



# Keep Up to Date on **ACCOUNTS PAYABLE™**

Inside information on how leading companies are managing cash and payments, in a fast-read format, twice a month.

May 3, 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.

## Summer vacation season: Is your A/P team prepared?

### ■ Plan ahead, keep processes running smoothly

The summer months are coming up fast. And for many professionals, that means vacation time!

In 2020, research found lots of people skipped their normal summer time off due to the pandemic.

Now in 2021, with vaccinations expanding and things moving in the right direction, it's highly probable that people will be ready to take some well-needed vacation time.

If and when that happens, A/P needs to be prepared, so operations can keep running smoothly no matter who's in or out.

Heed these four tips from the

workplace experts at CareerBuilder and Fast Company:

#### 1. Start planning early

If people are making summer plans, it's best to start the conversation early, in the spring. That way, you can get an idea of everyone's schedules and see if there's any vacation overlap.

You could hold a team meeting during which everyone gives their preferred or possible vacation dates – and put it all on a master calendar.

And be sure to publicize this calendar, whether it's in your email

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

## Same Day ACH dollar limit will increase to \$1 million

### ■ Nacha announces its next enhancement, coming in 2022

Here's a big win for companies who use Same Day ACH and send high-dollar payments.

Nacha has approved a proposed rule to increase the Same Day ACH dollar limit to \$1 million per payment.

According to Nacha, this has been a frequently requested change from ACH users, and this move will make more payments eligible and hopefully increase adoption of Same Day ACH.

The new rule will apply to all Same Day ACH entries. Nacha believes the higher limit will be especially useful for transactions like insurance

claim payments, business-to-business payments and tax payments.

#### Expanding your reach

You have some time to prepare, since this new rule won't take effect until March 18, 2022.

For now, it'd be smart to inform your CFO and staffers of the new rule. With a higher limit, you may want to switch certain vendors to Same Day ACH. By assessing options early on, you'll be ready to go next March.

*Info: [bit.ly/dollarlimit538](https://bit.ly/dollarlimit538)*

## Vacation ...

(continued from Page 1)

program or a share document, and update it regularly. Everyone can stay in the loop on each other's schedules and avoid long email exchanges as plans develop, change or are finalized.

### 2. Check coverage

There are some A/P tasks, like issuing payments, that can't be put on hold while someone's on vacation.

Before time off, staffers should consider all their tasks and come up with two lists: 1) tasks that they can handle before or after vacation, and 2) tasks that someone else will need to complete in their absence.

For example, a staffer may be able to pause a master vendor file cleanup project while they're off. But he or she may need to ask another staffer to issue a recurring payment with a specific vendor to meet a deadline.

And remember, you know yourself better than anyone else. The key is to be able to truly relax, so do what you need to do to make that happen. For example, if you won't be able to relax unless you tie up certain loose ends beforehand, do it!

### 3. Spread the word

A lot of people depend on A/P to be there when they have quick financial questions, want expense

reimbursement or need a rush check. And they may be upset to find their go-to staffer(s) are unavailable.

That's why it's important to notify not just those within your department, but anyone you work with often, about your vacation schedule.

Think about what purchasers, approvers, vendors, etc., you work with regularly. Then send them a heads up with your departure date, return date and a backup staffer they can contact in your absence.

And to ensure anyone else who contacts you gets this info too, set your out-of-office email auto-reply with the same details before you shut down your computer.

### 4. Disconnect and enjoy

When you care about your job and your company, it can be hard to truly disengage. But if you've done the upfront work listed above, you can rest assured your department won't fall into disarray in your absence. You know you have a plan and you can trust your people.

At the end of the day, A/P pros work extremely hard and deserve time off! Try to disconnect from your devices and work thoughts as much as possible, so you're able to truly relax and recharge. That way, when you do return to work, you're refreshed, remotivated and ready to go.

*Info: CareerBuilder, [bit.ly/cb538](http://bit.ly/cb538) and Fast Company, [bit.ly/fc538](http://bit.ly/fc538)*

## 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.*

### ■ Tax liability from IRS: Can company dispute it in court?

With warm spring weather in the forecast, A/P Manager Jenn Smith and her friend, Katie Manson, had decided to take a walk in the park.

"How's everything going at your new job?" Jenn asked Katie.

"Not so hot, actually. It seems I've landed in a bit of a messy office," Katie said. "But since you work in Accounting too, maybe you have some advice."

"I'm all ears," Jenn said.

### A misunderstanding

"We're having some issues with IRS," said Katie. "The person who handled Accounting before me didn't file our taxes correctly. Now we're facing a big tax bill and penalties."

"Oh, no," Jenn said. "Did you try to dispute the amount owed?"

"We did, but IRS said we couldn't at that point. Does that sound right to you?" Gina asked.

"I'm not sure," Jenn said. "Did you file an appeal with IRS when you first found out about the back taxes?"

"Well, IRS sent a letter about the liability, but we didn't realize we had to file an appeal within 30 days of receiving it," Katie said. "We thought we'd get an additional notice."

"I see," Jenn sighed.

"Our execs said we should be able to dispute the amount in court because of that, but we've been getting pushback from IRS and the courts." Katie frowned. "I hope we're able to settle this soon."

Katie's company continued to dispute the amount owed to IRS in court. Did it win?

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



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EDITOR-IN-CHIEF: ALYSSA PEDRICK

[apedrick@CFODailyNews.com](mailto:apedrick@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 Enhanced our master vendor file controls

Our A/P department has an older accounting system, so we're constantly trying to find work-arounds and ways to enhance it.

Over time, we've been able to do that little by little – for example, increasing our usage of Excel and different technologies.

But while we can confidently say we've made a lot of process improvement, not every problem is a quick fix.

One of the major projects we had to tackle was the master vendor file.

It was a huge undertaking, but we were ready to take on the challenge.

### More approvals, security

Previously, our master vendor file didn't really have controls in place to make sure the right people were able to update important details, like vendors' addresses and terms.

So, we created more specific approval processes for things like:

- new vendors
  - vendors with address updates, and
  - vendors requesting different terms.
- Because these changes

now go through an approval process, we have peace of mind that vendor details are correct and legitimate.

In addition, we've added more security for our master vendor file.

We locked down our system, so only certain people have access to it. And we assessed our segregation of duties to make sure only the right people have access to different aspects of the master vendor file.

These new controls have worked out great for us.

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

## IMPROVING YOUR OWN A/P PROCESS

## 2 Giving A/P staff more autonomy, ownership

As an A/P manager, it can be hard to let go of control – but it's essential if you want your team to be successful.

That's why we let our A/P staff take ownership and make decisions.

We always say, "You have to be able to make the \$100 decision before you can make the \$1 million decision."

### 'Go do it!'

So, when staffers bring me or other high-level A/P leaders ideas or items,

we listen closely.

And especially if it's a low-risk item, we usually let them do it. If there's a problem and they have a solution, we tend to say, "Go do it!"

This gives staffers a sense of confidence and autonomy. They often respond, "Seriously? I can do this?"

And while it can be scary to release restraints and share responsibilities, it helps build trust.

For example, I had a staffer tell me I needed to call a vendor because they want to talk to a manager.

I said, "No, you make the call. We're not playing the title game. They need something

from you and you're capable of handling it."

This increased the staffer's confidence and ownership of A/P.

And the more confident and invested staffers are in their roles, the more successful A/P can be overall.

*(Denny Seiber, Director of Corporate A/P, Expedia Inc., as presented at the A/P P2P Conference & Expo, Las Vegas)*

## 3 Empathy boosts our work relationships

If there's one mantra people have adopted through the pandemic, it's "We're all in this together."

We found it even more important with some people working from home, some on-site and all of us facing different struggles.

People had a limited understanding of the challenges their colleagues faced, no matter where they were.

It wasn't necessarily anyone's fault – everyone was just so focused

on adjusting to the new normal that they'd lose sight of what others were going through.

### 3 easy-to-do tactics

In these unprecedented times, we believed simple words of empathy and kindness could go a long way in helping people understand each other better and maintain good working relationships with their co-workers.

So, we encouraged employees to practice these empathy tactics:

1. Open and close email with a

thoughtful message, such as, "I hope you're having a good day" and "Stay safe and well."

2. Ask other people how they prefer to meet, rather than just demand a video call.
3. Be consistent with preferences, so colleagues know what to expect with your communication.

These three empathetic tactics have been beneficial during these times.

*(Jeniffer Strub, Senior Manager of Human Resources, Vyond, San Bruno, CA)*

# 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.

## T&E FRAUD

A/P's responsible for managing and working to reduce T&E fraud.

But despite companies' best efforts, many still find themselves facing instances of fraud time and again.

Why are companies falling short?

CEO and biz travel expert Ernie Humphrey has insight to help you assess your practices and fill any gaps.

## 5 T&E troubles

Here are five reasons companies fall short of preventing T&E fraud, according to Humphrey:

**1. Too few audits.** Most companies only audit a small percentage of expenses, Humphrey shares.

The problem is, if sneaky employees know most expenses aren't audited, they may think they have a better chance of getting away with fraud.

Be sure to check whether you're auditing enough expense reports (in terms of percentage and frequency).

**2. Not enough employee training.** Sometimes, instances of fraud come down to a lack of understanding.

Hold regular training sessions to ensure people know the rules. And to deter misuse, go over the consequences that come with fraudulent activity.

**3. Lack of a formal, written T&E policy.** For some, policy is more of a word-of-mouth approach than a concise document. And even if you have it all written out, remember to frequently update it as necessary.

**4. Policy isn't specific.** In a similar vein, vagueness leaves room for fraud.

Along with basic guidelines, it's important to include clear examples, directions, limits, etc. And make sure your details are in line with relevant benchmarks, Humphrey adds.

**5. Enforcement is lax.** Even if you have a clear policy, fraud may still run rampant if you don't truly enforce it.

That's why it's essential to show you're not messing around and act on instances of fraud. If employees see the negative repercussions aren't just empty threats, it could dissuade them from trying anything sneaky.

*Info: "T&E Expense Management: The Art of Taming the Beast," as presented at the A/P P2P Conference & Expo, Las Vegas*

## TEST YOUR KNOWLEDGE

### Document management: Going from paper to digital

For A/P, keeping files and data organized is a key to success.

That's why nowadays, many teams are working to move from a manual to an electronic document management system.

Answer *True* or *False* to the following to see if you know what experts recommend:

1. You want to make sure any new document management system is better than your existing one. So, you should set metrics soon after implementing a new system.
2. When going digital, it's not a best practice to simply mirror your manual document management system in electronic form.
3. In any digital document management system, you want A/P staffers to be able to see all the features and facets on their screen at once, so they don't waste time sorting through things.

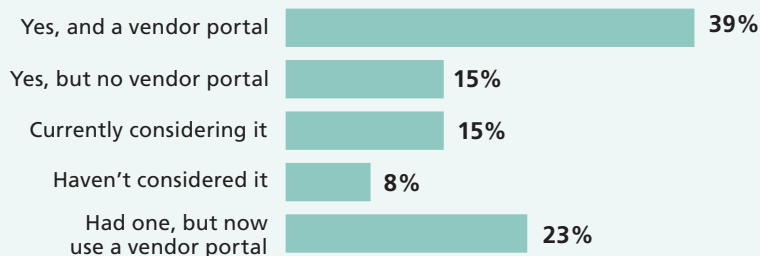
## ANSWERS

- Cite: bit.ly/docmgmt538*
1. *False.* The key is to set metrics before you implement a new document management system. That way, you can set a baseline and measure progress against your old system, explains DocuWare.
  2. *True.* Many companies imitate their paper practices in a digital form. They don't take time to see if they're actually efficient or if steps can be eliminated, says DocuWare. When going digital, ask questions like "Why have we done ABC in the past?" and "Is XYZ necessary in this new digital context?"
  3. *False.* Having all the features of your system displayed at once can be overwhelming. A/P staffers should be able to view only the elements they need at one time.

Answers to the quiz:

## The service side of A/P

### Do you have an A/P call center or help desk?



Source: Peeriosity, peeriosity.com

As the work world grows more dispersed and digital, your communication tactics may need an update. A centralized place to handle queries – like a call center, help desk or vendor portal – could make things a lot easier for your A/P department, no matter if you're in the same office or miles apart.

# 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.

## Avoid this common mistake IRS often sees with 1099s

As time goes by, more companies are transitioning from paper to electronic submissions of year-end tax forms.

But problems can arise, warns tax pro Marianne Couch. One big problem IRS often sees with 1099s is duplicate filings (e.g., one paper, one electronic).

If you send the same info more than once, that second submission will not replace the first, Couch explains. It'll look like double dollar amounts paid to vendors, and that could lead to penalties or corrections.

So, be sure your team knows who's filing what – and in what format.

*Info: A/P P2P Conference & Expo, Las Vegas*

## Reorganizing and redesigning your workspace for success

When was the last time you gave your workspace a good once-over?

To refresh your space – whether at home or in the office – consider:

- **Chair/desk:** Are you comfortable or constantly shifting this way and that?
- **Clutter:** How can you clean up to clear your space – and your mind? (See related story on Page 7.)
- **Noise level:** Is your space too loud? Could music help with distractions?
- **Lighting:** Is it so dim that you feel lethargic or too bright and jarring?

*Info: bit.ly/workspace538*

## 3 fundamentals of strong documentation in A/P

From staffer performance issues to vendor disputes, documentation must be solid, in case it ever needs to be referenced in a legal matter.

Ingrain these three principles:

1. **Accuracy.** Memories aren't always reliable, so record things right after they occur for a correct account.

2. **Believability.** Details and specifics increase your credibility. Focus on facts, not vague opinions.
3. **Agreement.** If possible, ask the other party to provide a summary of their side. Compare yours and theirs. If they don't agree, see if you can get writing from other witnesses.

*Info: businessmanagementdaily.com*

## How to tame big talkers who monopolize meetings

Whether virtual or in person, you probably have at least one person who seems to always take over meetings.

To get ahead of them:

- **Set expectations.** Send a message before: "Please email an idea or two on [subject.] I'll combine them, and we can discuss everybody's ideas to come up with our strategy."
- **Encourage chat.** In virtual meetings, pose a proactive question with the chat feature. As ideas pop up, call on people who are less likely to speak.
- **Rotate facilitation.** Have different staffers facilitate regular meetings. They can set agendas, pick topics and monitor the chat feature.

*Info: bit.ly/Quiet623*

## SOFTWARE SKILL BOOSTER

### Software update or upgrade? Don't forget to retrain

When you update your software, it allows A/P to work faster, smarter and more securely.

But don't forget: Not everyone is a tech expert or willing to implement the new features unprompted.

Be sure to review and train on any key updates (new features, settings, etc.) with your staff and anyone else who uses your software.

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

## PAYABLES NEWS

### ■ What are CFOs focused on right now? Cash flow!

Amid the ongoing pandemic, finance execs are finding cash flow management more critical than ever, new research shows.

When finance leaders were asked about their plans and priorities for automating finance processes, about 88% said they're investing in solutions to improve cash flow, says a recent Bill.com study.

This provides more incentive for A/P pros to do everything they can on the payments end to improve cash flow, too.

*Info: bit.ly/cashflow538*

### ■ IRS: Employees can deduct these COVID-19 purchases

Here's good news you can pass to employees making COVID-19-related purchases, like face masks and other personal protective equipment (PPE).

IRS just clarified these purchases are tax deductible. According to the Service, PPE expenses with a primary purpose of preventing the spread of the coronavirus qualify as deductible medical expenses. Some common examples include face masks, hand sanitizer and sanitizing wipes.

And tell your CFO: There's also details he or she might want to check out on how those items can be reimbursed on FSAs and HSAs.

*Info: bit.ly/lirspppe538*

### ■ Engagement's up in 2021, recent report reveals

After a challenging 2020, you'll be happy to hear that many staffers are feeling better in 2021.

Engagement has jumped 13%, and two-thirds of employees say they like or love work, per a recent report from Qualtrics XM.

Going forward, it'll be important to keep talking with your staff to find out what's driving (or limiting) their engagement. Then you can adjust your approach accordingly.

*Info: bit.ly/engagement538*

# Fostering lucrative independent contractor relationships: 5 tips

■ As the workforce changes, contracted work grows

In today's workforce, companies are utilizing independent contractors (ICs) more and more.

But finding top-notch ICs who are willing and able to provide the services your company needs can be a costly, time-consuming challenge.

So, when you do find great ICs, you want to be able to create long-term, mutually beneficial arrangements.

### Prepping for success

Check out five tactics A/P can use to help foster strong IC relationships:

**1. Test the waters.** When working with new ICs, it could be beneficial to start small – with a minor project – before committing to major projects.

During the process, both sides can see if it's a good fit. A/P specifically can provide insight on the invoicing and payments side of things.

**2. Get on the same page.** Before anyone jumps into work, it's key to clarify details and set expectations.

Things like the scope of work, set or estimated budget and payment terms should be detailed in a written

contract. (Make sure A/P gets a copy to keep on file!)

And in addition to terms, don't forget to discuss things like invoicing requirements, payment methods and preferred communication mediums.

**3. Keep an eye on rates.** Of course, one of the main things that will keep ICs happy is good pay. That's why it's essential to regularly keep an eye on what the typical rates are for the services they provide (which could fluctuate over time). Remember: Quality pay often reaps quality work.

**4. Evaluate.** Though you want to avoid employee-like performance reviews, it's perfectly fine to talk with ICs about what's working and what's not. For A/P, that means discussing the invoice and payment processes.

**5. Make small gestures.** There are small things you can do regularly to build trust and loyalty. For example, when you reach out to chat about a payment, you could also simply ask how their weekend was or discuss the big sports game coming up.

*Info: Adapted from bit.ly/ic-538*

back tax liability in court if it wasn't previously given the chance to do so. And since IRS had sent a letter, the company had ample chance to appeal.

### Analysis: Timing is everything

Similar to many of your A/P responsibilities, when filing an appeal with IRS, time is of the essence.

There's not much wiggle room with deadlines for appeals or corrections, so you'll want your department to have an action plan in place before these situations even arise.

*Based on Patrick's Payroll Services Inc. v. Commissioner of Internal Revenue, No. 2. 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.

### \$8 million fraud leads to 46 months behind bars

**Individual:** Nicolette Osborne, former CFO at Bison Global Logistics Inc. in Pflugerville, TX.

**Violation:** For her crimes, Osborne pleaded guilty to one count of wire fraud and one count of making a false statement on an income return.

**Penalty:** A judge sentenced her to serve 46 months in prison, plus five years of supervised release. She also must pay restitution.

**Note:** From 2012-2017, Osborne conducted a scheme in which she submitted false and inflated receivables in order to take money for herself. Specifically, Osborne falsified numbers for factoring companies, making it appear as if her company's A/R amounts were much higher than they were in reality.

**Cite:** [bit.ly/osborne538](http://bit.ly/osborne538)

### Accounting pro caught writing checks to herself

**Individual:** Danielle Strother-Rush, former accounting coordinator for the Eastern Minority Supplier Development Council in Pittsburgh, PA.

**Violation:** After embezzling more than \$321,000, Strother-Rush pleaded guilty to bank fraud.

**Penalty:** Her sentencing is scheduled for this July. She faces a maximum sentence of 30 years in prison and a \$1 million fine.

**Note:** As the accounting coordinator, Strother-Rush was able to covertly write checks to herself and forge her boss's signature on them. In addition, she made unauthorized ATM withdrawals and electronic checks payable to herself.

**Cite:** [bit.ly/strother-rush538](http://bit.ly/strother-rush538)

## Sharpen your judgment THE DECISION

(See case on Page 2)

No, the company lost. The court said it couldn't dispute the amount owed to IRS at that stage.

The company claimed it didn't know it had to file an appeal within 30 days, so it asked to dispute the amount owed at the court hearing.

But the court said the company's misunderstandings didn't erase its tax liability or give it the right to dispute how much it owed in back taxes.

A company can only dispute a

# Making Technology Work for You

## The top 5 technology trends finance pros should focus on this year

### ■ Forwarding your career – and your entire A/P team

As the business world evolves, so too do the technology skills that finance pros must possess.

In fact, as the A/P experts at AvidXChange point out, continuing to develop your finance tech skills is essential to advancing your career and adding more value to your team.

#### What to focus on now

Check out five skills that you and your A/P team will want to focus on in 2021, according to AvidXChange:

**1. Structured Query Language (SQL) skills.** This common programming language communicates with different databases to pull specific info. Diving deeper into the world of SQL can help A/P better analyze data, devise insights and make more informed suggestions and decisions.

**2. Excel skills.** No surprise, Excel made the list. For many finance pros, spreadsheets are still a part of everyday

operations, so knowing shortcuts, formulas and functions can help you work faster and smarter.

**3. Artificial Intelligence (AI).** As this tech gains more traction, A/P must understand and share with others all that AI could do for your company. Do your research, look into solutions and educate your team on AI, machine learning and other trailblazing tech.

**4. Financial modeling software.** As AvidXChange puts it, this software turns raw data into a story you can use to get ahead of trends. It looks at historical performance, current finances, future predictions, etc.

**5. Data visualization/communication tools.** Goodbye, cluttered data and long lists of numbers! In today's age, you want to have the skills to use tools that create engaging visuals for people at your company, so they can better understand and digest A/P data.

*Info: [bit.ly/techskills538](https://bit.ly/techskills538)*

## Spring cleaning: How to declutter your tech devices

### ■ 3 tips to kick-start your efforts

Depending on how organized your devices are, they can be a huge help or a big hindrance during the workday.

That's why once in a while, it's smart to set aside some time to sort through and declutter your devices.

#### A clean (digital) slate

Check out three tips for getting your technology in tip-top shape, so you can maximize output in A/P:

**1. Recycle.** There's no use holding on to tech that doesn't serve you or your role anymore. Gather up old phones, laptops, tablets, cords and cables. Then, if necessary, delete any personal and professional data.

Give them to IT or take them to your local recycling drop spots to be rid of them for good.

**2. Look for upgrades and alternatives.** If you feel like your devices are too slow or can't hold enough data, talk to IT about finding upgrades or alternatives. Since parts to build new products have become harder to find, many tech companies have created upgrades that fill the need.

**3. Curb the social habit.** Social media can be helpful to connect personally and professionally. But it can be full of negative information and toxic talk. Try to limit your use to declutter your mind, too.

*Info: [bit.ly/declutter538](https://bit.ly/declutter538)*

## How do you stack up?

### Digitizing operations

In which business areas has your company adopted technology?

*Note: More than one answer accepted.*

A/R

49%

A/P

47%

Financial reporting/forecasting

45%

HR administration

36%

*Source: Invoiced, [invoiced.com](https://invoiced.com)*

Fortunately, many companies see the value of payables automation. But to show why it's more critical than *other* business functions, you may need to provide evidence, like time-saving and money-saving stats.

*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

### ■ The surprising key to your company's success

This past year's been hard for companies and their people.

Going forward, the key to get people feeling engaged again and money flowing in could be, simply, a little humor.

Some proof, from Yahoo! Finance:

- Leaders with a sense of humor are seen as 27% more motivating.
- A lighthearted line at the end of a sales pitch can boost customers' willingness to pay by 18%.
- Workplaces that ingrained humor in their culture said employees were 16% more likely to stay.

So, don't be afraid to crack a joke or lighten up your meetings! It could pay off – literally.

*Info: [bit.ly/humor538](https://bit.ly/humor538)*

## 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.

### DIGITAL PRODUCTS

In 2021, more states are moving to tax digital products. Check out four states making moves now.

**MARYLAND** – If you receive invoices for digital products, get ready to see sales tax attached.

Thanks to a recently enacted bill, as of March 15, 2021, the state taxes digital products and services.

That includes purchases like streaming services, e-books and software subscription services.

In light of this bill, the Maryland Comptroller has provided guidance on the taxation of digital products for you to review ([bit.ly/mdg538](http://bit.ly/mdg538)).

*Info: bit.ly/md538*

**MULTIPLE STATES** – A/P pros across the country should be aware that other states are considering taxing digital products and services, too.

Three states with legislation circulating now are:

- **Georgia:** House Bill 594 would impose sales tax on digital goods or services, including specified digital products and prewritten computer software delivered electronically. The bill's effective date would be July 1, 2021 ([bit.ly/ga-538](http://bit.ly/ga-538)).
- **Nevada:** Senate Bill 346 would impose an excise tax on the retail sale of "specified digital products," including electronically transferred digital audio works, digital books, digital codes and other digital products. If passed, it would take effect Jan. 1, 2022 ([bit.ly/nv-538](http://bit.ly/nv-538)).
- **Kansas:** House Bill 2230 would impose sales tax on digital property and subscription services. Digital property means "media or products that are encoded in machine-readable formats" and transferred electronically ([bit.ly/ks-538](http://bit.ly/ks-538)).

We'll keep you posted on all three of these bills' progress.

### SERVICES

A/P has to keep on top of which services are taxable and which aren't. Here's the latest from two states.

**NEW YORK** – Does your company purchase teleprompting services?

A new advisory opinion clarifies that teleprompting services – providing a full teleprompter system and a professional technician to operate it – are exempt from sales tax.

One key: For it to be a nontaxable sale, the technician must stay in control of the equipment the whole time and take direction from the service provider, not the customer.

If the equipment is provided without a technician, it's taxable as a rental of tangible personal property.

*Info: bit.ly/ny-538*

**WASHINGTON** – This one's for A/P pros who pay for telephone answering services and similar services in Washington.

The state just issued a new advisory with guidance on their taxability.

It makes the following distinction:

- Telephone answering services – like call answering, message taking, call screening, logging of times or logging messages – are taxed under the B&O tax classification of "services and other activities."
- Ancillary services that involve call management – like telecom billing, directory assistance and voicemail services – don't fall under "services and other activities." They're taxed under the retailing B&O tax and the retail sales tax.

*Info: bit.ly/wa-538*

### COVID-19 EXPENSES

As the pandemic rages on, states are providing guidance about which coronavirus-related expenses are

taxable. One state has a recent update.

**VIRGINIA** – Good news if you pay for personal protective equipment (PPE) for COVID-19 in this state.

As of March 11, 2021, there's a sales tax exemption for purchases of PPE for business use by "qualified businesses" (i.e., those that have a COVID-19 safety protocol).

The exemption for PPE includes things like coveralls, full body suits, face coverings, face shields, gloves, hand sanitizer and safety glasses.

Note: The state will revoke the exemption if businesses don't follow COVID-19 safety protocols and penalize businesses if they don't use the PPE for business purposes.

*Info: bit.ly/va-5381, bit.ly/va-5382*

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