



# 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.

September 1, 2021

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## CFO DAILY NEWS

CFO Daily News, part of the SuccessFuel Network, provides the latest finance and employment law news for finance professionals in the trenches of small-to-medium-sized businesses. Rather than simply regurgitating the day's headlines, CFO Daily News delivers actionable insights, helping finance execs understand what finance trends mean to their business.

## IRS proposes new regs to lower e-filing threshold

### ■ Making the switch from paper to digital returns

Tell your A/P team to get ready! Companies of all sizes will have to prepare for a lower e-filing threshold.

IRS recently proposed regulations in the Federal Register to change the rules for filing information returns, effective as soon as this year-end.

### What the new regs say

Right now, you know the threshold requiring companies to electronically file information returns at year-end is 250 returns (and that includes all types of returns).

But as we've mentioned, the Taxpayer First Act of 2019 allowed

IRS to lower that threshold over time, as a way to get more companies to transition from paper to electronic practices (*search "big 1099 changes signed into law" on our website for the full story*).

Now, regulations to do just that have officially been proposed.

If passed, IRS will lower the e-filing threshold to:

- 100 returns for Tax Year 2021 (filed calendar year 2022),
- 10 returns for Tax Year 2022 (filed calendar year 2023) and beyond.

*(Please see E-filing ... on Page 2)*

### Payment modernization: What's A/P focused on?

#### ■ Real-time payments make the top of the list

Companies everywhere are saying goodbye to checks and hello to more digitized payment programs.

When asked what their payment modernization programs included, companies' top answers were:

- real-time payments (45%)
- Same Day ACH (36%)
- fintech integrations (34%)
- an API library (27%), and
- FedNow instant payments (23%).

That's according to the 2021 Treasury & Fraud Controls Survey

Report from Strategic Treasurer and Bottomline Technologies.

#### Where do you stand?

It's clear from this research that real-time and same-day payments are becoming more popular. Businesses want to send and receive funds quickly.

So, it'd be beneficial to assess where your A/P department stands and ensure you're taking advantage of more instant payment capabilities (*see related story on Page 7*).

**Info:** [bit.ly/modernization546](https://bit.ly/modernization546)

# Handling Information Returns

## E-filing ...

(continued from Page 1)

It's worth reiterating that the new e-filing thresholds will also include all types of information returns (e.g., W-2s, 1099s).

That means most companies – even small companies – will have to e-file this coming year-end. And if not this year-end, certainly the next.

The proposed regs also clarify that

### The regs would require more companies to e-file at year-end.

if you have to do corrections for your information returns, they must be done in the same format.

In other words, if your company now has to e-file 1099s and W-2s, any corrections must be e-filed, too.

#### Prep for the future

These proposed regulations show just how serious IRS is about companies going digital with their year-end processes.

If your finance team still uses paper

processes, Payroll and A/P will need to collaborate and see if you'll cross the 100-return line for this year-end.

It'd be smart to prepare your team for e-filing sooner rather than later, so there are no hitches or glitches when you do have to go digital, whether it's this year-end or next.

And for all companies, it couldn't hurt to go over e-filing best practices, including:

- the ins and outs of the Filing Information Returns Electronically (FIRE) System (see full details at [bit.ly/lirsfire546](http://bit.ly/lirsfire546))
- differing deadlines to watch for concerning paper versus electronic forms, and
- the right way to correct the two types of information return errors (search "1099 penalties, corrections" on our website for more information).

Lastly, if anyone at your company (CFO, A/P, Payroll, etc.) has recommendations or opinions concerning the e-filing threshold proposed regs, IRS is open to comments until Sept. 21, 2021.

Comments can be sent through the Service's eRulemaking portal ([regulations.gov](http://regulations.gov)).

As always, we'll keep you posted on what happens with these proposed regulations.

**Info:** See the proposed regs at [govinfo.gov/content/pkg/FR-2021-07-23/pdf/2021-15615.pdf](http://govinfo.gov/content/pkg/FR-2021-07-23/pdf/2021-15615.pdf)

## 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.

### Stolen checks! Can company get money back from bank?

"Accounts Payable, this is Jenn speaking," A/P Manager Jenn Smith said into the phone.

"Hi, Jenn. This is Mark Fisher from Northside Mutual Bank," said the voice on the other end of the line.

"Hi, Mark. Do you have any news about those stolen checks? Our CFO is on edge, knowing that money should rightfully be in our company's bank account."

"Yes, I have news. But I don't think you're going to like it very much," Mark began.

### Deposited via ATM

"The ex-employee who took your checks, Vincent, also has an account with us," Mark continued. "He endorsed the checks in his own name and deposited them at an ATM into his personal account."

Jenn sighed, throwing her head back. "But those checks were made out to our company. How was that allowed to happen?"

"Well, for ATM deposits of checks under a certain amount, our bank procedure is to accept them without human review," Mark explained.

"Mark, this is embezzlement," Jenn said. "We're talking about forged endorsements on checks that were stolen from our company."

Mark was silent on the other end of the line.

"My CFO said if you can't make this right, we'll have to take you to court for negligence," Jenn added.

In the end, Jenn's company took the bank to court. Was the company able to get its money back?

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 **A monthly task for sales tax compliance**

When I first started in A/P about 15 years ago, I knew little to nothing about sales tax.

My company essentially gave me a crash course and tried to help me out along the way.

For example, every week, my manager would sign off on invoices. And when he returned them for payment, he would include sticky notes on all the invoices I needed to flag and submit to our staff accountant for “sales tax due.”

But even with these little sticky

notes, it was hard to always remember with 100% confidence which invoices to check for sales tax.

### Creating a list

So, I started keeping a list of vendors that I check sales tax on monthly, just to be sure I pay tax if they didn't charge it.

Each time a manager or I flag an invoice for sales tax, I make a copy of the invoice with a “tax due” sticker and place it in a folder.

After closing our books at end of month, I run an individual check distribution report for each vendor to see if I

cut a check for them that month.

Then, I compare the copies of the invoices to the check distribution list, staple them together and send an Excel cover sheet showing the general ledger code used for each invoice payment and the amount of tax due.

It may seem time-consuming, but it takes me less than an hour a month to get it all together, since I make copies of the invoices as I get them. And that one hour is completely worth all the reassurance it gives me in terms of sales tax compliance.

*(Nancy Kuzminski, A/P, Tampa Bay Downs, Tampa, FL)*

## IMPROVING YOUR OWN A/P PROCESS

## 2 **Asked employees what they need from Finance**

Our finance team did its best to meet employees' needs, but we weren't always sure if we were focusing on the right things.

While our main concern was processing accurate paychecks and payments, we knew employees may have other questions and concerns for us, especially with recent tax changes.

We didn't have a lot of time and resources available, since we were also adjusting to these changes.

So, we wanted to ensure any extra services or info we offered to employees was useful and necessary.

### 'How can we help?'

To make sure we were on the right track, we sent out a survey to employees before we made any changes.

In it, we asked them what financial info they cared about, what they wanted to see on their paystubs, what we could do to improve their experience and what finance education

would benefit them.

Their answers allowed us to implement changes to help them better

understand paychecks and payments.

Plus, our efforts made employees feel more comfortable with bringing up issues immediately. And that has helped us resolve problems in a more timely matter.

*(Adapted from “Transform Payroll From a Transaction to a Human Interaction,” as presented at the 2021 American Payroll Association Virtual Congress)*

## 3 **Creating a successful return-to-work plan**

When it was time to come back to the office after working from home because of the pandemic, employees expressed mixed feelings.

Some were excited. Some hated the idea. Some were on the fence.

Our company wanted to make everyone as comfortable as possible.

So, the first thing we did was poll our people to see who wanted to come back and when.

Then we opened up our office, letting those who were ready to come in do so when they wanted.

But we knew we needed a more long-term plan as well.

### People have a say

So, we set the bar. When we reached 75% capacity, employees could choose their ongoing work plan:

1. work fully remote
2. get a dedicated desk at the office, or
3. reserve a temporary desk on-site and work from home other days,

which came with a stipend.

Most employees opted for the third option, so they get the best of both worlds.

They can work from the comfort of their home some days and come into the office for a more social environment other days.

So far, this plan has been able to satisfy everyone's work preferences while keeping them productive.

*(Diana Marchese, Head of People Experience, Snyk, Boston, shared this success in the Wall Street Journal)*

# 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.

## PRICING BENCHMARKS

A big part of A/P's job is making sure employees are spending smart when on the road.

And new pricing benchmarks from the T&E experts at TripActions can help with that.

Their Summer Business Travel Recovery Report looked at some average travel prices in June 2020 versus June 2021.

Check out the pricing of three main categories, so you can be sure employees are staying in line when you check expense reports:

### 1. Flights

With the vaccine out and many people feeling ready to return to "normal life," more employees have been willing to hop on a plane in recent months.

Of course, that higher demand for flights turns into higher fares for your company.

The median price before fees was:

- \$450 in June 2021, and
- \$402 in June 2020.

### 2. Accommodations

Like flights, hotels and other forms of lodging are beginning to fill up again. And where your employees choose to stay can have a big impact on your T&E spend.

The median price before fees was:

- \$401 in June 2021, and
- \$263 in June 2020.

### 3. Car rentals

As we mentioned previously (*see KAP 7/1/21*), there's been a car rental shortage going on.

And no surprise, that's going to cause an increase in pricing for the cars that are available.

The median price before fees was:

- \$253 in June 2021, and
- \$191 in June 2020.

### Final thought

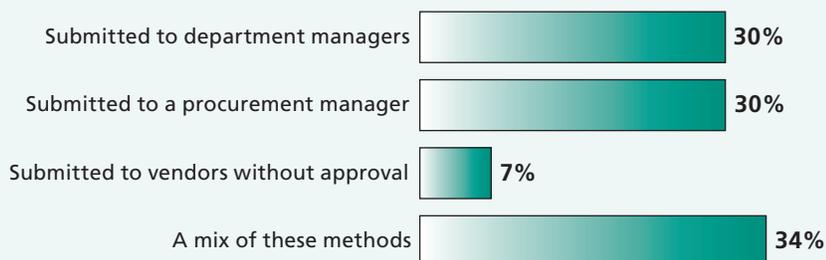
As you can see, prices have gone up a lot since last year. So, it's important for A/P to keep an eye on travelers' expenses and make sure they're being as cost-conscious as possible.

*Info: bit.ly/benchmarks546*

## A look at company purchases

### What's your company internal approval process for purchase requests?

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



Source: Levvel Research, [levvel.io](http://levvel.io)

Whether it's the go-ahead from a procurement leader or a relevant team manager, having an approval process can prevent rogue spending and help your company stay within budgets. What's more, it can help A/P take care of purchases more confidently without wondering, "Is this actually OK to pay?"

## TEST YOUR KNOWLEDGE

### ■ Excel tricks: Do you know these keyboard shortcuts?

The more Excel shortcuts you know, the faster you can get your work done!

Answer *True* or *False* to the following questions to see if you know some of the most beneficial Excel shortcuts:

- To enter the current date in a spreadsheet, you can type:
  - Ctrl + ;
  - Ctrl + Shift + ;
  - Ctrl + '
- Lets say you want to add a link to a website in one of your cells. To insert a hyperlink, you can use:
  - Ctrl + H
  - Ctrl + J
  - Ctrl + K
- If you want to select the entire column, you can type:
  - Ctrl + spacebar
  - Ctrl + C
  - Ctrl + >

## ANSWERS

1. a) *Ctrl + ;*. This shortcut will automatically enter today's date (e.g., 9/1/2021) in the selected cell. And you can use the shortcut *Ctrl + Shift + ;* to insert the current time (e.g., 4:00 PM).
2. c) *Ctrl + K*. Along with inserting links to web pages, this shortcut can also add links to other files, such as another Excel workbook or a PDF report.
3. a) *Ctrl + spacebar*. You can use this shortcut to select an entire column of data in your worksheet. And similarly, you can use *Shift + spacebar* to select an entire row in a worksheet.
- Cite: See a full roundup of Excel shortcuts from Microsoft at bit.ly/excelshortcuts546*
- Answers to the quiz:**

# Performance Boosters

## PAYABLES NEWS

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 worker get a 1099? Remember this**

You know that typically, as long as you paid a freelancer or independent contractor more than \$600, you need to file a 1099-NEC.

One key exception: when your company uses freelance websites. If you used a freelance site that connects individuals and businesses, you may not need a 1099, explain the experts at Business Management Daily.

With sites like Upwork, for example, payments are made to Upwork, not the individual worker. So, you shouldn't need to send a 1099 to the freelancer. Upwork should handle tax filings.

That said, if you're ever unsure of your year-end obligations with freelancers, check the site's policies.

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

### **4 questions to gauge your remote staffers' engagement**

When you're not face to face with staffers, it can be hard to know how engaged – or disengaged – they are.

To get a feel for remote staffers' engagement levels, ask:

1. How would you describe your level of energy these days?
2. What fears do you have about the company?
3. Are you well-equipped to do your job from home?
4. What can I do to help create an environment where you can do your best work?

*Info: [bit.ly/engagement546](http://bit.ly/engagement546)*

### **Making customer service a dedicated role in A/P**

Are you devoting enough time to managing your vendor relationships? And if not, how can you do more?

We know one A/P pro who divided up her team and dedicated specific

staffers to customer service.

She picked the staffers with the best skills to handle all phone calls, emails, software tickets, etc. And she measures productivity by looking at the number of calls, call lengths and more.

According to this A/P pro, creating a separate team for customer service has worked extremely well.

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

### **How to 'INSPIRE' others when giving feedback**

It may be difficult, but giving feedback is a part of the job.

Use "INSPIRE" to do so effectively:

- **I**nitiate the conversation.
- **N**otice a specific behavior the person exhibited.
- **S**upport your position with objective evidence.
- **P**robe by getting their perspective.
- **I**nvoke solutions, and see what they propose.
- **R**eview and check that they fully understand what's expected.
- **E**nforce by scheduling a mutual follow-up to discuss progress.

*Info: [bit.ly/feedback546](http://bit.ly/feedback546)*

## SOFTWARE SKILL BOOSTER

### **3 shortcuts to adjust your text in Microsoft Word**

Want to quickly change your text without having to move your cursor up to the Home tab's Font section?

Here are three easy shortcuts:

- **Ctrl + [** makes the text smaller
- **Ctrl + ]** make the text bigger, and
- **Shift + F3** transitions between text cases (uppercase, lowercase and capitalizing each word).

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

### ■ **Online fraud: Which states lost the most money recently?**

You need to be careful for fraud everywhere – but certain locations are hit harder than others.

In 2020, the states with the most online fraud losses were:

1. Colorado
2. Illinois
3. Missouri
4. Ohio
5. Pennsylvania, and
6. Virginia.

The FBI Internet Crime Complaint Center's 2020 Internet Crime Report found those six states experienced internet fraud losses between \$99 million and \$199 million last year.

*Info: [ic3.gov/Media/PDF/AnnualReport/2020\\_IC3Report.pdf](http://ic3.gov/Media/PDF/AnnualReport/2020_IC3Report.pdf)*

### ■ **Illinois adjusts unclaimed property requirements**

Doing business in or with the Prairie State? This one's for you.

Senate Bill 338, which was recently passed, changes some of the rules A/P must follow for reporting unclaimed property.

Perhaps most notably, even businesses that *don't* have any unclaimed property to report must now notify the state of that fact if certain criteria are met.

See the full bill text below.

*Info: [bit.ly/lilsb338](http://bit.ly/lilsb338)*

### ■ **Survey: Turn on some tunes to deter work stress, fatigue**

If you – or your staff – needs a boost to stay productive throughout the day, music could be the answer.

A new survey from Sound United found music helped counter stress: 85% of people said it keeps them sane, and 90% said it improves their energy levels.

What kind of music is best? The top three genres for improved productivity and morale were pop, classical and jazz.

*Info: [bit.ly/tunes546](http://bit.ly/tunes546)*

# Future leaders: What specific skills should finance pros be working on?

■ Expert shares insight on what's often lacking

Your A/P team can masterfully handle invoices and payments, but have they fully developed more interpersonal, soft skills?

That's where many finance pros are lacking, credit expert DeAnna Leahy said in a chat with the National Association of Credit Management.

According to Leahy, to help your staffers become strong leaders, you should focus on three skills: people management, communication and conflict management. And though Leahy is in the A/R realm, those three can apply directly to A/P as well.

### A new gen of leaders

Here's more guidance on each:

**1. People management.** For A/P to be successful, staffers need a steady leader at the helm, someone they can trust and turn to. Someone who always pushes for improvement, but at the same time, can steer the ship in a different direction when necessary.

A/P leaders must be ready to take on a whole new host of duties – discussing performance, evaluating workloads, training and upskilling, etc.

**2. Communication.** With their own staff, related company teams and vendors, it's key for A/P to foster strong communication skills. That includes knowing the right medium for the conversation (e.g., face to face, phone, email) and the right way to approach a conversation (e.g., delicately, authoritatively).

And in a role like A/P, where company money is on the line, timeliness and responsiveness are key.

**3. Conflict management.** Whether it's internal or external, dealing with conflict will always be a part of A/P's job. Vendors will send invoices with errors. Staffers will disagree about the best direction for a project. The list goes on.

That's why A/P leaders should know how to deal with conflict on the regular. They must be able to look past emotions. They must logically, respectfully and reasonably handle whatever the workday throws at them.

And in doing so, they act as a role model for staffers on how to efficiently problem solve.

*Info: [bit.ly/softskills546](http://bit.ly/softskills546)*

pretending to be the company – and the bank takes reasonable care in accepting the check in good faith – the bank isn't liable. But that wasn't the case here.

### Analysis: Know bank policies

Because the bank didn't review checks under a certain amount, no one saw the payee and the endorser's signature didn't match. That could've prevented this whole ordeal.

It'd be smart to go over your bank's procedures to look for – and address – anything that could lead to losses.

*Based on Severin Mobile Towing Inc. v. JPMorgan Chase Bank etc. Dramatized for effect.*

## MISTAKES THAT COST

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

### A/P pro stole \$179K via duplicate phony invoices

**Individual:** Luis Perez, former A/P administrator at Peterson Brothers Construction Inc. in Brea, CA.

**Violation:** Perez pleaded guilty to four counts of grand theft by embezzlement for nabbing almost \$180,000.

**Penalty:** He received jail time, but that could be reduced if he performs 30 days of service.

**Note:** The former A/P administrator used duplicate fake invoices to steal money. Among other things, he spent the money on tickets from Ticketmaster and Stubhub. Perez's scheme came to light when another accountant found an unusual payment made to Ticketmaster and brought the issue to the controller's attention.

**Cite:** [bit.ly/perez546](http://bit.ly/perez546)

### Credit card fraud nets 15-year prison sentence

**Individual:** Kaci Stephens, former customer service representative at Compass Foreign Exchange LLC in Plano, TX.

**Violation:** This past winter, Stephens pleaded guilty to wire fraud.

**Penalty:** A judge sentenced her to serve 180 months in federal prison and to pay over \$11,000 in restitution.

**Note:** As a customer service rep, Stephens had access to customers' accounts, including their credit card information. To steal money, she created a fake customer account, billed real customers and charged their credit cards for services that never happened. She even went so far as to set up automatic recurring payments right to her own bank account.

**Cite:** [bit.ly/stephens546](http://bit.ly/stephens546)

## Sharpen your judgment THE DECISION

(See case on Page 2)

Yes, Jenn's company was able to get its money back from the bank.

A trial court dismissed the suit at first, saying the company failed to exercise proper care to prevent itself from being a victim of fraud. But on appeal, a judge reversed the decision, saying the bank was liable because it accepted a check endorsed in a name other than the payee on the front.

Per state law, if a check payable to a company is signed by an employee

## Finance pros loving expanded Same Day ACH, survey finds

### ■ Millions transmitted in new third processing window

Your peers are already taking advantage of the new expanded window of time for Same Day ACH.

The third window, added in March 2021, allows same-day transactions to be initiated as late as 4:45 p.m. EST and received by 5:30 p.m. EST so that they can be settled by 6 p.m. EST.

And it's clear that the new window has been beneficial for both payers and payees, according to a survey from Nacha and its Risk Management Advisory Group.

### Bring on more transactions!

In the survey, all the Originating Depository Financial Institutions (ODFIs) said clients used the third window of Same Day ACH to handle business-to-business payments.

Regarding A/P specifically, three in four ODFIs received bill payments from customers via the third window of Same Day ACH.

And 86% of Receiving Depository Financial Institutions (RDFIs) have received Same Day ACH transactions in the third window since it launched.

In terms of payment size, the average daily value of debits and credits that originated during the new third window ranged from \$1 million to \$97 million.

And most respondents expect many payments over \$100,000 once the daily limit rises to \$1 million in 2022.

What's more, 19% of RDFIs and almost 13% of ODFIs have experienced some volume growth in transactions initiated during the second processing window since March 2021.

The takeaway: Same Day ACH is here to stay, and it's only going to keep growing. If you haven't already, it'd be smart to get on board and take advantage of all it has to offer.

*Info: [bit.ly/samedayach627](https://bit.ly/samedayach627)*

## 4 security best practices, straight from IRS

### ■ Here's what the Service recommends to stay safe

Your A/P team knows how essential it is to keep private info secure. That said, it doesn't hurt to give them a reminder from time to time.

IRS recently published Tax Tip 2021-77, which details how to keep personal info secure. And fortunately, many of these tips can apply to private business and payment info, too.

### Don't forget ...

Pass these four tips along to your staff as a quick refresher of what they should be doing in A/P:

**1. Use security software.** This is something you'll want to talk through with IT. Verify you have firewall and anti-virus protections. And routinely

make sure things are up to date.

**2. Make passwords unique.** Think long strings of word or lots of numbers, characters and capital letters. Using a password manager can help, too.

**3. Learn to spot and avoid threats.** Scammers may use phishing emails, calls and more to pose as your bank, your credit card provider or even IRS. So, it's important to stay on high alert.

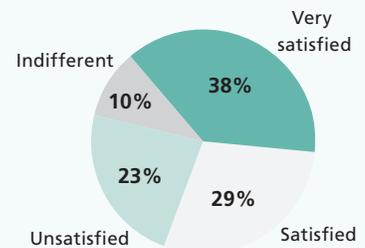
**4. Watch for suspicious links.** A/P should always be careful about clicking links or downloading attachments, even if they appear to be from someone you know, IRS says. And you should be even *more* wary if the message is from an unknown sender.

*Info: [bit.ly/security546](https://bit.ly/security546)*

## How do you stack up?

### Catching duplicates

How satisfied are you with the solution provider you use to detect duplicate payments?



Source: Peeriosity, [peeriosity.com](https://peeriosity.com)

Most A/P teams that invest in automation to audit for duplicate payments are very happy they did so. Do you have a provider or process for finding duplicates to help you avoid unnecessary losses?

*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

### ■ How much do you really know about cash money?

A/P pros work directly with money more often than most.

But how well do you really know the U.S. dollar bill? Here's a look at what some of its symbols mean:

- **The pyramid and its eye:** The pyramid represents strength and duration, and the "all-seeing eye" is a symbol of divine providence.
- **MDCCLXXVI:** These letters, found at the pyramid's base, are the Roman numerals for 1776, when the U.S. declared independence.
- **The number 13:** The number of original states appears all over the dollar bill – 13 olive branch leaves, 13 olive fruits, 13 arrows, 13 stars above the eagle, 13 steps of the pyramid and 13 bars on the shield.

*Info: [rd.com/list/dollar-bill-symbols](https://rd.com/list/dollar-bill-symbols)*

## 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

Many states are still figuring out their online sales tax rules. Here are three with recent guidance.

**ILLINOIS** – This one's for A/P pros doing business in the Windy City.

Though Illinois has an economic nexus threshold, it doesn't apply to local home rule taxes.

But in a new information bulletin, Chicago said whether a remote seller meets the threshold will be considered when deciding if they should collect tax.

Other factors Chicago may consider include whether the seller has:

- agreements with other Chicago businesses
- activities that employees/others perform on its behalf in Chicago
- physical presence in Chicago, and
- advertising for Chicago customers.

*Info: bit.ly/il-546*

**ALABAMA** – Paying for online purchases in Alabama?

The Department of Revenue (DOR) recently issued a notice with new tax compliance guidance regarding sales made via marketplace facilitators.

Among other things, it includes key definitions and information about Alabama's simplified sellers use tax.

You can see the notice below.

*Info: bit.ly/al-546*

**NEW MEXICO** – Here's another state providing guidance on marketplace sales.

New Mexico's Taxation and Revenue Department released a publication about the gross receipts tax and marketplace sales.

It covers topics like:

- sellers subject to gross receipts tax
- marketplace providers, and

- marketplace sellers.

*Info: bit.ly/nm-546*

### SUBSCRIPTIONS

Most A/P departments pay for at least one subscription – but when should sales tax be applied? Check out two states with insight.

**ARIZONA** – Here's guidance on the taxability of subscriptions to data.

Recent case: A company gave customers remote access to software with information and analytics that were updated and filtered for each customer. And it wanted to know if the subscription fees it charged customers were subject to the state's transaction privilege tax.

The Arizona DOR said yes.

Generally, TPT applies to tangible personal property. And the rental of data qualified as taxable tangible personal property, the DOR ruled.

*Info: bit.ly/az-546*

**COLORADO** – This one's for A/P pros who receive invoices for subscription programs here.

The DOR recently looked at a company that let customers sign up for a free one-month trial of its subscription, then charged them a fee monthly or yearly for the program.

Were these subscriptions taxable?

In Colorado, a bundled transaction is taxable unless the taxable items' value is de minimis (i.e., 10% or less).

So, the DOR concluded that the free trial subscription periods weren't taxable, but the paid subscription programs were taxable.

*Info: bit.ly/co-546*

### BILLING SERVICES

Some companies take advantage of billing services to simplify their processes. Right now, one state has news on their taxability.

**TEXAS** – Paying for medical billing

services in the Lone Star State? Their taxability just changed.

Specifically, medical or dental billing services performed before an insurance claim is submitted are no longer included in insurance services – making them nontaxable.

These medical services include:

- verifying insurance eligibility
- filing claims
- reviewing/appealing denied claims
- settling claims, and
- posting payments for claims.

Note: The bill isn't effective until Jan. 1, 2022, but the Comptroller said these medical billing services should be treated as nontaxable immediately.

*Info: bit.ly/tx-546*

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