



# 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.

January 18, 2021

## WHAT'S INSIDE

- 2 Sharpen Your Judgment**  
Feds on the hunt ... Were these workers misclassified?
- 3 Networking with Other A/P Pros**  
Successfully trained on system changes
- 5 Payables News**  
IRS publishes interest rates for first quarter of 2021
- 7 Making Technology Work for You**  
IRS promotes security awareness: 8 measures for A/P
- 8 Sales and Use Tax Update**  
The latest on technology, COVID-19 expenses and more

## 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.

## So long, 2020! 4 takeaways A/P can use to ace 2021

### ■ Moving onward and upward ...

The year 2020 was an extremely challenging one for A/P. But you persevered – and learned a lot.

Change was around every corner.

From remote work and digital transformation to personnel changes and new responsibilities, you worked hard to develop your technical skills and adapt to new processes.

What's more, the hurdles in 2020 helped A/P pros improve their soft skills, too. Whether it was leading through uncertainty, showing empathy for co-workers, problem solving with your staff or communicating in new ways, you became a more thoughtful,

well-rounded professional.

Now, many of these changes are becoming a permanent part of the workplace, shaping a “new normal.”

So, as you move forward, it can help to reflect on the lessons you've learned and what they mean for the future of A/P.

Here are several lessons to consider:

### Lesson 1: Be prepared for anything

Let's be honest. No A/P pro rang in the 2020 new year thinking a worldwide pandemic was around the corner and the way they worked

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

## 1099 recipient deadlines: Do you know the big ones?

### ■ Mark these specifics on your 2021 calendar

There are over a dozen 1099 forms. And of course, they can't make it easy and all have the same deadlines!

Your staff probably already knows when it needs to file forms with IRS and, in some cases, states. But you don't want to overlook deadlines for getting forms to recipients.

### 2 key dates

This year, most 1099s are due to recipients either at the start or in the middle of February. Here's a roundup to differentiate the two groups.

Some key forms due to recipients by Feb. 1, 2021 are:

- Forms 1099-NEC
- Forms 1099-MISC (without amounts in Box 8 or Box 10)
- Forms 1099-INT, 1099-R, 1099-DIV, 1099-C, 1098 and 1098-T.

Notable forms due to recipients by Feb. 16, 2021 are:

- 1099-MISCs (with amounts in Box 8 or Box 10)
- Forms 1099-B and 1099-S.

*Info: eFileforBiz, bit.ly/1099s531*

## Takeaways ...

(continued from Page 1)

would shift so drastically.

For many, COVID-19 revealed a sharp truth: Companies weren't really prepared for anything. Many didn't have a remote work policy. Some lacked strong internal communication. Others realized their processes were too tied to an office space.

The takeaway: A/P must stay on its toes and look for gaps in continuity. From employee reimbursements and vendor payments to data storage and fraud controls, be sure every measure in place supports a "prepared for anything" mantra.

### Lesson 2: Remote is feasible

Before the pandemic, some A/P departments used remote work as a staff perk. Others felt such an intrinsic, sensitive role – paying the bills – should take place in an office.

During the pandemic, though, there wasn't a choice. And A/P saw remote work can actually work.

That said, many will eventually return to an office environment. So, how can you bridge the two?

First, look at A/P's responsibilities. See what works well from home and what works better in the office. Next, talk to your staff. Ask for their preferences, pain points, ideas, etc.

Your own assessment and your

staff's input will help you create a long-term plan.

### Lesson 3: Digitize and optimize

Though A/P technology has been around for years, some companies have still clung to manual processes.

No more! COVID-19 showed those behind the technological curve that digitization is necessary. In 2020, some companies quickly invested in new software; others had to work with what they had, optimizing every feature that could speed up processes.

Carry that sentiment going forward: Invest and expand technology when you can. And when you can't, get innovative with IT and look to better use what you already have.

### Lesson 4: Do more with less

While 2020 brought good lessons, that's not to say it didn't bring immense difficulties. Many companies struggled or took a big financial hit.

Not only did A/P have to work in new ways, it had to work in *smarter* ways. And doing more with less will continue to be important as companies recover and figure out their paths.

Stay alert for ways you can work smarter and save money – whether it's increasing productivity, eliminating redundant process steps, renegotiating with vendors (*see related story on Page 6*) or reducing costs.

*Info: Adapted in part from bit.ly/leaders531, bit.ly/payables531*

## 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.*

### ■ Feds on the hunt ... Were these workers misclassified?

As A/P Manager Jenn Smith shut down her work computer for the day, her phone rang. She smiled when she saw it was her friend and fellow A/P pro, Linda, calling.

"Hey, Linda," Jenn answered.

"Hi, Jenn," Linda sighed. "Can I trouble you for some advice?"

"Sure, but I charge by the hour," Jenn said playfully.

Linda let out a laugh. "Now's not the time to joke about pay! That's actually what I need your advice on."

### Under scrutiny

"You know my company brings on lots of medical providers," Linda said. "In A/P, I pay them all as independent contractors. But we heard the Department of Labor (DOL) is sniffing around ... looking for worker misclassification errors."

"Do you think you have reason to worry?" Jenn asked. "What are your worker relationships like?"

"I don't think so," Linda said. "All our workers' contracts say they get a flat fee for every patient they see."

"Gotcha. Do workers regularly work more than 40 hours a week?"

Linda paused. "I'm not sure. Maybe. But it's hard to say. Since we pay these medical providers on a per-patient basis, we don't track hours worked."

Jenn frowned. "This is a tough one, Linda."

Soon after, the DOL launched an investigation into Linda's company.

Could the company prove its independent contractors were correctly classified?

■ *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 **Successfully trained on system changes**

The good news: Our A/P team had undergone major changes and upgrades to our system.

The not so good news: We had over 50,000 people using that system globally. And training them all would be a giant undertaking.

Of course, there were some key employees who used our system more than others. They needed to understand the changes right away.

So, we traveled and met with those key people. It was important to have that in-person, human element.

Then it came time to train everyone else – which was arguably more of a challenge. We needed training to be consistent and clear for all these miscellaneous users.

### Utilizing the web

We decided our best approach was to use online learning and training.

First, we loaded all our information onto a “social site,” so people could ask questions and interact with A/P and each other.

Next, we hosted frequent online training sessions (both during the day and at night, to accommodate

everyone’s schedules) and “open mic” sessions, where we let people call in for an hour at a time if they had specific problems they wanted to discuss.

We also recorded these training sessions and created manuals that people could access afterward.

The combination of all these tactics – paired with our A/P team’s willingness to help users whenever needed – worked great to get everyone up to speed on our system changes.

*(Lynn Belletti, Director of A/P and T&E Processing, BNY Mellon, Pittsburgh, PA)*

## IMPROVING YOUR OWN A/P PROCESS

## 2 **How Finance reduced questions at year-end**

For finance pros, year-end is a lot of work – and it seemed to be the time when we got the most questions, too.

We were constantly contacted by employees with questions about deadlines, tax forms and payments.

Of course, we always gave them the answers they needed.

But we wondered if there was a way to make things more efficient, so we’d be able to spend more time working on everything we needed to

do to stay on task through the first quarter of the new year.

### A concise memo

Eventually, we came up with a great idea: We started sending a “year-end memo” to employees.

The memo answered the most common questions we got around year-end.

It also gave employees a breakdown of what they could expect to see from us in the new year, as well as any updates we needed.

We included detailed information about year-end forms, tax rates, tax brackets, address verification and so on.

Lastly, we provided our contact information, in case someone had additional questions.

But we’ve found the memo is so comprehensive that we rarely get questions anymore!

*(Adapted from “Secrets of a Successful Year-End,” presented at the 2019 American Payroll Association Congress, Long Beach, CA)*

## 3 **Boosted engagement with remote workforce**

To engage employees, we’ve had daily, weekly and monthly events – plus a huge annual retreat. Now, we don’t even see each other at all.

Like many organizations, when the pandemic began, we moved to a remote work environment.

We quickly figured out how to get work done and keep operations running. But we realized staffers were losing engagement and motivation.

We knew we had to make

communication and interaction an even bigger priority while we were all dispersed.

### 3 unique efforts

In terms of boosting engagement, here’s what’s worked so far:

1. We use daily group rendezvous on Slack to check statuses and discuss any concerns.
2. We host weekly one-on-one video chats between employees and their direct supervisors to go over projects, check on resources and

just stay in the loop.

3. We have a monthly all-hands-on video meeting. Leaders share current company performance metrics, department highlights and a “show and tell” on something unique we’re working on.

Fortunately, these remote meetings haven’t overwhelmed employees.

Instead, they’ve been the right mix of interaction to keep people engaged, informed and motivated.

*(Thibaud Clement, CEO, Loomly, Los Angeles)*

# 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.

## TRAVEL SUPPLIERS

A/P pros see all the time how T&E compliance and travel satisfaction go hand in hand.

The happier employees are with their travel experience, the more likely that purchases will be in-policy and expense reports will be error-free.

So, how can companies ensure employees are satisfied with business travel – especially when the pandemic turns a corner and trips begin to pick up again?

## The public has spoken

You can start by checking out TravelAge West's 2020 WAVE Awards, which recognizes the best of the best in travel.

In 2020, travel suppliers faced their own difficulties. They had to rapidly develop business strategies, respond to frequent reg changes, accommodate various requests and develop a strong, confident voice.

Which companies got top marks for their work this past year? Some key winners were:

- Best domestic airline: Delta Air Lines

- Best international airline: Emirates
- Best travel advisor support for car rentals: Enterprise
- Highest client satisfaction for car rentals: Enterprise
- Best U.S. hotel brand: Marriott International
- Best travel advisor support for hotels: Marriott International, and
- Best travel insurance company: Allianz Global Assistance.

## Finding your 'winners'

In terms of the three major travel categories A/P pays for – air, hotels and car rentals – you can see above who takes the cake.

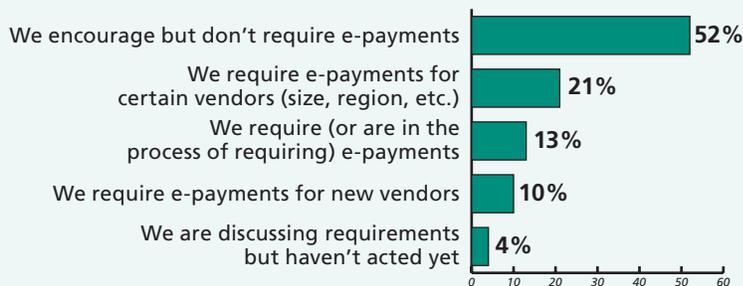
Along with looking into using these suppliers, it may help to survey your own travelers: Which airlines offer the best rates and accommodations? Which hotels have stellar service and support? Which car rentals are most efficient and cost-effective?

Then your company can look into partnering with specific suppliers for better traveler experiences (and, in turn, higher traveler compliance).

Info: [bit.ly/awards531](http://bit.ly/awards531)

## Increasing electronic payments

### Does A/P require vendors to accept e-payments?



Source: Peeriosity, [peeriosity.com](http://peeriosity.com)

It may be hard to get every single vendor on board with e-payments (i.e., mom-and-pop shops), but there are policies A/P can add to mandate *more* vendors to accept e-payments. For example, you could require vendors that are new, have frequent orders or are of a certain size to use e-payments.

## TEST YOUR KNOWLEDGE

### Streamlined Sales And Use Tax: Do you know the basics?

For A/P, one of the biggest sales tax challenges is that every state has unique regulations and rules.

That's why the Streamlined Sales and Use Tax Agreement (SSUTA) was established – to simplify and create uniformity for sales and use tax.

Answer *True* or *False* to the following questions to see how much you know about Streamlined Sales Tax:

1. Generally speaking, the SSUTA encourages remote sellers to collect tax on sales to companies located in all states.
2. A "Full Member State" has changed all its laws to conform with the SSUTA. About half of states are Full Member States.
3. An "Associate Member State" is a state that's in compliance with most but not all parts of the SSUTA. Currently, there are four Associate Member States.

## ANSWERS

FAQs at [bit.ly/ssutaq531](http://bit.ly/ssutaq531)  
Cite: See more general info and

- Tennessee.  
one Associate Member State:  
3. *False*. As of now, there's only Wisconsin and Wyoming.  
Washington, West Virginia,  
South Dakota, Utah, Vermont,  
Ohio, Oklahoma, Rhode Island,  
North Carolina, North Dakota,  
Nebraska, Nevada, New Jersey,  
Kentucky, Michigan, Minnesota,  
Georgia, Indiana, Iowa, Kansas,  
23 Full Member States: Arkansas  
2. *True*. There are currently  
Streamlined Member States.  
it focuses on getting remote  
sellers to collect tax on sales to  
companies specifically located in  
1. *False*. While the SSUTA does focus  
on online sales tax collection,

Answers to the quiz:

# 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.

## 2 ways A/P departments can truly earn vendors' trust

Even if you think you have pretty good relationships with vendors, A/P pros can always go a step further.

Here are two ideas to do just that:

1. **Share data.** Be transparent and show vendors your company is able to make payments and be trusted. You don't have to share everything, but you could provide some key figures of your success.
2. **Own your mistakes.** If things go awry, don't try to sugarcoat it. Even if the fault was shared, make reparations on your part and talk with the vendor on how to better work with them in the future.

*Info: [bit.ly/vendorrelations519](http://bit.ly/vendorrelations519)*

## Busy workday? Try these super snacks for a boost

When you're working hard, the delicious, fulfilling lunch you want to have often turns into scarfing down a few bites of a sandwich at your desk.

But you need proper fuel to power you through the day. Try these four light bites to keep your energy up:

- dark chocolate covered nuts (rich in protein and antioxidants)
- roasted chickpeas (high in protein, fiber and other vitamins)
- popcorn (light and quick – just pop it right in the microwave), and
- homemade “energy bites” (with oats, nut butter and other add-ins).

*Info: [bit.ly/snacks519](http://bit.ly/snacks519)*

## Is that email from a trusted partner ... or a criminal?

Some hackers' emails are littered with typos and clues that tip you off to their fraudulent attempts.

But others are more sophisticated, warns security expert Dave Kennedy.

Hackers may target a third-party

company you work with, like a vendor or software provider. After gaining access, they'll comb through your email history with the third party to understand how your payments work.

Then they'll send an email that seems relevant or makes sense based on your normal payment process (e.g., “We need to change our ACH info”).

So, make sure A/P's wary of these seemingly legit requests, too.

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

## How to spot – and handle – your less productive staffers

A lack of productivity can derail A/P's operations. So, who are the most disruptive people in the office?

It's those who are easily offended, according to a recent study from San Diego State University. They're less productive because they complain and worry more than most – and tend to be less helpful to others at work.

If you manage anyone who leans this way, you may want to tackle their behavior head-on – or simply recognize he or she might thrive doing more individual, less collaborative work.

*Info: [bit.ly/productive531](http://bit.ly/productive531)*

## SOFTWARE SKILL BOOSTER

### How to align numbered lists in Microsoft Word

When writing a numbered list, as soon as you hit “100,” Word will automatically add an indent.

To get rid of the indent and keep your list aligned:

1. Right click the list of numbers.
2. Select *Adjust List Indents...*
3. Under Follow Number With:, click *Space* from the drop-down list.

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

## PAYABLES NEWS

### ■ IRS publishes interest rates for first quarter of 2021

It's that time again! Your next round of interest rates are here.

And once again, they're not changing. As of Jan. 1, 2021, the rates remain:

- 2% for corporate overpayments
- 0.5% for corporate overpayments exceeding \$10,000
- 3% for underpayments, and
- 5% for large corporate underpayments.

*Info: Revenue Ruling 2020-18, [irs.gov/pub/irs-drop/rr-20-18.pdf](https://irs.gov/pub/irs-drop/rr-20-18.pdf)*

### ■ P-card audit reveals \$208K in fraudulent purchases

Here's a very real-life example of why strong purchasing card (p-card) controls are so crucial.

When Delaware State University audited 6,000+ p-card transactions, it found almost 500 appeared to violate policy. That added up to \$208,540 in noncompliant purchases.

According to the audit, weak p-card controls led to overspending and fraud. The two biggest sources of fraud uncovered: gift cards and expenses made by ex-employees.

*Info: [bit.ly/audit531](http://bit.ly/audit531)*

### ■ Final regs on transportation and commuting expenses

It's official! IRS has published final regulations with guidance on qualified transportation fringe (QTF) and commuting expenses.

Previously, we told you IRS had proposed regs (see KAP 7/15/20). And now they've been finalized.

The regulations:

- address the Tax Cut & Jobs Act's disallowance of the deduction for QTF expenses and transportation/commuting expenses, and
- provide methods to determine the amount of QTF parking expenses that's nondeductible.

*Info: [irs.gov/pub/irs-drop/td-9939.pdf](https://irs.gov/pub/irs-drop/td-9939.pdf)*

# Vendor contracts aren't set in stone: How to renegotiate and save more

■ *Times have changed – and so should your terms*

**N**egotiation is a tactic every A/P pro needs. But *renegotiation* may be the key to real savings.

From time to time, you should re-evaluate longstanding vendor contracts to see if you can come up with more cost-effective options.

Even if you think a contract's terms are iron-clad, it may be worthwhile to check for any wiggle room.

Reason: Unless you just recently signed the contract, times have changed drastically. Chances are, vendors don't have tons of new business knocking on their doors, so they'll do all they can to keep their current customers.

### Try these 5 tactics

To renegotiate with vendors:

**1. Come prepared.** If you want vendors to take your request seriously, do your homework! Show relevant market data and be able to quantify any price reductions you're seeking. The more specific the data, the better. It shows you've thoroughly analyzed the situation.

**2. Stress the long term.** Vendors

may be skeptical about changes that mean less cash coming in up front – and justifiably so. Stress the fact that renegotiating current agreements is a strategy to ensure a long-term relationship, not just a cost-cutter. If you've been loyal, you should be in a strong position to renegotiate.

**3. Pay faster.** Vendors are more likely to alter your terms if you've consistently proven you can pay on time or, even better, ahead of time. Demonstrate your history of timely payments – and continue to make them a priority.

**4. Get innovative.** Renegotiation doesn't have to be limited to rates and payment schedules. Discounted or free shipping or other perks are just a few of the areas you can look to save.

**5. Underscore tough times.** Right now, many companies are having trouble paying at all, let alone on time or early. If payments keep getting pushed back, consider alternative arrangements. Vendors don't want to write off your entire balance, so they may be open to other arrangements (e.g., smaller monthly payments) until things improve.

But the DOL said paying workers flat fees and no overtime, even when they saw enough patients to put in over 40 hours per week, was an FLSA violation. And failing to record hours worked was a recordkeeping violation.

### Analysis: What would DOL say?

As this case shows, it's vital to verify workers you pay are bona fide ICs *beyond* what contracts says. Even if agreements spell out "fair" work arrangements, it doesn't necessarily mean the feds will approve of them.

*Based on DOL, Wage and Hour Division, Release Number 20-1384-ATL. 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.*

### CFO earns prison time for \$1M check scheme

**Individual:** Carrie Harris, former CFO and treasurer at a construction company in Lithonia, GA.

**Violation:** After stealing more than \$1 million, Harris pleaded guilty to embezzlement charges.

**Penalty:** A judge sentenced her to serve 65 months in prison and to pay back the money she stole.

**Note:** For five years, Harris secretly created unauthorized checks, fraudulently used the president's signature on them and made false entries in the company's financial records. In total, Harris issued more than 100 company checks, ranging from \$4,000 to \$17,000, to pay for personal expenses.

**Cite:** [bit.ly/harris531](http://bit.ly/harris531)

### Routine financial audit uncovers \$300K theft

**Individual:** Jesse Frye, accountant and owner of Eagle Accounting in Duluth, MN.

**Violation:** Frye pleaded guilty to two felony charges after stealing around \$300,000.

**Penalty:** Per the terms of his plea agreement, Frye will pay back the money he stole in full.

**Note:** If it wasn't for a financial review at the local chamber of commerce, Frye's fraud might have gone undetected. When the chamber noticed over six-figures unaccounted for, they contacted the local police. Their investigation found that for two years, Frye had been withdrawing funds disguised as "payroll" and depositing money into his account. Investigators were able to trace Frye's trail and see many of the exact purchases he made.

**Cite:** [bit.ly/frye531](http://bit.ly/frye531)

## Sharpen your judgment THE DECISION

(See case on Page 2)

No, Linda's company couldn't prove its independent contractors (ICs) were correctly classified.

The Department of Labor (DOL) said the medical providers should've been classified as employees. As a result, the company had to pay \$110,819 in back wages.

Linda's company argued that the workers were ICs, since their contracts outlined an agreement to be paid a flat fee on a per-patient basis.

## IRS promotes security awareness: 8 recommended measures for A/P

### ■ Are you on guard this tax season?

Stay sharp, A/P! IRS just published a warning reminding pros to watch out for scams in early 2021.

Right now, criminals are taking advantage of every situation they can – tax season, pandemic concerns and more – to carry out scams.

Plus, the growing trend of more remote work makes online security a necessity, says IRS.

### A quick checklist

To help you and your company remain secure, the Service offered some basic security tips.

Make sure your A/P department can check off all eight of these:

1. Use – and regularly update – security software for both your computer and phone.
2. Ensure anti-virus software has a feature to stop malware and a firewall to prevent intrusions.

3. If working from home, secure your at-home Wi-Fi network with a password.
4. If working from home, create a virtual private network (VPN) to safely connect to your workplace.
5. When online, check that there's a padlock icon before the web address and the URL begins with "https." (The "s" is for secure communications over the network).
6. Back up files from your computer and phone to a cloud service or an external hard drive, in case files become compromised.
7. When it comes to passwords, make each one unique and strong (i.e., a phrase or string of words that only you could guess).
8. Use multifactor authentication whenever you can – not just for work programs but for email and social media, too.

Info: [bit.ly/security530](https://bit.ly/security530)

## Love Excel's VLOOKUP? It's time to try XLOOKUP

### ■ Why this function may be a better alternative for A/P

Recently, Excel released a new and notable function to help you find items in a table or range.

XLOOKUP lets you look in one column for a search term and return a result from the same row in another column – no matter which side the return column's on, Microsoft explains.

In A/P, it can help you do things like look up the price of a purchase by the order number or find a vendor name based on their vendor ID.

### What makes it different

XLOOKUP is a good alternative to other lookup functions like VLOOKUP, HLOOKUP and INDEX, explains K2 Enterprises. Here's what sets it apart:

- While VLOOKUP and HLOOKUP default to an approximate match, XLOOKUP finds an exact match.
- You don't need to specify a column index number the way you do with VLOOKUP or a row index number like you do with HLOOKUP.
- The arrangement of columns and rows doesn't matter. XLOOKUP can look to the left or right when using it instead of VLOOKUP, and it can look above or below when using it instead of HLOOKUP.
- XLOOKUP lets you specify what happens if your value isn't found – without needing to bring in the IFERROR function.

Info: [bit.ly/xlook531](https://bit.ly/xlook531), [bit.ly/k2en531](https://bit.ly/k2en531)

## How do you stack up?

### A new way of work

What are the top benefits of mobile solutions for companies?

Note: More than one answer accepted.

Improved productivity (work anytime, anywhere) **55%**

Better access to people and info **53%**

Saved time **50%**

Source: SAP Concur, [concur.com](https://concur.com)

During the pandemic, companies realized mobile/remote access isn't just nice to have – it's necessary. Has your A/P team recently evaluated its mobile capabilities? Are there more ways to streamline your processes?

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

### ■ Funny flight attendants can ease biz travelers' worries!

Right now, some people may still be a little hesitant about air travel.

But these airline announcements could help calm the nerves:

- "We've reached cruising altitude and will be turning down the cabin lights. This is for your comfort and to enhance the appearance of your flight attendants."
- "Weather at our destination is 50 degrees with some broken clouds, but we'll try to have them fixed before we arrive."
- "As you exit the plane, make sure to gather all of your belongings. Anything left behind will be distributed evenly among the flight attendants. Please do not leave children or spouses."

Info: [bit.ly/airline531](https://bit.ly/airline531)

## Taking the guesswork out of state tax compliance

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

### TECHNOLOGY

The world's going digital – affecting everything from tax filing processes to payment methods. Check out news from three states.

**ARIZONA** – This state has an update on its processes for tax filing and tax returns.

Effective Feb. 1, 2021, the Arizona Department of Revenue (ADOR) will no longer mail paper TPT returns. Instead, you can print forms ([azdor.gov](http://azdor.gov)) or file/pay online ([aztaxes.gov](http://aztaxes.gov)).

What's more, businesses with an annual TPT and/or use tax liability of \$500 or more during the previous year must file and pay electronically (starting February 2021 for the January reporting period).

This is all part of the ADOR's push to get businesses to register, file and pay online – saying it's more convenient and can reduced the risk of errors and penalties.

*Info: [bit.ly/az531](http://bit.ly/az531)*

**COLORADO** – Here's good news for A/P pros in the Centennial State.

The Colorado Sales and Use Tax System (SUTS) is now live.

The state describes it as a “one-stop portal” for all things sales and use tax, and it includes a Sales Tax Remittance Portal and a Geographic Information System (GIS).

Visit the link below for additional info on the system's availability and functionality. And be sure to pass this news to your pals in A/R, too.

*Info: [tax.colorado.gov/SUTS-info](http://tax.colorado.gov/SUTS-info)*

**KANSAS** – Does your company use digital currencies, like bitcoin and cryptocurrencies?

The Kansas Department of Revenue (DOR) recently issued *Notice 20-04*, which details sales tax requirements

for digital currencies.

It explains that transaction fees for digital currencies aren't taxable. But if you pay for tangible personal property or taxable services with digital currency, that is taxable (unless there's a specific exemption).

*Info: [bit.ly/ks-531](http://bit.ly/ks-531)*

### COVID-19 EXPENSES

As companies buy items during the pandemic, questions about what's taxable may arise. One state is sharing its stance.

**PENNSYLVANIA** – Paying for face masks or ventilators in this state?

The Pennsylvania DOR recently clarified that face masks, both cloth and disposable ones, are exempt from sales tax.

The DOR explained that before COVID-19, masks sold at retail were typically taxable. But right now, masks can be considered “everyday wear/clothing,” since they're part of people's normal attire.

In Pennsylvania, clothing generally isn't taxable, so neither are face masks.

*Info: [bit.ly/pa531](http://bit.ly/pa531)*

### ELECTRICITY

Utilities, like electricity, are some of the most common invoices in A/P. Here are two states with updates on the taxability of electricity.

**NEW YORK** – This one's for A/P pros in the Empire State.

Recent case: A telecom company requested a sales tax refund for the electricity it purchased. It argued the electricity should be exempt because it was a sale for resale, as it resold the electricity to customers as part of telecommunication services.

But the court disagreed. To qualify as a resale, the item must be tangible personal property, and the electricity was not. Also, the company didn't buy the electricity to resell it as electricity;

it bought the electricity to provide telecommunications services.

Since the electricity was taxable, the court denied the refund request.

*Info: [bit.ly/ny531](http://bit.ly/ny531)*

**SOUTH CAROLINA** – If your employees use electric vehicles, take note of this recent ruling.

A company that operated electrical vehicle charging stations wanted to know if its electricity sales were taxable.

Generally, in South Carolina, sales of electricity are taxable. So, the DOR said sales of electricity to customers were taxable. Plus, associated costs (like charging fees, session fees and idling fees) were also taxable when sold with the electricity.

*Info: [bit.ly/sc531](http://bit.ly/sc531)*

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