on the books include:

- California
- Iowa
- Massachusetts
- Montana
- New York
- Pennsylvania, and
- Washington, DC.

Generally, A/P knows what typical business expenses states will expect to be reimbursed, like transportation, lodging, meals and entertainment.

But it'll be important for your department to watch as courts decide how to interpret these laws and make case-by-case judgment calls.

California courts, for example,

have steadily ruled that companies should pay a reasonable percentage of employees' personal cell phone bills if they're used for work purposes. (Visit our website and search "cell phone bills" for the full story.)

Courts in the Golden State have also said companies should pay for similar items like Internet expenses, data plans and other computing expenses.

How to stay compliant

As states continue to address expense reimbursement in legislation and in court, A/P will have to stay vigilant and proactive.

First, make sure others involved in the T&E process (your CFO, staffers, approvers, etc.) are aware that these state-level laws are unfolding.

It's also a good idea to double-check if your own state has any laws – or any legislation circulating that could lead to new rules in the near future.

And, as we mentioned, these new laws may require you to tweak your T&E policies and practices to ensure they align with state-specific rules.

For example: A/P usually mandates receipts. But if you work in Illinois, state law now says employees can provide "a signed statement" if they lose a receipt. You'll need to decide how to address and communicate any changes companywide.

Info: "Illinois Business Expense Reimbursement Law Now in Effect," at shrm.org

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.

■ Vendor claims it had an 'implied contract' with A/P

"Let's get this straightened out once and for all," A/P Manager Jenn Smith said over the phone.

"Yeah," replied Carl, a vendor rep at Storage4U. "Years ago, we entered into an agreement with Red Brick LLP, which said Red Brick would pay us for storage services. If invoices weren't paid within 45 days, it constituted an Event of Default."

"Then, years later, our company acquired Red Brick and kept using your services," Jenn replied.

"And that means you're bound by our agreement with Red Brick and liable to comply with all its obligations," Carl said.

Assumed responsibility?

"I talked to our executive team about this," Jenn said. "We didn't take on that agreement –"

"We think you did," Carl cut in. "And since your company didn't pay certain invoices, you're in default. That means you have to pick up your stuff and pay for charges associated with terminating your account and removing storage materials, plus any outstanding liabilities."

Jenn sighed. "Plain and simple, our company wasn't a party in that original agreement. And there's no written contract between us."

"There may not be a written contract, but our companies have an implied contract," Carl said. "And if your company doesn't pay up, we'll take you to court."

When Storage4U sued for breach of contract, Jenn's company fought back. Was it able to get the vendor's claim dismissed?

■ 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: AMY JACOBY
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 Drove compliance up and B Notices down

Each time we bring on a vendor, we have to do some behind-the-scenes compliance checks.

First, we need to verify the vendor's TIN and details to avoid informational errors and B Notices later.

Then we have to check the vendor against watch lists (Office of Foreign Assets Control, the FBI, etc.) to reduce our risk. If we don't, we could face legal trouble or lose funding.

These compliance checks can be a hassle. Vendor details often change, and watch lists are extremely long and

grow every day.

Still, we knew they were too critical to let slip. We just needed an easier, more cost-effective way to do them.

1 click for instant results

Ultimately, we decided to try an online payee verification program.

These programs (the one we use is called TINCheck) do all of the hard work for you. They match vendors against IRS data, SSA data, watch lists and more.

Now, we run each new vendor through the program, attach the report

to its W-9 and file it.

The program's easy to use, doesn't require help from IT and is low-cost. It was great that we didn't need to invest in a full-scale software program.

Plus, it's really made a difference with compliance. We once had over 100 names on our B Notice list, and that number's been reduced greatly over time.

A/P encounters far fewer errors and has more peace of mind now.

(Pam Buda, Network A/P Director, St. Luke's University Health Network, Bethlehem, PA)

IMPROVING YOUR OWN A/P PROCESS

2 Going the extra mile for stellar customer service

Our A/P department is no stranger to lots of internal and external queries.

And no matter how streamlined we get, there are always going to be vendors and employees who have questions or come across problems.

To develop solid relationships with vendors and other departments alike, we needed to focus on our customer service skills.

So, we made a few changes to our query process to boost customer

service and reduce problems in the long term.

'How did we do?'

Now, after a vendor or employee posts a query and it's resolved, they receive a survey.

Essentially, it asks them "How'd we do?" and lets them select a rating on a scale from one to five. They also have the option to leave more specific comments.

Anytime the rating is a one or two, we call that person directly to talk things through. It adds a personal

touch, shows we care and prevents similar problems from happening again.

Also, at our team meetings, we take time to read some accolades and comments from our customers aloud and discuss them.

That allows us to see where we're doing well and where we can grow.

With these practices, customer service always remains a high priority.

(Bethany Mezzadra, Director of Disbursements, University of Maryland Medical System, as presented at the A/P P2P Conference & Expo, Las Vegas)

3 New rules: How we got staffers to follow 'em

When a series of regulations and guidelines came out that changed some of our practices, we knew we had to act quickly.

We put together a training program that would get everyone involved ready for the changes.

The trouble was, some staffers were resistant to the new guidelines. They claimed the changes were too far off to worry about now.

Even though we were trying our

best to be proactive, we were stuck at a standstill.

Started smaller

We realized the staffers who would likely be *most* open to change were the ones who hadn't gotten so accustomed to the old practices.

So, we focused a little more effort on training our newer hires.

We still trained senior staffers. But instead of going back and forth with people who were set in their ways, we put more energy into the newbies first.

These staffers didn't have as much experience with the old rules, so learning the new ways we needed to do things went smoother.

The best part: When senior staffers noticed the newer folks jumping on board, they realized they didn't want to get left behind.

Soon they were eager to learn the new guidelines too, and now everyone's properly prepared.

(Robert Cooper, Job Training and Safety Coordinator, Nebraska Rural Electric Association, Lincoln, NE)

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.

TRAVELER SATISFACTION

Did you know traveler satisfaction can largely impact your bottom line?

Making biz travelers happier helps reduce overall travel spend, decrease turnover and increase productivity, according to a report from Egencia.

In A/P, your T&E policies and practices can be a big part of that.

3 big-picture elements

Check out three ways to boost traveler satisfaction and your bottom line, from Chrome River's Alan Rich:

1. Find a balance. If your policy lets travelers book first-class airfare and top hotels, they'll be thrilled – but your CFO won't be. Vice versa, if you set super strict policies that have employees booking red-eye flights and cramped hotel rooms, satisfaction will plummet.

It's key to find a balance between maximizing traveler happiness and minimizing costs, Rich says. Try to avoid extremes on either side of the spectrum. And you can always gather feedback from travelers about what's most important to them, too.

2. Consider productivity. For every

\$1 invested in business travel, U.S. companies make \$9.50 in revenue and \$2.90 in profit, Egencia reports.

So, when setting expense policies, don't forget to ask, "What will make employees most productive overall?"

Rich's example: Companies vary on paying for hotel Wi-Fi. But even if \$25 a day seems silly, it helps travelers be efficient. And long term, it's better than making them go to a nearby café for free Wi-Fi ... where they'll surely expense a coffee and snack, he adds.

Or get creative: If Wi-Fi charges are really adding up, could investing in personal hotspots be cheaper?

3. Avoid lecturing. It's frustrating when travelers skirt T&E policy. But you know wagging your finger won't build a culture of trust and respect. With enforcement, you should aim to "remind, not reprimand," Rich says.

Also, act based on specific spend data. You can see who's regularly being wasteful, bypassing preferred vendors, etc. Then, in an educational way, show them their spend patterns, express how they compare to others and offer tips to improve their habits and cut costs.

Info: bit.ly/legen511, bit.ly/rich511

TEST YOUR KNOWLEDGE

■ Tips from IRS: Could you outsmart a phishing scam?

Fraudulent attempts on your company tend to happen when you least expect them. A/P pros have to stay on guard 24/7.

Knowing that, IRS has issued a news release with updated guidance on how you can spot and thwart phishing scams.

Answer *True* or *False* to the following to see how much you know about these tricky schemes:

1. There are three major methods used for phishing scams: emails, letters and phone calls.
2. According to IRS, people using mobile devices are especially prone to responding to phishing scams – more so than those using laptops or computers.
3. Phishing scams usually have a light, causal tone in an effort to trick you into trusting the sender. If your guard isn't up, you won't think twice about answering or following the instructions.

ANSWERS

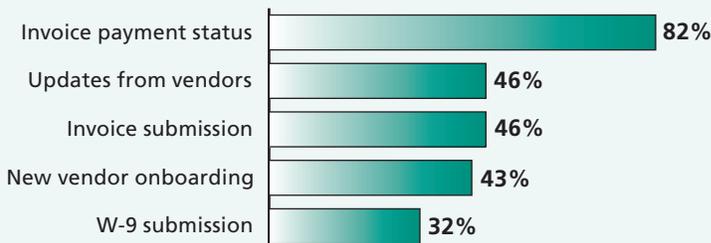
1. *False.* While these three are all common phishing tactics, there's a fourth to be aware of: social media. "Increasingly, thieves are embedding their links or malware in social media commentaries, tweets or posts," IRS warns.
2. *True.* The Service finds people are more likely to respond to scams when using mobile phones. No matter what kind of device you get an email scam on, you should follow your company's guidance on handling it, IRS adds.
3. *False.* Usually, it's the opposite. Phishing scams tell an urgent story, IRS explains. They want to trick you into thinking there's a critical problem with one of your accounts, orders, etc.

Answers to the quiz:

Power of the portal

Which of the following vendor portal functions do you currently employ?

Note: Respondents could pick more than one.



Source: InvoiceInfo, invoiceinfo.com

While most A/P teams utilize payment status features, less than half have vendors provide their own updates. If your portal has this capability, be sure to take advantage of it – and remind vendors about it. That way, if something's changed on the vendor's end, they can update A/P right away.

Performance Boosters

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.

Want to secure more W-9s? Focus on internal practices

When trying to get accurate W-9s before payments are made, you likely concentrate more on the vendor side.

A counterintuitive approach: Focus internally, not externally. Even more important than getting vendors to comply with a “W-9 before payment” policy is getting your own purchasers and managers on board.

If employees make purchases without getting a W-9 first, it’s too late. Things are already in motion. But if they support you and don’t submit P.O.s until a W-9’s on file, vendors will have no choice but to comply.

Ditch these 5 bad habits for more productive meetings

Meetings can be really effective ... or feel like a big waste of time.

To ensure yours stay streamlined, step in any time you see one of these five bad habits outlined in Lawrence Holpp’s *Managing Teams*:

1. **hogging**: when someone talks or monopolizes time for too long
2. **bogging**: when people get bogged down or dwell on a topic for too long
3. **fogging**: when someone becomes vague or defensive about a topic
4. **frogging**: when the conversation “leaps around aimlessly,” jumping from topic to topic, and
5. **flogging**: when people start to make personal digs at each other.

A quick step to reduce your audit use tax assessment

If your company’s undergoing a use tax audit, you want your assessment to be as low as possible.

To help, talk to the auditor upfront and ask them to separate p-card and non-p-card transactions, recommends tax expert Diane Yetter.

Research finds p-card transactions

typically have a higher error rate, she explains. So, if the two groups aren’t segregated for a use tax audit, you’re likely going to end up with a higher assessment overall, since it’s looking at total spend versus just p-card spend.

That’s why you should always segregate, Yetter says.

Info: As presented at the P2P Conference & Expo, Las Vegas

3 short phrases to move from conflict to resolution

From co-worker disputes to vendor queries, issues are bound to arise in A/P.

Keep these phrases from leadership coach Lolly Daskal in your back pocket to use when you encounter a conflict:

1. “I sense you’re feeling emotional about this. Is that right?” When you ignore emotions, they escalate. If you acknowledge them, it reduces tension.
2. “Tell me more. I want to understand.” This shows you care and helps you gather relevant details.
3. “How can I support you?” In almost any situation, these words replace stress with positivity.

Info: bit.ly/conflict511

SOFTWARE SKILL BOOSTER

Here’s how to send an email at the optimal time

You have the perfect message ready to go – but don’t want to send it just yet. Maybe your boss left for the day, or the vendor’s in another time zone.

To delay an email send in Outlook:

1. With your finished message open, click *Options*, then *Delay Delivery*.
2. Check the box that says *Do not deliver before*. Add a date and time.
3. Click *Close*, then *Send* your email.

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

PAYABLES NEWS

1099 and W-2 worker status distinctions remain unclear

Your company may want to put worker classification education and training on the slate for 2020.

The majority (53%) of workers still don’t know some key differences between 1099-status independent contractors and W-2 employees, found a new survey from Bluecrew.

Plus, since 63% of workers say they’d rather be an employee than an IC, your company may run into some classification disputes with workers A/P pays. Be sure your company can back up its classification decisions.

Info: bit.ly/contractors511

IRS 2020 Purple Book: Less strict penalties in the works?

In the future, IRS may be extending more leniency to A/P.

Along with its annual report (see *story on Page 1*), IRS also released its annual Purple Book with suggestions to reform the filing process and penalty provisions, including:

- Revise e-filing procedures so you are directly notified of e-filing errors and aren’t subject to failure-to-file penalties when errors are timely corrected.
- Treat electronic tax payments and documents as timely if submitted before the applicable deadline.
- Extend reasonable cause penalty abatement to those who use other preparers to e-file returns.

Info: bit.ly/purple511

A/P tech to see exponential growth in the coming years

Get ready for more innovation and advanced features in A/P!

The A/P automation industry is expected to go from \$1.9 billion to \$3.1 billion between 2019 and 2024, a compound annual growth rate of 11%, according to a new report.

Remind leadership that embracing new tech now will help you maintain a competitive, strategic edge.

Info: bit.ly/automation511

3 clever ways to improve A/P's early payment discount strategy

■ *Don't leave any money on the table!*

Are you getting as much out of discounts as you could be?

For many companies, the answer is probably a mumbled "not quite."

But as A/P continues to develop into a more strategic function, it's essential to focus more on discounts, create profitable vendor relationships and boost savings.

Extra effort, extra money

Check out three ways A/P can identify more discount opportunities and increase its companywide value:

1. Start with culture. Whether your processes are manual or automated doesn't necessarily determine your success with discounts. It really comes down to culture.

You can set the tone by actively prioritizing discounts and talking with staffers, approvers, purchasers, etc. And if your processes *are* more manual, you could come up with a special strategy (e.g., those invoices get expedited).

2. Don't disregard any vendors. There are probably a few vendors that

you say "just don't offer discounts."

All that really means is they haven't offered discounts *yet* and may be wary of the uncharted territory.

If you can get these vendors to listen to all the specific ways it can benefit *them*, it's more likely than not that logic will eventually win out.

Also, don't let one stubborn vendor rep get you down. You may need to talk to a few people at the vendor's company to find the right person.

3. Work with others to manage cash flow. Some companies may not take full advantage of discount opportunities because they're afraid that paying vendors early will ultimately hurt their cash flow.

Some proactive planning can help here. With others in Finance and Purchasing, you could discuss your company's best approach for payment terms and cycles.

For example, you may want to use shorter pay cycles for vendors who offer discounts and longer cycles for vendors who don't. That way, your cash flow can stay steady while savings continue to climb.

services were performed and accepted with an understanding on both sides.

Here, there was clearly "a course of dealing between the parties from which an implied contract may be inferred," the court said.

Analysis: Confirm understanding

This case shows how vital it is to know – and get in writing – exactly what terms and costs A/P is liable for with every vendor. And that's especially true if your company goes through a merger or acquisition.

Based on Cityside Archives LLC v. Greenspoon Marder LLP. This case was fictionalized for dramatic 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.

Bookkeeper sentenced for shady check scheme

Individual: Latanya Britton, former bookkeeper for an accounting firm in New Orleans.

Violation: Britton pleaded guilty to wire fraud, having used computer software to fraudulently transfer \$32,000 to herself.

Penalty: Her sentencing included three years of probation, 50 hours of community service and an order to pay full restitution.

Note: To carry out her scheme, Britton created her own entity disguised as an "accounting services" LLP and used her employer's software to deposit checks into her entity's bank account. Then she deleted the check entries payable to her own entity from the software program.

Cite: bit.ly/britton511

Summarized statements concealed \$9M theft

Individual: Edward Cooper, former accountant at Osborn & Osborn in Jonesboro, AR.

Violation: After stealing more than \$9 million from a company, Cooper pleaded guilty to federal bank fraud.

Penalty: A judge will sentence him at a later time. Cooper could get up to 30 years in prison and five years of supervised release.

Note: Over two years, Cooper wrote 138 unauthorized checks, forged signatures on them and deposited them into his own accounts. Even though these check withdrawals appeared on bank statements, the company never knew about them because Cooper provided summaries of bank statements instead of full statements.

Cite: bit.ly/cooper511

Sharpen your judgment THE DECISION

(See case on Page 2)

No, Jenn's company wasn't able to get the vendor's claim dismissed.

The company argued that it hadn't assumed the old agreement and never had a new contract with the vendor.

But the vendor contested that even without a written contract, there was an *implied* contract since they continued to do business together.

And the court agreed. It said to prove the existence of an implied contract, the vendor had to show that

Positive Pay all the way! Why A/P departments should prioritize it

■ This bank's numbers say it all

Positive Pay may be the most popular, longstanding fraud prevention tool used in A/P.

But with newer tech advances and apps on the scene, have you pushed this classic tool by the wayside?

Many have, says the Association for Finance Professionals (AFP). In fact, AFP argues one of the major reasons check fraud is so high is that a lot of companies have stopped using basic protective measures, like Positive Pay.

Here's why you shouldn't.

7 figures saved

A Wisconsin bank posted a statistic breakdown of Positive Pay in action from January to September 2019.

It showed how many fraud attempts customers encountered and how much money was saved due to Positive Pay.

For check payments:

- 281 unauthorized or fraudulent

checks were presented to customers.

- \$646,228.99 was the total amount of prevented check fraud loss.

For ACH payments:

- 131 unauthorized ACH debit transactions were presented.
- \$510,915.57 was the total amount of prevented ACH fraud loss.

At just this bank in nine months, Positive Pay prevented over a million dollars in losses. Imagine what it does over years of proactive use.

Now's a good time to make sure Finance is talking with its bank(s) and fully utilizing Positive Pay wherever and whenever possible.

Also, remember that we previously mentioned Positive Pay is evolving with real-time features you should ask about, too. (*Visit our website and search "What's coming next for Positive Pay" for the full story.*)

Info: bit.ly/positive511

Select only visible cells in Excel: 3 different ways

■ Don't let hidden data cause errors for A/P

Copying and pasting cells in a dataset should be simple, right?

In theory, yes. But in A/P, you may "hide" certain cells, rows or columns from sight when you don't need them.

And if you do a plain old *Copy* and *Paste* of a dataset, it's going to include those hidden cells, too.

Fortunately, there's a way you can guarantee only the data that is visible (i.e., the data you actually *intend* to use) is included.

Pick your favorite method

Here are three different methods to select only visible cells in Excel:

1. **Shortcut method:** Highlight your

cells and use the shortcut **Alt + ;**

2. **Go To Special method:** After selecting your cells, press F5 to open the dialog box. Click *Special...* then *Visible cells only* and OK.

3. **Quick Access Toolbar (QAT) command method:** Click the *Customize Quick Access Toolbar* arrow in the top left, then *More Commands...*

In the "Choose command from:" drop-down list, select *All Commands*. Scroll down and click *Select Visible Cells*, then *Add* and OK.

If you use this third method, there will be a *Select Visible Cells* button on the QAT you can click anytime.

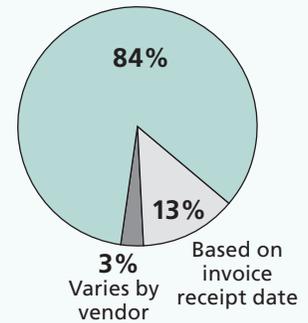
Info: bit.ly/cells511

How do you stack up?

Time is ticking ...

When do you start the clock on vendor payment terms?

Based on invoice date



Source: Peeriosity, peeriosity.com

No matter when you "start the clock," the key is to discuss and document your method in all your vendor contract terms. By addressing it upfront, there's no room for misunderstandings later.

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

■ Well, that's one way to fix a colossal mistake ...

A/P pros know better than most how one small error – a misspelled vendor name, a wrongly placed decimal point in a dollar amount – can have huge ramifications.

Thankfully, most of the time, you can fix those mistakes fairly easily.

The same cannot be said for one woman who got a tattoo of her son Kevin's name.

The problem? The tattoo artist accidentally wrote "Kelvin."

And instead of going through the process of fixing the tattoo, this mom took another route ... and changed her son's name to Kelvin.

If only you could change data or names as you pleased in A/P!

Info: bit.ly/tattoo511

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.

SOFTWARE

As all kinds of software become more common in the office, A/P must stay on top of their taxability. Check out two states with updates.

WASHINGTON – Does your company access online research services in the Evergreen State?

A company sold licenses to an online research library that provided search functions, news recommendations and similar services to customers. It believed these sales should be exempt.

The state explained that “digital automated services,” which are facilitated via one or more software applications, are typically taxable.

It looked at the company's digital library and said that since customers' use of the product was facilitated by software, it qualified as a digital automated service. Therefore, its sales to customers were taxable.

Info: bit.ly/wa-511

ALABAMA – There's new guidance for A/P pros paying for software here.

You may recall last year when the state issued a groundbreaking ruling that said all software was taxable. (Search “Alabama all software” on our website for the story.)

In light of that, the Department of Revenue announced that it's amending its rule on the taxation of computer hardware and software.

Perhaps most notably, there's a provision that says this rule will only be applied on a prospective basis from its effective date of Jan. 13, 2020.

Info: bit.ly/al-511

ECONOMIC NEXUS

Though most states have economic nexus rules on the books, they're not

quite done making adjustments. This time, two states have news for A/P.

GEORGIA – More online sellers will soon start tacking sales tax onto your charges in the Peach State.

Since Jan. 1, 2019, remote sellers have been required to collect sales tax here.

And beginning April 1, 2020, marketplace facilitators will also be required to collect sales tax on behalf of third-party sellers.

See the new law that made it official at the link below.

Info: bit.ly/ga-511

ALASKA – Despite Alaska's lack of state-level sales tax, A/P pros here may see economic nexus largely affecting their payments in the future.

The Alaska Remote Sellers Sales Tax Commission, the Alaska Municipal League and many local governments want to require remote sellers to collect local sales tax.

In early 2020, the Commission drafted the Alaska Remote Seller Sales Tax Code, which outlines a basic approach to economic nexus.

Per the code, remote sellers and marketplace facilitators would have to collect local sales tax in participating jurisdictions if each year they make:

- \$100,000 in Alaska sales, or
- 200 separate transactions.

Local governments are now assessing the code before they adopt and begin enforcing it.

You can see the final code below, and we'll keep you posted as things progress in the Last Frontier.

Info: bit.ly/ak-511

MEDICAL PURCHASES

The medical field has more than a few nuances when it comes to sales and use tax. Here's insight from one state to help you get it right.

TEXAS – This one's for A/P pros paying for certain medical devices.

A company that sold both temporary and permanent implants for chronic pain management addressed the state about their taxability.

Texas generally exempts “prosthetic devices” that are artificial and replace a missing body part, function as a vital organ/appendage or are permanently implanted in the body.

In its ruling, the Comptroller said:

- The temporary implants were taxable.
- The permanent implants (and the anchors, batteries and leads implanted with them) were exempt.
- The wireless controllers and chargers used with the implants were exempt as necessary components of the prosthetic devices.

Info: bit.ly/tx-511

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