



# 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.

May 15, 2020

## WHAT'S INSIDE

- 2 Sharpen Your Judgment**  
Should this independent contractor be an employee?
- 3 Networking with Other A/P Pros**  
Negative receipt notice sped up our process
- 5 Payables News**  
Survey highlights financial concerns amid coronavirus
- 7 Making Technology Work for You**  
3 Excel functions to look up a value based on specific criteria
- 8 Sales and Use Tax Update**  
The latest on economic nexus transportation and services

## 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.

## Times change, roles change: What A/P must focus on now

### ■ *The top skills to cultivate in 2020*

In today's business world, especially amid an international crisis, A/P has continued to become more strategic and valuable to their companies.

That said, it can be difficult to keep momentum strong and cultivate your skills during these challenging times.

Fortunately, there's new data that provides some forward-looking positivity for you and your team.

#### Top skills for 2020

A recent Ardent Partners report revealed the most important skills that modern-day A/P pros will need as they become more strategic and take on

new responsibilities. The top six skills outlined in the report are:

- customer service (90%)
- fraud and compliance (77%)
- knowledge of the entire Purchase-to-Pay process (74%)
- payments (65%)
- analytics and business intelligence (65%), and
- vendor relationship management (52%).

When thinking about accounts payable, "payments" is probably the first thing that comes to mind. But this

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

## IRS payments for pandemic expenses

### ■ *What to know about 'qualified disaster relief payments'*

Here's a silver lining for A/P and payroll pros.

A provision of the Internal Revenue Code says that you won't have to tax employees on their reimbursements for certain COVID-19-related expenses.

Section 139 allows for "qualified disaster relief payments" to employees in a "federally declared disaster," and IRS is treating the pandemic as such.

#### What counts?

Payments must reimburse or pay for "reasonable and necessary personal,

family, living or funeral expenses" incurred as a result of COVID-19.

And note that your company can still claim a full deduction on these expenses that employees submit.

Because Section 139 hasn't been used for a national pandemic before, there may be some guesswork involved in determining what expenses qualify.

But it's safe to say employee costs associated with remote work do qualify (e.g., phones, computers, printers).

*Info: See more expenses that may qualify at [bit.ly/irspayments516](https://bit.ly/irspayments516)*

## Roles ...

(continued from Page 1)

data shows just how much other aspects of your job are rising in importance.

You've seen that firsthand during the recent pandemic, when you've had to reassure vendors, thwart new scams and collaborate with Purchasing to keep critical orders on track.

And perhaps those are the skills that need extra attention in 2020.

### Motivated to grow

Here's how A/P can enhance the top three skills outlined in the report:

**1. Customer service.** The skills required for customer service and the skills needed for payment processing differ – and not every staffer inherently possesses both skillsets.

Since A/P training usually tends to focus more on the technical process steps, ensure that customer service training is highlighted, too. You could even learn from the pros: Ask your company's customer service team to share its tips and tricks.

Tracking customer service metrics helps, too. Look at queries received, queries resolved and time spent. After seeing which queries take the longest or come up most frequently, you can address them in training, modify your process steps or add new tools that'll expedite your service.

**2. Fraud and compliance.** Today,

companies must recognize A/P as an asset that can enforce policies, spot red flags and create awareness of compliance issues, says Michael Volkov of the Volkov Law Group.

The key is having the authority and the necessary resources to do that.

Volkov suggests jointly partnering with your CFO and CCO (Chief Compliance Officer, or whoever heads compliance). Together, you can assess your current payment controls and policies to determine if there are gaps and where improvements are needed.

**3. P2P knowledge.** Though A/P and Purchasing are largely intertwined, these two groups often work in silos. And without full understanding of what the other's doing – and *why* – the P2P process can suffer.

This year, it could be beneficial to carve out some time to break down any existing silos. Walk Purchasing through your process, step by step, then have them do the same. Go over the common issues that arise on both ends and how they can be prevented.

And since A/P and Purchasing often only talk when problems arise, find a way for both teams to connect in a positive and personal way, like a group lunch or a virtual trivia game.

The time spent teaching, listening and team-building will be made up tenfold in a smoother P2P process.

*Info: Ardent Partners, "Accounts Payable Metrics that Matter in 2020," at [bit.ly/lapskills516](http://bit.ly/lapskills516)*

## 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.*

### ■ Should this independent contractor be an employee?

As soon as A/P Manager Jenn Smith left the office, she called her friend, A/P Supervisor Ned Garner.

"Hey, I got your voicemail," Jenn said. "How's taxi company life? Driving you crazy?"

Ned laughed. "Ha, funny. But yeah, we're having an independent contractor (IC) issue," he began. "A/P's always paid our drivers. But now one of our ex-drivers, Mark, is saying he was misclassified."

### Wage order claims

"Oh, no," Jenn said. "How did the arrangement work?"

"Mark bought a vehicle from us," Ned explained. "After several years, the engine gave out. We told him he could use another of our vehicles, but it'd be an extra \$65 per shift.

"Mark wasn't happy with that, so we parted ways," Ned continued. "Then he sued, saying he should've been an employee and was entitled to wages, overtime and more."

Jenn tapped her chin. "Did your company control Mark's work?"

"No," Ned said. "We don't tell drivers how to operate their taxis or dictate their rates ..."

"Sounds like an IC relationship," Jenn said. "Your state can use the three-factor ABC test to determine worker classification, right?"

"Yeah," Ned said. "And because we didn't control Mark's job, I think that will work in our favor."

When Mark sued for wage and hour violations, Ned's company fought back. Was it able to get Mark's suit dismissed?

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



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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 Negative receipt notice sped up our process

In order to pay invoices, A/P needs supporting documentation and receipts. But other business units weren't the best about putting those items in the system.

Our A/P and IT teams decided to go to different business units and talk things through. We once again asked them to put receipts in the system and got responses like, "We don't have time," or "We're too busy."

These people had their own jobs, and they didn't really see receipts as important.

We knew that no matter how much we badgered them, the problem would probably persist. We needed a different approach.

### You say, or we pay

To create less work for other business units while avoiding holdups in A/P, we decided to start using a negative receipt notice policy.

Essentially, it means if you don't get your goods or services, let us know. Otherwise, we're going to pay for it.

People loved it, and they were good about contacting us if we had an invoice and they didn't receive an order.

But a key part of this was proving to our auditor that this was a sound process in terms of compliance.

So, we pulled 1,000 invoices and called each purchaser to verify that everyone got their goods and services. And sure enough, they did.

We also had our auditor talk to auditors at another company that used the same process, and they helped convince him that this worked well.

Overall, it's been a positive change for everyone involved.

*(Judy Bicking, APM, Johnson & Johnson, New Brunswick, NJ)*

## IMPROVING YOUR OWN A/P PROCESS

## 2 Reassessed how we use payment channels

Like many companies, we leverage a plethora of payment channels.

We use everything from SharePoint and purchasing cards to SAP modules and other P.O.-based systems.

But there often wasn't a good reason behind why we used a certain payment method for a certain kind of purchase.

### Picking the optimal method

That's why we took a good, hard look at our payment channels and did

a more strategic analysis.

We decided that most (about two-thirds) of our spend should remain in SharePoint.

It was a good system for things like wire transfers, accounting corrections, taxes and charities and other approved exceptions.

But we also saw an opportunity to move certain vendors to other payment channels.

For example, we had vendors that were SAP-enabled but weren't using our SAP modules. We worked to

move those vendors over, which would make things easier for everyone.

We also identified some vendors that were more card appropriate and set out to move them over as well.

Reassessing our payment channels and ensuring that each vendor is using the optimal one has helped make our payment process more streamlined and efficient.

*(Dawn Dexter, Senior Director of A/P, Target, as presented at the A/P P2P Conference & Expo, Las Vegas)*

## 3 Keeping morale up as staffers work remotely

Maintaining high productivity and morale in the office is one thing. But in unusual or difficult circumstances, it requires extra effort.

When our state's shelter-in-place directive took effect due to the coronavirus, we suddenly had tons of staffers working remotely.

We knew we had to create a plan to help our team continue to be efficient and successful. And that didn't just mean giving them the proper remote

work equipment and guidance.

We had to show we were there to provide the support and recognition that they needed during this time.

### People-first plan

So, we created an initiative called #WorkFromHomes, complete with a website with remote communications and resources. It includes:

- daily positive communications
- remote photos and video tours (e.g., show us your workspace)
- virtual birthday parties/happy hours

- manager workshops (e.g., managing remotely, adjusting performance expectations)
- live yoga sessions and other mind, body and spirit offerings
- "Orange Alerts" praising project completions or achievements, and
- weekly videos from leadership with pep talks and business updates.

This initiative helps staffers feel connected and motivated even when we all can't physically be together.

*(Dave Mele, President, Homes.com, Norfolk, VA)*

# 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.

## FUTURE OF BIZ TRAVEL

Of all the aspects of A/P that have been affected by COVID-19, business travel may take the cake.

Flights have been canceled. Hotel fees have stopped trickling in. Client dinners have been put on hold.

Though business travel will return eventually and A/P will reimburse those costs again, things will be different.

And knowing what to expect is essential.

### What will change?

Here's what your A/P department can expect for business travel after the pandemic, according to Avi Meir, CEO of TravelPerk:

**1. Recovery will be sporadic.** States and countries have differing lockdown measures, healthcare systems and more, so you know travel won't bounce back all at once.

A/P will need to keep an eye on travelers' requests to make sure they're realistic and compliant.

**2. Trains will be utilized more.** Domestic travel will recover first, Meir

predicts. And trains, which are less crowded and more eco-friendly, will be the most viable mode initially.

In turn, you'll likely see an uptick in these types of ground transportation costs from travelers.

**3. There will be irregular periods of travel.** Some researchers predict that governments will flip lockdown measures on and off to keep demands on healthcare systems at a good level, Meir explains.

So, there could be windows of travel opportunity that last for only a few days or weeks.

And since airline seating will likely be limited, A/P can expect these flight prices to be higher than what you're used to seeing.

**4. The outlook of what constitutes "necessary" travel will be stricter.** At least at first, employees will need good reason to hit the road.

Trips will have to be validated as an "economic activity," and some companies may limit the number of people traveling.

Info: [bit.ly/biztravel516](https://bit.ly/biztravel516)

## TEST YOUR KNOWLEDGE

### Changes in payee name or tax status: How to proceed?

Managing every vendor's unique information for tax reporting purposes isn't easy.

And dealing with business name changes or tax status changes adds another layer of complexity for A/P.

Answer *True* or *False* to the following questions to see if you know all the rules regarding payee names and tax statuses:

1. A vendor's or contractor's change of name often constitutes a change of TIN or tax status, too.
2. Individuals and companies may engage in multiple lines of business – all under different names – and still be one, single taxpayer.
3. Just because an individual or entity changes their tax status during the year doesn't necessarily mean A/P has to get new Form W-9 information.

## ANSWERS

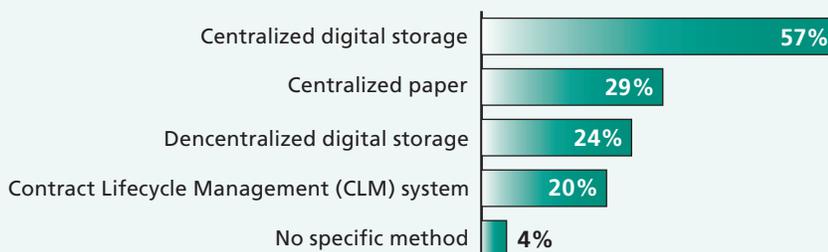
1. *False.* A contractor named Tim Smith could be doing business (dba) as Smith Landscaping, Tim's Tree Removal, etc., and all be the same payee, explains tax expert Marianne Couch.
2. *True.* And in these situations, any income you pay to a dba, disregarded entity, subsidiary, etc., is tax reported to the parent owner under the parent/owner's name and TIN.
3. *False.* Couch says if an individual or entity changes its tax status during the year (because of a merger and acquisition, liquidation, switch from an LLC to a corporation, etc.), new W-9 info should be obtained, since the taxpayer has changed.
- Cite: [bit.ly/payee516](https://bit.ly/payee516)

### Answers to the quiz:

## Successfully managing your contracts

### What methods are used to store vendor contracts?

Note: More than one answer accepted.



Source: Levvel Research, [levvel.io](https://levvel.io)

Since A/P, Purchasing, Receiving and other teams may all need to reference vendor contracts at some point, having a storage method that makes current contracts easily accessible is necessary. If you don't have a CLM software, using a method that's both centralized and digital is arguably the next best thing.

# 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.

## The 'secret sauce' for better savings and spend visibility

When Finance and Procurement work together, you're better equipped to improve savings and spend visibility.

See if your company's whipping up the "secret sauce" described by the Purchase-to-Pay pros at Ivalua:

- Systematic tracking of spend (including planned spending)
- Accountability for validation of planned and realized value
- Use of benchmarks and stakeholders to set good targets
- Clear processes for defining and giving credit for savings, and
- Excellence in execution (support from leaders, tools and training).

*Info: [bit.ly/visibility516](http://bit.ly/visibility516)*

## Everyone's a critic! When should you take it seriously?

At work, people *love* to add their two cents – even when they shouldn't.

Here's how to deal with critics and figure out whether to take their advice to heart or take it with a grain of salt:

- **Consider their authority.** Is the critique coming from a high-level exec or someone who's known to be judgmental? Also, how much does this person understand A/P?
- **Determine the comment's merit.** Is it based on research and reasoning? Or is it simply an opinion?
- **Revisit the intent.** Think about why you're doing what you're doing in the first place. If the motive is solid enough, let the negativity go.

*Info: [bit.ly/critics516](http://bit.ly/critics516)*

## How the current climate can improve vendor relations

The top concern for many vendors during COVID-19 is cash flow, so you want to ensure timely payments.

But to go a step further and really

boost your relationships long term, remember the human aspect.

Many people are feeling uncertain or worried. Regular communications and pulse checks ("All good on your end? Any outstanding concerns?") will show vendors that they can rely on your business. And they won't forget that after the pandemic.

*Info: [bit.ly/relationships516](http://bit.ly/relationships516)*

## This small factor can make people more willing to help

Need quick answers, critical info or a little assistance from someone? Be sure to include "Thanks!"

Reason: A study by organizational psychologists sent similar messages to two groups – one message expressed gratitude and the other didn't.

Only 23% of the neutral group delivered on what was requested, while 66% of the gratitude group did.

It just goes to show how one little note in your email or sincere comment face to face can make all the difference.

*Info: [bit.ly/gratitude516](http://bit.ly/gratitude516)*

### SOFTWARE SKILL BOOSTER

## 4 keyboard shortcuts that A/P can use on the daily

Now more than ever, A/P pros need to work efficiently and keep things running smoothly, no matter where you're working from.

Here's a roundup of Windows shortcuts that can help you save time:

- **Alt + Tab:** Display all your open applications and programs.
- **Windows + E:** Open File Explorer.
- **Ctrl + L:** Lock your computer.
- **Ctrl + D:** Instantly bookmark a web page, so you can visit it later.

*If you have a story idea or comment to share, contact the editor at [aevans@cfodailynews.com](mailto:aevans@cfodailynews.com)*

### PAYABLES NEWS

#### ■ Survey highlights financial concerns amid coronavirus

Make sure you're regularly checking in with your CFO about your payment strategy.

When asked to reveal their top concerns relating to the coronavirus pandemic, 75% of companies cited the financial impact.

That's according to PwC's recent COVID-19 CFO Pulse Survey.

With cash flow top of mind right now, there's a good chance your company may want to stretch out payables.

*Info: [bit.ly/impact516](http://bit.ly/impact516)*

#### ■ The top-rated expense mgmt systems out there now

Considering implementing an expense management solution but not sure where to start given the vast software market?

Based on your peers' ratings in a new Gartner Digital Market report, the top four expense management solutions overall are:

- Chrome River (93/100)
- SAP Concur (86/100)
- Coupa (82/100), and
- Rydoo (79/100).

Along with overall satisfaction ratings, the report also lists scores for functionality, ease of use, value for money and customer support.

*Info: [bit.ly/expense516](http://bit.ly/expense516)*

#### ■ New website for coronavirus scam information, reporting

Here's help in case you or anyone else at your company is hit by a coronavirus payment scam.

The Treasury Inspector General for Tax Administration (TIGTA) just created a website specifically for information regarding IRS-related coronavirus scams.

Along with guidance and tips, the website includes a button to submit a Coronavirus Scam Report.

*Info: [bit.ly/tigta516](http://bit.ly/tigta516)*

## 12-point checklist for a secure and successful p-card program

■ *Has your company taken all of these steps?*

In an increasingly fast-paced and digital world, purchasing cards will only become more widely used.

Employees need to quickly be able to buy essential business expenses, critical flights and last-minute items.

And the more employees use cards, the more A/P must do to maintain a controlled, secure card program.

### Compliance up, misuse down

There are a dozen best-practice steps that lend to a successful p-card program, says internal auditor Don Holdegraver. Use this checklist to see how your own program stacks up:

- ❑ **Define policies and procedures** and update them regularly. As your company evolves, your p-card practices should, too.
- ❑ **Appoint authority.** Who has the final say on rules? Who can employees turn to with questions?
- ❑ **Designate roles for the transaction reconcilers and monitors.** This once again enforces strict procedures and strong internal controls.
- ❑ **Design the p-card** to minimize the possibility of “accidental” use of cards for noncompliant purchases.
- ❑ **Establish card limits** to ensure employees aren’t able to spend more than they should.
- ❑ **Create a cardholder agreement** that employees must sign, indicating the significance of having a card.
- ❑ **Conduct face-to-face training before administering p-cards**, so you know employees are prepared to use them.
- ❑ **Require original receipts for every purchase** to hold employees accountable and deter misuse.
- ❑ **Request electronic transfer data from your card provider**, allowing A/P to analyze and report on it.
- ❑ **Provide a hotline process** so that employees can proactively report misuse or bring up concerns.
- ❑ **Enforce policies for misuse.** Clearly spell out what’s wrong, enforce it and do so consistently.
- ❑ **Institute recurring audit processes** to boost companywide compliance and ferret out fraud.

*Info: Procurement Cards: 12 Steps to Fraud Resistant P-cards*

able to prove Mark was engaged in an independently established trade apart from his work with them.

### Analysis: Review classifications

You know worker classification rules have a long history. There was the 20-factor test, then IRS’s three factors of controls. Now more states are adopting California’s ABC test.

As things change and evolve, it’s smart for companies to periodically review IC relationships and ensure they line up with the latest rules.

*Based on Garcia v. Border Transportation Group LLC. 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.*

### Crooked finance pro gets 41 months in prison

**Individual:** Michael Vines, former A/R clerk for The Country Club of Birmingham in Birmingham, AL.

**Violation:** After it was discovered that Vines had take over \$630,000 from the country club, he pleaded guilty to wire fraud.

**Penalty:** A judge sentenced him to serve 41 months in prison.

**Note:** Vines was a tenured and trusted employee who had been with the country club for about 16 years. Working in A/R, he was able to steal cash and other payments, then hide the fraud with false entries in their financial system.

**Cite:** [bit.ly/vines516](http://bit.ly/vines516)

### \$475K fraud disguised as normal biz expenses

**Individual:** Michelle McKinney, former account manager for a roofing company in Rockton, IL.

**Violation:** McKinney pleaded guilty to wire fraud, having used various company cards to steal over \$475,000.

**Penalty:** She is scheduled to be sentenced this May. For her crimes, she could get a maximum sentence of 20 years in prison and a maximum fine of \$250,000.

**Note:** As the account manager, McKinney was in charge of A/P, A/R, payroll and HR. She had her own corporate credit card and, unbeknownst to the company, issued herself a second card. She also had access to the debit card linked to the company’s bank account. McKinney used these cards to make personal purchases and cited them as regular business expenses, like office supplies.

**Cite:** [bit.ly/mckinney515](http://bit.ly/mckinney515)

## Sharpen your judgment THE DECISION

*(See case on Page 2)*

No, the company didn’t get the suit dismissed. An appeals court said there was a “triable issue” as to whether Mark was an employee under the ABC test and ordered a trial.

The third factor (C) of the ABC test says a worker is an employee unless he or she is engaged in an independently established trade of the same nature as the work performed for the entity.

When looking at that last factor, the court said the company wasn’t

## 3 Excel functions to look up a value based on specific criteria

### ■ Quickly set your criteria and find what you need

Sorting and filtering data in Excel can be a cumbersome, messy task.

Thankfully, there are certain functions you can use to find the data you need without cluttered pivot tables and tons of formatting rules.

Here are three user-friendly functions to find select criteria in Excel, recommended by the accounting pros at Robert Half:

#### 1. Sumifs()

This will sum (aka, total) certain cells that meet the same criteria. You can quickly set up perimeters and change them whenever you like.

Example: Sumifs(A:A, B:B, C1) will sum the cells in Column A – only if the adjacent cell in Column B is equal to the data in C1.

#### 2. Countif()

With this function, you can count the instances of a particular condition.

Example: Countif(B:B,B1) will reveal how many times the value in B1 appears in Column B.

This can be especially useful in finding duplicates. If the output's more than one, you know there's a duplicate.

#### 3. Vlookup()

Use this one to find similar fields in the same row. (The “V” stands for vertical, since you search columns.)

The function is as follows: Vlookup(value to look for, table, column, range\_lookup)

Note that range\_lookup is optional. Type TRUE to find an approximate match or FALSE for an exact match.

Example: The function Vlookup(D1,A1:B30,2,FALSE) would find the value of a cell in Column B that is on the same row where the value of D1 is in Column A.

*Info: bit.ly/excel516, see more Excel tips and tricks on our website*

## High priority item! How to handle urgent emails

### ■ Don't let these messages steer you off track

When an email is marked as high priority, urgent or important, your impulse is to address it ASAP.

But the fact is, sometimes these “urgent” emails aren't all that urgent (though the sender may beg to differ).

#### Digging deeper

During the workday, you need to know how to respond tactfully and manage expectations without letting your other work fall by the wayside.

Try these three tactics:

1. **Determine how urgent the situation actually is.** Ask the sender when a response or action is really needed. “Urgent” doesn't necessarily mean “immediate.”

The sender may simply be anxious about a minor problem or excited to get started on a new project.

2. **Provide a timeline.** The sender may only need a plan of action, not a full resolution, right away.

You could say something like, “I can get you an answer by noon tomorrow. Will that work?”

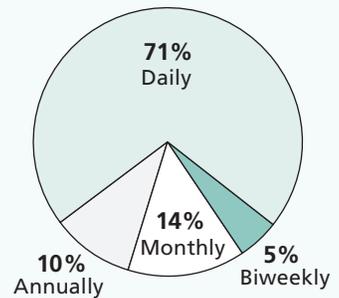
3. **Prioritize.** If the sender's someone you work with regularly (e.g., the CFO, a purchaser), this urgent request may require you to postpone other tasks that you're working on together.

Be sure to discuss with the sender how the two of you think the work should be prioritized, so time can be managed accordingly.

## How do you stack up?

### Audit frequency

How often do you perform audits of expense reports?



Source: Peeriosity, peeriosity.com

A/P departments know auditing expense reports is a valuable task that should be prioritized. The key is to find an auditing frequency and routine that's both realistic and effective for your 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

### ■ Employee appreciation: Here's what not to gift

The recent months have put a lot of people on edge, making now a good time to recognize your staff with words of praise or small gifts.

Just be sure to avoid bad appreciation gifts like these:

- “A lot of us got a Starbucks gift card with enough on it for one small coffee – and not even a cappuccino.”
- “My boss's boss gave me a giftset of various anti-aging lotions and potions, which promised to get rid of wrinkles and undereye circles.”
- “After 15 years, I got a \$50 watch with someone else's name on the back. Before I got a replacement from HR, the company went into Chapter 11 [bankruptcy].”

*Info: bit.ly/gifts516*

## 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.

### ECONOMIC NEXUS

When can you expect online sellers to charge you sales tax? Here are three states with updates.

**CALIFORNIA** – A/P pros in this state may notice a difference in which online purchases are taxed.

The California Department of Tax and Fee Administration (CDTFA) has modified the state's remote seller rule.

Remote sellers must collect California use tax if the total sales of tangible personal property for delivery in state exceeds \$500,000 annually.

Also, all retailers (in and out of state) must collect district use tax on sales made for delivery in any district with a district tax if the total sales of tangible personal property in or for delivery in California exceeds \$500,000 annually.

See details on the CDTFA's page.

*Info: [bit.ly/ca-516](https://bit.ly/ca-516)*

**TENNESSEE** – If your company buys from marketplace facilitators, expect to see sales tax attached soon.

Remote sellers are already required to collect sales tax. And effective Oct. 1, 2020, marketplace facilitators who make \$500,000 in Tennessee sales each year must do the same.

Note: The law clarifies that there are some instances when a marketplace facilitator doesn't have to collect sales tax. View more info below.

*Info: [bit.ly/tn-513](https://bit.ly/tn-513)*

**NORTH CAROLINA** – A small change in wording could make more remote sellers liable to collect sales tax.

Recently, North Carolina modified its definition for "gross sales."

The old definition was "the sum total of the sales price of all sales of items." (Here, "items" was defined as "tangible personal property, certain

digital property, or a service, unless the context requires otherwise.")

The new definition is "the sum total of the sales price of all sales of tangible personal property, digital property, and services."

In other words, it's been broadened to include more digital property. And though the distinction seems minor, it could impact which remote sellers collect sales tax from you, since North Carolina's economic nexus threshold is \$100,000 in gross sales or 200 separate transactions each year.

*Info: [bit.ly/NC-508](https://bit.ly/NC-508)*

### TRANSPORTATION

When employees hit the road, their transportation costs come to you. One state has sales tax news.

**NEW JERSEY** – A/P pros that pay for employees' parking expenses here may see higher prices now.

Many parking expenses are already taxable in New Jersey, but a recently enacted law makes it possible for certain municipalities to impose an extra local parking tax.

Specifically, any municipality with a population of 100,000+ can impose a mass transit access parking tax of 3.5% on fees to park, garage or store motor vehicles. (And note that this 3.5% tax is applied in addition to other surcharges and taxes.)

*Info: [bit.ly/nj-516](https://bit.ly/nj-516)*

### SERVICES

The taxability of services can be complex. Luckily, two states have new guidance to help you get it right.

**TEXAS** – If you work in the Lone Star State, know that it's putting a halt on some sales tax changes.

Previously, we told you that Texas was going to tax medical billing services as insurance services starting April 1, 2020 (*see KAP 4/1/2020*).

Now, the Texas Comptroller has decided to delay implementing that

policy change for medical billing services until after the 2021 legislative session.

So, you don't need to worry about sales tax on those services for now.

*Info: [bit.ly/tx-516](https://bit.ly/tx-516)*

**SOUTH CAROLINA** – Getting invoices for software services? Here's new insight on their taxability.

South Carolina recently assessed a vendor that sold software subscription services of its cloud-based platform.

The question at hand: Were the subscription services taxable?

The state concluded that the vendor was an "application service provider" that gave customers access or use to software on its website, and its software subscription services were taxable.

*Info: [bit.ly/sc-516](https://bit.ly/sc-516)*

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