



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.

July 1, 2021

WHAT'S INSIDE

- 2 Sharpen Your Judgment**
Were these independent contractors misclassified?
- 3 Networking with Other A/P Pros**
How A/P gets through busy crunch times
- 5 Payables News**
IRS releases interest rates for third quarter of 2021
- 7 Making Technology Work for You**
7 in 10 companies facing more complexity with IT, security
- 8 Sales and Use Tax Update**
The latest on economic nexus, transportation and admissions

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.

Business disruption: How to be prepared for anything

■ 4 considerations for A/P's continuity plan

Is your A/P department prepared in the event of a disaster or another business disruption?

You'll want to be able to answer that with a resounding "yes."

One reason: The Atlantic hurricane season, from June 1 to Nov. 30, 2021, is anticipated to be another doozy.

The National Oceanic and Atmospheric Administration is predicting a 60% chance of an above-normal season, including an estimated 13 to 20 named storms.

For A/P pros that may be impacted by these storms, it's a timely sign to get ready. And for others across the

nation, it's a reminder that *everyone* needs to be prepared for disruption anytime, anywhere.

Take the pandemic, for example. Companies saw how quickly things could flip on a dime. And you don't want to encounter another disruption that could set you back.

Staying a step ahead

Review these four tips to skillfully prepare A/P for business disruption from the experts at Generational Equity and Tech Republic:

1. **Assess your risk.** First, A/P needs

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

CFOs are optimistic about the economy, survey says

■ With more confidence, companies look to expand

Is your company feeling good about the direction of the economy and its future? Most certainly are.

About 76% of CFOs and other execs are optimistic about economic prospects over the next year, per the AICPA's latest economic outlook survey.

What's more, profits are projected to increase by 4%, and revenues are anticipated to rise 5%.

The people piece

With companies feeling optimistic about the economy, profits and

revenues, it makes sense that many are looking to expand and fill positions that were eliminated or modified due to the pandemic.

In fact, 47% of respondents said they have too few employees, and 33% are planning to hire soon.

But that's not always easy.

The top concern companies are facing now is availability of skilled personnel. So, if A/P's bringing on any new hires, take time to ensure it's the *right* fit, not just a convenient fit.

Info: bit.ly/economy542

Disruption ...

(continued from Page 1)

to know where its vulnerabilities lie.

Instead of starting with a blank slate, it may help to break risk down into general categories, such as:

- **strategic risk** (long-term, big-picture considerations like unreliable vendors or changing regulations)
- **operational risk** (short-term events like storms or other natural disasters), and
- **digital risk** (ever-present possibilities like tech downtime, email fraud or data breaches).

To see where you need to bolster your preparedness, make a list: Put risks in Column 1 and A/P's response tactic in Column 2. If you see gaps in the second column, you'll know you need to address those vulnerabilities.

2. Be generous with backups. Don't put all your eggs in one basket, warns Tech Republic. You don't want to be out of luck if one all-encompassing backup process fails.

Instead, try to spread the wealth. Back up data on a regular basis, and if possible, store things in the cloud *and* at off-site locations. (Two backups are better than one.)

Also, don't wait until disaster strikes to check in! Periodically verify your backups are viable and accessible.

3. Make your plan a living

document. Most companies can say they have a disaster recovery and/or a continuity plan. But many would likely admit it's sitting untouched in a desk drawer or buried somewhere in the depths of their company's intranet.

Even if A/P hasn't encountered a disaster or disruption, it's important that your continuity plan is updated as processes and personnel change. Also, it should be communicated with staffers regularly. (Perhaps summer storm season is a good time to hold a training session each year.)

Then, if the worst does happen, A/P knows exactly what to do. Instead of panicking, you can jump into action.

4. Ensure everyone's in sync. It's one thing for A/P to be well prepared for disruptions. But to effectively react to and recover from an incident, your plans have to include not just your data, but your whole workforce, your networks and your vendors. They all play a large role in A/P's process continuity.

In fact, according to Tech Republic, many companies are now insisting that their vendors prove the viability of their own business continuity plans as a requirement of doing business together.

This requirement could help protect both sides of the partnership in the long run, so see if this is something your company would want to add to its vendor contracts.

Info: bit.ly/noaa542, bit.ly/cisco542

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.

■ Were these independent contractors misclassified?

A/P Manager Jenn Smith sat outside with her friends Jared and Sally on a warm summer night. "I'm glad we could get together," she said. "We've all been so busy lately."

Jared nodded. "You're telling me. Work has been absolutely crazy."

"How so?" Sally asked, curious.

"You guys know I'm a truck driver for Top Transpo – a transportation and logistics company," Jared said.

Jenn nodded. "As an independent contractor (IC), right?"

"That's the issue," Jared said. "We think we were misclassified."

Jenn leaned in. "I work with ICs and classification concerns all the time. Why do you think that?"

Company in 'total control'

"Well, Top Transpo had us all sign intermodal independent contractor operating agreements," Jared said. "But it doesn't seem right. It feels like the company totally controls us."

"Do you have specific examples?" Jenn asked.

Jared tapped his chin, thinking. "Top Transpo sets delivery times and sets the rates paid to us. They also have the right to end our working relationships with or without cause. And they make us adhere to company rules and policies."

Sally shrugged. "But does all that mean you should be an employee?"

Jared shrugged, too. "I think so. We're going to take the company to court."

When the drivers filed a lawsuit, the transportation company fought back. Did it come out on top?

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



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

EDITOR-IN-CHIEF: ALYSSA PEDRICK

apedrick@CFODailyNews.com

MANAGING EDITOR: RENEE COCCHI

PRODUCTION EDITOR: P.J. FRONZEO

EDITORIAL DIRECTOR: CURT BROWN

Keep Up to Date on Accounts Payable (ISSN 1098-0202), Issue date July 1, 2021, Vol. 24 No. 542, is published semi-monthly, except once in December, (23 times a year).

Subscription: 800-220-5000

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting or other professional services. If legal or other expert assistance is required, the services of a competent professional should be sought. — From a declaration of principles jointly adopted by a committee of the American Bar Association and a committee of publishers.

Copyright ©2021 CFODaily News. Please respect our copyright: Reproduction of this material is prohibited without prior permission. All rights reserved in all countries.

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 A/P gets through busy crunch times

At almost any company, there are certain times of year that are busier and other times that are more lax.

For example, things get a lot more hectic around year-end, when A/P has filing and reporting deadlines on top of our normal workload.

But year-end wasn't the only "busy time" my A/P department faced.

Our company had a lot of seasonal products, meaning there would be a lot more orders to process at certain times of the year.

During these times, my A/P staff was super busy. Long hours and heavier workloads were the norm.

When these busy times came around, I didn't want my staff to become overly stressed or burned out.

But it didn't make sense to hire more staffers or make big process changes just for these busy times.

So, I decided to get creative and work with what we had.

Looked internally

I knew at our company's manufacturing plant, we had tons of

employees that were more than willing to work hard and get a job done.

So, once I'd gotten the proper go-ahead from management, I went to the manufacturing plant and asked our workers, "How would you like to learn a new skill?"

When I was met with acceptance, we taught these employees the basics of how to process invoices.

It got us over our big crunch – no hiccups, no lateness and no burned out A/P staffers.

(Judy Bicking, APM, Johnson & Johnson, New Brunswick, NJ)

IMPROVING YOUR OWN A/P PROCESS

2 Improved teamwork, customer service skills

With so many departments, functions and levels at our company, we saw a lot of silos. Teamwork was lacking across the board.

We helped fix that with a change to onboarding and a new companywide initiative.

Here's how it works.

'All hands on deck'

We put every new employee – from VPs to finance staffers to maintenance

workers – through customer service boot camp.

During boot camp, each person learns how to handle a customer inquiry.

Then, a couple of times each week, we call an "all hands on deck," when everyone gets a low-level customer inquiry to handle.

It brings us all together, reminding employees we must collaborate to provide the best support and service for our customers. Not only that, but it's helped them work with each other

more effectively.

This common experience has broken down silos and helped employees in each department see how they're all connected to help the company achieve its goals.

Everyone learns a little more about our customer needs, too, which helps them do their jobs better.

And improved customer service skills have also helped them positively relate to each other.

(Howard Spector, CEO, SimplePractice, Los Angeles)

3 A new expense policy for the new normal

Whether employees worked from home, in the office or a hybrid of the two, nearly everyone has faced challenges this past year.

We wanted to help our team members alleviate and bounce back from work stressors.

But we knew no fix would work across the board for every employee in every situation. A one-size-fits-all remedy didn't exist for us.

Instead, we focused on giving

employees resources to make their work situation more comfortable.

Pick your preference

Our company created a new expense policy that allowed employees to invest in their work surroundings, regardless of where that was.

Essentially, we wanted them to create their personal "happy place."

It was a modest budget, but the fix was theirs to choose.

Some examples: One employee used the budget to get a healthy smoothie

delivered occasionally. Another invested in a fitness app membership to help stay mentally and physically healthy. And someone else enjoyed surrounding herself with fresh plants and florals.

The new expense policy showed employees two important things: We care about their well-being, and we believe they know more than anyone what's best for them.

(Tiffany Mast, Director of Digital Marketing, TravelBank, Dale City, CA, shared this success on the teamblind.com blog)

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.

POST-PANDEMIC TRAVEL

As the country starts to open up again, so does the prospect of business travel. In fact, we recently mentioned 96% of employees are willing to travel in the coming year (see KAP 6/14/21).

As a result, many companies are adjusting their practices to prepare for the return to travel – covering topics like employee safety and vaccinations.

But how can you be sure you've covered *everything* you need to?

Are all your ducks in a row? Is A/P ready for when business travel expenses to start flowing in more regularly?

Use this checklist

Here's a quick checklist, adapted from TripActions, with various factors you should consider before tons of travelers hit the road again:

- Decide which employees can travel and for what reasons.
- Determine which destination type (e.g., local, domestic, international) each employee/group is permitted to travel to.
- Outline any prebooking reqs (e.g., risk assessments, COVID-19 tests,

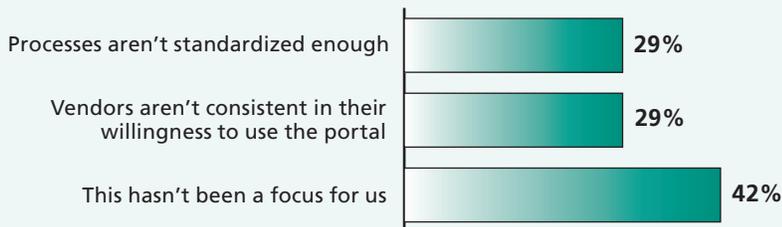
waivers, approvals).

- Inform employees of any new pretrip approvals or booking reqs.
- Clarify if certain pretrip approvals are needed for vaccinated versus unvaccinated employees.
- Check if airline ticket rules have changed (e.g., updating or canceling flights, nonrefundable tickets).
- Spell out whether employees can add leisure time to biz trips (and if so, how expenses should be recorded).
- Decide whether you'll provide or reimburse personal protective equipment (PPE), like face masks.
- Review which expenses are covered for things like PPE, quarantined stays and COVID-19 tests.
- Go over your meal per diems, keeping in mind hotel dining may be limited in certain places.
- Develop a post-trip survey to get feedback from employees about traveling in the new normal, covering all the key steps from booking to reimbursement.

Info: See more post-pandemic travel checklist items that you can share with your CFO and HR at bit.ly/travel542

Your vendor portal's scope

What's your biggest challenge with expanding your vendor portal's geographical scope?



Source: Peeriosity, peeriosity.com

As international payments become more popular, expanding your vendor portal's geographic scope will be key. That's why A/P should standardize processes and get vendors on board *now*. Then you won't have to stress down the line as your company expands and adds more foreign vendors.

TEST YOUR KNOWLEDGE

Economic nexus: Where do state regs stand now?

Over the past three years, states have implemented (and changed!) their regs on online sales tax.

Do you know where things stand in the summer of 2021?

Answer *True* or *False* to the following to see how up to date you are on economic nexus rules:

1. Most states have a sales and/or transaction threshold (aka, a small seller exception), like \$100,000 in sales or 200 separate transactions per year. Kansas, though, still doesn't have a threshold.
2. There's only one state (besides the states that don't have state-level sales tax) that hasn't yet implemented marketplace facilitator regulations.
3. As mentioned, five states (Alaska, Delaware, Montana, New Hampshire and Oregon) don't have statewide sales tax. But that doesn't mean they can't impose economic nexus regs.

ANSWERS

- Cite: bit.ly/nexus542*
1. *False.* For a while, Kansas didn't have a threshold, meaning all remote sellers had to collect sales tax. But as of July 1, 2021, it added a threshold, so only remote sellers that make over \$100,000 in Kansas sales annually have to collect sales tax.
 2. *True.* At the time this publication went to print, Missouri was the only state with statewide sales tax without marketplace facilitator regs. But that could soon change, as there's a bill on the governor's desk (see *full story on Page 8*).
 3. *True.* Alaska is the prime example. Certain jurisdictions have imposed sales tax reqs on remote sellers, even though Alaska can't do so at the state level.

Answers to the quiz:

Performance Boosters

To help our readers improve payables operations, KAP selects the best ideas from a variety of sources and presents them in a quick-read format.

3 questions to uncover new sales and use tax obligations

With your company buying new items constantly and tax regs changing all the time, it can be hard for A/P and A/R to keep track of tax obligations.

To stay on track and uncover new obligations, ask these three questions from the pros at AccountingWEB:

1. Which states has our company recently made sales in?
2. Are the goods or services we sold/purchased taxable in those states?
3. In states where the goods or services are taxable, what are the total sales in the state? (Then compare your total to the state's threshold.)

Info: bit.ly/taxobligations542

Should you rehire a former A/P staffer? Research says ...

Often, it may seem easier to rehire a former employee than a brand-new one. After all, the ex-staffer knows the place, job and expectations.

But should you? Probably not, research says.

Whether the employee left for negative (fired), neutral (personal) or positive (continued education) reasons, they likely won't work out a second time. Research shows former staffers will perform at the same level and are likely to leave again.

On the other hand, new or internal hires tend to get better at the job.

Info: bit.ly/rehire542

A/P automation: Does your provider help with outreach?

When it comes to finding the right A/P software provider, don't forget to consider the "after" – how much a provider helps, or doesn't help, once your system's up and running, says James Scott of ACOM.

Scott advises using a provider that includes vendor communication,

enablement and outreach services.

These services can help you add new vendors, switch their info and update the database.

Some providers even take on help desk responsibilities, so when a query comes in, it's directed to them instead of you. And since the provider knows the software inside-out, they can handle it quickly and efficiently.

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

How workplace rituals can boost staff performance

Does your A/P team have any neat rituals or traditions? It should!

Harvard researchers found rituals can help employees perform better and be more committed to work.

Researchers said rituals should be:

- **Fun:** Try to create rituals at work that provide enjoyment, like Trivia Tuesday or monthly recognition.
- **Fulfilling:** In many rituals, people buy a good or service – often a meal or drink. Your staff can bond while breaking bread (or pizza, cake, etc.).

Info: bit.ly/rituals542

SOFTWARE SKILL BOOSTER

PowerPoint: A quick trick for a more polished slideshow

Even if your PowerPoint slides are filled with titles, text boxes, pictures, charts, graphs and more ... you still want them to look clean and concise.

One easy way to do that: Ensure all text boxes are aligned, not scattered in different clusters around the slide.

That way, even if you have a few different things going on, all the info looks neat and professional.

Info: bit.ly/powerpoint542

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

PAYABLES NEWS

■ IRS releases interest rates for third quarter of 2021

It's that time! The Service has just announced its next batch of interest rates.

And once again, the rates aren't changing. As of July 1, 2021, the rates remain:

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

Info: Revenue Ruling 2021-10, irs.gov/pub/lirs-drop/lr-21-10.pdf

■ T&E trouble! Rental cars in high demand, short supply

If your travelers will need to expense rental cars soon, remind them to book early to avoid high costs and availability issues.

As travel picks back up, rental car firms are seeing a major shortage, according to travel industry experts.

This rental shortage stems from the pandemic, of course, when car rentals slowed immensely because people weren't traveling, explains Chris Brown of Auto Rental News.

And this situation could become a bigger problem in the coming months, since things are opening up and "there just aren't many cars to be had in the U.S. market."

Info: bit.ly/rentals542

■ IRS spotlights gig economy workers in latest guidance

Paying independent contractors? The Taxman has its eye on making sure these workers and businesses are complying with federal regs.

IRS published a new tax tip that covers things like:

- what income workers must report
- worker classification, and
- paying the right amount of taxes throughout the year.

See *Tax Tip 2021-63* below.

Info: bit.ly/gigeco542

Reduce wasted time, put a stop to interruptions: 3 strategies for A/P

■ *Time is precious, so you must protect it*

No matter how hard you work, it can feel like your to-do list is never-ending.

And you know the solution isn't working *more* hours. It's working *more efficiently* in the hours you have.

Make time for what matters

Check out three next-level ideas that you can implement in A/P:

1. **"Block out" better.** Pros may block out certain times a day to get their most critical work done. But if others aren't aware of these unspoken "time blocks," they won't work. People may think you're ignoring them or continue to nag you.

So, make time blocks more obvious. On chat and email platforms, set your status to "away." Or, simply tell your team that, say, 3 p.m. to 4 p.m. is for emergencies only.

An added bonus of this approach: If you aren't available to others at certain times, they'll learn to better solve problems on their own.

2. **Take "touch it once" further.** You've probably heard the popular

method of "only touch paper once." For example, if there's a vendor contract sitting on your desk, file it right away and move on.

Especially in the digital age, A/P can take this method to another level by using it for emails, voicemails, etc. When you get a message and have the time to read or listen to it, decide right then and there: Can you delete it? Do you need to archive it? Answer it?

3. **Shut down interruptions.** It's hard when a co-worker is talking your ear off and you have a meeting to get to or an important task to finish.

Avoid this by being upfront about any time constraints right away. For instance, "I have a meeting in two minutes, so if this requires more time, let's chat later."

Of course, even after you've given fair warning, some people might need to be cut off. To shut down a conversation, try, "I have plenty to say about [topic], but if I start talking now, I'll never finish [task]. How about we continue this at [time]?"

Info: Adapted in part from Business Management Daily and bit.ly/chat542

drivers sign IC contracts was a sneaky way to evade their responsibility to offer benefits, pay taxes and absorb certain operating costs.

Now, the company will have to pay the costly settlement.

Analysis: Contracts aren't enough

Usually, contracts are a key source of documentation in legal disputes.

But this case reminds A/P that just because a contract says a worker is an IC doesn't mean that's the correct classification. You may have to look deeper into the work arrangement.

Based on Ly v. J.B. Hunt Transport Inc. 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.

Fake vendor scheme ends in prison sentence

Individual: Susan Tranberg, former finance manager at Weyerhaeuser in Springfield, OR.

Violation: Tranberg pleaded guilty to charges of mail fraud, aggravated identity theft and tax evasion after stealing more than \$4.5 million.

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

Note: This finance pro had worked at the timber business for over 40 years. From 2004-2019, she defrauded the company out of millions by creating a fake vendor and submitting phony invoices.

Cite: bit.ly/tranberg542

Manipulated accounting software: \$2.6M fraud

Individual: Angela DiPietro-Sabatine, former bookkeeper at the Delaware River Waterfront Corp. (DRWC) in Philadelphia.

Violation: Recently, DiPietro-Sabatine was charged with wire fraud, bank fraud, aggravated identity theft, and aiding and abetting.

Penalty: If found guilty, the former bookkeeper faces a maximum of 230 years in prison (and there's a six-year mandatory minimum sentence), a \$4.25 million fine and restitution of over \$2.6 million.

Note: At DRWC, DiPietro-Sabatine managed A/P and A/R. She used the accounting software to create fake expenses for real vendors. Then she issued checks for these expenses and changed the payee from the vendor to herself in the software, so she'd get the money.

Cite: bit.ly/dipietro542

Sharpen your judgment THE DECISION

(See case on Page 2)

No, the transportation company lost. The misclassification lawsuit reached a \$6.5 million settlement for more than 300 truck drivers.

The drivers argued even though they signed independent contractor (IC) agreements, the company had control over their work. It set hours and made them follow company rules, for example. So, they should really be classified as employees.

And the state court agreed. Having

Making Technology Work for You

7 in 10 companies facing more complexity with IT, security

■ Considerations for the new, hybrid workforce

Have the pandemic and the shift to remote work made tech more complex? If so, you're far from alone.

In fact, 72% of companies said they faced increased complexity in their IT environments in the last two years, per a new report from Axonius. And 55% said the switch to remote work was the top driver of increased complexity.

These complications brought on by remote work can lead to numerous issues for A/P, from lack of visibility to security breaches to operational risks.

Reducing complexity, risk

That said, remote work likely isn't going anywhere. Respondents expect 40% of their workforce to continue working remotely post-pandemic.

So, moving forward, companies will need to reprioritize IT efforts to prepare for a new, hybrid operating environment, Axonius says. Two factors to assess and address are:

1. **The cloud:** Cloud adoption was already gaining traction, but the pandemic sped things up. Almost 90% of companies said it accelerated their cloud adoption. And the more you use cloud devices, the more you need to look at tools' security and interconnectivity.

2. **Device usage:** Before COVID-19, about 50% of companies prohibited employees from using personal devices for work-related activities. Now, only about 30% do. As this becomes more common, you may need to revisit and revise your Bring Your Own Device policies, ensuring proper management and protection.

All in all, with more cloud-based tools, personal devices, etc., A/P should ensure IT has a complete inventory of A/P assets and configurations. And be vigilant as devices are added or changed, so you can avoid more complexity and exposure to risk.

Info: bit.ly/litsecurity542

Emails that actually get read: Avoid these 7 openers

■ How you start off your message matters

When you send an important email to a vendor, co-worker or boss, you want to be sure it gets read.

But certain phrases and email openers can instantly make people think, "That's not urgent," or "I'll deal with that later."

Cut the fluff, get straight to it

In A/P, you should steer clear of these seven boilerplate or canned openings, according to business pro and author Jeff Haden:

1. "I thought I would circle back."
2. "In case you missed this ..."
3. "I'm just following up ..."

Instead: If you need to follow up

with a colleague who hasn't answered your request, try incorporating the benefit for them upfront.

4. "You may be surprised to learn ..."
5. "Did you know ..."

Instead: Trying to get a vendor on board with e-payments? These openers sound like a sales pitch. Try a less obvious way in.

6. "I know you're really busy ..."
7. "I wanted to ask a quick favor."

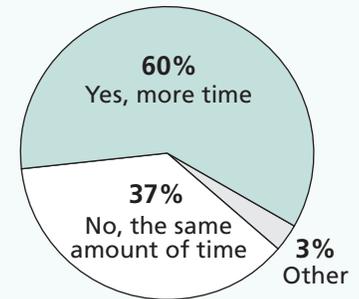
Instead: Fact is, everyone's busy and no one wants extra work on their plate. But if you need someone to do something, best to cut the fluff and get right to the point.

Info: bit.ly/emailopener542

How do you stack up?

Expanding A/P's abilities

Do you expect to spend more time accelerating digital skills in Finance this year?



Source: Gartner, gartner.com

The future is digital! To stay competitive with your peers, check in with your CFO, controller or other finance leaders to see if and how they plan to expand A/P's digital skills in 2021 and beyond.

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

■ Accounting jokes for when your staff needs a laugh

Whether you're cracking up or subtly cringing at the corniness, a good pun or joke can brighten up almost any A/P office.

Here are a few one-liners you can throw into conversation or tack up on the office bulletin board:

- Be audit you can be.
- Don't hate. Depreciate.
- It's accrual world.
- Know your worth, then add tax.
- Make it account.
- I excel at spreadsheets.
- Calc you later.
- LIFO the party.

Info: See more puns and fun stickers at redbubble.com/shop/accounting+pun+stickers

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

To pay the right sales and use tax, A/P has to know the latest remote seller and marketplace facilitator regs. One state has an update.

MISSOURI – Working in or with this state? It's inching closer and closer toward new economic nexus regs.

Missouri is now the only state that has state-level sales tax but hasn't adopted collection requirements for marketplace facilitators.

But as we mentioned recently, two bills making their way through the legislature, House Bill 544 and Senate Bill 153, would impose marketplace facilitators regs starting Jan. 1, 2023 (see KAP 6/1/21).

The latest update: The legislature passed Senate Bill 153, and it's made its way to the governor's desk. The governor is expected to sign the bill.

Stay tuned – we'll let you know as soon as anything's official.

Info: bit.ly/mo-542

TRANSPORTATION

From trucks to trailers to cars, you're likely to see transportation costs in A/P. Check out three states with sales and use tax news.

CALIFORNIA – This one's for A/P pros working in the Golden State but paying for vehicles outside of the state.

The California Department of Tax and Fee Administration (CDTFA) has clarified how use tax applies to vehicles and vessels purchased from out-of-state dealers.

Generally, vehicles and vessels purchased from a California dealer are subject to sales tax. Meanwhile, those purchased from an out-of-state dealer are subject to use tax.

Info: bit.ly/ca-542

WASHINGTON – Watch out! Here's another instance where A/P may owe use tax for transportation.

Washington recently released a memo saying nonresident businesses may owe use tax when they drive vehicles in state for business purposes.

That includes activities like extracting, manufacturing, printing and publishing, selling tangible personal property and constructing/improving real or tangible personal property.

Note: You can get an exemption for vehicles that are only used to transport persons or property across the boundaries of Washington.

See full details below.

Info: bit.ly/wa-542

INDIANA – For A/P pros in the Hoosier State, here's a recent case that assessed the taxability of trailers.

An Indiana trucking and excavating company purchased a trailer to transport machinery (a wood grinder) to sites to produce mulch. It wanted to know if the trailer was taxable.

Indiana exempts manufacturing equipment used directly in production.

But the state said even though the trailer was used to transport exempt machinery, the trailer itself wasn't necessary for production. Therefore, the trailer wasn't exempt production equipment and was taxable.

Info: bit.ly/in-542

ADMISSIONS

Given how much the COVID-19 pandemic negatively impacted arts and entertainment, some states are giving those industries a tax break. Here are two states doing so now.

FLORIDA – A/P pros can get tax-free admissions here, but only if your company acts fast!

Admissions to some events occurring between July 1 and Dec. 31, 2021, are exempt from sales tax.

The caveat: To be exempt, the

tickets must be purchased between July 1 and July 7, 2021.

The exemption includes admissions to music events, sporting events, cultural events, certain performances, movies and museums.

Info: bit.ly/fl-542

GEORGIA – Paying admission fees in the Peach State? Here's a chance to save your company a little money.

From July 1, 2021, to Dec. 31, 2022, sales of fees, tickets or charges for admission to certain exhibitions or fine arts performances are exempt.

The "fine arts" exemption includes things like architecture, dance, ceramics, paintings, theater, photography and music performed by an orchestra.

Info: bit.ly/ga-542

FROM OUR SUBSCRIBERS

Over 90% of our readers say that *Keep Up to Date on Accounts Payable (KAP)*, with its quick-read format, is more valuable than any other publication they read.

"**K**eeP Up to Date on Accounts Payable helps us get the information our department needs in a timely fashion."

Doug Powers
Assistant Controller
RTG Furniture Corp.

"**T**he publication gives me a chance to get another perspective on A/P issues and any upcoming changes in regulations."

Sherry Hibbard
A/P Specialist
King Arthur Flour