



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.

June 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.

Combat increasing errors caused by COVID-19

■ 5 big reasons mistakes are on the rise

Has your team noticed more errors cropping up in the past year?

If so, you're in good company.

The experts at Technology Insight have seen a significant increase in errors in recent recovery audits. And they believe that's due in large part to all the business process changes caused by the COVID-19 pandemic.

Identifying the culprits

Where are these errors stemming from? Check out what the experts say, so you can work to reduce them:

1. **Remote work.** Of course, you can't talk about the pandemic without

talking about remote work.

At home, A/P pros may not have the same tools or access they have in the office to perform at the same level of accuracy, Technology Insight says.

For example, staffers may now be scrutinizing invoices on a small laptop screen, when they're used to big dual monitors in the office.

If your company plans to keep up remote work for the long term, it's key to ensure that employees have all the same tools and equipment at home as they're used to on-site.

That may mean using more

(Please see Errors ... on Page 2)

IRS: 100% deduction for certain food, beverages

■ Here's what qualifies for the temporary deduction

Companies are getting a small break! IRS is temporarily allowing a 100% deduction on food and beverages from restaurants.

You know Finance can usually take a 50% deduction on these costs if:

- they're reasonable (not lavish), and
- the company or employee is present when food or drinks are furnished.

But right now, there's a temporary exception. From Jan. 1, 2021, through Dec. 31, 2022, your company can take a 100% deduction for food or beverages paid to restaurants.

Of course, the normal conditions mentioned earlier still apply.

What qualifies?

IRS says restaurants include "businesses that prepare and sell food or beverages to retail customers for immediate on-premises and/or off-premises consumption."

Share this with your staff, so they can flag food and beverage expenses that come across and fit that bill.

Info: Notice 2021-25, [irs.gov/pub/irs-drop/n-21-25.pdf](https://www.irs.gov/pub/irs-drop/n-21-25.pdf)

Boosting Accuracy

Errors ...

(continued from Page 1)

cloud-based tools to boost accessibility or vying for needed equipment, like computer monitors. (The pull for CFOs: These investments will end up saving the company money in the form of fewer errors.)

2. Heavier workloads. During the pandemic, some companies had to lay off or furlough staffers. Other firms underwent big changes.

The result, either way, was more work for your A/P team. With less time and added tasks, it's easy to see why more mistakes would arise.

It's time to check in on your staff's workload – especially staffers whose error rates have gone up lately. You want to make sure no one's so strapped that they're making mistakes and becoming overly stressed (*see related story on Page 5*).

3. Lax approvals. A/P pros know how essential approvals are. But with people being more dispersed and a lack of visibility, some companies may have gotten a *little* lax on certain approvals.

As a result, invoices may be paid or expenses reimbursed without the proper oversight or verification.

Sometimes, all people need to whip back into shape is a subtle reminder. So, if you've seen people falling into bad habits, send a refresher: No matter

where or how they work, approval policies stand. You could even send a copy of the policies and add the consequences for noncompliance.

4. Multiple invoices. The pandemic left many companies cash-strapped. Now more than ever, your vendors want to be paid promptly.

As a result, some may send multiple invoices – via fax, email, portal, etc. – to make *sure* you see them! And, unfortunately, many A/P pros have paid these duplicate invoices.

Remind your team to look out for duplicates and keep communication open, so no one pays an invoice twice.

And if there are any particular vendors you've seen getting into this bad practice, refer to your terms. See what the agreed-upon invoice method was. Then kindly remind them to only use that method.

5. Manual processes. All in all, the errors mentioned above (and plenty of others) stem from the fact that many A/P teams are still largely manual.

As you know, automation can go a long way to reduce errors. But some companies may not be in the position to invest the big bucks.

In the short term, find out if there are any specific, cost-effective tools or programs that could reduce errors.

In the long term, keep an eye on your company's financial position, so you're ready with a plan when A/P can get a bigger slice of the budget.

Info: bit.ly/errors540

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 staffer paid less than colleague: Is it justifiable?

A/P Manager Jenn Smith held in a sigh as she sat in CFO Jeff Rizzo's office with A/P Staffer Patty Moore.

"I'm telling you, Patty, if you don't show up to the meeting later today, there will be consequences," Jeff said.

"And I'm telling you for the fifth time," Patty said, "I know what Tom makes. It's a lot more than me. And he does the same work as me. I should be paid what he's paid."

Jenn held up a hand. "Well –"

"You've done nothing about my complaints, so I need to take drastic measures to get my point heard and resolved," Patty continued.

Unfounded claim

"We listened to you every time you complained, and we looked into the accusations that your pay is unfair," Jenn said. "And we told you the claim is unfounded. Andy has more experience than you. Your salary fits your experience and role."

"If you still stand by that, don't expect me and my quarterly report at the meeting," Patty said.

Patty did as she promised – she didn't show at the meeting.

And Jeff did as he promised – he invoked consequences. Jeff demoted her for the constant complaining and failing to show up for an important job duty.

Patty sued the company, claiming her lower salary and demotion were discriminatory based on gender.

Jenn's company fought back. Did it prove there wasn't any gender bias and win the case?

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



Keep Up to Date on
ACCOUNTS PAYABLE™

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Networking with Other A/P Pros

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

1 **How our vendor portal simplified onboarding**

One of the most tedious parts of A/P's job is bringing on new vendors efficiently and securely.

Of course, Purchasing is always raring to go and get that first P.O. off!

But we know it's essential to gather all the vendors' info first, both for the sake of compliance and to make our job easier down the line.

Less work, faster results

That's why, in our vendor portal, we created specific modules to help make the process more streamlined.

Here's how it works:

During the registration process, a vendor is invited by one of our employees to sign up.

Once the vendor receives that message, they can register with real-time validation.

Lucky for A/P, the vendor does most of the work themselves, filling out information and uploading files. Our company doesn't have to send documents, like W-9s, anymore. Everything is ingrained in the portal.

Next comes the approval process. We look at the supplier's characteristics and

validation, verifying we're good to go.

Bonus: Once approved, the master vendor file automatically creates an entry for this vendor – and that entry automatically updates in the future, since everything's interconnected.

After, the vendor becomes active.

Creating this custom portal with modules that work for our company has been key to fast onboarding and accurate vendor data.

(Amy Platis, A/P Manager, Northwestern Medicine, as presented at the A/P P2P Conference & Expo, Orlando, FL)

IMPROVING YOUR OWN A/P PROCESS

2 **Stay on top of regs to pay workers correctly**

At our company, we work with quite a few subcontractors – and not all of them are paid the same.

Due to regulations, what we paid them sometimes depended on what state they were in.

In one state, we treated the subcontractors like A/P vendors.

But in another state where we're located, we couldn't do that because this state had a stringent legal definition of who qualified as a

subcontractor. Therefore, we had to report these individuals as employees to be in compliance.

To do this correctly, we made sure our records included all the information we needed for reporting.

Gathering more details

I worked closely with another finance colleague to figure out the best recordkeeping strategy for the work these subcontractors did.

We started having them expand the data they reported to us when

they submitted their paperwork for payment.

Specifically, we needed more details about the

hours they put in.

Now, I can use this information to make sure they get paid correctly, no matter what their classification is.

This recordkeeping strategy has been effective, and we have the info we need to stay in compliance with state regs.

(Delbert Eby, Accountant, Rod & Staff Publishers, West Liberty, KY)

3 **Getting more out of our employee surveys**

We struggled with meaningfully surveying employees.

We wanted to get feedback, but not too much. And we wanted to act, but not without reason.

So, first, we started defining the goals of our surveys.

For example: Do we want to see how employees feel about new leadership? Do we want to get feedback on recent initiatives?

We also made a point to only ask for feedback on things we can act on.

For instance, there's no sense in asking employees about the comfort of their desk chairs if we had no plans to supply new chairs.

But we asked them to rate how connected they felt to their peers while working remotely because we could do something to improve that.

Upping participation

To drive interest in the survey, we sent an invitation to employees just

before we put it on our platform.

We kept the survey live for two weeks, so people had a good amount of time to participate. And we created a live dashboard, so managers could see the number of responses that came in.

And managers worked hard to up participation, too. Some encouraged responses by promising to sing a song or take a pie in the face if a certain percentage of employees responded. It's been fun – and effective.

(Hillary Champion, Director of People Growth, Facebook, San Francisco)

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 TRENDS

Business travel will never be the same as it was before the pandemic.

As a result, A/P and others involved in T&E processes will have to shift their mindsets and look at things differently.

3 considerations

Check out three topics you'll want consider as your people hit the road again, according to TripActions:

1. Risk. Pre-pandemic, making sure travelers adhered to T&E policy was more about them staying within spend limits, handing in receipts, etc.

Now, risk plays a bigger role. Your T&E policy may need a risk assessment section, focused on things like:

- what constitutes essential travel
- scenarios for different groups (e.g., high-risk travelers or teams that travel most frequently), and
- compliance practices (e.g., going easy on an out-of-policy purchase that's made for safety reasons).

2. Spend management. COVID-19 and its economic dip forced companies

to look deeper at budgetary plans and make tough calls about what's vital.

Companies realized business travel is certainly vital, but they need:

- better visibility into spend, and
- more careful consideration of how these activities contribute to the company's bigger goals.

As budgets are shifted or reduced, travelers will have to be more mindful of what, how and why they spend money, says TripActions' Daniel Finkel. And having real-time visibility into expenses will be key, he adds.

3. Cohesiveness. The last year taught companies if they want to make smart decisions about risk, spend, employee well-being and more, their T&E process can't be siloed. It's critical to combine all tools and steps in a single end-to-end solution.

Not only will that help everything flow into one source of real-time data and insights, it'll create a better travel experience for employees, too, TripAdvisor says. And in times like these, that's especially important.

Info: engage.tripactions.com/skift-trends-future-of-business-travel

TEST YOUR KNOWLEDGE

Public speaking? How to be composed, confident

A/P was traditionally seen as a back-office function – quiet spaces, heads down, plugging away.

But as your role turns more strategic, presenting and speaking may be a bigger part of your job.

If the thought of being center stage makes you nervous, here's help.

Answer *True* or *False* to the following questions to see if you know some best practices for public speaking and presenting:

1. If you're writing notes to refer to while speaking, it's best to jot down just a few words, not lots of lists and details.
2. Before speaking, it's important to consider all the things that could go wrong, so you can prepare accordingly.
3. If you feel the nerves start to kick in while your speaking, your best bet may be to take a pause rather than trying to power through.

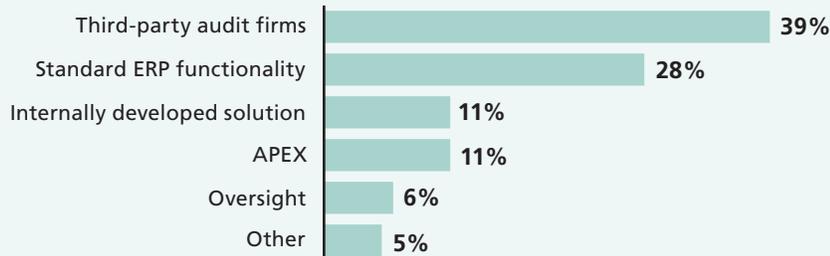
ANSWERS

- Cite: bit.ly/speaking540*
1. *True.* With notes, shorten them to a few words – just enough to remind yourself what you need to say, advises Fast Company contributor Eileen Smith. She suggests numbering pages and using big fonts. Keep your notes nearby as a safety net of sorts.
 2. *False.* Smith recommends focusing on all the good things to come, rather than solely obsessing over what could go wrong. Put the power of positive thinking to work, she adds.
 3. *True.* A slow, deep breath can help get your nerves under control and oxygen flowing to your brain again, Smith explains. And people will probably just think you're pausing briefly.

Answers to the quiz:

Ferretting out fraud

What's your main method to detect A/P fraud related to indirect spend?



Source: Peeriosity, peeriosity.com

Because A/P pros have a ton on their plate, you may not have extra labor hours to devote to certain strategic tasks, like monitoring and preventing fraud. That's why it can help to introduce a nonstaff "helper" in the equation, whether it's a third-party firm or software that can do the hard work for you.

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.

The best way to increase early payment discounts

The more early payment discounts A/P takes advantage of, the more you can transform your department from a cost center to a profit center.

So, what should you do if you want to increase discounts?

Increase the number of invoices *subject* to discounts. That's the biggest thing you can do to save money, says payment expert Ben Shaffer.

That may require you to reach out to vendors you haven't had discount terms with in the past and see if there's an opportunity to add them.

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

Great leaders use these 4 short phrases: Do you?

You want staffers and co-workers to see you as a great leader, and the words you use can have a big impact on whether they do.

Here are four phrases good leaders use a lot, from communications expert Paolina Milana:

1. "Don't sweat it." Acknowledge that people make mistakes.
2. "Tell me what you really think." Honesty and trust are essential.
3. "I don't know the answer to that." After all, no one knows everything!
4. "I've got your back." It's key to support and defend your people.

Info: bit.ly/phrases540

These apps can simplify meal costs, reimbursements

Want to make employees' meal costs more manageable? See if your company can try a food-ordering app.

For example, the app Ritual gives companies a meal program for workers with a set budget and schedule (e.g., \$15, twice a week). Two other similar

programs are GrubHub Corporate and Uber Eats for Business.

Some benefits you can share with your company, as cited by Ritual, are:

- no monitoring receipts or complicated expense codes
- saved time in terms of tracking and reimbursing costs, and
- total control of when and how much employees spend, so you never exceed limits or budgets.

What makes staffers more productive? Happiness!

If you want to help your A/P staff be more productive, try injecting more happiness into their work.

The vast majority (85%) of staffers said happiness is very important to their work productivity in a Snappy survey.

Try these two ideas to boost moods:

- **Wellness Breaks:** One company does daily Zoom sessions – Mindfulness Mondays, Thankfulness Thursdays, Foodie Fridays, etc.
- **Coffee Talks:** Invite staffers to join fun video chats, and discourage any work talk when they chat.

Info: bit.ly/happy540

SOFTWARE SKILL BOOSTER

Do you restart your computer as often as you should?

There's nothing worse than a slow, freezy computer when you're trying to breeze through tasks.

If this sounds familiar, you may not be restarting your PC enough.

Tech experts recommend doing so at least weekly, as it "flushes out the RAM" and ends processes that otherwise don't close smoothly.

Info: bit.ly/restart540

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

PAYABLES NEWS

■ Unclaimed property: Which 2 states have deadlines soon?

Heads up if your company has any unclaimed property in the Lone Star State or the Great Lake State.

Both have reporting deadlines in early July:

- **Texas:** The deadline for filing reports and remitting property is July 1. Note that property may be remitted any time after the March annual cutoff date (bit.ly/txup540).
- **Michigan:** Companies must submit report and remittance on or before the first business day of July (bit.ly/miup540).

You can visit either of the links for full reporting guidelines.

■ IRS reminds companies of upcoming hurricane season

Is your company prepared in the event of a natural disaster? The Service wants to make sure of it.

It recently issued a news release encouraging companies to create, review and/or update their emergency preparedness plans.

The news release also includes details on things like securing key files, documenting valuables/equipment and reconstructing records after a disaster.

Info: bit.ly/hurricane540

■ Most staffers are stressed – but aren't talking about it

It'd be smart for A/P managers to talk with their team and find out if they're stressed about work.

About seven in 10 workers say they have a moderate or high stress level, per research from Joblist.

But sadly many people won't talk about it. Almost half fear negative consequences (e.g., no promotion or raise) if they talk about work stress.

This data shows it's important for leaders to check in and encourage honesty, so big stressors can be detected and addressed.

Info: bit.ly/stress540

3 steps to effectively communicate A/P policy changes with others

■ Provide plenty of details, ask for their insight

People generally don't like change – especially when it challenges the status quo or modifies a process they've grown very accustomed to.

When new policies go into effect, it can be tough to get everyone through the transition stress-free. Employees will naturally have questions and concerns.

But there are ways you can make the process as smooth as possible.

The more info, the better

Check out some pointers from KnowTechie on how to get employees on board with policy changes:

1. Lead with the benefits for them. With change, employees tend to focus on the negative. So, start off in a positive light. Look at it from their perspective and see what elements of the new policy they would consider a plus.

Example: If you switch software, purchasers might not be thrilled about having to learn a new system. But if you show them how it'll allow them to submit P.O.s and get their products faster, they may come around.

2. Explain the reasons behind the

changes. Many employees won't be happy with just knowing the basics. They want the "why" along with the "what." Even if employees are upset with the changes, they'll understand why the new policies were necessary if they have all the information.

Example: If travelers have been pushing T&E limits, you may need to institute a policy with more severe consequences for out-of-policy spend. And if you show them concrete data of how spend has gotten out of hand lately, employees will realize why the change is being implemented.

3. Ask for feedback. Employees may have big opinions about the changes and want to express them, so it's key to let them know that you're open to feedback. Their comments could turn out to be very helpful, and they'll feel respected and valued.

Example: After you finish relaying a new policy for vendor onboarding, share how you'll accept feedback. You could have an open discussion directly after, email employees a survey or block off time for individual chats.

Info: bit.ly/changes540

failing to show up at a meeting, which was an important part of her work.

The court agreed, recognizing the staffer was paid less because she was less qualified. It also agreed constant complaining and skipping the meeting were unacceptable and demotion-worthy behaviors.

Analysis: Have your reasons

How can you justify pay differences for A/P staffers that do similar jobs?

This case proves you often just need solid, tangible reasoning – such as more experience or training.

Based on Davis v. Town of Tazewell. 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.

Trusted A/P veteran headed to federal prison

Individual: Dean Flake, former A/P processor at a finance company in Savannah, GA.

Violation: After it was discovered that Flake had stolen more than \$1.6 million, he admitted to committing bank fraud.

Penalty: A judge sentenced him to serve 20 months in prison, followed by 13 months of home confinement and three years of supervised release.

Note: Flake worked at his former company for almost 35 years and thus was a trusted employee. It wasn't until a few years ago that he started fraudulently forging signatures on checks and depositing the money in his personal accounts.

Cite: bit.ly/flake540

CFO caught up in "ghost employee" scheme

Individual: Pamela Smith, former CFO at Equinox Home Care LLC in Stratford, CT.

Violation: For helping a company executive secretly steal money from the healthcare staffing agency, Smith pleaded guilty to one count of tax evasion.

Penalty: Her sentencing date hasn't yet been set. Smith faces up to three years in prison.

Note: How did this finance leader get caught up in a fraudulent scheme? An executive directed Smith and the company's payroll manager to help her secretly receive company funds via payments to "ghost employees." As CFO, Smith was well aware that these checks weren't going to legitimate employees.

Cite: bit.ly/smith540

Sharpen your judgment THE DECISION

(See case on Page 2)

Yes, the company won the case.

Patty's attorney said she was the victim of gender discrimination. She was paid less than a male counterpart in the same position, doing the same work. And she was demoted for complaining about the disparity.

The company's attorney and Jenn acknowledged that Patty was paid less than her male colleague – but it was because she had less experience. And, they added, she was demoted for

Red alert! Do you know these 4 sneaky signs of A/P fraud?

■ Little tricks that can lead to large scams

Over the years, fraudsters have gotten sneakier – so much so that it can be near impossible to know if requests are legitimate or not.

That said, fraudsters still slip up sometimes. And you can catch them when they do.

What to look for

Make sure your team's aware of these four red flags for fraud, from the A/P experts at AvidXChange:

1. An email addresses that's slightly off. Fraudsters may try to impersonate someone you know and trust.

Look out for small spelling errors, like *anajones@company.com* instead of *annajones@company.com*. Fraudsters may also try to use "v"s instead of "w"s, like *johnvvilson@company.com* instead of *johnwilson@company.com*.

2. A lack of company details. If you get a message that doesn't include a company logo, company name or

signature, it could be a scam.

So anytime you get a message from "Sally" or "Tim," be sure to verify it's a legitimate person before engaging.

3. A computer virus alert. While real viruses *can* infiltrate your system, this is a classic trick fraudsters use to make you panic and want to act fast.

Your best move: Call IT right away to see if there's an actual virus or threat you should be aware of. If IT's not aware of it, it's probably a scam.

4. A random request for info. Sometimes, fraudsters send emails to multiple employees at one company, asking seemingly innocent questions (e.g., about your products/services).

Here, fraudsters are gathering little bits of info about your company from different employees to help them build a portfolio and execute a larger attack. If random or odd requests like this come in, it's best to just ignore them.

Info: bit.ly/signs540

2021 FinTech software winners announced

■ See the top picks for A/P, P2P and more

It can be hard to sift through all the A/P software options out there.

Plus, there are so many types of software – those just for A/P, ones for the whole Purchase-to-Pay cycle, etc.

Luckily, you don't have to start at ground zero. Each year, the FinTech Breakthrough Awards comb through tons of finance and business solutions to name the best of the best.

Who took the gold?

The winners for 2021 are in. Check out which providers took the gold in categories most pertinent to A/P:

- **Best A/P Solution:** Stampli
- **Best Procure-to-Pay Software:** Medius

- **Best Contract Management Solution:** Shelter Zoom
- **Best Overall eProcurement Software:** TeamPay, and
- **Best B2B Payments Platform:** PPRO.

Note that this list is not exhaustive. The FinTech Breakthrough Awards cover a wide array of categories – everything from payments and fraud to cryptocurrency and banking.

Along with assessing all the payables-related solutions, you can share the full list of winners with your CFO, in case they're interested in other finance-related solutions.

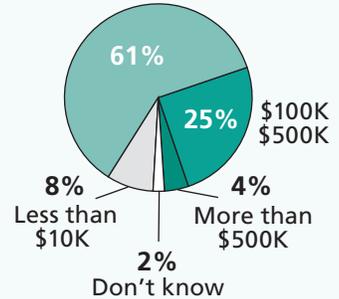
Info: fintechbreakthrough.com/2021-winners

How do you stack up?

The price of downtime

How much do you think ERP software downtime could cost your company per hour?

\$10K-\$100K



Source: Onapsis, onapsis.com

The data makes it clear: If your ERP system malfunctions or is down for even a short amount of time, the financial consequences can be dire. That's why it's so important for A/P to have ERP security in place.

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

■ Would you thrive in any of these White House roles?

While many companies have similar essential roles (Finance, HR, etc.), the White House has more than a few interesting, extra roles.

Check out these unique White House jobs and estimated salaries:

- **The Chief Calligrapher** designs and creates social and official White House documents (\$109K).
- **The Director of the Presidential Gift Office** keeps track of all things given to the president (\$58K).
- **The Executive Pastry Chef** manages every little dessert served at state dinners and private events (\$52K).
- **The Director of Comment Line** oversees the outlet that lets citizens voice feelings (\$72K).

Info: bit.ly/whitehouse540

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

Some states are *still* working on their online sales tax regs. Here are updates from two.

KANSAS – After a lot of back and forth, new economic nexus regs are finally being enacted here.

Recently, we mentioned the state's governor vetoed a bill with new reqs for remote sellers and marketplace facilitators (*see* KAP 5/17/21).

But shortly after, the legislature overrode the veto.

Effective July 1, 2021, marketplace facilitators must join remote sellers in collecting sales tax from you.

And you may recall originally, the state's remote seller regs didn't include a threshold. The bill also added one: Only remote sellers that make over \$100,000 in Kansas sales annually have to collect sales tax. (The threshold will not apply retroactively.)

Info: bit.ly/ks540

MISSOURI – Marketplace facilitator regs could also be coming for A/P pros in this state.

Now that Kansas has added marketplace facilitator regs, Missouri remains the only state with state-level sales tax without such regs.

But that could change soon. Two bills making their way through the legislature, House Bill 544 and Senate Bill 153, would both create collection requirements for marketplace facilitators beginning Jan. 1, 2023.

We'll keep you posted on them.

Info: bit.ly/mo5401, bit.ly/mo5402

DIGITAL AD SERVICES

In recent months, you've seen a slew of states jump at the chance to tax digital advertising and similar

services. Check out the latest news.

MULTIPLE STATES – Paying for digital advertising services? You may soon see sales tax attached to them.

Several more states are considering taxing digital ad services, including:

- **Arkansas:** Senate Bill 558 would impose tax on digital advertising revenue from social media platforms that meet certain reqs (*bit.ly/ar-540*).
- **Connecticut:** This state already has two proposed bills that would tax revenue from digital ad services and social media ad services (*see* KAP 3/1/21). A third, Senate Bill 1106, would also add a new digital ad services tax (*bit.ly/ct-540*).
- **Massachusetts:** House Bill 3081 would create a tax for revenue derived from digital ad services, and House Bill 2894 would add a 5% tax on revenue from digital ad services (*bit.ly/ma5401, bit.ly/ma5402*).
- **Texas:** House Bill 4467 would add a tax for revenue from digital ad services (*bit.ly/tx-540*).
- **West Virginia:** Senate Bill 605 would impose a tax on revenue from digital ad services (*bit.ly/wv540*).

SOFTWARE

A/P pros are used to seeing charges for software – but whether they should include tax is sometimes up for debate. Check out two states with guidance.

NORTH CAROLINA – Do you get invoices for Software as a Service (SaaS) in the Tarheel State? Here's some insight on its taxability.

The North Carolina Department of Revenue (DOR) recently looked at a vendor that sold licenses to its cloud-based SaaS platform. Customers paid subscription fees for online access.

The state generally doesn't tax sales of cloud-based software accessed online.

The DOR noted the subscription fees didn't let customers download, copy, or modify the software – and the software was never transferred to

customers. So, the SaaS fees weren't taxable, the DOR ruled.

Info: bit.ly/nc-540

KENTUCKY – Here's good news if your company uses cloud-based software in this state.

The Kentucky DOR recently issued a publication clarifying cloud-based software is exempt. Essentially, if software's stored on the seller's servers and accessed via the "cloud" or online, it's not taxable.

The DOR said prewritten software is only taxable when:

- it's transferred to the customer in tangible form on a disk, or
- it's downloaded to the customer's in-state computer or server.

Info: bit.ly/ky-540

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