



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 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.

Customer service ranked top skill for A/P now: 3 ideas

■ See how your peers are mastering this skill

As A/P develops and becomes a more strategic role, the skills you need to possess are changing, too.

That's a major takeaway from Ardent Partners' report, *Accounts Payable Metrics that Matter in 2021*.

While the defining components like "pay the bills" and "reimburse expenses" are still a big part of your job, other skills have increased in importance over the years.

So, what are the most important ones for A/P pros to have right now?

According to the report, the top necessary skills are:

- a customer service mentality (92%)

- knowledge of the full Purchase-to-Pay process (87%)
- fraud and compliance (80%)
- analytics/business intelligence (74%)
- payments (65%), and
- supplier management (59%).

Customer-first mindset

It may be surprising to see "customer service" pass up something like "payments." But companies are recognizing just how important that aspect of the job is, too.

With vendors, travelers, approving

(Please see Skill ... on Page 2)

States changing their economic nexus thresholds

■ Keep an eye on this sales tax trend

Even three years post-*Wayfair*, some states are still toying with their economic nexus thresholds.

Specifically, several states that originally had a two-part threshold (a "sales" threshold and a "transaction" threshold) have since decided to simplify things.

Who's joined the trend?

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

here (*see KAP 7/14/21*). But Maine's not the first state to make this move.

Other states that have made similar changes include California, Colorado, Iowa, Massachusetts, North Dakota, Washington and Wisconsin.

Of course, any time states make changes to their economic nexus rules, A/P needs to know about it.

You'll want to make sure staffers are aware of these changes – and the likelihood that other states will jump to join the trend, too.

Info: bit.ly/threshold547

Spotlight on Customer Service

Skill ...

(continued from Page 1)

managers and more, it's important for A/P to be communicative, responsive and understanding. You must know how to problem solve, deal with conflict and build strong relationships with all kinds of people and partners.

So, how can you and your team create a more customer-focused A/P environment? Here are a few ideas from your peers:

1. Gather and act on feedback.

The fact is, vendors and employees are always going to have questions and come across problems.

To stay in good standing with internal and external customers alike, A/P pro Bethany Mezzadra's team leveled up their query process.

After a vendor or employee posts a query and it's resolved, they get a survey asking, "How'd we do?"

It lets the person select a rating on a scale from one to five, as well as leave comments. Any time the rating is a one or two, A/P calls that person directly to talk things through.

And at team meetings, A/P pros read people's accolades and comments aloud to see where their team's doing well and where they can grow.

2. Assess more data points. To improve customer service, sometimes you need more concrete data points, so you know where to focus.

That's why Procure-to-Pay leader Thomas Phillips found an easy-to-use and inexpensive help desk tool to handle customer requests, which had before been done by phone and email.

When a customer creates a ticket, they pick a category, like "invoice" or "T&E." His team can track tickets for each category to see what kind of requests take up the most time.

With that data, they can identify and improve processes. In fact, his team's satisfaction rate has jumped from 22% to 97%.

3. Focus on teamwork and continual training. As you know, A/P's not the only department that needs to focus on customer service.

For that reason, company leader Howard Spector likes to put every new employee – from VPs to finance staffers to warehouse workers – through customer service boot camp.

During boot camp, employees learn how to expertly handle queries.

And a couple of times each week, his company calls an "all hands on deck," when everyone gets a low-level customer inquiry to work through.

This keeps customer service top of mind for everyone. It reminds employees they must collaborate to provide the best support and service for customers, and in these exercises, they always learn a little more about their external partners' needs.

Info: For more ideas, search "customer service" on our website

Sharpen your judgment

This feature provides a framework for decision making that helps keep you and your company out of trouble. It describes a recent legal conflict and lets you judge the outcome.

■ A/P staffer passed over for promotion: Was it age bias?

"For this advanced A/P role, I needed someone who communicates and interacts well with others," A/P Manager Jenn Smith said. "And I just don't think those are your strong points."

"I disagree," A/P staffer Ronny Anders replied. "But apparently Seth and Laura agreed with you. I heard you were asking them what they thought of me."

"Yes, that's true," Jenn said. "When I'm considering candidates for a promotion, I need a 360-degree view. Sometimes, I get insight from those who work with them the most."

"They aren't the only people I work with, but they certainly are the worst," Ronny scoffed. "They think it's funny when they call me 'Rusty Ronny' and 'old man.'"

Hired younger candidate

Jenn shook her head. "I told them that's not acceptable, but it had no bearing on my hiring decision."

"I might not have thought so either until you decided to hire a candidate about half my age," Ronny said. "I'm starting to think you might see me as a bit 'rusty,' too. And this 'doesn't communicate well with others' is a guise."

"That's simply not true," Jenn said. "My decision was based strictly on performance and skills."

Despite what Jenn said, Ronny took his argument to an attorney, who agreed with him and sued the company, claiming age discrimination.

Jenn's company fought the case. Did it 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 **Process documentation was the key to success**

It's important for A/P processes to be uniform and consistent – and that was really hard at our large company.

We have offices across the U.S. and Canada, and we're always acquiring more entities. And we'd try to show them the right way to do things, but it was by word of mouth. People didn't have concrete documents to refer to.

This led to inconsistencies and errors. And when we realized a certain office was doing something wrong and we approached them about it, they'd hit us with: "We didn't know."

We had to make our processes more aligned across the company.

Written and verbal tactics

So, we took time to document a lot of our processes. And that meant understanding them more – finding out who the key players were, getting it down step by step. It was important to look at it from different people's perspectives, too, from start to finish.

Along with written documentation, we worked on verbal communication.

We made an effort to talk to all our different offices to gauge how they operate.

We also worked to bridge the gap between our offices that were spending money and management, who wanted to know how it's being spent.

Of course, nothing is stagnant. So, any time processes change, we make an effort to document them and get them communicated to the right people.

Overall, putting a bigger focus on documentation and communication has helped our processes become more uniform and our finance team become more united.

(Melisa Garcia, Finance Manager, Acuren Inspection Inc., Danbury, CT)

IMPROVING YOUR OWN A/P PROCESS

2 **P2P teamwork helped both teams improve**

Our A/P and Purchasing teams had shared processes and goals – but there seemed to be a disconnect.

We knew we needed to get on the same page and create more of a "teamwork" mentality for the whole Purchase-to-Pay process.

Measure and meet

So, we started looking at what brings A/P and Purchasing together, instead of what sets us apart, with

key performance indicators (KPIs).

A/P decided to tackle two to five KPIs at a time. Staffers chose what they thought were the most important things to measure.

And we made all this visual with a KPI board. It's a two-sided dry-erase board with A/P stuff on one side and Purchasing stuff on the other.

Along with measuring KPIs together, we also started having frequent huddles.

A/P meets daily, and A/P and Purchasing meet weekly.

In the morning, we gather at the whiteboard and ask questions like:

How do we win today?

Who's off and needs to be covered?

Why do we have credit hold here?

Who's queue is aging and needs help?

These efforts have helped us become a more united team that's motivated to work together.

(Jill Ulliman, Director of A/P, OhioHealth Corp., as presented at the A/P P2P Conference & Expo, Las Vegas)

3 **Sharing mistakes – so we make less of them**

There was no doubt that we had great leaders and hardworking employees all across our company.

Our people love to set goals, reach them, then set the bar higher.

But, just like all human beings, they also make mistakes.

Of course, they rebound from their mistakes, either learning an important lesson or overcoming the setback.

But we hated to see another person

make a mistake one of their colleagues already made.

We figured if we make a mistake, we only want to make it one time. We don't want to make it 90 times.

Talk challenges, best practices

That inspired our company to start having a weekly conference call. (For us, a call made more sense than a meeting because our leaders are scattered across the country.)

The overarching goal of these calls is to learn from each other.

Leaders can talk about challenges they recently faced and how they overcame them.

They also share best practices on issues everyone has in common or can relate to, so others know how to handle similar issues if they come up.

Having these calls where people can be open, honest and supportive has helped us avoid repetitive mistakes and continue to hit our goals.

(Rick Hendrick, Owner, Hendrick Motorsports, Concord, NC, shared this success on the Don Yaeger podcast)

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.

CORPORATE CARDS

When your company places a corporate card in an employee's hand, it's also placing a lot of power and trust in them. And you want employees to use that power wisely.

How can A/P create more awareness and increase compliance with corporate cards?

One company, Intermountain Healthcare, shared how they make it happen with the expense experts at Oversight.

Continuous education, tracking

Take a look at how Intermountain did it, then consider how you can mimic their process for success at your own company:

1. Training first. At Intermountain, employees can't get a card until they complete module training sessions.

2. Sign here, please! After training, employees must sign a card agreement that spells out disciplinary action for violating policy.

3. Resources galore. At this point, Intermountain gives employees a summary sheet with the most

important policies and additional resources. The company also pushes out a cardholder newsletter with timely reminders and policy tips.

4. Point system tracks it all. Intermountain tracks employees' errors and spend behaviors with a point-based system. The less serious the offense, the fewer points. The more severe the violation, the more points the employee receives.

5. When lines are crossed, action's taken. This points-based system has a limit. If an employee gets to 150 points, their card is suspended. Then Intermountain carefully looks at their transactions and has an "audit call" to discuss the errors and why certain purchases were out of policy.

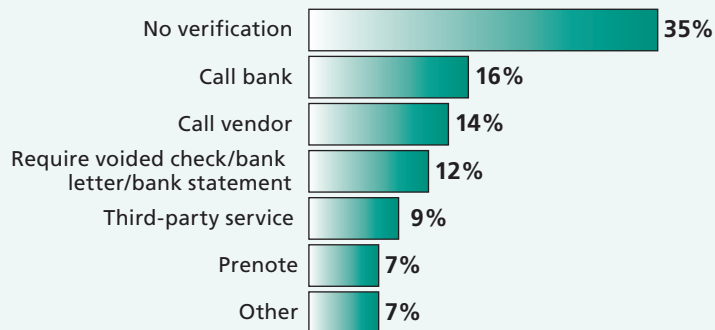
6. Serve your sentence! To get their card back, an employee must complete the card training modules again.

7. Repeat offenders watched. Employees who hit 150 points a second time get their card suspended for a longer period, and upper management intervenes. If an employee hits it a third time, the card is permanently revoked.

Info: Oversight, bit.ly/cards547

Before you send that ACH payment ...

With ACH, how do you verify new vendor bank account info?



Source: VendorInfo, vendorinfo.com

Yikes! More than a third of companies have no method of verification for vendor accounts in their ACH set-up process. If your company hasn't added one yet, it'd be smart to do so now. Even a two-minute phone call to the bank to double-check info could save you hours of trouble down the line.

TEST YOUR KNOWLEDGE

■ IRS rules: Beneficial owners and assignment of income

When it comes to beneficial owners and assignment of income, IRS has very specific rules.

Luckily, tax expert Marianne Couch has some insight.

Answer *True* or *False* to see how much you know about this topic:

1. Disregarded entities are never the beneficial owners of income/ payees when it comes to tax reporting purposes (i.e., 1099s).
2. If a psychologist gives a speech, but asks you to write the check out to The Well-Being Society, the society becomes the beneficial owner and gets the 1099.
3. Let's say there's a payment of legal damages to settle a claim brought by Joe Bell. The check's payable to Bell's attorney, but he's the beneficial owner of the income. If payment's taxable, it's reportable to Bell on a 1099 – even though he's not listed as a payee on the check.

ANSWERS

- Cite: Marianne Couch, ICFM Webinar, "Year-End Checklist for Successful 1099 Reporting"*
1. *True.* Disregarded entities are entities that are disregarded as separate from their owners, Couch explains, and they should never be the beneficial owners of your payments for tax reporting.
 2. *False.* The psychologist is still the beneficial owner and should receive the 1099. She has simply assigned payment of her income to someone else, Couch says.
 3. *True.* In this situation, Bell is assigning payment of his income to someone else, his attorney, but he remains the owner of the income for tax purposes, Couch clarifies.

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.

A more accurate way to track travelers' mileage

Does your company simply require travelers to log and submit mileage expenses for reimbursement?

Consider this: If employees track mileage electronically (i.e., with a map that details the route, start to finish), approvers will be able to more confidently verify and approve mileage expenses, explain the T&E pros at Chrome River.

As you know, mileage expense fraud is running rampant nowadays. But with an electronic tracking method, employees can no longer exaggerate how far they drove.

Info: chromeriver.com

Remote work: 5 ways to avoid video call disasters

Video calls – and all of their pros, cons and hiccups – are here to stay.

To minimize potential disasters in video meetings, use these tips from virtual video trainer Angela DeFinis:

1. **Plan for anything.** Don't wing it. Create a meeting agenda with goals.
2. **Double down on what you can control** – lighting, setup, time, etc.
3. **Distinguish between distraction and disaster.** Only the latter needs to draw attention from the meeting.
4. **Leave it at the door.** Remotely, the stress of home life can creep into meetings. Try to leave it behind before you get on a video call.
5. **Have a backup.** If there's potential for a disaster – technical, family, etc. – ask a colleague to be ready to take over your role just in case.

Info: definiscommunications.com

Can't get vendors to adopt e-payment methods? Try this

It's frustrating when your A/P team wants to switch to e-payments, but vendors don't answer your requests or

seem resistant to change.

In those cases, you could simply draw the line, says A/P pro Lynn Belletti.

Her company wanted to eliminate its check-printing process, so A/P drew the line. It told vendors they're done with checks and moving to e-payments.

It doesn't work *every* time, Belletti adds, but it's helped them get many vendors to listen up and respond.

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

Forget 'no problem' – here's what you can say instead

The phrase “no problem” has seemed to replace the old-fashioned “you're welcome.” But some people aren't fond of it, especially at work.

Reason: The phrase implies the other person has inconvenienced the speaker in some way.

So, what's a better alternative?

First, there's nothing wrong with the classic: “You're welcome.” Another nice option is: “Of course, I'm happy to help.” And you could also take a page from Chick-fil-A, whose employees say: “My pleasure!”

Info: bit.ly/communication547

SOFTWARE SKILL BOOSTER

Have you made good use of Microsoft's Excel templates?

Not all A/P pros may be aware that Microsoft has a bunch of templates you can use to up your Excel game.

Examples include a milestone infographic timeline, an activity cost tracker and a mileage/expense report.

Check them all out below.

Info: templates.office.com/en-us/templates-for-excel

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

PAYABLES NEWS

■ IRS highlights financial safety after a natural disaster occurs

In the midst of hurricane season, A/P pros need to keep financial safety and security top of mind.

That's the reminder IRS recently issued in Tax Tip 2021-115, *Financial safety: The often forgotten piece of disaster preparedness*.

Being able to access financial, insurance and other vital records can help you start the recovery process quickly after a disaster, IRS says.

The tax tip discusses:

- updating emergency plans
- creating electronic copies of items
- documenting valuables, and
- understanding available tax relief.

Info: bit.ly/disaster547

■ State says unclaimed property laws apply to virtual currency

Here's some big news for A/P teams that use virtual currency and do business in Delaware.

A newly passed bill added “virtual currency” to the definition of “property” that's subject to the reporting and remitting rules of its unclaimed property law.

As of Aug. 1, 2021, virtual currency is presumed abandoned “five years after the owner's last indication of interest in the property.” Then it must be reported as unclaimed property.

You can view the bill below.

Info: bit.ly/currency547

■ Yikes! Many accounting pros think 2021 is worse than 2020

As you enter the second half of the year, consider checking in with your staff to see how they're doing.

Here's why: About 52% of accounting and tax pros said 2021 is worse than 2020, according to research from CPA Trendlines.

Be sure to ask a broad range of questions, from how they're handling their workload to how their stress levels are.

Info: bit.ly/accounting547

Staff management: Do you know how to handle 4 common issues?

■ Majority of employees note a lack of respect in the workplace

Vendor queries, invoice errors and payment disputes must be dealt with. But just as important to address are staff management issues.

It's something all A/P leaders need to be aware of right now, since almost 80% of employees say respect and civility are issues in their workplaces, according to Giovinella Gonthier, researcher and author.

Stopping issues in their tracks

Here are four common issues and how to tackle them in A/P:

1. Heated conversations. It's safer not to discuss topics like politics, religion and money at work. Still, staffers may get fired up over current events and engage with others who have opposing views, despite it being disruptive to A/P's productivity.

The solution: A/P managers should try to stop disruptive conversations ASAP. And SHRM suggests reminding staffers to respect others' views and referring to workplace harassment policies they may be teetering on.

2. Gossip. "You won't believe what I overheard in the break room ..."

There's no denying work gossip can hurt morale and efficiency.

The solution: If you hear of gossip, speak to the source or address it with the team if you don't know the source. Explain why it's untrue and/or harmful.

3. Avoiding responsibility. Some staffers will do just about anything to avoid certain responsibilities. Others will blame colleagues when things go wrong. Either way, it can lead to deeper conflict.

The solution: You're in control! Consistently hold staffers accountable by setting quantifiable goals, rewarding achievement and correcting failure.

4. Bullying. It can come in many forms – belittling, over-demanding, pranking. And no matter what form, it's detrimental to A/P's success.

The solution: Managers should immediately investigate bullying with HR, since all forms of bullying border on harassment. And to curb future bullying behaviors, make things like cooperation, collegiality and inclusion job requirements.

Info: Adapted from HR Morning, bit.ly/management547

required someone who could.

Ultimately, the court said the fact that the manager got input from people who'd made fun of Ronny was questionable enough to make age bias a factor.

Analysis: Stop bias ASAP

The big lesson for A/P managers: You can't ever tolerate discriminatory behavior. And even more importantly, you shouldn't get people who've exhibited such behavior involved in hiring decisions.

(Based on Beechman v. Wyndham Vacation Resorts 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.

A/P clerk earns prison time for \$157K scheme

Individual: Sharon Lewis, former A/P clerk at a company in Lawrence, MA.

Violation: After stealing more than \$157,000, Lewis pleaded guilty to one count of wire fraud affecting a financial institution.

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

Note: In A/P, Lewis regularly processed vendor payments. And she took advantage of that job to direct at least 48 signed vendor checks into her own bank account. To avoid suspicion, Lewis claimed the vendor payments must've been lost in the mail.

Cite: bit.ly/lewis547

Used CFO's e-signature to steal check payments

Individual: Derick Cameron, former financial controller at RAL Investment Corp. in San Diego.

Violation: Cameron pleaded guilty to wire fraud after his embezzlement scam came to light.

Penalty: He will be sentenced this October. Cameron faces up to 20 years in prison for his crimes.

Note: How'd he do it? Cameron used his CFO's e-signature to authorize checks and then deposited them into his own bank account. The crooked controller also altered the company's financial records, so others would think that the payments really went to legitimate vendors. In total, he stole more than \$400,000 from the company.

Cite: bit.ly/dcameron547

Sharpen your judgment THE DECISION

(See case on Page 2)

No. The company lost the case.

Ronny's attorney claimed he was a victim of age discrimination because colleagues had made fun of him for his age – and his manager knew it. Plus, the manager used those colleagues' opinions in her hiring decision, then hired a younger person.

The company's attorney said Ronny didn't get the promotion because he didn't communicate and interact with others well – and that position

Making Technology Work for You

Checklist: 13 Excel skills that all A/P departments should master

■ How many can you confidently check off?

Writers have Word, public speakers have PowerPoint and finance pros have Excel.

But what Excel skills are most vital for finance and accounting pros? The experts at Finance Train have come up with a list of the top 13.

Assessing your skills

See how many you can check off, and make time to work on the ones you can't check off just yet:

- ❑ **VLOOKUP** to look up reference data in more than one field
- ❑ **INDEX and MATCH**, which allow you to look up values in a table based off other rows and columns
- ❑ **Conditional logic** using “if” conditions and logical operators (e.g., AND, OR) to build formulas
- ❑ **Finance functions** such as time value and statistical functions
- ❑ **Array formulas** that can do multiple calculations on one or more of the items in an array
- ❑ **Data Formatting**, from currency and percentages to conditional formatting
- ❑ **Keyboard shortcuts**, so you don't spend time clicking through menus
- ❑ **Charts** of various types (line, bar, etc.) that make data digestible
- ❑ **Building financial models** that split up your spreadsheets into input, processing and output sheets
- ❑ **Solver and Goal Seek**, the what-if analysis tools that help you reverse calculate variables
- ❑ **Pivot tables** that let you flexibly organize, sort and filter data
- ❑ **VBA and macros** to help you quickly complete repetitive tasks, and
- ❑ **Importing data** from various sources (e.g., a CSV file, a tab delimited file) in an organized way.

Info: bit.ly/excel547

Most employees need more cybersecurity training

■ Have you tested your people's tech knowledge?

A/P is always on alert for cybersecurity threats – but can you say the same for everyone else?

Fact is, of the 69% of employees who say they've received cybersecurity training at work, 61% failed a basic quiz, according to research from TalentLMS and Kenna Security.

The who and the what

First, what group of people pose the biggest threat?

Surprisingly, it's the younger folks. The group aged 18-24 performed the worst on the cybersecurity quiz, with only a 16% pass rate.

Although most think of younger workers as tech-savvy, it may be worth

it to make sure they know about – and use – work-related security features like firewalls, two-factor authentication, etc.

Second, what topics did employees fall short on?

The research found some specific knowledge gaps. For example, most could answer questions about common things like passwords and USB drives.

But 93% of employees got this question wrong: “Which of the following actions should you take to keep an important document safe?”

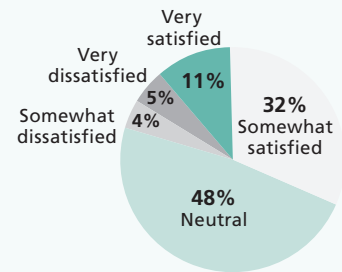
That's a question you'll want to be sure *everyone* dealing with secure A/P data can answer correctly.

Info: bit.ly/cyber547

How do you stack up?

Modernizing payables

How satisfied are you with your A/P automation?



Source: Invoiced, invoiced.com

Less than half of A/P teams are satisfied with their automation. If your team's in that group, consider starting small. What parts of the process can you digitize *first* to get you closer to your ideal operations?

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

■ Wi-Fi woes? At least these names will make you laugh!

In the new remote workforce, some A/P pros may be struggling with finding fast, reliable internet all the time.

While the connectivity may not be great, some of the Wi-Fi names are. Check out these networks:

- I Pronounce You Man and Wi-Fi
- Wi-Fi Fo Fum
- Mom, Click Here for Internet
- Drop It Like It's Hotspot
- Thou Shalt Not Covet Thy Neighbor's Wi-Fi
- I Believe Wi Can Fi
- No More Mister Wi-Fi
- Get Your Own
- The Promised LAN, and
- Jump on the Bandwidth.

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.

DIGITAL GOODS

As more purchases become digital, states are looking to tax them. Here's one state with news.

COLORADO – If you pay for digital goods in the Centennial State, expect to see sales tax applied.

As of July 1, 2021, the phrase “digital goods” (e.g., electronic videos, music, books) is included in the definition of tangible personal property subject to sales and use tax.

Perhaps most important to note: Digital goods are taxable regardless of the method of delivery.

Info: bit.ly/co-547

DATA SERVICES

When are data services taxable? Two states are weighing in now.

NEW YORK – Here's insight for A/P pros who pay for database services.

Recent case: A company sold services that let customers access a database and run data reports. Were these services subject to sales tax?

The state said no. In New York, furnishing information is a taxable service – except for information that's personal/individual in nature and can't be used in reports for other persons.

Because the database service compiled and organized info about the customers' own operations – and each customer got their own personalized data – the service qualified as a nontaxable information service.

Info: bit.ly/ny-547

TENNESSEE – Does your company buy data analytic services in the Volunteer State?

The Department of Revenue (DOR) recently looked at a company that sold web-based data analytics services and

whether those services were taxable.

Typically, in Tennessee, access to computer software is taxable – but analytics services are exempt.

So, the DOR used the “true object” test and ruled the nontaxable analytics services were the true object, not the web-based software. Therefore, the sales weren't taxable.

Info: bit.ly/tn-547

AGRICULTURE

For A/P pros in the agriculture and farming industries, three states have sales tax news now.

TEXAS – Paying for plants and gardening products here? There's new guidance on their taxability.

Seeds and annual plants that are food for humans, inventory for resale in the normal course of business or feed for animals are typically exempt.

Meanwhile, flower bulbs, flower seeds, seeds for non-edible plants and trees are typically taxable.

That said, if your company grows and sells agricultural products from these seeds or trees, it can claim an exemption – so long as you sell the agricultural products in the regular course of your business.

To get the exemption, A/P must give vendors a valid agricultural exemption certificate or confirmation letter.

Info: bit.ly/tx-547

MISSOURI – This one's for companies that work with livestock.

A recent case looked at whether hoop buildings are taxable. “Hoop buildings” are permanently installed metal structures that farmers can use for livestock production cycles, storage, shelter and protection.

Typically, Missouri exempts farm machinery and equipment if it's only used for agricultural purposes.

The DOR said hoop buildings used only to raise and feed livestock are exempt. However, hoop buildings used

for the storage of items (e.g., grain, hay, equipment) are taxable.

Info: bit.ly/mo-547

RHODE ISLAND – Companies who buy from farmers will want to double-check sales tax on purchases.

The Division of Taxation (DOT) released a reminder of farmers' sales tax obligations. It noted that many farm sales are exempt, such as fruits, vegetables and seeds/plants used to grow food/food ingredients.

But take note: The retail sale of items that are normally taxable are still taxable when sold by farms (e.g., plants, flowers). And farms are subject to the meals and beverage tax (e.g., ready-to-eat meals and drinks sold at retail).

Info: bit.ly/ri-547

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