



# 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 14, 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.

## 4 ways to slash overhead costs in the new normal

### ■ Spur savings and increase your value

Since A/P has traditionally been looked at as a cost center, anything you can do to save your company money will boost your value.

And since you have clear insight into the financials, you're in the perfect position to help your company uncover new ways to save.

Take overhead costs, for example. You see the bills come in for things like rents and leases, utilities, office supplies and maintenance.

### Strategize more, pay less

What if you could make suggestions to lower overhead costs, saving your

company money and boosting your value in one fell swoop? Here are four tips to do just that from Stamplicy:

**1. Assess your space.** In the age of COVID-19 and remote work, many companies are finding they don't really need the big office they once did.

If your company hasn't already, it's important to ask questions like:

- Does our current office make sense from a financial perspective?
- Are we in a popular, expensive area when a smaller, less centralized location could work?
- Do we need the amount of space

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

## Uh oh! 1 in 4 employees could be looking to leave

### ■ Survey shows the reality of the new business world

Are you confident your staffers are happy with where they stand professionally?

It'd be a good idea to check in and assess their job satisfaction.

The reason: About one in four employees are planning to look for a new job after the pandemic, according to Prudential Financial's Pulse of the American Worker Survey.

### The post-pandemic perspective

Why are people jumping ship? Many are worried about their career advancement (80%) or say COVID-19

made them rethink their skill sets (72%).

And what are they looking for going forward? More flexibility, the survey says.

It's what *The New York Times* has coined the "YOLO (You Only Live Once) Economy." Staffers are burned out from the old and ready for the new.

So, check in with your staff. Maybe even consider surveying them and see if anyone has professional skills that you can help them expand.

**Info:** [bit.ly/retention543](https://bit.ly/retention543)

# Money-Saving Strategies

## Costs ...

(continued from Page 1)

we have, especially given future remote work arrangements?

If you find your company's spending more than it needs to, it could sublease some of its space or make the move to a cheaper location.

**2. Clear out storage.** Most pros can probably think of at least one closet (or even a whole storeroom) that tends to become the dumping ground for outdated tech and leftover stock. And given that people spent less time on-site last year, other office spaces may have become clustered, too.

Have employees review the old or outdated items that take up space. Clearing out will give you more room to store bulk purchases, so you can save more on materials, explains Stampli. And before you throw out tech that's no longer used, see if you can salvage and sell anything. What you deem as "old" or "outdated," others may see as perfectly usable.

Bonus: This clearing out step may help you see whether the space you have is more than you need.

**3. Reevaluate phone and internet services.** Depending on your industry, some companies may also be able to cut back on traditional phone services that aren't needed anymore. In fact, switching to VOIP (voice over internet protocol) could save your company up

to 73% on phone costs, says Stampli.

Internet is another service your company can reassess. If you haven't already, be sure to bundle your phone and internet. And if that's not possible, you can still save by:

- removing features that go unused
- reviewing bills for repeat or unnecessary charges, and
- purchasing routers to save on monthly rental fees.

**4. Encourage paperless practices – in every way you can.** According to Stampli, the average company spends between \$77 and \$92 per month per employee on office supplies like legal pads, pens and printer ink.

As companies transition back to office life, you should take advantage of the "new normal" to create new practices. Going paperless in everyday operations – even things as simple as encouraging laptops instead of notepads at meetings – could save you tons of money over time.

You could also send memos or make announcements encouraging people to only print the necessary items and to be reasonable when taking items from the supply room.

And think past work-related items. Consider all the paper products in break rooms and paper towels in bathrooms. Getting creative and making small switches (say, to reusable cups and hand dryers) could cut your company's paper usage, too.

*Info: [bit.ly/overhead543](https://bit.ly/overhead543)*

## 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.*

### ■ Staffer constantly complains – even on social media! Fireable?

A/P Manager Jenn Smith walked into the office to find A/R Manager Jon Ross frowning at his phone. "What's wrong?" Jenn asked.

Jon sighed. "One of my staffers, Ben Parker. Take a look at this," he said as he handed Jenn his phone.

She glanced at it. "Twitter?"

"Yeah. Another staffer saw it and told me about it," Jon said. "It's nonsense. He's complaining that I didn't give him his scheduled lunch breaks – and that I broke the law."

### The last straw

"I'm assuming that's not true," Jenn said.

"It's not the whole story," Jon replied. "A few times, I asked him to simply delay taking lunch because we were really busy. I made sure he took it later, though."

Jenn eyed the paper again. "Ben mentions you and our company by name. Have you confirmed that he actually wrote it?"

"I asked Ben directly, and he said he did," Jon said. "It's all part of a pattern with him, complaining all the time, never cooperating. I've had it – it's time to let him go."

Jon went through with the termination. As justification, he cited Ben's general lack of cooperation, and he said the misleading tweet was the last straw.

Ben claimed wrongful termination and took his case to the National Labor Relations Board. He said it was his right to complain about working conditions and breaks.

Did Jenn's company win?

■ *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 we reduced rush check requests in A/P

Business transactions aren't always simple and easy. We know sometimes, employees may come to A/P and need a rush check for a certain purchase.

Problem was, we were getting requests a little too often. And all the rush checks put a strain on A/P, because whenever requests came in, we had to put our normal workload aside and handle them.

We tried to discourage too many rush checks by charging a \$25 fee for them. Still, employees didn't seem to care.

We knew we needed to change the culture and reduce the amount of rush check requests we received.

### Costlier consequences

We felt like we were onto something with charging a fee for rush checks – we just had to find the magic number that actually got employees' attention and caused them to shape up.

We also felt like if we could get someone higher up to support us, it would be easier to put our foot down when employees wanted rush checks.

So, I went to our controller and explained how rush checks were

leading to a lot of wasted time in A/P.

Then I asked the question: Can we raise the fee?

First we got permission to raise the fee to \$50. When that didn't work, we raised it again ... and again ...

For our company, \$125 was the magic number.

When employees saw that charge, they shaped up and the amount of rush checks we got decreased.

*(Pam Miller, Certified APM, Education Director, IOFM, as presented at the A/P P2P Conference & Expo, Orlando, FL)*

## IMPROVING YOUR OWN A/P PROCESS

## 2 Successfully digitized our financial records

Over the years, our company had accumulated a significant number of important financial records, all in paper format.

Admittedly, we had thousands of boxes with decades of tax returns, payroll documents and pension files that we were still required to retain. And they were all sitting in storage off-site.

If a fire or a natural disaster were to hit the storage facility, it would've been a big loss for us, and it would've

put a wrench in our compliance plan.

We knew we needed to make these documents digital, so we'd at least have electronic copies, just in case.

### When time permits

Because we're all busy with lots of priorities, we approached this as an ongoing project to be done when employees have downtime.

I trained our staff how to prioritize capturing data that's most relevant to make the process less time-consuming.

This allows them to digitize records efficiently, so they can easily pitch in.

Using this approach, we've digitally processed around 2,500 boxes of paper data, and we're over halfway finished with the project!

Once the project's done, we'll have all these critical records right at our fingertips, and it'll be easier to stay compliant with record retention regulations.

*(Amy Meckel, President, R.E. Smith Interests, Houston)*

## 3 Time off went a long way to avoid burnout

In the age of COVID-19 and the "new normal," a lot of people are struggling at home and at work.

I've had staffers express that they're overwhelmed with having to handle home and work responsibilities.

It's a natural problem everyone is dealing with. But it suddenly became a serious concern when, out of the blue, one of my staffers told me she was so stressed out, she wanted to quit.

I was shocked when instead of

asking for a workload adjustment or time off, this staffer was so burned out she wanted to throw in the towel.

It forced me to realize burnout is a huge problem – and worse, staffers weren't letting me know until they reached their breaking point.

### Take some time

I sat down with the staffer and talked about everything that led up to this.

It was clear she was overwhelmed and at the end of her rope. I told her I understood and insisted she take a week

off before quitting, just to be sure.

Reluctantly, she agreed – and when she returned, she decided to stay.

This staffer had been going full speed for too long and felt like there was no other option. But a week to relax showed her things weren't as dire as she thought. She came back refreshed.

Now, when an employee comes to me with burnout concerns, I insist on a week off first. It almost always does the trick.

*(Frances Nelson, HR Manager, Justin Brands Inc., Fort Worth, TX)*

# T&E Spotlight

T&E comprises 8%-12% of the average organization's total budget – and it's also one of the areas where A/P can make the most impact. This regular feature showcases the latest ways you can save time and money on processing travelers' expense reports and reimbursements.

## T&E FRAUD

Employees committing expense fraud is something A/P has always had to look out for – but even more so in the last year.

Companies reported a whopping 292% increase in T&E violation rates since the beginning of the pandemic, according to research from the expense experts at Oversight.

### The top 10

What kind of ridiculous expenses are employees making now?

Oversight assessed data based on hundreds of employees to develop a top 10 list of the craziest expense categories. Check it out:

1. **excessive executive expenses**, like a yacht, the salary of a yacht's captain and a polo team
2. **wild animals**, including a pet monkey and a car repair cost due to the fact that an elephant sat on the hood of his rental
3. **luxury items**, such as a \$1,000 bottle of wine during a dinner for one, a Lamborghini and a six-figure wristwatch

4. **Super Bowl costs**, like first-class airfare to the game, drinks for the entire bar during it and an impromptu post-Super-Bowl trip to Disney World
5. **large meal tabs**, including \$500 worth of shots and a \$1,500 McDonald's receipt
6. **just plain questionable expenses**, such as a golf trip with a client who also *happened* to be his cousin and \$600 sunglasses because the employee "left theirs at home"
7. **outrageous things for dogs**, like pedicures or entrees at restaurants
8. **expenses to party**, including items from a "sales" trip to Las Vegas
9. **disguised food and drinks**, with one restaurant naming its expensive entrees after office supplies and servers sneakily serving alcohol but charging for food on receipts, and
10. **over-the-top employee gifts**, such as motorcycles for the office or Peloton bikes for a department.

Can you believe it? Whew!

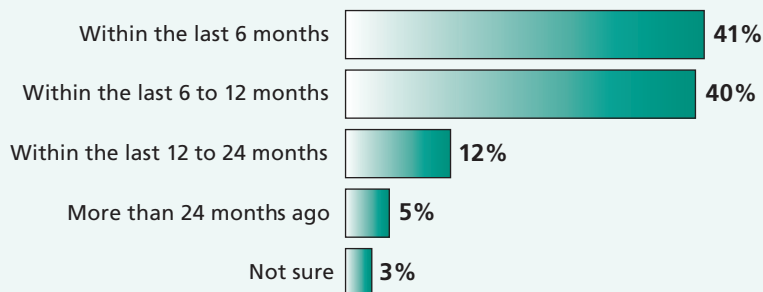
Be cautious out there, A/P, because employees are feeling bold.

Info: [bit.ly/expenses543](https://bit.ly/expenses543)

## Checking your systems

### When was the last time your ERP systems were audited by a third party?

Note: Results are rounded and do not equal 100%.



Source: Onapsis, [onapsis.com](https://onapsis.com)

Many companies' A/P processes depend on ERP systems to run smoothly. And because these systems are so integral to your everyday operations, it's critical that you conduct routine audits, preferably with the help of third-party experts, to ensure you never face holdups, hacks, unexpected downtime, etc.

## TEST YOUR KNOWLEDGE

### ■ Cryptocurrencies: What should A/P pros know?

The more time goes by, the more regularly you hear words like "bitcoin" and "virtual currency" in the payments sphere.

And if you're going to be dealing with these newer payment methods, you need to understand exactly how they work.

Answer *True* or *False* to the following questions to see how much you know about the basics of cryptocurrencies:

1. By nature, cryptocurrencies are centralized payments because they're all tied to one place.
2. Cryptocurrencies are based on blockchain technology – and once data is encrypted into the blockchain, it can't be changed.
3. Though bitcoin and other cryptocurrencies are gaining major traction in today's highly digitized world, it's unlikely they will bring about the end of traditional banking.

## ANSWERS

1. *False*. This is perhaps the first thing pros must comprehend: Cryptocurrencies are decentralized, meaning they aren't governed by a central authority, like a bank, explains Accounting Suite.
2. *True*. Blockchain is "an open, distributed ledger that can record transactions between two parties," according to *Harvard Business Review*. And once data's encrypted into the blockchain, it can't be modified because, as mentioned, it's not in a centralized location.
3. *True*. Cryptocurrencies will not bring about the end of banks, Accounting Suite says. But some banks are experimenting with blockchain – and that could change how banking is done.

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.

## Should that vendor use Form W-8 or Form W-9?

You know how it goes. U.S. vendors get W-9s; foreign vendors get W-8s.

But between multiple locations, parent/child relationships and more, it's not always easy to decide which tax form vendors should receive.

That's why IRS expert Marianne Couch advises having vendors fill out a questionnaire to determine whether they're on the W-8 or W-9 side.

And if they're leaning toward the W-8 side, some kind of human interaction may be needed to figure out which Form W-8 they need.

*Info: A/P P2P Conference & Expo, Orlando, FL*

## This room setup puts people on an equal playing field

People are making their way back into the office, and in-person meetings are returning.

If you're having a meeting where you want lots of brainstorming or equal input from all involved, have people sit in a circle.

With no delegated "head of the table," there's a sense of equality. No one's in charge and everyone's ideas hold the same weight.

Of course, people know who the senior employees are, but since their seat doesn't appear superior, people are more likely to express ideas openly.

## Reduce overpayments by focusing on the 2 T's

What's the best way for A/P pros to avoid overpaying sales or use tax?

Training and teamwork, say the tax experts at Cherry Bekaert, as poor communication between A/P and Purchasing often leads to errors.

Many companies rely on A/P to decide if a purchase is taxable. But A/P may not know exactly what's being

bought or how it's being used – which could change the item's taxability.

That's why it's key to get Purchasing properly trained on sales and use tax and involved in taxability discussions. When everyone's more in sync, the threat of overpayments will decrease.

*Info: bit.ly/salestax543*

## Health boost: How to move more during the workday

Did you know incorporating more movement into the workday can improve not only your physical health but also your communication skills?

People speak and listen better when moving, explain the pros at Duarte.

Here are three ways to move more:

1. **Plan walking meetings.** If just a few people are meeting and don't need a screen, walk outside or in hallways.
2. **Create a moment for wellness.** One company starts all meetings with 60 seconds of self-care. People can stretch, march in place, meditate, etc.
3. **Present standing up.** Even if you're on a Zoom call, try to stand while you share information.

*Info: bit.ly/movement543*

## SOFTWARE SKILL BOOSTER

## How to pause a presentation and direct attention to you

Picture this: You're presenting a slideshow and it's captured people's attention. But you want to pull their eyes away from the screen and toward you for a moment, because you have a vital point to make.

Try this trick: Press "B" to blackout your slide. Press "B" again to resume.

Similarly, use "W" to whiteout your slide, and "W" again to continue.

*Info: bit.ly/present543*

*If you have a story idea or comment to share, contact the editor at [apedrick@CFODailyNews.com](mailto:apedrick@CFODailyNews.com)*

## PAYABLES NEWS

### ■ IRS issues reminder about W-9 and 1099 compliance

Are you on top of nonemployee compensation and backup withholding requirements? The Taxman wants to know.

IRS recently issued Tax Tip 2021-88, *Businesses must report nonemployee compensation and backup withholding*, reminding A/P of its duties on these two fronts.

You can see the tax tip and more helpful information, including relevant forms and instructions, at the link below.

*Info: bit.ly/taxtip543*

### ■ A new type of corporate card has arrived: Details for A/P

Teampay, a distributed spend management platform, is blazing the trail for card payments.

It recently launched Catalyst by Teampay, "a first-of-its kind digital corporate card" that combines its spend platform with Mastercard's capabilities. Catalyst incorporates both mobile wallet usage and a contactless/numberless metal card.

With it, corporate users can lock their card if it's misplaced, access their transaction history/balance info, receive alerts and more.

You can find more details and features in Teampay's news release.

*Info: bit.ly/corporatecard543*

### ■ On-site vs. remote: Which breeds higher performers?

This new research may make A/P leaders look more favorably on remote work.

Almost two-thirds (64%) of managers think, generally, office workers are higher performers than remote workers, according to a survey from Gartner.

But a recent analysis of Gartner data found full-time remote workers are 5% more likely to be designated as high performers compared to full-time office workers.

*Info: bit.ly/performance543*

## Effective Policies & Procedures

# Yes, A/P can still have productive performance reviews remotely!

■ *Keep your staff moving forward, despite physical distance*

Remote work has a lot of perks. The biggest con, perhaps, is less face time with your staff. But that doesn't mean managerial duties, like performance reviews, should fall by the wayside.

The question is: How can A/P leaders conduct performance reviews that are just as effective and clear from afar as they would be if they were face to face with staffers?

### An approach for current times

Here are three tips from the pros at Business Management Daily to ace remote performance reviews:

**1. Insist on video.** In big company meetings, some people may prefer to keep their video cameras off. But for one-on-one performance reviews, let staffers know you'd like to see them.

With video, you can better read their facial expressions, and generally speaking, it feels closer to an in-person interview than a voice-only call does.

**2. Get staffers more involved.** Before, your performance reviews may have been more of a one-way chat – you telling staffers what they're doing

well, how they can improve, etc.

But if you're conducting a remote review, that's proof enough that things have changed. The pandemic made companies modify not only their work environments but also their technical processes and company policies.

Staffers may have more questions now about where A/P stands and what the future holds. So, in addition to discussing their performance and goals, encourage staffers to speak up and ask questions about the "new normal."

**3. Address remote work directly.** Pre-pandemic, work-from-home arrangements may not have been a topic that ever even came up with your staff during review time.

But things have changed. Now, it's a topic you need to address, seeing as how different staffers have different views on remote work.

Make sure to see how employees are faring with remote work. Do they feel more or less proactive? Do they still feel connected to the company culture? Do they need more face time with you or your team?

*Info: [businessmanagementdaily.com](http://businessmanagementdaily.com)*

conditions, even if the complaint isn't completely true.

### Analysis: OK to discipline?

This case helps show A/P managers when your staffers can and can't be disciplined over social media posts.

Generally, posts about working conditions – hours, breaks, pay, etc. – are protected activities. But courts and labor boards usually approve of discipline over posts that use obscene language when talking about the workplace, customers, race, gender, etc.

*Based on NLRB, Nos. 04-CA-147314 & 04-CA-149551. This case has been 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 pro devises \$1.6M duplicate payment scam

**Individual:** Christine Gillins, former A/P and A/R manager at Lower Foods in Richmond, UT.

**Violation:** After it was discovered Gillins had stolen more than \$1.6 million from her former company, she pleaded guilty to one count of wire fraud.

**Penalty:** A judge sentenced her to serve 28 months in federal prison and pay restitution.

**Note:** With control over A/P and A/R, Gillins was able to secretly make 107 fraudulent transactions disguised as duplicate payments to various vendors. She created transposed invoice numbers, so one payment went to the real vendor and the other payment went to her bank account.

**Cite:** [bit.ly/gillins543](http://bit.ly/gillins543)

### Duped banks, falsified records to stay afloat

**Individual:** Ricky Carter, former president and CEO of Nashville Tractor in Nashville, GA.

**Violation:** Carter pleaded guilty to one count of bank fraud for nabbing millions of dollars.

**Penalty:** He's scheduled to be sentenced in September. The former CEO could serve up to 30 years in prison, plus at least five years of supervised release, and receive a \$1 million fine.

**Note:** The company had obtained loans and financing via several community banks. When Carter's company fell on hard times, he struggled to make loan and payroll payments. So, he began falsifying financial records and duping the banks, resulting in a multimillion-dollar fraud loss.

**Cite:** [bit.ly/carter543](http://bit.ly/carter543)

## Sharpen your judgment THE DECISION

(See case on Page 2)

No, the company lost. The National Labor Relations Board (NLRB) said the staffer was within his rights to use social media to complain about working conditions.

And to the company's point that the complaint was a false one – that breaks had been provided – the NLRB said that didn't matter.

Yes, there was a dispute about the accuracy of the complaint, but the law allows employees to complain about

# Making Technology Work for You

## E-signatures on the rise, thanks to the recent digital shift

### ■ Survey reveals businesses' attitudes toward digital adoption

To stay competitive and efficient, it's critical for companies to adopt electronic signatures (e-signatures) as part of their everyday operations.

That's a main takeaway from a new survey from airSlate and Dynata.

Before COVID-19 and increased digitization, about 64% of businesses used e-signature at least monthly, per the survey. During the pandemic, adoption increased by 50%.

And the survey found this move to e-signatures isn't temporary. In fact, 69% of businesses and individuals surveyed said they'll continue to sign items electronically after COVID-19 and lockdowns end. And 81% said they'll choose e-signatures *over* in-person signatures even when things go back to the way they were before.

### Lingering concerns

That said, some professionals still have hesitations. When asked for

the reasons they wouldn't choose e-signatures, companies said:

- security and privacy concerns (48%)
- heavy reliance on paperwork or in-person signatures (44%), and
- unfamiliarity with e-signature technology (33%).

In A/P, you know it's important to increase efficiency with practices like e-signatures – but you also know the importance of security and privacy, not just for your company but for the vendors you work with.

So, consider how you can limit risk and resistance to e-signatures. Can you add password protection or two-factor authentication for docs? Can you educate employees and vendors about your e-signature process, including its privacy features?

The less risk and resistance you face, the easier adoption will be in A/P and beyond.

*Info: bit.ly/sign543*

## How can you minimize the damage of a data breach?

### ■ Research says this is what companies should do

A/P teams need to be proactive and do what they can do to avoid data breaches. But they also must be prepared for the aftermath in case a breach *does* happen.

How can you do that? Create an incident response team.

According to the Ponemon Institute and its extensive research, that's one of the best things companies can do to minimize damage after a breach.

### Building your team and plan

First, consider the people. It'd be smart to involve leaders, like your CFO or controller, and those with technical savvy, like IT staffers.

Then, consider the plan. How will

your team jump into action?

You'll want to develop an extensive response that covers both technical and nontechnical actions.

Technical actions may include:

- concrete steps to take to correct the current incident, and
- system changes to keep it from happening again.

Nontechnical actions might be:

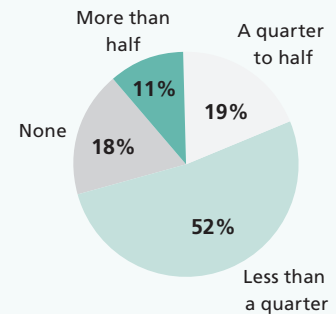
- employee communications
- dealing with legal issues, and
- handling any personnel issues if the breach was an inside job.

*Info: ibm.com/security/data-breach, ponemon.org*

## How do you stack up?

### International payments

How many of your vendors are overseas?



Source: Level Research, [level.io](http://level.io)

As companies expand across the globe, A/P's going to see more W-8s and 1042-Ss. So, it's essential that your staff is just as familiar with using these foreign vendor forms as they are with using W-9s and 1099s.

*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

### ■ Might have to give these job candidates a hard pass ...

You want only the best and the brightest working in A/P.

So, if you were hiring, you'd probably pass on these cover letters from real-life candidates, seen by executives at Coburg Bank:

- "Why should you employ me? I bring doughnuts on Fridays."
- "Please disregard the attached resume; it's totally outdated."
- "Please don't misconstrue my 14 jobs as 'job-hopping.' I have never quit a job."
- "I'm not going to waste your time by lying. I have no skills, yet."
- "Dear Sir/Modem."
- "For the sake of my sanity, please hire me!"

*Info: bit.ly/hires543*



## 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

Three years after states earned the ability to tax online sales, they're still making changes to their regs. Three states have updates this round.

**ILLINOIS** – This state's providing some clarification about its economic nexus rules – clarification you might want to pass to A/R, too.

You know that in Illinois, marketplace facilitators are now required to collect sales tax from you.

But recently, the Department of Revenue (DOR) said that when seeing if either threshold is met, marketplace facilitators should exclude certain sales:

- sales for resale, and
- sales of tangible personal property that must be registered with an Illinois agency (e.g., vehicles).

*Info: bit.ly/il-543*

**WASHINGTON** – Paying for food delivery services made via marketplace facilitators? Here's insight for A/P.

An advisory from the DOR discusses the taxability of restaurant and grocery delivery services offered through marketplace facilitators.

The DOR explained marketplace facilitators enabling sales of prepared food or groceries must collect sales tax on "the full selling price charged ... for taxable products, including delivery fees, service fees, and any other charges paid by the customer."

Example: If your employees order \$30.00 worth of prepared food, plus a \$3.00 service fee and a \$5.00 delivery fee, the marketplace facilitator should charge your company sales tax on the \$38.00 total.

*Info: bit.ly/wa-543*

**MAINE** – Heads up if you do business in the Pine Tree State! It's changing its economic nexus threshold.

As of now, remote sellers must collect sales tax from you if they make \$100,000 in sales or 200 separate transactions in Maine each year.

But beginning Jan. 1, 2022, Maine is dropping the transaction threshold, so only remote sellers and marketplace facilitators making \$100,000 in sales annually will have to collect sales tax.

*Info: bit.ly/me-543*

### SERVICES

A/P must know when services are and aren't taxable. Here are two states with insight to help you get it right.

**TEXAS** – Do you get employees' charges from laundry services?

The Texas Comptroller has addressed the taxability of dry cleaning charges.

Dry cleaners may provide services other than cleaning, like clothing repair, alterations and tailoring. And, it noted, any laundry, cleaning and garment services at dry cleaners are taxable.

*Info: bit.ly/tx-543*

**NORTH CAROLINA** – Paying for building repair services in North Carolina? A new case sheds light on their taxability.

A company underwent a roof repair project where the roof needed extensive work but didn't need to be completely replaced.

Did these services qualify as taxable repair services or nontaxable capital improvements?

The DOR explained capital improvements include remodeling (i.e., installing or completing a roof). Because the services were *repairing* a roof, not installing or finishing a roof, it was a taxable repair service.

*Info: bit.ly/nc-543*

### EXEMPTION CERTIFICATES

Along with knowing what kinds of items are exempt, you must keep track of exemption certificates. Check out one state with a reminder for A/P.

**RHODE ISLAND** – It's time for companies here to double-check their exemption certificates.

The Rhode Island Division of Taxation just reminded certain organizations that their exemption certificates may be expiring.

Years ago, state law said exemption certificates never expired. But in 2017, the law was modified to say exemption certificates are only valid for four years. And any certificates issued on/before July 1, 2017, expired on June 30, 2021.

Since renewals are new territory for A/P and A/R, they may have gotten overlooked. You'll want to check your certificates and see if your company needs to take action.

*Info: bit.ly/ri-543*

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