



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.

November 2, 2020

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CFO DAILY NEWS

CFO Daily News, part of the SuccessFuel 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.

Extra filing responsibilities for 1099-NEC: Here's help

■ Staying compliant with IRS, state requirements

Though the 1099-NEC was revived to simplify year-end filing, there's one aspect that will make things a little more complicated for A/P.

IRS recently released Publication 1220, *Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G* for Tax Year 2020.

And it includes a notable distinction between submitting 1099-NECs and other 1099s.

No combined filing

In the publication, the Service doesn't include Form 1099-NEC in its

1099 Combined Federal/State Filing (CF/SF) Program for 2020.

That means any 1099-NECs you file electronically using the Service's FIRE System won't automatically be forwarded to states. Your A/P department will have to take care of them separately.

Note, though, the 1099-MISC is still part of the CF/SF program. In fact, all the forms that are included for 2020 are:

- Form 1099-B
- Form 1099-DIV
- Form 1099-G

(Please see Filing ... on Page 2)

Must A/P use IRS's mileage rate for delivery drivers?

■ DOL discusses reimbursement requirements

Here's new insight on reimbursing delivery drivers for mileage costs.

Per the FLSA, nonexempt employees must be paid at least minimum wage for all hours worked, and costs they incur (e.g., mileage) can't bring their wages below the minimum wage.

Because prior DOL guidance said using IRS's mileage rate complied with the FLSA, some thought companies were *required* to use that rate.

But a new opinion letter clarifies companies don't have to reimburse drivers' mileage using IRS's standard rate. They may "reasonably

approximate an employee's expenses" through other methods.

Justifying your process

Whether A/P uses IRS's mileage rate or another method to reimburse delivery drivers, the key is to have a well-documented process that shows your good-faith effort for compliance.

Plus, because this opinion letter is an official interpretation, companies can reference it when justifying their reimbursement process.

Info: bit.ly/mileage527

Year-end Compliance

Filing ...

(continued from Page 1)

- Form 1099-INT
- Form 1099-K
- Form 1099-MISC
- Form 1099-OID
- Form 1099-PATR
- Form 1099-R, and
- Form 5498.

Handling 1099-NECs

It's clear A/P will have to devote some extra effort to separately filing 1099-NECs with states this coming year-end. So, it'd be smart to start developing a solid plan now.

Here are a few things to consider:

1. The research: As you know, different states have different requirements for filing 1099s. Some don't require you to send any of them; others mandate you file all of them; others still want just the 1099s that report withholding.

While year-end's still a few months out, A/P should make a list of the states that are relevant to your company. Then dig in and figure out what each of their individual requirements are.

2. The who: Next, consider who on your team will handle the state filing. Should the job be split up equally between staffers? Or would it make more sense to designate a specific staffer or two to handle the task?

Estimating how many labor hours

it'll take, based on how many forms you have to file with different states, could help fuel your decision here.

3. The when: Since filing with states requires another step in your year-end process, think about when you'll file with states (at the same time as IRS

A/P will have to separately file 1099-NECs with states.

filings, after IRS filings, etc.). The key is to have one set process, so nothing gets missed.

4. The alternative: Of course, if that extra work is something you want to avoid altogether, your company can look to external vendors that offer 1099 filing services.

To get your CFO and other leaders on board with the idea, you'll want to find suitable services and justify the cost by showing how much time A/P will save if the task is outsourced.

Plus, since incorrectly filing forms can spur costly penalties, be sure to mention how your company could lower its risk by passing the task to a trusted service provider.

Info: See the 2020 version of Publication 1220 at irs.gov/pub/irs-pdf/p1220.pdf

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.

■ Is new local tax reasonable or not? Court weighs in

"Jenn, what's up with this?"

A/P Manager Jenn Smith looked up from her desk to see Purchaser Paul Miller standing in her office doorway, pointing to an invoice.

"You're going to have to be more specific," Jenn smiled. "I see a couple dozen of those every day."

"It's the invoice for our streaming services," Paul said. "Why is there a 9% amusement tax tacked on?"

Jenn sighed. "The city recently issued a new ruling. Amusements delivered electronically are now subject to 9% tax."

Home rule authority

Just then, A/R Manager Jon Ross, who was passing by in the hallway, stopped. "Are you talking about the new amusement tax? Bunch of hogwash, if you ask me. It exceeds the city's home rule authority."

"The city's what?" Paul asked.

"Home rule authority. Basically, it's when local areas have the power to create their own sales tax rates and rules," Jon explained. "But this tax exceeds home rule authority, since the streaming services we buy aren't just used within the city limits."

"That's true," Jenn said. "They're available online, anywhere."

Jon folded his arms. "Maybe we should think about challenging this."

In the end, Jenn's company took their case to the state court, arguing that the amusement tax exceeded the city's home rule authority because it taxed services that were also used outside of the city.

Did the company 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 Brought in a mediator for Procure-to-Pay

When it came to A/P and Procurement working together for our Procure-to-Pay (P2P) process, we didn't always see eye to eye.

The biggest issue we had was our policy on ownership.

We often disagreed on which team was responsible for what aspects of maintaining our vendor relationships and handling vendor issues.

Procurement actually brought on vendors, so we knew it was essential that they be involved.

But they argued A/P had the last "touch point" with vendors, so they wanted us to work with them.

Unbiased perspective

Even though we didn't see things exactly the same way, we knew it was important to clarify which team issues should be directed to, so vendors stay happy with our company.

To establish and maintain a fair policy of ownership, we had a corporate compliance officer come in and be the middle person between A/P and Procurement.

We got everyone together to map out our

entire P2P process.

After writing out each step, we identified who was responsible at what point, who should handle which issues, etc.

This middle person helped us find compromise and common ground throughout the exercise.

And now, when it comes to managing vendors at every point in our P2P process, we all have the same understanding of how things should play out.

(Christie Russey, A/P and Credit Card Manager, Chenega Corp., Anchorage, AK)

IMPROVING YOUR OWN A/P PROCESS

2 Older tool helps us fight newer threats

During the global coronavirus crisis, even with safeguards in place, we occasionally got a fraud attempt here and there.

And we knew it was something we would have to keep watching out for as we transitioned to more remote work, new schedules, etc.

Fact is, while companies were busy and distracted trying to get their staff set up to work remotely, cybercriminals were using the opportunity to attempt fraud.

They were up to old tricks that are easy to miss, like duplicating checks.

And we didn't want any of those attempts to slip through the cracks during these hectic times.

Tried and true

To help us monitor our finances, we decided to look to the past: We turned to a tried-and-true Positive Pay system for A/P and Payroll.

While it's an older technology, it still does the trick to catch little

problems the human eye could overlook. It tracks our payment info, and if any duplicates are found,

we're notified and can decide if the payments are fraudulent.

This old-school method gave us an easy way to stay in control of what's coming and going – and save time in A/P and Payroll.

Now, we're sure that every check and payment is valid, and we don't have to manually monitor fraud.

(Mike Lewis, Controller, Millman Lumber Co. Inc., St. Louis)

3 Probing questions keep devil's advocates at bay

Most companies have at least one person who sees the downside of nearly everything.

They may see themselves as simply playing the devil's advocate, but their constant negativity keeps everyone from moving forward and getting things done.

It doesn't matter if they're a frontline staffer or a higher-level manager – it's important to stop these people from seriously affecting morale

and progression.

Luckily, we've found a tactic that can smother negative ideas and lack of enthusiasm, no matter what the situation or topic of discussion.

Add something constructive

We ask probing questions that refocus negative employees' thoughts toward something constructive.

Here are some examples:

- If they claim something will cost too much, we ask, "How much is too much?"

- If they say something is a terrible idea, we ask, "What part of it are you most concerned about?"

- If they say something won't work or can't happen, we ask, "What didn't work last time, and why do you think it'll happen again?"

These kinds of questions usually give us one of two results: They either get our constant critics thinking about real solutions, or they get them to stay silent unless they have something constructive to add.

(Pamela Jett, CEO, Jett Communications, Mesa, AZ)

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.

EXPENSE FRAUD

You know the popular saying, "Don't bite the hand that feeds you." But when employees commit expense fraud, they do just that.

Fact is, expense reimbursement fraud accounts for one in five fraud cases at small businesses and one in 10 fraud cases at larger organizations, found the Association of Certified Fraud Examiners.

These incidents leave trusting companies feeling used and in need of a way to better guard company funds.

Prevent and protect

Ridding your business of expense fraud requires a plan of attack – and that plan can start in A/P.

Here are effective ways to boost your fraud prevention practices now:

1. Set the precedent. First, show your employees that your company holds honesty above all else.

Then you can zero in on T&E by enforcing anti-fraud policies and creating a confidential program that rewards whistleblowers.

2. Write it all down. Many

companies use best practices to prevent employees from committing fraud – for example, requiring original receipts.

But you should verify any "unspoken rules" like this are actually written down in your policy, too. That way, if anyone grumbles, you can point to the policy and explain, "It's the company's rule, not mine."

3. Think "Two is better than one." You might have only one manager designated to go over each employee's expense reports. But if that one person is a little distracted or careless, glaring red flags could go unnoticed.

See if it'd be possible for reports to be reviewed by at least two people before they get to A/P. If your company can't swing that, at least make sure employees who are known to have out-of-policy purchases on their expense reports are double reviewed.

4. Try random audits. A great way to catch fraud in real time is conduct surprise spot audits.

Unannounced, thorough evaluations can help uncover if both employees and those reviewing their expense reports are following all the rules.

Info: bit.ly/fraudexpense519

TEST YOUR KNOWLEDGE

Remote work ergonomics: Do you know what's best?

Proper ergonomics help keep A/P pros healthy physically and mentally, so you can work more efficiently.

But for many, remote work means you're no longer sitting in your normal office environment.

Answer *True* or *False* to the following questions to see if you're adhering to the basic ergonomic standards for remote work:

1. When sitting or standing in your remote work environment, your posture should be leaned just slightly back, so you avoid hunching over.
2. Not sure if your computer screen is a proper distance away from your eyes? Your arm's length is a good way to measure.
3. Your keyboard should be positioned at elbow height if you're using a sitting workstation and at hip height if you're using a standing workstation.

ANSWERS

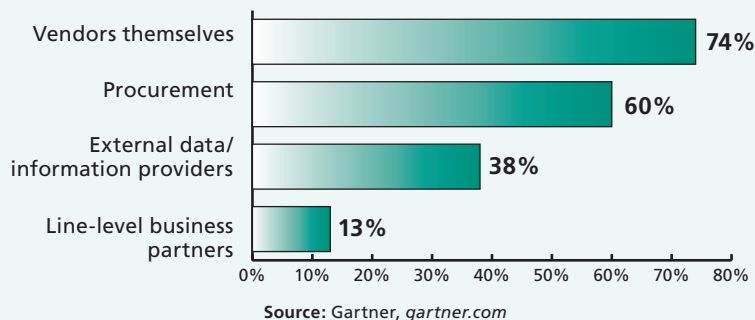
- Cite: bit.ly/ergonomics227*
1. *False.* For proper posture, the key word is "neutral," explain the environment, safety and health experts at EHS Today. A neutral seated posture means having your neck straight, shoulders straight, low back supported on the back of the chair and feet flat.
 2. *True.* Your monitor should be 20-40 inches (about an arm's length) away from your eyes. Note that the distance should be about 20 inches away for a small screen (e.g., laptop) and further away the larger the screen size.
 3. *False.* No matter if you sit or stand, your keyboard should be at elbow height. So, if you opt for a standing workstation, be sure to adjust the height accordingly.

Answers to the quiz:

Identifying vendor risk

Who you do rely on to tell you if vendors are in crisis or distress?

Note: More than one answer accepted.



Here's another reason why it's important to maintain close relationships, both externally with vendors and internally with Procurement: If vendors are in a risky business position, your company needs to know. That way, together, you can make timely decisions about purchases and payments.

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.

Are you targeting the right vendors for discounts?

When it comes to early payment discounts, you know some vendors are more open to the concept than others.

According to AeroPay Express, the vendors most likely to accept discounts are those that have:

- no financing
- asset-based lending
- factoring
- small community bank financing, or
- international sales.

Check your vendor list to see if there are any fitting vendors you haven't yet leveraged for discount opportunities.

Info: bit.ly/discounts527

Why you should 'coach' staffers toward success

For a lot of staffers, approaching and communicating with their manager can be nerve wracking.

How can you help make it easier?

A new study found that 79% of companies believe employees are more receptive to a "coaching" management style. They find it less difficult to talk to a coach figure and feel more motivated to do a good job.

So, take a moment to evaluate your own style and ask, "How can I become more of an encouraging figure in my staffers' lives?"

Info: bit.ly/coach519

Use a sales tax calculator to reveal your true liabilities

Need to convince leadership that investing in sales tax automation is key for compliance with state regs?

Try using an online sales tax risk calculator to see your company's tax exposure and how much money it risks by not adequately addressing sales tax compliance. You simply enter your company's details, then receive an estimated amount.

That real-life (and probably large!) number may be enough to get leaders to change their tune and see the light.

To get started, search "sales tax risk calculator" online, which will return several options from trusted tax pros.

Don't mask your smile: 3 tips to show emotion

Face masks can reduce the spread of COVID-19 – but increase confusion and miscommunication.

While it's difficult to convey and read facial cues, you can connect better with others using these tips:

1. **Smile broader.** This will help "stretch" it to your eyes.
2. **Wear your smile elsewhere.** Some workers have pasted smiling photos of themselves on their clothes, so people see their usual demeanor.
3. **Be creative.** You can purchase novel masks with fun smiles, or you can draw smiles on disposable masks.

Info: bit.ly/smile527

SOFTWARE SKILL BOOSTER

(Electronically) sign here: Adding a personal touch

A handwritten signature is great for important docs. But if you've ever tried to draw a signature online, you know it can come out ... well ... bad.

Here's a better method for A/P and other employees: Sign a white paper with a black pen and scan it. Using a photo editor, save it with a max width of 300 pixels and a 1:3 ratio. And verify it's under 50 KB, so it loads quickly for the viewer.

Now, you have a neat, handwritten signature instead of a big scribble!

Info: bit.ly/signature527

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

PAYABLES NEWS

■ IRS finalizes regs for meals, entertainment expenses

Spread the word: There are new regs set in stone for deducting certain business expenses.

Previously, we told you IRS proposed new rules for deducting meal and entertainment costs.

The proposed rules clarified that even though the Tax Cuts & Jobs Act got rid of deductions for entertainment expenses, companies can generally still deduct 50% of food or drink expenses (*search "IRS proposes new regs" on our website for the full story*).

And according to an IRS news release, the final regulations were issued and published in October.

Info: bit.ly/finalregs527

■ Survey reveals companies' current financial outlook

As the world begins to recover from the pandemic, how are companies faring?

A new survey from Principal Financial Group provides some insight. Its recent index looked at how businesses have responded to COVID-19 disruption and found:

- more businesses are growing in October compared to June
- most companies are comfortable with their cash flow, and
- the majority of organizations are optimistic about the economic outlook for the next year.

Info: bit.ly/growth527

■ Tax relief available for victims affected by Hurricane Sally

Once again, IRS is providing tax relief in light of a natural disaster.

Companies impacted by Hurricane Sally can get extra time to file business tax returns and make tax payments.

See more details from IRS below, and search our website for more tax relief news on other recent natural disasters (wildfires, hurricanes, etc.).

Info: bit.ly/relief527

Remote work policy: Creating a solid plan that's tailored to A/P

■ Getting everyone involved for an optimal policy

With the pandemic still affecting daily life – and some staffers finding they actually *favor* working at home – companies are accepting the permanence of remote work.

In fact, more than half (54%) of CFOs plan to make remote work a permanent option, per a recent PwC survey. And Harvard Business School predicts almost one in five people will continue to work from home long after the pandemic.

In turn, companies are developing more detailed, long-term remote work policies. And you want to see that those policies are fit for A/P.

4 tips for success

Whether the remote work policy is companywide or specifically for A/P, heed these tips in crafting it:

1. Be flexible. No matter if you're starting from scratch or adding to an existing policy, remember it'll likely need to change over time.

Where should you start when everything's in flux? Try surveying your people to find out their top issues or pain points, so you know which

policies need to be clarified, replaced, updated or added.

2. Involve others. Policies usually work best when staffers have a hand in developing them. So, gather people with different roles and perspectives.

It can also help to have a focus group review the policy before it's finalized.

3. Communicate early and often. When changes can affect the entire way staffers work, they want to know as much as possible, as early as possible.

Explain how changes will impact them strategically and operationally. And use all relevant channels – chat email, video, etc. – to communicate across lines, so everyone understands if and how they must react to changes.

4. Be fair and consistent. Truth is, some roles and tasks lend themselves to remote work, while others don't.

It's OK to decide on things that can be done remotely and things that must be done on-site – as long as you can show a legitimate business reason for doing so and enforce it consistently with your staff.

Info: bit.ly/remot527

the place where the customer mainly uses the service – which must be its primary business street address.

Since the company was located in the city, that was its place of primary use, and the services were subject to the amusement tax.

Analysis: The "where" matters

The saying "Location, location, location," isn't just relevant in the real estate industry! For A/P pros, it's important to keep track of how location – and local tax rules – can affect the taxability of purchases.

Based on Labell v. City of Chicago. 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.

A/P pro steals \$40K via corporate credit cards

Individual: Kayla Nestleroad, former A/P pro at Oak Hill United School Corp. in Converse, IN.

Violation: Nestleroad faces over a dozen charges – one felony charge of corrupt business influences, nine felony charges of theft and three counts of misdemeanor theft.

Penalty: The penalty for her crimes is yet to be determined.

Note: Because she worked in A/P, Nestleroad had access to two corporate credit cards – one for paying the school's bills and one for paying business-related travel expenses. She covertly used those credit cards to make more than \$40,000 in unauthorized personal purchases.

Cite: bit.ly/nestleroad527

Nabbed millions for gambling, luxury trips

Individual: Joyce Baker, former controller at The Light Corp. in Berkhamsted, U.K.

Violation: For stealing more than £2 million from her employer, Baker pleaded guilty to fraud by abuse of position.

Penalty: She will be jailed for five years and 10 months, according to the court.

Note: After mere months working as the financial controller at the company, Baker began stealing funds. She used the money for online gambling, casino trips, cruises and other vacations. And when her theft caused the company to struggle financially and have to downsize, Baker herself was responsible for terminating staffers.

Cite: bit.ly/baker527

Sharpen your judgment THE DECISION

(See case on Page 2)

No, Jenn's company lost. A state appellate court upheld the city's amusement tax.

The company said the streaming services tax exceeded the city's home rule authority. Reason: The tax was applied to any customer with a billing address in the city, regardless of if the services were used elsewhere, too.

But the court rejected this claim. It said the taxation was based on the customer's "place of primary use" –

What manual tasks do staffers hope automation will take over?

■ Survey finds what people want to automate

Most would agree that one of the biggest benefits of automation is it can streamline some of A/P's time-consuming, arduous tasks.

As a result, your staffers can devote more of their workday to important, strategic work.

But that's a very general benefit. What *specific* tasks do staffers wish they could automate?

A new survey from the business and technology solution experts at Sykes attempted to find out.

Most common answers

Specifically, the survey asked staffers for examples of repetitive or boring tasks that they wished automation could stop them from having to do themselves.

Out of 1,500 open-ended responses, Sykes identified the most common words, including "phone," "answer," "call," "report," "task" and "data."

And some typical examples of the responses received include:

- answering phone calls at work
- making confirmation phone calls
- sending follow-up emails
- completing spreadsheets
- doing tedious organizing/filing
- monitoring incoming data
- filling out the same papers repeatedly, and
- tracking payments and orders.

No doubt, you and your peers are all too familiar with these headaches.

Consider: Does your current (or forthcoming) automation address these most tedious tasks?

If not, what additional procedural or technological changes can you make to streamline them?

Info: See more on how staffers feel about the future of work at sykes.com/reports/future-of-work-survey-report

Same Day ACH: Sending high-dollar transactions

■ Nacha addresses common payment concerns

Is your A/P department taking advantage of the latest Same Day ACH update?

You may recall in March 2020, Nacha increased the transaction threshold from \$25,000 to \$100,000, enabling you to pay vendors for pricier purchases via Same Day ACH.

And many companies are already leveraging it: Almost 70% said they have vendors that regularly require transactions above the old \$25,000 limit, according to a new survey from Nacha.

How secure is it?

Understandably, with higher-dollar ACH transactions come heightened

concerns about payment fraud.

But here's the good news: Companies that are already using Same Day ACH for high-dollar transactions find it to be very secure.

In fact, not a single company in the survey said they saw an increase in Same Day ACH fraud directly attributable to the higher dollar limit (on both the payee and payer sides).

So, if your company has been hesitant about sending higher dollar payments via Same Day ACH, you can share this hard evidence and hopefully put any fears to rest.

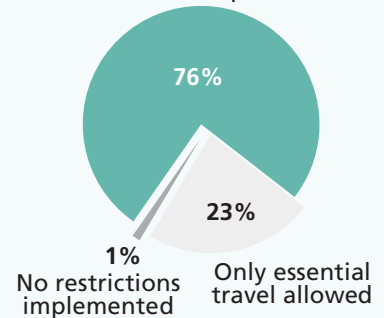
Info: Nacha, "Same Day ACH: New Dollar Limit Not a Fraud Vector," at bit.ly/sdach527

How do you stack up?

Pandemic procedures

How did COVID-19 affect employees' ability to travel?

All travel suspended



Source: BCD Travel, bcdtravel.com

Since most companies suspended all travel during the pandemic, basic T&E policies may have faded from travelers' minds. As they start hitting the road again, it could help to share reminders and guidance.

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

■ Office kitchen chronicles: Food thieves, beware!

Almost every office has a "food bandit" – an employee who's caused many an office quarrel by stealing turkey sandwiches and fresh salads.

And some people are calling out these food bandits with notes left on office fridges:

- "To whoever helped themselves to my lasagna, took one bite and then threw it away, I would love an explanation."
- "I know the Dow just dropped 600 points. But please don't eat lunches that aren't yours."
- "To the person who helped themselves to my entire carton of eggs: I saw what you did, and I know who you are. I sit 10 steps from the fridge, you big goof."

Info: bit.ly/officenotes519

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

Since online sales became taxable, states have continually been making regulatory changes. Here's the latest from three states.

OHIO – There's new details for A/P on sourcing methods for online sales.

The Ohio Department of Taxation revised an information release to clarify that for sales and use tax purposes:

- marketplace facilitator's *facilitated sales* should be destination-sourced (i.e., sourced to the location where you receive the goods/services), and
- marketplace facilitators' *direct (non-facilitated) sales*, if received in Ohio, should be origin-sourced (i.e., sourced to the location where the order is received).

The state also created a chart (bit.ly/ohchart527) that breaks down how sales are sourced based on transaction type.

Info: bit.ly/ohio527

COLORADO – Working in this state? There are new rules for remote sellers and marketplace facilitators.

Colorado published several sets of regulations, including:

- a special rule establishing the sales tax requirements for marketplace facilitator sales (bit.ly/co527-1)
- an update to a rule that explains when a retailer is “doing business” in state for sales and use tax purposes (bit.ly/co527-2), and
- two amendments to administrative provisions, including details on sales tax license requirements (bit.ly/co527-3, bit.ly/co527-4).

MISSISSIPPI – If you pay for employees' food delivery services here, take note of this insight.

Previously, we told you third-party food delivery marketplaces aren't

included in the state's marketplace facilitator requirements that took effect in July (*see* KAP 8/3/20).

Now, the state's released a notice with more info. Among other things, it explains sales tax isn't due on food sales through third-party delivery services (i.e., customers order food for delivery and pay for it on the service's app or website). The restaurant should charge the regular tax rate, plus any local taxes, on the food sales price.

See the new notice below.

Info: bit.ly/ms527

PERSONAL PROTECTIVE EQUIPMENT

Does your company buy lots of personal protective equipment (PPE)? One state has a tax update.

MICHIGAN – Here's good news if you pay for PPE for industrial processing in the Great Lakes State.

Michigan issued a bulletin about its industrial processing exemption in regard to PPE and safety equipment.

It says the exemption can apply when the PPE or equipment is:

1. purchased by an industrial processor (or someone engaged in such activities on behalf of an industrial processor)
2. used for the safety of employees or other authorized personnel, and
3. used in industrial processing activities.

Info: bit.ly/mich527

SOFTWARE SERVICES

When are software services taxable? Two states are providing insight now.

TEXAS – This one's for A/P pros who receive invoices for web-based software in Texas.

Typically, the state taxes data processing services that include data entry, data retrieval, data storage, etc.

And recently, the state assessed a vendor that provided software services to help customers digitally manage relationships, schedule appointments,

send communications and more. Were these services taxable?

The Texas Comptroller said yes, they were taxable as “data processing services,” since the software captured and sent data.

Info: bit.ly/tx527

MISSOURI – If your A/P staff pays for information services in this state, here's news on their taxability.

Recent case: A vendor that provided healthcare information management services inquired about whether its services were taxable.

The Department of Revenue decided they weren't. It said offering things like data processing, electronic storage and customer access didn't qualify as taxable services.

Info: bit.ly/mo527

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