



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.

February 1, 2021

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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.

IRS announces the 2021 standard mileage rate

■ How much can you reimburse this year?

For most, this new year represents a clean slate, a time to reflect and refocus. For A/P, it also brings the standard mileage rate.

IRS just recently announced the rates that your A/P department will use for 2021.

And this time, the Service is lowering the amount you can reimburse employees on the road.

As of Jan. 1, 2021, the rates are:

- 56 cents per mile for business miles driven (down from 57.5 cents per mile)
- 16 cents per mile for medical or moving purposes (down from

17 cents per mile; only for active duty military, due to the Tax Cuts and Jobs Act), and

- 14 cents per mile driven in service of charitable organizations (unchanged).

Time to adapt

It's safe to say that most companies have been through a lot of changes in the past year, due mainly to the coronavirus pandemic.

Employees rapidly switched to remote work. Processes were revamped and digitized. Budgets

(Please see Mileage ... on Page 2)

This essential business cost is expected to rise

■ What A/P can do to minimize expense hikes

Some finance departments may need to reconsider their new year plans, thanks to this update.

Shipping costs may be higher in 2021 than initially predicted, according to a recent "Code Red Freight Forecast" webinar.

The expectations, broke down by shipping type, are:

- a 10%-15% increase in truck shipping (originally predicted to be a 5%-7% increase), and
- a 6%-7% increase for parcel shipping (originally predicted to be

less than a 5% increase).

Reduced flight carrier availability could add to the hikes, too.

Your best approach

What can A/P do now? You may want to stay conservative with this two-step approach to shipping costs from CEO A.J. Hernandez:

1. Extend your existing contracts where possible.
2. Seek shorter-term contracts for smaller parts of your business.

Info: bit.ly/shipping532

Mileage ...

(continued from Page 1)

needed to be reconsidered and shifted.

This lower mileage rate now marks another change – one you'll want employees to comply with right away.

As you know, a new mileage rate can often spur errors on expense reports, especially during the beginning of the year.

Plus, since air travel has largely been grounded, your company's miles driven may have gone up, potentially leading to even more mileage expenses than normal.

Relay the news

That's why it's important for your A/P department to get the word out to everyone ASAP.

For communicating the 2021 standard mileage rate:

- **Start with an email blast.** Write a clear email subject line, followed by a concise message. Let employees know the essentials of IRS's announcement and exactly how it will affect them going forward. (The more your initial message resonates with employees, the more compliance you will likely see upfront.)
- **Update other relevant resources.** You'll need to modify the rates, as well as switch the year from 2020 to 2021, in resources like your

company intranet, expense report template, T&E policy, etc.

And don't forget ...

You know no matter how effective your communication is, A/P can't let its guard down and trust mileage expenses will always be compliant.

As mentioned before, extra mileage was the top type of expense fraud

This time, IRS is lowering the amount you can reimburse.

cited in a recent survey. And over two-thirds of fraudulent expenses were on the lower side, under \$50.

For many companies, employees are still highly dispersed and will continue to be through at least part of 2021. Without anyone looking over their shoulder, some employees may try to slip in extra mileage expenses.

Now more than ever, companies can't afford fraud losses – but you can help prevent them by keeping a close eye on mileage expenses and raising concerns if necessary.

Info: Notice 2021-02, [irs.gov/pub/irs-drop/n-21-02.pdf](https://www.irs.gov/pub/irs-drop/n-21-02.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.

■ A/P tricked by email scam! Does fraud insurance cover it?

"No way," A/P Manager Jenn Smith said, reading a letter. "Our insurer denied coverage for that business email compromise scam."

A/P Clerk Faye Jones groaned. "This is all my fault."

"No, it's not," Jenn said. "Our CEO was contemplating an acquisition and instructed A/P to be ready to assist with the transaction *urgently*."

Faye nodded. "Yeah. The thief sent a spoofed email posing as our CEO, saying our attorney would call to assist with the acquisition payment," she said. "Then the thief called as our 'attorney' and requested a wire transfer for the acquisition."

"I told him I still needed approval from the CEO and two managers. And when I got another spoofed email of the CEO 'authorizing' it, I wired the payment," Faye finished.

'Policy doesn't cover that'

"It was really convoluted, so I don't understand why our insurer won't cover it," Jenn said. "Our crime policy includes coverage for computer fraud and funds transfer fraud. But the insurer is saying neither apply."

Jenn paused, reading on. "They denied computer fraud coverage because no one 'hacked' our system. And they denied funds transfer fraud coverage since no transfer was made without our knowledge and consent."

Faye sighed. "What can we do?"

Jenn's company took the insurer to court, believing their crime policy should provide coverage for the scam.

Was Jenn's company able to convince the court?

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



Keep Up to Date on
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EDITOR-IN-CHIEF: ALYSSA EVANS
aevans@CFODailyNews.com
MANAGING EDITOR: RENEE COCCHI
PRODUCTION EDITOR: JENNIFER ERB
EDITORIAL DIRECTOR: CURT BROWN

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Networking with Other A/P Pros

Our subscribers come from a broad range of companies, both large and small. In this regular section, three of them share success stories you can adapt to your own unique situation.

1 Getting more spend on corporate cards

Paying for company purchases via credit card has lots of benefits – but only if you can convince vendors and purchasers to actually use them.

At our company, we had some employees who were more resistant to buying with purchasing cards (p-cards) and some vendors who didn't accept credit cards payments.

We, in A/P, had a different perspective. Paying with cards would allow us to get rebates and take early payment discounts – both of which would lead to more company savings.

We knew we had to do something to boost card usage, so we could reap the benefits.

Motivating change

First, we decided to approach cards in a different way internally.

We got general managers (GMs) to put more spend on cards by refunding the rebate percentage that comes from the bank issuers back to that GM's individual cost center.

That quickly made GMs highly motivated to put whatever expenses they can on the p-card.

As for vendors that

wouldn't accept credit cards, we knew we didn't have as much pull or power with them as we did with our own employees.

Sometimes, it came down to evaluating our relationship with the vendor: If they're not willing to accept card payments, should we do business with this vendor?

These steps have helped us increase spend on cards and, in turn, boost A/P savings.

(Mike Murphy, A/P Manager, La Quinta Hotels, as presented at the A/P P2P Conference & Expo, Orlando, FL)

IMPROVING YOUR OWN A/P PROCESS

2 Fixed communication with dispersed team

Our company had people working all over the place – and that was creating communications problems.

We're a large company, with offices in the U.S. and Canada. And we acquire a lot of other companies, too.

On top of already being scattered, when the pandemic hit, even people who were used to working in the same offices were farther apart.

We needed a better way to keep communication flowing and people

connected companywide.

Fortunately, we were able to make some IT improvements that have significantly helped.

Easily accessible info

First, we started utilizing "Active Directory" in our email program, which automatically populates contact information for employees.

Before, we'd had to track down and ask people for their email addresses. But with Active Directory, it's easier to find anyone we need to.

We also found other ways to make sure we're reaching out to the right people in specific departments or offices.

For example, we uploaded organizational charts with current pictures, job titles, roles, etc.

Updating our email program and organizational charts has made it much easier to contact people across our company and get things done more efficiently.

(Melisa Garcia, Finance Manager, Acuren Inspection Inc., Danbury, CT)

3 Policy reminders help increase compliance

Keeping everyone compliant is hard enough as it is. And if employees don't even know what our policies are, it only gets harder.

No one likes extra work, so the idea of digging up an employee handbook or travel policy and sifting through the pages just for one specific policy deters people from ever opening it.

But we knew policy violations cost companies millions of dollars each year. Even the most minor violations

still demand a great deal of time and paperwork to straighten out.

We figured it would be a good idea to try and prevent any potential violations before they happened.

No room to forget

That's why we began emailing reminders to employees that briefly outlined some company policies and procedures.

Since it's still not guaranteed that employees will open these emails, we try to pick out the policies that seem

the most eye-catching, like PTO or pay increase guidelines.

If a reminder isn't relevant to an employee, they can just ignore it. But it's sure to catch at least one person's eye, or someone could flag the email for easy reference in the future.

The important thing is that we're doing the tedious part for them. All they have to do is open an email to keep themselves informed. And we haven't had major problems since.

(Elena Medina, HR Coordinator, Brown and Brown Insurance, Daytona Beach, FL)

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.

REMOTE WORK EXPENSES

The more employees work from home, the more questions you'll get regarding what costs are reimbursable.

And because this highly remote world is uncharted territory for almost everyone, including A/P, you might not always know the answer.

Fortunately, the legal pros at Business Management Daily are helping you decode some complexities.

Is this reimbursable?

Check out three common types of purchases that employees may want to expense when working from home:

1. Electricity. When employees are spending days at home versus in the office, it's common for their electric bills to go up. Are companies responsible for making up the difference?

Not typically, since it'd be hard to substantiate exactly how much of the electric bill could be equated to remote work. And reimbursed expenses must be exact, not estimated.

Tip: If employees aren't pleased to hear this, remind them of the money they're saving by not commuting to

the office five days a week.

2. Home office costs. Employees need a home office space, and they may want to buy a new desk, chair, etc.

Here, you could cover the cost but keep the items on the company's books. Depreciate them or write them off under IRC § 179, *Election to expense certain depreciable business assets.*

3. Internet expenses. Can A/P reimburse internet or Wi-Fi costs?

Yes – but be wary, warn experts.

Employees should track business versus personal use, so your team only reimburses work-related internet costs. And employees should submit these bills to you on a timely, regular basis.

Clarify in policy

Of course, these are just general guidelines based on industry practice. Your company may make a different call for a variety of reasons.

That's why it's key to distinguish what's reimbursable and what's not in T&E policies. That'll create more clarity for employees and, as a result, fewer questions for A/P.

Info: businessmanagementdaily.com

TEST YOUR KNOWLEDGE

How to stay organized while working from home

When working remotely, the lines between personal life and professional life can get blurry.

Your kitchen becomes a place not just to make breakfast – but to take conference calls. Your couch turns into a spot not just to read your favorite book – but to check emails.

To stay organized and efficient at home, it's important to create good habits for at-home work.

Answer *True* or *False* to the following to see how much you know about remote organization:

1. Your at-home workspace should only include work-related items (e.g., computer, phone, notepad).
2. It's important to have a ritual to start your day.
3. When it comes to paper storage, experts advise stacking things into structured horizontal piles on your desk, in drawers or in filing cabinets.

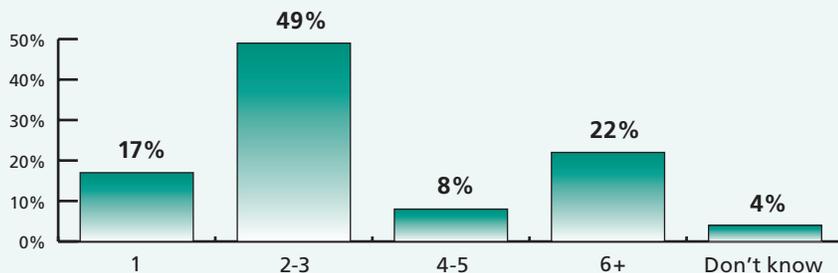
ANSWERS

1. *False.* It can be beneficial to have something that sparks joy on your workspace, says organizational expert Marie Kondo. Her space has her work-related items, plus a vase of fresh flowers. This setup boosts her productivity and joy.
2. *True.* Kondo recommends doing something to mark the start of your workday. This will shift your mindset and show your body that you're switching gears – which is key when you're still at home.
3. *False.* Storing papers vertically is better, Kondo says. With stacked items, it's harder to realize how much you've stockpiled. And items at the bottom fade from awareness, so you put them off or waste time searching for them.
- Cite: bit.ly/organization532

Answers to the quiz:

Invoice approval process

How many people typically approve an invoice before payment?



Source: Levvel Research, levvel.io

Every invoice approver should add value to your payment process. So, is that fifth or sixth approver really necessary (especially for routine or low-dollar invoices)? Consider if having two or three approvers who give invoices a really close look could be more effective than five or six who blindly sign off.

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.

Vendor scorecards: Try this 5-point rating scale

To ensure your company's working with the best of the best, it can be beneficial to keep vendor scorecards.

But when rating vendors, a basic scale of one through five isn't enough! The pros at Gartner advise using these five categories:

1. **Strong:** Confidently invest in a continued business relationship.
2. **Positive:** Continue business; plan for any known limitations.
3. **Variable:** Think about the short- and long-term impact of possible changes and the vendor's maturity.
4. **Caution:** Note relevant challenges and develop backup plans based on risk and business impact.
5. **Weak:** Look to contingency plans.

Info: bit.ly/ratings532

Here's why you should push for professional training

Professional growth is an important part of transforming A/P into a more strategic business partner.

However, not all company leaders may jump at the idea, considering training usually requires a cost.

To show the ROI, mention these bottom-line benefits of training identified in a Robert Half survey:

- increased productivity (41%)
- improved retention (30%)
- additional revenue (11%)
- succession planning (11%), and
- information sharing (7%).

Once leadership sees the big-picture benefits, they may come around.

Info: bit.ly/training532

New automation or small technological tweak?

Nowadays, every A/P team would love a robust, full-scale solution. But

that's not always realistic.

A first step: Review your current software and see if you can eliminate major pain points with a few tweaks, says CPA Steven Bragg.

For example: Set up a scanner in Receiving to quickly digitize receiving reports. Another example: Talk to your software provider (or IT) to see if there's an easier process for performing a three-way match.

This phrase will make you an effective communicator

No matter if you communicate with others in person or online, the words "Tell me" can help you find out more.

This phrase gets you answers that are completely from the other person's point of view and shows what they prioritize, explains negotiation expert Alexandra Carter.

Here are some prompts to try:

- "Tell me what you need."
- "Tell me what you think the issue is and how we might contain it."
- "Tell me more about how you came to that conclusion."
- "Tell me how you'd approach this."

Info: bit.ly/tellme532

SOFTWARE SKILL BOOSTER

Keeping your computer in good shape for the long haul

Like people, computers need proper care to function! Be sure you:

- **Clean it.** Dust makes PCs trap heat, hurting their performance/lifespan.
- **Don't block vents.** Your computer needs to stay cool to work correctly.
- **Unplug it occasionally.** Constant charging can impair the battery.

Info: bit.ly/computer532

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

PAYABLES NEWS

■ Nacha updates rules on direct deposits, payments

A/P teams that use direct deposit to reimburse expenses should know Nacha's updated its operating rules for direct deposit reversals.

Along with providing clearer examples of when direct deposit reversals aren't permitted, Nacha's also strengthened enforcement of rule violations.

In total, Nacha's implemented eight amendments designed to make payments through the network easier and more secure. The changes will become effective throughout 2021.

Info: bit.ly/nacha532

■ Will automation steal jobs? Survey provides new insight

If your company's been shifting roles and responsibilities, your staff might need some reassurance.

Most staffers (57%) worry that automated solutions could replace their jobs, found a Tipalti survey. But here's some stats from the same survey to calm those worries:

- 62% of CFOs plan to switch the focus of staffers handling manual tasks to higher-value work.
- 77% said if a job is eliminated due to automation, they'd transfer staffers to another department.
- 50% said they'd retrain staffers to develop new skills.

Info: bit.ly/jobroles532

■ Remote work policy: Many still in the early stages

Has your company formalized a work-from-home policy? If not, you're far from alone.

When asked about their remote work policy near the end of 2020, only 37% of companies had remote work policies in place, per a survey from Willis Towers Watson.

Whether it's an A/P-specific or companywide policy, you'll want to firm things up in early 2021, so rules and expectations are crystal clear.

Info: bit.ly/policy532

Could your company benefit from a sales tax reverse audit?

■ Recover overpayments, expand your tax knowledge

When you think “sales tax audit,” you probably think “a big old headache.”

There’s no denying that for A/P, audits can be expensive, stressful and time-consuming.

A reverse audit, though, could spur more smiles than headaches.

So, what exactly is a sales tax reverse audit? It aims to identify and recover tax overpayments that have either been remitted to vendors or filed directly as a self-assessment of use tax, explain the pros at Journal of Accountancy.

3 key benefits

Want more insight? Check out three benefits of reverse audits from the tax experts at Cherry Bekaert:

1. There’s no major disruption. With audits, you may picture your staff bogged down, creating paper trails, searching for documents, answering auditors’ questions ...

But many companies that’ve done a reverse audit say it didn’t largely disrupt their normal operations.

The auditors can work quickly and independently, limit their interaction to only critical questions and leave files just as they found them.

2. You feel more ready for future audits. A sales tax reverse audit can reveal a lot about your people’s knowledge of – or lack thereof – sales and use tax compliance.

Through the process, auditors can reveal mistakes and teach your staff how to spot audit red flags, better manage exemptions and more.

3. You see the big picture of savings and compliance. In tandem with the second benefit, many auditors include detailed training for key staffers as part of their reverse audit process.

During training, your staff can learn tactical approaches (i.e., how to make smarter decisions and streamline processes). But equally as important, they can get a strategic viewpoint (i.e., how much strong sales and use tax practices can positively affect your company’s bottom line). And going forward, their actions and behaviors should reflect that.

Info: bit.ly/reverse531

to “deceitful and dishonest access” of a computer. And the funds transfer fraud coverage applied because the company’s knowledge and consent “was only obtained by trick.”

Analysis: Clarify with insurer

As technology advances and thieves get trickier, some scams may not fall perfectly within the parameters of your fraud insurance policy.

That’s why it’s vital that A/P and any insurer are on the same page regarding what a policy covers. Otherwise, it could lead to court battles like this one.

Based on Medidata Solutions Inc. v. Federal Ins. Co. Dramatized for 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 fashions fake invoices, steals \$180K

Individual: Luis Perez, former A/P administrator at Peterson Brothers Construction Inc. in Brea, CA.

Violation: For allegedly stealing almost \$180,000 from his company, Perez was charged with 12 felony counts of grand theft by embezzlement.

Penalty: The outcome of these charges is yet to be determined.

Note: According to the local police, Perez submitted fake invoices and used the money to make personal purchases. He got away with it ... until an accountant at the company noticed one of these suspicious payments and brought it to the controller’s attention. Perez was then confronted, and his scheme began to unravel.

Cite: bit.ly/perez532

63-month imprisonment for this corrupt CFO

Individual: Tamra Villarreal, former CFO at Richardson Enterprises Inc. in Austin, TX.

Violation: After stealing approximately \$16 million from her company, Villarreal pleaded guilty to wire fraud.

Penalty: A judge sentenced her to serve 63 months in prison, followed by three years of supervised release. She also must pay restitution.

Note: For years, Villarreal stole money from company bank accounts and placed it in her own personal accounts. What’s more, she used a corporate credit card for personal expenses. The stolen money was spent on everything from restaurant bills to hotel reservations.

Cite: bit.ly/villarreal532

Sharpen your judgment THE DECISION

(See case on Page 2)

Yes, Jenn’s company convinced the court that the insurer’s crime policy should cover the email scam.

The insurer denied computer fraud coverage, claiming it only applied if there was unauthorized access to a PC. And it denied funds transfer fraud coverage, saying it only applied to transfers made without A/P’s consent.

But the court didn’t see it that way. It said the computer fraud coverage applied because the spoofed email led

Making Technology Work for You

The top 2021 technology trends that could affect A/P's operations

■ Keep an eye on these 4 areas

It's important for A/P to have a pulse on tech trends, from artificial intelligence to e-payment enhancements.

So, what can you expect to become an even bigger deal in 2021?

Gaze into the crystal ball

Check out four major tech trends expected this year, courtesy of the pros at Applied Imaging:

1. The cloud. When it comes to automation, you know solutions can either be deployed on premise or in the cloud – and the latter is clearly becoming the way of the future.

In the cloud, data can be accessed anytime, anywhere. And typically, the provider takes care of upgrades and deployment, so you don't have to knock on IT's door. What's more, cloud solutions are generally more secure than in-house solutions.

2. Remote work. No surprise, many will continue to work from home in

2021 – even well past the pandemic. That makes it essential to continue to assess A/P's remote productivity and address any technical snafus.

3. Financial audit prep. You've either been through or heard horror stories of audits where hours and hours are spent searching for documents and trying to make sense of a paper trail. In 2021, document management solutions can help Finance better prep for audits by gathering and delivering info in a more streamlined way.

4. Data security. As technology develops, so do criminals' tactics, making security a huge focus for companies. It's critical to ensure that every system A/P uses – from a companywide ERP to analysis and reporting tools to T&E mobile apps – includes foolproof controls. And equally as critical is ensuring that users adhere to all security protocols.

Info: bit.ly/trends532

What not to do! The most common passwords are ...

■ These codes are way too easy to crack

Many business pros do a lot of re-evaluating at the beginning of the year – and that should include re-evaluating your passwords.

Finance holds some of the most secure info in the entire company, so the passwords you use for software, computers, etc., need to be strong.

Skip these!

To get an idea of what *not* to use, check out Nordpass' most common passwords of 2020 list:

1. 123456
2. 123456789
3. picture1
4. password

5. 12345678
6. 111111
7. 123123
8. 12345
9. 1234567890, and
10. senha.

Scary enough, most of these top password were able to be cracked in less than a second and were exposed over two million times.

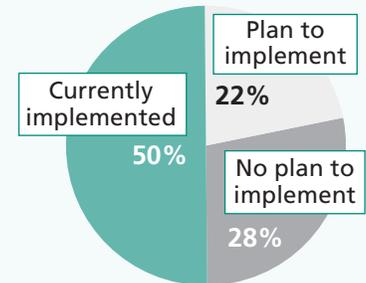
Share this list with your staff, and remind them to create strong passwords in 2021 – perhaps unique phrases that mean something to them but others wouldn't be able to guess.

Info: See the full list at nordpass.com/most-common-passwords-list

How do you stack up?

Merging solutions

Have you implemented A/P integrations with your T&E management system?



Source: Certify, certify.com

Integrating your A/P and T&E solutions can be a game-changing move. With all your data in one place, it's easier to identify trends, note problems and get a big-picture perspective of company spend.

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

■ Tax season can be taxing! Here's a mood booster

Ah, tax season. It's arguably your busiest – and most stressful – time of the year.

So, you might need a good laugh to get you through it. Check out these witty remarks about taxes:

- Don't put off until tomorrow what you can do today. There may be a tax on it by then!
- Taxation is a bizarre system in which you spend money, save receipts and somehow come out ahead.
- America is a land of untold wealth. Most of it is untold on the tax forms!
- A fine is a tax for doing wrong. A tax is a fine for doing right.

Info: atimetolaugh.org/taxes.html

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

Online sales tax collection rules are always changing! Here's the latest news from four states.

TEXAS – This one's for A/P pros in the Lone Star State.

The Texas Comptroller recently issued a memo with more guidance on remote and marketplace sales.

It discusses what it means to be “engaged in business” in Texas, including lesser-known triggers like:

- delivering items using vehicles
- soliciting sales via mail or online, and
- promoting markets, shows or events selling taxable goods or services.

Info: bit.ly/tx-532

WASHINGTON – Economic nexus changes could be coming to this state.

Washington drafted new legislation for marketplace facilitator laws. Among other things, the draft has:

- definitions of important terms
- an explanation of who qualifies as a marketplace facilitator
- a requirement for facilitators to collect other retail taxes, and
- documentation reqs for exempt sales.

Info: bit.ly/wa-532

TENNESSEE – Here's a quick note on online sales tax for A/P pros here.

Tennessee recently clarified that its requirements for remote sellers and marketplace facilitators only apply for sales and use tax purposes.

The marketplace facilitator reqs don't affect the nexus rules for business tax or franchise and excise tax.

Info: bit.ly/tn-532

IOWA – Heads up! This state has its eye on economic nexus compliance.

Iowa added new info on online

sales, including who's responsible for collecting tax from you.

The state also reminds companies that since most areas have a local option sales tax, it's critical to note where sales are sourced, so you pay the proper local taxes. (For online sales, the delivery address typically represents where sales are sourced.)

Info: bit.ly/ia-532

SERVICES

“Is that service taxable or not?” Check out two states who recently provided fresh insight.

NEW YORK – Getting invoices for marketing services and software in this state? Here's a relevant case.

A company offered digital market services to customers, as well as third-party marketing software licenses. Were these sales taxable?

In an advisory opinion, the state decided:

- The digital marketing services fell under advertising services, which currently aren't taxable.
- The software licenses constituted sales of prewritten software, which are taxable.

Info: bit.ly/ny-532

MARYLAND – This one's for A/P pros paying for cleaning services here.

The Maryland Comptroller recently issued guidance on cleaning services for buildings in common ownership or retirement communities.

The state said cleaning services in common areas of buildings (e.g., areas used for classrooms, dining, meetings) aren't taxable. But charges for cleaning services in areas used as retail spaces or for other purposes are taxable.

Info: bit.ly/md532

GIFT CERTIFICATES

When it comes to taxability, gifts and gift certificates have unique rules. One state recently clarified theirs.

MICHIGAN – Does your company buy gift certificates for employees or others in the Great Lake State?

Michigan recently clarified that gift certificates aren't taxable.

It explained that even though they're tangible personal property (e.g., plastic, paper), gift cards or certificates are generally treated as intangible property that represents monetary value.

However, when a gift certification is redeemed for taxable items, that qualifies as a taxable transaction.

For example, if your company buys a coffee shop gift card for an employee, that sale isn't taxable. But when the employee buys a coffee and a scone with the gift card, that sale is taxable.

Info: bit.ly/mi-532

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“What we find most useful in Keep Up to Date on Accounts Payable is its information on IRS updates for 1099 and independent contractor reporting.”

Jane Coverick
Accounting Specialist
Linvatec Corp.

“The newsletter's precise writing can be followed up with internet references for more info.”

Steve Wise
A/P Clerk
Spokane Airport