



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.

September 1, 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.

Boost savings during tough times: 4 areas to focus on

■ How A/P can help tighten the money belt

An ongoing objective for A/P is to keep costs low. And never before has that been so necessary.

With a worldwide shutdown, a dwindling economy and companies everywhere finding themselves in financial binds, the focus on cutting costs and capably managing money has grown exponentially.

To be more frugal, some companies may opt to simply cut back on certain expenses in the short term and extend payables temporarily to boost cash flow and working capital.

A better solution? Take a strategic, long-term approach to cost savings

and cash management.

That, of course, requires A/P to work with leadership and Purchasing to create a culture centered on optimizing payables, explains accounting organization Deloitte.

Check out four essential areas that A/P can focus on to boost savings now and for the long term:

1. Vendor selection

First, your company should have an up-to-date preferred vendor list, so employees don't buy from just any supplier they find and perpetuate

(Please see Savings ... on Page 2)

IRS discusses new 1099 online filing platform

■ 2020 annual report includes details on approach, design

There's new insight for A/P on IRS's forthcoming 1099 platform.

As you know, the Taxpayer First Act calls for the development of a new online platform to help you prepare, file and maintain records of 1099s by January 2023.

And the Service's 2020 annual report includes a discussion on how it envisions the platform operating.

What's in the works

According to the report, IRS is collecting insight from external

stakeholders and industry pros to identify best practices, gear system requirements/design and understand what functionality users want.

Among other things, the report suggests the platform include:

- full integration into the broader IRS IT systems to enable data flow, and
- real-time data validation between IRS and states to prevent delays.

We'll keep you posted as the platform's development continues.

Info: View the full 2020 report at irs.gov/pub/irs-pdf/p3415.pdf

Savings ...

(continued from Page 1)

maverick spend. Essentially, the list should include vendors that are the most cost-effective and reliable.

It's also smart to keep scorecards that detail vendors' prices, customer service, quality, etc., so you always have an eye on what vendors really cost you in terms of time and money.

2. Contract reviews

Sadly, you don't have control over vendors' billing practices – and poor practices can lead to overpayments or other costly errors.

But you *do* have a sense of control over your vendor data and contracts.

That's why Deloitte advises creating a team to monitor vendor data and contracts for completeness, correctness and compliance.

And to get vendors serious about sticking to terms too, you could include a clause that imposes fines or penalties on them in the event of explicit underperformance.

These extra precautions may mean a little more time dedicated to contract management, but they'll boost A/P's strategic value and could save your company big in the long haul.

3. Contract negotiations

Contract terms need to change over time. When it comes to negotiating

with vendors, you should:

- Involve other key leaders, like your CFO, CPO and Treasury, to hear their expertise and discuss your current payment strategy. (Example: Get insight on when or if it'd be good to negotiate longer payment terms to optimize cash flow or increase working capital.)
- Research competitors, then see if your vendors are willing to match prices or offer larger discounts.
- Leverage those vendor scorecards as a way to encourage better pricing, service, response times, etc.

4. Purchase-to-Pay processes

Some companies may have hundreds or even thousands of vendors to manage. And with all those invoices, it becomes harder for A/P to monitor and control maverick spend.

That's why it's key to collaborate with Purchasing. Together, you can work to prioritize any purchases that include early pay discounts, volume rebates or trade spend initiatives.

And it doesn't have to be a drag! Make savings a fun and competitive team effort by setting and tracking metrics (e.g., percentage of invoices paid to terms, discounts captured). Seeing cost savings and commendable metrics will motivate both teams to keep it up and save even more.

Info: Adapted from Deloitte, "Strategies for optimizing your accounts payable," at bit.ly/capital523

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 traveler's per diems have been counted as wages?

A/P Manager Jenn Smith had just sat down at her desk one morning when a call from CFO Jeff Rizzo came through. "Hey, Jeff," she said, picking up the phone.

"Hi, Jenn," Jeff said. "We need to talk about the per diems we give employees for travel."

Jenn sat back. "Well, since most employees travel long distances to our job sites, we're paying all of them per diems."

Blanket policy

"That's fine for the long-distance employees. But for local employees who aren't traveling over 50 miles to get to a job site, those per diems need to be treated as regular wages," Jeff said.

"Vicky Moore, who's local, is saying her per diems weren't included as part of her wages, which matters when she works overtime," he continued.

Jenn sighed. "It's been difficult keeping up with all our employees' residences, since some people stay in temporary housing or hotels. Others forget to tell us when they've moved, since they're off-site," she explained. "That's why we made a blanket per diem policy."

When Jenn's company was in the process of revamping its per diem policies, Vicky and some of her other local co-workers decided to take the company to court. They claimed the per diem payments should've been treated as wages and counted toward overtime.

Jenn's company fought the lawsuit. Did it win?

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



Keep up to date on
ACCOUNTS PAYABLE™

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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 **ACH, card payments offer a huge savings**

My department was a little bogged down by all the paperwork and expenses that come with processing paper checks.

It often took so long that we were getting behind on filing paid invoices once they were complete.

Typically, we were sending about 100-150 paper checks every single week to our vendors.

Not only was it time-consuming, but the cost of postage and paper was really adding up.

That made us realize we shouldn't print checks if we didn't need to.

We could save our company a lot of money if we could just get our vendors to switch over to a different kind of payment.

Making the switch

We started calling up our current vendors to ask what sort of payment options they had available, and we found the majority of them accepted ACH and credit card payments.

We chipped away at our list of vendors until we reached each and every one of them.

It took about six months, but our effort paid off little by little. We ended up switching about 70% of our vendors to an ACH or card payment process.

Now, when we're ready to send a payment, each vendor receives an email notification instead of a letter.

Sure, we still mail out a few paper checks, but this digital process means we aren't sending nearly as many.

Our whole operation is faster and we save a lot of money on paper and postage costs.

(William Bitzenhofer, A/P Manager, Valley Community Food Coop, Burnsville, MN)

IMPROVING YOUR OWN A/P PROCESS

2 **Using email, calendar to track deadlines**

For finance and accounting pros, tasks that have to be completed by certain deadlines are often the most challenging ones to manage.

We liked using Microsoft Outlook because we could easily keep track of email and contacts. Then we discovered its other great functions.

Tools for busy professionals

We started using the calendar features to keep track of important

finance deadlines.

With "Task reminders" and "To Do lists," we're able to find and establish a rhythm to the workday – and the workweek – that makes sense to us.

Another plus is that it works for everyone. Whether employees are using a PC, a Mac or a smartphone, Outlook works seamlessly.

And the more we use it, the more we learn.

Now, some of our favorite tools to stay organized in Outlook are ones that typically don't get used or talked

about as often, such as "Sweep." It saves time by moving filtered batches of emails into different folders.

Thanks to this email and calendar software, it's easier to be aware of deadlines and know what projects need to be done on certain days.

It saves time and helps us stay organized – two musts for any finance and accounting department.

(Stacey Webster, Firm Accountant, Smith, Elliot, Kearns and Co., Hagerstown, MD)

3 **Starting every meeting off on the right foot**

Quite frankly, meetings can be morale-killers and time-killers.

Not only do most people dislike attending them, but at our company, it was starting to feel like meetings were only for delivering bad news.

We needed a different strategy.

Small but impactful change

How could we stop people from hating meetings in general and zoning

out right away?

We decided to change how they started. Now, at every meeting, all attendees share something good that's happened to them recently. The only rule: It has to be positive.

It can be anything from a recent win at work to personal news, like something relating to their kids or spouse.

And it's been a huge success!

Everyone looks forward to sharing and hearing good news. And we've all enjoyed learning more about

each other in the process. We now know what's going on personally and professionally in each other's lives.

Bonus: It's also done wonders for what comes after in the meeting.

Since we begin on a lighter note, even when we have some not-so-positive things to discuss, everyone handles them a lot better.

We've found bad news is easier to swallow when you start with good news as an appetizer.

(Lisa Tanzer, President, Life is Good, Boston)

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.

SPEND VIOLATIONS

Watch out, A/P! Even if employees aren't making as many expenses lately, they're making more noncompliant and fraudulent ones.

That's the main takeaway of a new report from expense monitoring and auditing specialist Oversight Systems.

The report found T&E spending decreased almost 64% during the second quarter of 2020, due largely to the pandemic and a reduction in business travel.

But despite that large decrease, spend violations have increased a whopping 207% year over year.

3 things to watch

Where are these spend violations hiding on expense reports?

Oversight identified three aspects of T&E that A/P should keep an eye on as the pandemic and remote work continue on:

1. "Home office" electronics and items: No surprise, electronic and computer store purchases made up a big chunk of spend violations, Oversight noted.

Common fraudulent purchases included sound systems and TV services, submitted as "necessary" home office expenses.

2. First-time spenders: More remote work meant more employees – who hadn't ever submitted expenses to A/P and weren't familiar with policies – throwing their hat in the T&E ring.

Out-of-pocket expense submissions increased 80% in the first four months of 2020, and Oversight says first-time spenders were probably a contributor to that.

3. Excessive meal expenses: There was also an increase in excessive meal charges, with over 60% of expense violations being tied to meals.

This could be because some companies recently chose to amend their T&E policies concerning meals.

For example, companies may have previously let employees working late submit dinner expenses – but stopped allowing that during the pandemic.

Info: Business Travel News, "Oversight: T&E Spending Down But Violations, Fraud Up," at bit.ly/violations523

TEST YOUR KNOWLEDGE

Improving and refining your invoice practices

There's always new advice going around on how to handle invoices.

And no matter how manual or digital your department is, there are steps you can take today to up your game and avoid pesky mistakes.

Answer *True* or *False* to the following to see how good your A/P team's invoice practices are:

1. When it comes to invoices with errors (e.g., an incorrect dollar amount listed) you should handle them on an ad-hoc, individual basis, since every invoice and every mistake is unique.
2. Even if your invoice policies are relatively self-explanatory, you should still send them to vendors.
3. Your A/P team should work together on all tasks relating to payments, from processing invoices to performing three-way matches, so everyone is on the same page.

ANSWERS

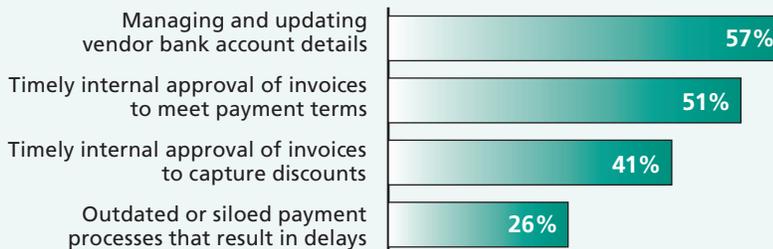
- Cite:* bit.ly/invoice523
1. *False.* A/P should have clear, well-defined procedures for how to handle invoices with errors, say the experts at Doclib. Those procedures could vary based on how sizable the error is, though. (See Page 5 for a related story on handling invoice errors.)
 2. *True.* By sending invoice policies, you'll answer vendors' questions before they even have to ask. And you always have a written resource to point them to, demonstrating A/P's professionalism.
 3. *False.* Though all your staffers should have access to the same data to double-check info and communicate, separating some roles and duties can minimize the risk of fraud.

Answers to the quiz:

A/P's payment pain points

What are your biggest challenges with paying vendors?

Note: Respondents could pick more than one. Results are rounded.



Source: Strategic Treasurer, strategictreasurer.com

Trying to keep track of every vendor's payment details is no easy feat. To avoid payment delays or errors, it could help to regularly solicit vendors, asking if any of their information has changed within the last [timeframe]. If they forgot to update you on something, they'll be prompted to do so then.

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.

Handling invoice mistakes, both minor and major

What should you do when you spot an invoice with an error?

The key is to have separate processes for handling invoice errors depending on how substantial they are.

If it's just a small, obvious blunder that doesn't need much explanation, you can likely correct the amount on your bill or payment stub and proceed with payment. Just make sure you also document the correction in your files.

If the invoice has a big discrepancy or requires hashing things out, it's best to contact the vendor directly, so you can talk it through, decide how to document the change and pay the invoice. This will prevent confusion or back-and-forth changes later.

Info: bit.ly/mistake0519

Sniff your way to a calmer, more efficient workspace

Small touches around your office can make normal days better.

If you'd like to boost energy while covering up any odors, a cheap, easy solution is to use scent diffusers.

Here are some scents to try:

- **Lemon** promotes concentration and helps with anger and stress.
- **Lavender** can relieve tension and reduce headaches and migraines.
- **Peppermint** yields an energy boost and stimulates brainstorming.
- **Rosemary** boosts memory retention and fights physical fatigue.

Info: bit.ly/scent519

How to create the optimal manual-virtual payment mix

Despite some vendors' resistance, virtual payments have been pushed to the forefront in recent years, even more so thanks to COVID-19.

But A/P doesn't have to go full

throttle on this payment type, says OnPay Solutions CEO Neal Anderson. He advises aiming for 20% to 25% of your pay to be virtual. For the rest, embrace a mix of payment tools.

That way, you're transitioning to digital – but in a way that still gives vendors options.

Info: bit.ly/electronic519

Want to better your staffers? Share your worst moments

As an A/P pro, you've probably got tons of good stories – some about your successes, others about your mistakes.

It's normal to want your staff to think you've got it all together, but after all, your job is to help them improve.

So, tell them about mess-ups. Share the time you were a little embarrassed. Even if it's not pleasant to recount, it'll help them grow. And they'll admire you more after learning what hurdles you cleared to get to where you are today.

Info: bit.ly/failure519

SOFTWARE SKILL BOOSTER

Malfunctioning keyboard: 4 ways to troubleshoot

With a faulty keyboard, even typing "expense" is impossible!

Here are a few ways to fix it:

1. **Restart your PC.** It sounds simple, but it often does the trick.
2. **Update/reinstall keyboard drivers.** If this isn't done automatically, go to *Device Manager*, then *Keyboards*. Right click and choose *Update driver*.
3. **Clean the keyboard.** It could just be crumbs or debris between the keys. You can try spraying compressed air.
4. **Enlist IT.** If all else fails, pick up the phone and call IT.

Info: bit.ly/keyboard519

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

■ **IRS addresses data security when working virtually**

Here's some guidance for A/P departments working remotely.

As part of its ongoing security efforts, IRS has issued a news release about protecting private data at home and at work.

It highlights six protections that everyone, especially those handling sensitive data, should use, namely: anti-virus software, firewalls, two-factor authentication, backup software/services, drive encryption and virtual private networks.

Info: bit.ly/security523

■ **State sales tax: Goodbye relief, hello enforcement!**

Heads up, A/P: As the coronavirus pandemic continues on, states may shift their sales tax approach.

As you know, many states initially offered sales tax relief for businesses due to the pandemic. Now, states in need of cash may switch gears to collect more revenue. They'll likely broaden sales tax and boost enforcement of remote sales tax laws, say the experts at Avalara.

Knowing that, it'd be smart for A/P and A/R to double-check that even amid the COVID-19 chaos, your company's still fully compliant with state sales tax regs.

Info: bit.ly/salestax523

■ **Government guidelines: How business travel will resume**

Has your A/P department been wondering when expenses for business travel will ramp up again?

OSHA has outlined three phases:

- **Phase 1:** Nonessential business travel should be limited.
 - **Phase 2:** Telework should continue when possible. Nonessential business travel can resume.
 - **Phase 3:** Businesses can resume unrestricted staffing of worksites.
- Full details can be found below.

Info: [osha.gov/Publications/OSHA4045.pdf](https://www.osha.gov/Publications/OSHA4045.pdf)

Maximize productivity: How to make your workdays ‘flow’

■ 4 strategies other business leaders swear by

Every A/P pro has experienced that magical feeling – when you really get into the groove of working on a task and time seems to fly by.

This state of pure focus is called your “flow,” according to psychologist Mihaly Csikszentmihalyi.

And though you may occasionally experience this mindset in A/P, most of the time, you’re likely combating interruptions or dragging through a long day.

What the experts do

To achieve “flow” more regularly, here are some tips from other business professionals on how they reach optimal concentration:

1. Master the “morning routine.”

When you wake up, drinking green tea and completing a 30-minute workout can help activate your “alpha brain waves,” according to Tessa Hull, success and optimization coach at No Right Way Ltd.

This will set you on the right path for whatever comes your way that day, from complex vendor queries to last-minute payments.

2. **Create your plan of attack.** Try doing technical tasks, like checking email or processing invoices, first to get the juices flowing, advises Trevor Lohrbeer, founder of Day Optimizer.

Then for more strategic projects, like Purchase-to-Pay initiatives, create a visual roadmap on pen and paper, advised inBeat Agency CEO David Morneau. It can help to detail each step, showing how you’ll get from Point A to Point B and so on.

3. **Start the clock.** Set intervals for a five-minute break for every 25 minutes of work, said Dan Grower, owner of Buddy Gardner Advertising.

Bonus: For an alternative to the usual alarm clock, make a playlist that is 25 minutes long to listen to during work and take a break when it ends.

4. **Try some tunes.** Ron Stefanski of *OneHourProfessor.com* fits his music to his tasks. He listens to upbeat music in the morning when multitasking, then ambient, chill music in the afternoon when writing and thinking critically.

Give different music a try and find out what tempo works for you.

Info: bit.ly/mindful519

50 miles of a job site. That hard evidence helped convince the court.

Analysis: Separate per diems

Usually, per diems aren’t counted as wages for employees who travel often. But they should be treated as wages if employees aren’t reimbursed for travel or biz expenses incurred – which means the payments should be included when calculating the regular rate for overtime pay.

To be safe, it may be better to pay per diems separately from paychecks or provide funds on prepaid cards.

Based on Stone v. Troy Construction LLC. 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.

Corrupt check payments lead to prison sentence

Individual: Theresa Foreman, former owner of Equinox Home Care LLC in Stratford, CT.

Violation: After defrauding the U.S. Treasury of more than \$60,000 as part of a check writing scam, Foreman pleaded guilty.

Penalty: She was sentenced to serve one year in prison, followed by three years of supervised release.

Note: How did her scam work?

First, Foreman stole money from her company by writing checks to employees who didn’t exist (i.e., “ghost employees”), then deposited the money in another account for her own use. Foreman also cashed mileage reimbursement checks made out to other people, and she instructed employees to cash company checks for her, too.

Cite: bit.ly/foreman523

Bookkeeper nabs \$430K in multifaceted scheme

Individual: Anna Niles, former bookkeeper for various related companies in Bozeman, MT.

Violation: From 2008 to 2019, Niles embezzled over \$430,000. She pleaded guilty to wire fraud.

Penalty: A judge will sentence her at a later time. For her crimes, Niles could serve up to 20 years in prison, followed by three years of supervised release.

Note: Niles carried out her scheme through stealing cash, misusing business credit cards, diverting company funds through check payments and more. In an attempt to conceal her fraudulent scheme, Niles wrote checks from other businesses.

Cite: bit.ly/niles523

Sharpen your judgment THE DECISION

(See case on Page 2)

No, Jenn’s company lost. The court said the company must pay employees back overtime pay since the per diems weren’t included as wages when calculating their overtime rates.

The company said it wasn’t aware which employees were local or not, so it gave everyone the same per diem.

But the employees showed they provided their addresses when hired, so the company should’ve been able to track which employees were within

Become the master of A/P data entry with these next-level tips

■ Soar through your work while maintaining accuracy

When thinking about data entry, there are a few words that might come to mind: time-consuming, difficult and maybe even boring.

Simply put, inputting data in A/P can be frustrating, especially when multiple people are collaborating in the same document.

4 tactics to try

Check out a few steps that will have you and your staff working more efficiently:

1. Take the time to validate. It may seem like a drag, but taking a few minutes to go through what you've entered – right after you finish entering it – will help you catch any tiny mistakes.

Pro tip: Use Excel's data validation tool for even more accurate results.

2. Track common errors. Typical data entry mistakes, like using inconsistent formatting for vendors'

names and contact information, can quickly add up. So, pay attention to any patterns in your staff's mistakes.

If there's one error that's repeated, highlight it with your team and, if applicable, hold a quick tutorial on how to remedy it.

3. Maintain consistency in spreadsheets. In columns and rows, check that data isn't entered in chunks or blocks in different places.

Rather, data should be entered in the same way throughout the sheet. You can even tag columns with labels that indicate their content (numbers, words, etc.) to keep them organized.

4. Hunt down missing data. If you spot an empty cell or missing data, it's important to mark it right away and have a process for handling it.

Example: You could use "NULL," "N/A" or a distinct number like "9999" to represent a missing value.

Info: bit.ly/data519

3 puzzle pieces of the ideal A/P software system

■ Focus on functionality, pricing and resourcing

You've got a lot to consider when finding the perfect A/P software.

But essentially, it can all be boiled down to three areas, according to the automation experts at Spend Matters: functionality, pricing and resourcing.

Easy as 1-2-3

Here's an overview of each:

1. Functionality: Think about how A/P operates now and what you're missing with your current system. Is it too complex? Does it require too much manual intervention?

Ask staffers and other users what their "dream software" would include and use their answers to fuel your decision. Also, consider how you'd

like A/P to run in a few years.

2. Pricing: If you find a model you like, don't be afraid to ask questions and negotiate to get the best deal. For example, while one vendor might offer \$50 per user, another might show you that some of your employees don't need "full access" and dock the price for those employees to say, \$20.

3. Resourcing: Some companies may choose standard "out-of-the-box" systems or customize systems in-house.

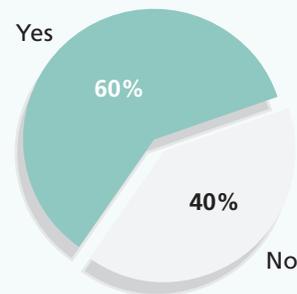
But Spend Matters recommends bringing in an outside resource (i.e., expert) who can make sure the system is configured suitably for your needs and teach you all the features offered.

Info: bit.ly/newsoftware519

How do you stack up?

Monitoring company spend

Do you have any spend management automation in A/P?



Source: Ardent Partners, ardentpartners.com

A/P has a plethora of spend data in its hands. And with automation, you can more strategically assess that data and provide key insights from a company spend and cash management perspective.

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

■ Purchases and payments: Why patience is a virtue!

A/P knows better than most how a small purchase order mistake can turn into a big problem.

And right now, there's a German man who can really relate to you.

While attempting to buy a Tesla online, he made a few wrong clicks and accidentally bought 28 units – a blunder that cost 1.4 million euros.

How'd it happen? When the man clicked "confirm" on his original order, he didn't receive a message. Confused, he pressed the button over and over, 28 times, unintentionally buying a new unit with each click.

Tesla usually doesn't issue refunds, but thankfully, they made an exception and spared the man his livelihood.

Info: bit.ly/tesla519

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.

CORONAVIRUS SURCHARGES

During the pandemic, some sellers have added surcharges to purchases, like delivery fees or cleaning fees. But are these surcharges taxable? Two states are making the call now.

NEW JERSEY – A/P pros in the Garden State may see higher prices on invoices.

In a new notice, New Jersey said the taxability of COVID-19-related surcharges depends on whether the product or service is taxable.

These surcharges are part of the total sales price, meaning:

- If the underlying transaction is taxable, the surcharge is, too.
- If the underlying transaction is exempt, the surcharge is, too.

Info: bit.ly/nj-523

SOUTH CAROLINA – This state is also imposing sales tax on COVID-19-related surcharges.

According to a new information letter, sales and use tax will apply to “an additional COVID-19 surcharge or fee, a handling fee, a takeout charge or similar charge.”

You can view more details, as well as real-life purchase examples, below.

Info: bit.ly/sc-523

ECONOMIC NEXUS

In today's climate, most companies are increasing their online purchases. Here's taxability info from several locations to help A/P get it right.

CALIFORNIA – Get ready! A new emergency regulation on marketplace facilitators was just enacted here.

The California Department of Tax and Fee Administration's emergency reg (effective June 29, 2020) aims to get rid of some confusion regarding

the state's Marketplace Facilitator Act. The new regulation clarifies:

- rules for marketplace facilitators and marketplace sellers, and
- definitions for terms that weren't spelled out in the original act.

Since it's an emergency reg, it'll stay in effect for two years.

Info: bit.ly/ca-523

PUERTO RICO – If your company buys from marketplace facilitators in Puerto Rico, expect to see sales tax.

Thanks to a newly enacted bill, marketplace facilitators have to collect sales tax from you.

Note: This new rule applies retroactively to Jan. 1, 2020. But a circulating house bill could move the effective date to Oct. 1, 2020, giving companies time to get in compliance.

Info: bit.ly/pri-523

MULTIPLE STATES – Want more info on remote seller and marketplace facilitator rules? Two states recently issued guidance:

- **Indiana** published *Sales Tax Information Bulletin #89* (*bit.ly/in-523*).
- **Mississippi** issued *Notice 72-20-04* (*bit.ly/ms-523*).

Visit the links above for more details, definitions and examples of online sales that must be taxed.

MEAL EXPENSES

Paying for company meals? Depending on the state and type of food, their taxability can vary. Check out two states with updates.

UTAH – Here's a tax distinction for A/P pros in the Beehive State.

As of July 1, 2020, the definition of “marketplace facilitator” doesn't include those that only facilitate sales for restaurants (i.e., prepared food delivery companies like DoorDash).

Keep that in mind if employees are expensing these meals while working remote, for office meetings or during

future business travel.

Info: bit.ly/ut-523

NEVADA – Should employees' prepared food expenses be taxed? This state's looking to clear that up with new regulations.

Generally, Nevada taxes sales of prepared food, including food sold with utensils provided by the seller. Now, the state has new rules that:

- explain the circumstances when food is considered to be sold with utensils from the seller (based on the percentage of food that's considered “prepared food”), and
- establish the method for calculating the percentage of prepared food sold by the seller.

Info: bit.ly/nv-523

Don't see your state listed? Our website has many more sales and use tax updates. Log in and visit bit.ly/KAPsalesusetax

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