From CFO Daily News: Powered by SuccessFuel

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 14, 2021

WHAT'S INSIDE

Business travel's back – but not the same: 5 keys for A/P

Most employees ready to hit the road

Get ready, A/P. Business travel – and all the expense reports that come with it – is making its grand return.

So says a new survey from Concur. It found 96% of employees are willing to take a business trip within the year.

But in a post-pandemic world, corporate travel won't be the same as it was before. Travelers may have different motivations and expectations, and companies may need to shift policies to meet new norms.

5 important findings

To prepare A/P for what's to come, check out key highlights of the report:

1. Travelers have different desires. Employees are ready to hit the road, but what's motivating them? Of the respondents willing to travel:

- 54% want to make connections with customers and colleagues
- 52% hope to experience new places, and
- 41% would like to take a break from everyday life.

Given the personal nature of these reasons, it'll be critical for anyone approving trips and expenses to verify the business reasons behind the trips and the associated costs. (For example,

*(Please see **Business travel …** on Page 2)*

DOL withdraws new independent contractor rule

Said rule would cause confusion and inconsistency

It looks like your company won't be bound to the Department of Labor (DOL)'s new rule after all.

As you may recall, the DOL had proposed a rule for determining a worker's classification.

It used an economic reality test and looked primarily at if a worker was in business for themself or economically dependent on a company.

A change in course

In late January, under the new Biden administration, the rule was frozen. And more recently in May, the rule was withdrawn.

The DOL said it was concerned the guidance "would cause confusion or lead to inconsistent outcomes rather than provide clarity or certainty."

In addition, it argued the rule didn't fully consider the likely costs, transfers and benefits that could come about. And, the DOL added, withdrawing the rule wouldn't be disruptive, since it hadn't taken effect yet.

See more in the Federal Register.

Info: *bit.ly/dolrule541*

CFO DAILY NEWS

Business travel …

(continued from Page 1)

is that trip to San Francisco really necessary, or could it be an employee itching to get away for a few days?)

2. "Bleisure" is back. In a similar vein, a whopping 89% of employees plan to add personal vacation time to business trips in the next year.

Since A/P can expect more "bleisure" (business + leisure) trips soon, it'll be key to ensure only business-related meals, lodging, etc., get reimbursed. It may be worth it to remind employees that if they're tacking on leisure time, those expenses need to be kept separate from the ones they submit to you.

3. Some are feeling the pressure. It's not all exciting adventures and leisure time. Some travelers are feeling pressured to hit the road again: 80% worry that their professional life will suffer if they don't start traveling again in the next year.

Of course, travelers won't be as effective at their jobs if they're worried or stressed. Those trips could essentially lead to money down the drain.

It'd be smart to let management know about this concern, so they can reassure people and confirm employees are only taking trips when they feel confident and ready.

4. Travelers also have new terms. The pandemic altered the power dynamic, Concur says. Employees aren't afraid to voice their feelings:

- 68% want to return to business travel – but on their own terms
- 31% would request to limit travel if there aren't policies or measures to protect their health and safety, and
- 20% would look for another position if asked to travel without safety measures.

So, if your company wants to get travelers back out there, it may have to shift or add certain policies.

A/P could help gather employee feedback about current procedures and facilitate discussions between people enforcing T&E policies and those adhering to them. Then policies could be adjusted as necessary.

5. Flexibility is king. Regarding what measures employees want to see in a post-pandemic T&E policy, flexibility was a top priority.

In the survey, 72% of employees said being able to choose their own transportation, lodging and travel dates was a necessary element of the policy. And 62% said vaccination-related policies were also critical.

This further proves why companies may want to adjust policies and loosen strict limitations, even if it's just during the transitional period.

A/P may also temporarily have to work closer with travelers and managers to address situations, permissible costs and policy exceptions on a case-by-case basis.

***Info:** bit.ly/biztravel541*

Keep Up to Date on ACCOUNTS PAYABLE™

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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.

Does insurance cover losses for social engineering scam?

A/P Manager Jenn Smith sat across from CFO Jeff Rizzo and CEO Sara Clark, who looked distressed.

"I just can't believe this," Sara sighed. "First, we're scammed. Now, our insurer is denying coverage."

"I brought Jenn in because she's used to dealing with these kinds of email scams," Jeff said to Sara. "Why don't you give her all the details?"

Sara nodded. "We ordered parts from our vendor, Super Supplies. On the same day we placed the order, a scammer sent me an email – posing as a Super Supplies employee – with invoices and payment instructions," she said. "So, I approved the invoices and had the bank issue payment."

Not 'directly' involved

"After about a month, Super Supplies followed up about their payment … and that's when I realized we'd been had," Sara said.

"We contacted our insurer, since we have computer fraud insurance. But they denied coverage," Jeff said.

"Why?" Jenn asked.

"They said the number of people and noncomputer actions involved inside and outside of our company over the course of six days proved the loss did not 'directly' result from a computer," Jeff said.

"Do you agree, Jenn?" Sara asked.

Jenn shook her head. "All in all, it's a social engineering scam, which can't happen without a computer. I think we should fight this."

Jenn's company took the insurer to court, claiming its losses should have been covered. Did it win?

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

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 Ticketing system made queries manageable

For any A/P department, it can be difficult to keep track of every single vendor query.

Sometimes, they come at you every which way – phone, email, portal, etc.

Then there's the question of who's handling it. Perhaps the vendor initially talked to one staffer on the phone – but another staffer answered the follow-up call.

And lastly, there's the issue of completion. In A/P, we want to make sure every vendor question is resolved fully and in a timely fashion. We don't want to leave any vendor hanging, waiting on answers.

What worked for us

That's why we decided to start using a ticketing system. It's fairly simple, and the cost is reasonable.

When a vendor has a query, they send it to one email address (for example, *support@company.com*).

They get a ticket, and a staffer will send it to the right department.

This system has given us so much more visibility. We can see all our tickets, where they're sitting, people's response time, etc.

As a result, it's also increased accountability with both internal employees and vendors.

For example, if an employee claims ignorance, we can prove the ticket was sent to them. Or if a vendor says they sent a query to us, we can simply say, "What's your ticket number?"

Overall, vendor queries are much more manageable now.

(Bethany Mezzadra, Director of Disbursements, University of Maryland Medical System, as presented at the A/P P2P Conference & Expo, Las Vegas)

IMPROVING YOUR OWN A/P PROCESS

2 Managing remote work and employee needs

For us, staffing was one of the biggest challenges of the pandemic.

Everybody had to work from home at some point, and it caused some employees – especially the ones with children – to request a reduction in hours because they were struggling with work-life balance.

Others kept working full time but had to stagger their hours to get their work done. Some people felt less effective working at home and preferred to be in the office.

With all these different needs, we knew we had to have a system of tracking where and when people were working.

Spreadsheets saved the day

So, we created collaborative weekly cloud spreadsheets. That way, everybody knows who's in the office, who's working remotely and who may need someone to cover for them.

Also, our office phone system allows people to make important availability messages visible to all, such as, "I'm out until 3:30 p.m."

Although some collaboration gets lost when we don't have everybody on-site, scheduling flexibility is going to be crucial even if all our people get vaccinated against COVID-19.

As a result, whenever things start looking more normal, we'll probably allow our people to work from home at least one day a week.

(Julie Bennett, Vice President of Finance, First West Insurance, Bozeman, MT)

3 Top staffers train, share best practices

Some of our staffers were what we called "superstars" at their jobs. It seemed like everyone could learn a thing or two from them.

Problem was, with various divisions and locations, all our employees didn't always interact or cross paths.

As a result, they didn't get to see the people who excelled in action.

It was difficult to share their skills and know-how person to person.

And having a trainer try to absorb our staff superstars' best practices and pass them along to others wasn't very effective.

Walk and talk through it

Fortunately, we figured out a way to get people who were performing off the charts to share their best practices across divisions and locations.

We asked them to show us exactly what they did on camera.

These staffers walked and talked everyone through their best practices while a colleague shot a video.

Then we sent short videos with one skill lesson each to all employees in similar roles.

Employees could identify with the superstars and put each tip into practice immediately.

It even stirred up some friendly competition at our company to do things better and become the next video superstar!

(Dave Mingle, Global Director of Customer Experience, General Motors, Detroit)

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.

EXECUTIVE TRAVEL

In A/P, you reimburse expenses for a variety of employees of different positions and levels.

And while most employees have to follow the same rules and policies, many companies to have a slightly different process for executives.

To keep everyone compliant and avoid confusion, you want to be sure things are fair and clear.

4 best practices

Check out four best practices from TravelPerk on how to efficiently manage executive travel:

1. Start with the intent. To cover your company, it's important to lead any executive travel policy with the "why" and the "who." Explain why there are separate policies and which employees they apply to.

You'll also want to be clear that while this policy may offer execs some additional perks or flexibility, it's not a free pass to spend as they please. Even the top brass must follow policies to ensure safety and fairness, explains TravelPerk.

2. Add what's *not* covered. As mentioned, an executive travel policy may allow for more perks – preferred flights, more expensive meals with key clients, etc. But it's still important to outline the limitations of it.

Your list of nonreimbursable costs may include things like excess baggage fees, clothes, dry cleaning, loyalty memberships, minibar purchases, fines and movies/entertainment.

3. Involve stakeholders in changes. From time to time, Finance may want or need to adjust exec travel policies.

Before setting things in stone, be sure to get stakeholders' feedback. That way, everyone feels heard and is on the same page. There are no surprises.

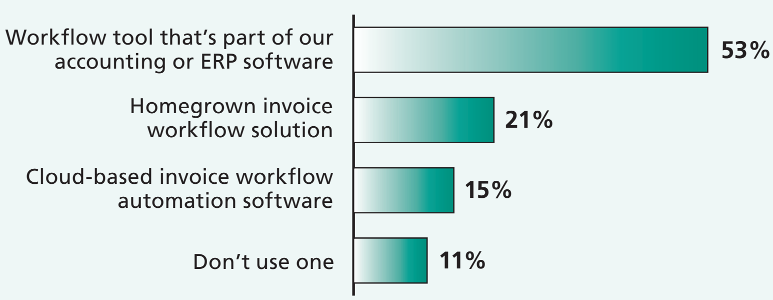
4. Make it common knowledge. While you don't want to go waving the executive travel policy in other employees' faces, you don't want to hide it from them either.

It's OK for employees to be aware that there are separate policies for executives, so they don't simply think higher-ups are ignoring spend limits or breaking the rules. Everyone will understand its existence and purpose.

Info: *bit.ly/exectravel541*

Invoice management automation

What kind of invoice management tool do you use?



Source: Levvel Research, *levvel.io*

No matter what type of invoice management automation your A/P team has used in the past, remember what's essential going forward – for instance, functionality. Can it integrate with other systems? Can users access it anytime, anywhere? Is it streamlined and simplified, so there are no hiccups or delays?

TEST YOUR KNOWLEDGE

Do you know these time-saving computer shortcuts?

A computer shortcut can help you save a few seconds. And those few seconds can add up to minutes and hours over time!

Answer the following questions to see if you know some of the best keyboard shortcuts:

1. Made a mistake while typing? To undo your last action, use:
   a) Ctrl + X
   b) Ctrl + Y
   c) Ctrl + Z
2. If you're leaving your desk and want to lock your computer, type:
   a) WIN key + L
   b) Ctrl + Alt + L
   c) Ctrl + esc
3. To refresh whatever computer window you have open, you can hit the key:
   a) F5
   b) F6
   c) F7

ANSWERS

Answers to the quiz:

1. *c) Ctrl + Z.* This shortcut can come in handy for A/P pros daily – whether you spelled a vendor name wrong in your files, accidentally deleted text in an email, made a data entry error in a spreadsheet, etc.
2. *a) Win key + L.* This is a great way to secure your computer, even if you just need to step away for a few minutes. As people transition back to office life, you'll want to be sure to use it to keep your PC safe from prying eyes.
3. *a) F5.* Programs and websites with real-time capabilities are becoming more common in A/P. So, you can use F5 to refresh things and get the latest data.

Cite: *For a full list of Microsoft shortcuts, visit bit.ly/shortcuts541*

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.*

So, A/P identified fraudulent activity … now what?

Equally as important to knowing how to spot fraudulent activity is knowing what you should do next.

That's why A/P needs a thorough reporting process. When staffers find potential fraud, they must be able to escalate it to the proper people at your company, explain the experts at Goby.

And your reporting process should include more than one person to bring the situation to, since many people who commit corporate fraud are at the senior level or have worked at their company for years, Goby adds.

Info: *gobyinc.com/the-esg-hub-blog*

Speaking up to your boss? Ponder these 2 questions

Challenging a colleague can be awkward – but challenging a superior can be downright intimidating.

Still, sometimes it must be done. If you find yourself in this situation, ask:

1. **Do you believe in yourself?** You first have to believe you have a worthwhile contribution to make. How much do you care? And how would you feel if you stayed silent?
2. **What's the best way to speak up to be heard?** You have to know not only what to say, but how and when to say it. Think about the proper setting to get someone to listen.

Info: *bit.ly/speakup541*

How you can cultivate a detail-oriented A/P team

Attention to detail is a skill all A/P pros need for scrutinizing invoices, spreadsheets and other important files.

How can you make sure your team is really giving things a close eye and not just glossing over documents?

First, regularly share guidelines and practices that reinforce attention to detail. For example, you could conduct surprise audits to identify staffers' accuracy.

Second, reward those who excel. So, if a staffer had error-free data entry for the period audited, give them an afternoon off or treat them to lunch.

Info: *bit.ly/detailed541*

Confront these 3 remote work challenges head on

Some staffers love remote work. For others, it's more difficult.

Here are three of employees' top challenges and how you can help:

1. **Distractions.** Life goes on at home, even during work hours. Staffers should work in quiet, low-traffic areas and keep the home to-do list at bay during the business day.
2. **Comfort.** Nearly 65% of remote workers have pains from working in less-than-ideal conditions. If your staff will keep working remotely, try to get them a good ergonomic setup.
3. **Isolation.** Many staffers feel lonely working alone all day, so managers should do regular check-ins.

Info: *bit.ly/remote541*

SOFTWARE SKILL BOOSTER

Is that website link legit or a scam? Here's 1 way to tell

You hear it all the time: Careful what you click!

Criminals' scams often hinge on you clicking links. So, how can you tell if a link is legit or suspicious?

Hover over each link to see if it's going where you think it's going, says Dave Kennedy of TrustedSec. Right away, you'll know if the link is taking you to a trusted website or not.

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

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

PAYABLES NEWS

New report: What changes could IRS be making soon?

IRS's annual Purple Book is here with several recommendations that, if acted on, could impact Finance.

Many of the suggestions deal with tax returns and payments, such as:

- **E-filing:** Right now, companies that submit tax returns/payments online are subject to stricter deadlines than those that file/pay via mail. The report recommends IRS apply the same rules and deadlines to e-submissions that it does to mailed submissions.
- **Delinquent notices:** Currently, IRS only has to send one notice about missed payments per year. The report suggests the Service should start sending notices about unpaid taxes on a quarterly basis.

Info: *bit.ly/irspurple541*

Remote workforce still chock full of paper, survey finds

Has your A/P team updated its processes to reflect the more digital, remote workforce?

Many haven't: 73% of front-line employees are still using paper forms, found a YOOBIC survey.

If your processes are still flanked by lots of paper forms that require printing and scanning, consider whether you can digitize them.

Info: *bit.ly/paper541*

Taxman extends deadlines for companies in this state

Were your operations impacted by the recent storms, tornadoes and flooding in Tennessee? IRS is giving you some extra time.

You'll have until Aug. 2, 2021, to file various business tax returns and make tax payments.

And remember: IRS has already given five other states extra time to pay due to other natural disasters: Alabama, Kentucky, Louisiana, Oklahoma and Texas.

See full details from IRS below.

Info: *bit.ly/extend541*

Heavy workload? Try this 4-part strategy to stay on track

■ *Creating a single source to manage it all*

With all of the tasks A/P pros have to juggle on a daily basis, it can seem impossible to get everything done on time.

Fortunately, you can make even the heaviest workload easier to handle with the WADE formula, a strategy created by time management expert Julie Morgenstern.

Use this four-part strategy – and share it with your staff – to help A/P reach maximum productivity:

1. Write it down

Pick a method that works for you (e.g., spreadsheet, calendar, planner) and write down all of the tasks you have to complete. Include everything from scheduled meetings and payment deadlines to calls you have to make and emails you must answer.

With this list, you get a complete picture of everything you need to do. And it's easier to prioritize when you have full context, Morgenstern says.

2. Add it up

Knowing how long things take is the key to good time management, Morgenstern says.

So, once you've compiled your list, estimate how long it'll take you to get everything done. To make your estimates more accurate, break down the larger projects in smaller tasks.

3. Decide

Sometimes, it's hard to get your list done in a day (or even a week).

When your list is too long, decide which tasks are critical. You can:

- delete (cut what you can)
- delay (schedule for a later time)
- diminish (find a shortcut to get tasks done quicker), and
- delegate (assign to someone else).

4. Execute your plan

Even the most careful planning is wasted if it isn't executed properly.

Morgenstern advises ending each day by reviewing your list and choosing what's critical next. That way, you have a clear direction and can hit the ground running the next workday.

Info: *bit.ly/workload541*

Sharpen your judgment
THE DECISION

(See case on Page 2)

Yes, the company won. The court said the insurer had to cover losses.

The insurer argued the company's losses didn't result directly from a computer – there were a number of actors and actions involved both inside and outside of the company that contributed to it.

But the court disagreed. It said the social engineering loss arose directly from a computer. That triggered the company's computer fraud coverage, even though the scam involved some noncomputer actions as well.

Analysis: Know your coverage

This case proves how important it is to have computer fraud insurance – especially as social engineering scams get more complex over the years.

And, as this company was fortunate enough to learn, even if noncomputer actions are part of a scam, your computer fraud insurance could still cover losses if a computer was directly involved in some way.

Based on Cincinnati Ins. Co. v. Norfolk Truck Ctr. Inc. *This case was fictionalized for dramatic effect.*

MISTAKES THAT COST

This regular feature shows how companies and individuals have run afoul of state or federal laws. See how others got off track so you can avoid similar problems.

A/P specialist earns (more) prison time

Individual: Kimberly Wear, former A/P specialist at HealthTechS3 in Brentwood, TN.

Violation: The former A/P pro admitted she wrote and cashed unauthorized checks, having stolen more than $37,000 total.

Penalty: A judge sentenced her to serve eight years in prison for her crimes. Since she was already serving *another* prison sentence, she appeared in front of the judge via webcam.

Note: It wasn't until Wear's company conducted an audit that it found out she'd written about 13 checks to real clients – but had forged names on the checks and cashed them herself.

Cite: *bit.ly/wear541*

Diamonds are a crook's best friend? $776K fraud

Individual: Michael Bartusek, former CFO at ParTech in New Hartford, NY.

Violation: For stealing approximately $776,000 from his former company, Bartusek pleaded guilty to wire fraud, money laundering and filing a false tax return.

Penalty: His sentencing is scheduled for late July. Bartusek could serve a max of 20 years for wire fraud, 10 years for money laundering and three years for filing a false tax return.

Note: This wasn't any old ordinary fraud scheme. Bartusek stole money in order to invest in buying and selling diamonds. He hoped he'd make enough money to pay the company back before his crimes were uncovered ... but that didn't happen.

Cite: *bit.ly/bartusek541*

Making Technology Work for You

3 steps A/P can take toward more automated operations

■ *How to work with – and add to – what you've got*

Let's be frank: Not every A/P team has the time, money or support to do a complete automation overhaul.

But that doesn't mean you're stuck. You can take small (and still significant) steps toward more efficient, digitized processes.

Small steps, big results

Check out three things just about any A/P department can look into doing today, courtesy of FISPAN co-founder Clayton Weir:

1. Collaborate more with your bank. You'll never know all the ways your bank can work with you and all the services it offers if you never ask!

For example, if you haven't done so yet, ask your bank if it has direct connectivity with your ERP or accounting systems.

In today's age, lots of banks offer integrations that can help A/P better manage everything in one place.

2. Throw in some expense apps. You don't need a full-blown T&E management system to make the reimbursement process easier.

For example, manual receipts are a top headache for A/P and travelers alike. And there are tools that can store info and manage transactions right in your existing system.

Some popular apps include Certify, Expensify, Rydoo and Dext.

3. Link payment tools. Here's another way you can add some extra oomph to your current system.

You can implement third-party payment tools' transactions right into your software – through either direct connections or third-party integrations, Weir explains.

Stripe and Paypal are two prime examples. (And with Paypal, you'll want to add in a separate feed for each type of currency used, Weir adds.)

Info: *fispan.com*

Tech overload! How to soothe your eyes and ears

■ *Quick, easy tactics to prevent long-term damage*

Whether you work from home or on-site, you probably interact with a screen for much of the day.

It's tough on your eyes and ears. They need relief.

For your eyes

To prevent eye strain:

- **Practice the 20-20-20 Rule.** This is a classic trick: Every 20 minutes, look at an object 20 feet from your screen for 20 seconds.
- **Try blue light glasses.** They're inexpensive and can protect your eyes from glare and reduce damage from screen staring.
- **Enlarge the font size on your devices.** In your computer web browser, click the *View* menu. If you use an iPhone, go to *Settings > Accessibility > Display & Text Size.*

For your ears

To give your ears a break:

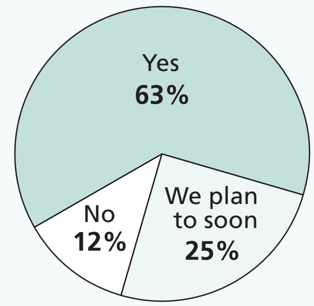
- **Turn on the speaker.** From time to time, take a break from headphones. You could try using a Bluetooth speaker and pair it with your smartphone.
- **Dial up differently.** If you're already hooked up, you can also make calls with the Amazon Echo, Google Home or Apple HomePod apps.

Info: *bit.ly/relief541*

How do you stack up?

Collaborating across units

Does your company actively connect finance staffers with their operations equivalents?



Source: FTI Consulting, *fticonsulting.com*

Siloed operations can impede A/P's progress and overall efficiency. That's why it's important to foster relationships, fill knowledge gaps, share data and communicate often with related business units.

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

■ **Stressful day at work? Grab a 'calming' snack**

Between compliance concerns, payments deadlines and countless queries from vendors ... working in A/P can get pretty stressful.

What could help? Grabbing a snack! Health experts say these five nutrients can bring a sense of calm, reduce anxiety and boost moods:

- omega 3 fatty acids, (in salmon, chia seeds, walnuts, etc.)
- probiotics (in yogurt, kombucha, soft cheeses, etc.)
- magnesium (in eggs, greens, etc.)
- antioxidants (in carrots, spinach, citrus fruits, almonds, avocado, sweet potatoes, etc.), and
- tryptophan (in high-protein foods like meats, nuts, beans, etc.).

Info: *rd.com/list/foods-for-anxiety*

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.*

EXEMPTIONS

The more exemptions A/P secures, the more money your company saves. Check out news from three states.

OHIO – Does your company buy vehicles that remove waste? They may qualify for an exemption.

In a recent case, a company that bought trucks to transport waste for customers wanted to know if its trucks were exempt.

In Ohio, vehicles used in "highway transportation for hire" are exempt. And the court said trucks carrying waste for customers who picked a destination for the waste were eligible for the highway transportation for hire exemption. Trucks hauling waste for customers who didn't pick a destination for the waste weren't exempt.

Info: *bit.ly/oh-541*

TENNESSEE – This one's for A/P pros in the film industry.

Starting July 1, 2021, tangible personal property, computer software and services essential to and primarily used for "qualified productions" will be exempt. That includes:

- production of a film, pilot episode, series or other episodic content
- creation of computer-generated imagery, video games or interactive digital media, and
- stand-alone audio or visual post-production scoring and editing.

Info: *bit.ly/tn-541*

OKLAHOMA – Heads up if your company has any related entities.

A new bill, effective Nov. 1, 2021, modified the Oklahoma Sales Tax Code and created exemptions for sales of tangible personal property between "wholly owned subsidiaries of a parent company" and "a parent company and its wholly owned subsidiary."

Note that the exemption applies to all sales, including rentals and leases of personal property.

Info: *bit.ly/ok-541*

IT SERVICES

Every company has information technology (IT) needs – and you pay for those services. Here are two states with updates on their taxability.

NEW YORK – A recent case shows that whether your company and its vendors are in the same state could determine the taxability of IT services.

An out-of-state company used a New York vendor's IT services and wanted to know which services were taxable.

The state said:

- Hardware and software support services and data back-up services were both exempt.
- Managing the security of IT assets and data was taxable as a protective service. (However, the assets and data weren't subject to New York tax because they were out-of-state.)

The state added that typically, taxability is determined by the IT service's primary function, but that wasn't necessary since the only taxable part was delivered outside of the state.

Info: *bit.ly/ny-541*

NORTH CAROLINA – If you pay for IT services in the Tarheel State, you'll likely see sales tax applied.

The state recently looked at an IT company that maintained and monitored customers' network equipment and software. And it determined the services were taxable.

Reason: The IT company had a "Terms of Use" that outlined the scope of its services. And that qualified as a taxable service contract.

Info: *bit.ly/nc-541*

RECORDKEEPING

Keeping accurate sales and use tax records is essential for A/P and A/R. One state has an update for you.

MARYLAND – Working in Maryland? The state recently issued guidance on recordkeeping.

Some key points include:

- Companies must keep records of all sales/purchases, and sales and use tax collected and paid. Records should distinguish taxable and nontaxable sales and purchases.
- There are certain records you should keep for sales and use tax purposes, including journal entries, bank statements, check stubs, invoices and receipts for purchases.
- Records have to be kept for four years and be readily available for inspection by an auditor.

Info: *bit.ly/mary541*