



# 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.

February 1, 2022

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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 announces mileage rates for 2022: Key info for A/P

### ■ What you'll need to reimburse vehicle travel

**H**eads up: IRS has announced the new standard business mileage rate for 2022, and just as expected, it's increased.

So it'll cost your company more to reimburse employees' vehicle travel this coming year, and you'll have to adjust policy language and more.

Here's what A/P pros need to know about the new rate and other changes.

### Detailed rate info

The business mileage rate was expected to go up this year due to rapidly rising gas prices, along with other increased automobile

maintenance costs.

And IRS delivered.

As of Jan. 1, 2022, the standard business mileage rate will be 58.5 cents a mile. This is 2.5 cents higher than the 2021 rate.

Along with the standard business mileage rate, the agency also announced the new mileage rates for other purposes. They are:

- 18 cents per mile for medical or moving purposes for active military personnel (up 2 cents from 2021's rate), and
- 14 cents per mile for charitable

*(Please see Mileage rates ... on Page 2)*

### Office life & omicron: Impact on return to work

#### ■ Even with shorter CDC quarantine time, businesses still careful

**T**he Centers for Disease Control and Prevention (CDC) has lowered the quarantine time for employees if they've been exposed to or contracted COVID-19 over the holidays.

And while this added wiggle room could make the return to on-site work easier, most of your peers are still approaching omicron with caution.

### Variant alters plans

In a recent survey from the Society for Human Resource Management, most execs (87%) said they were confident that their companies could

endure an outbreak of omicron in the office. But 62% were very or extremely concerned that this would have a negative impact on productivity.

So, many businesses that were planning a full return to the office in Q1 for their whole workforce are rethinking those plans. Over 40% of execs have pushed back or altered their reopening plans due to omicron, according to research from Gartner.

With omicron rates rising, it may be best to limit the number of employees on site in A/P if possible.

*Info: [bit.ly/covid1555](https://bit.ly/covid1555), [nbcnews.com](https://nbcnews.com)*

# Key IRS Update for A/P

## Mileage rates ...

(continued from Page 1)

purposes (rate is set by law and remains unchanged).

IRS also announced important figures for Finance pros who use other methods to reimburse employees for their driving costs.

For 2022, to compute the financial allowance under a fixed and variable rate reimbursement plan, the standard cost of an automobile can't exceed \$56,100 for cars, trucks and vans.

In addition, there's a figure you can pass along to Payroll if your company provides vehicles to employees and uses either the vehicle cents-per-mile or the fleet-average valuation rule to determine how much of the vehicle's value counts as taxable income.

Here it is: The maximum fair market value of a car first provided to an employee in 2022 is \$56,100.

### How A/P can respond

A new standard business mileage rate brings about the potential for reimbursement errors in the new year. Employees could turn in inaccurate expense reports using outdated rates.

Ensuring the accuracy of these reports is especially crucial since more employees may drive for business trips this year due to the spread of omicron and other COVID-19 variants.

The coronavirus may also keep

employees working remotely more often this year, which could make it harder for managers to review their expense reports for errors.

With that in mind, you'll need to remind employees to double-check their figures before submitting reports. Give them a closer look on your end, too, especially for travel in the beginning of the year when confusion is likely at its highest.

It's also important to communicate the change to employees ASAP, whether it's through memos or email blasts, with the new rate from IRS.

And have all references to the mileage rate updated in your company's materials and travel policies, as well as on your business's intranet for easy reference.

### Watch out for fraud

Also, be on the lookout for any mileage expenses that seem off or unnecessarily high in expense reports.

Some employees may try to offset other travel costs by inflating their mileage, so be sure to question any reports that look inaccurate.

While you don't want to assume employees are intentionally committing fraud, the possibility should still be on your radar.

Reason: Business fraud rates are high right now, and internal fraud from employees makes up a significant percentage of reported cases.

*Info: [bit.ly/mileage555](https://bit.ly/mileage555)*

## 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.*

### ■ Was fired staffer not given enough time to improve?

A/P Manager Jenn Smith was feeling satisfied after checking off several tasks on her to-do list when she glanced at her phone and saw a text from her friend, A/P Manager Dana Sellers.

"Just fired one of our Finance people. It was ugly," Dana's message said. "Got time to talk?"

Jenn called Dana and she answered right away. "Having a rough day?" Jenn asked.

"Ugh, Rob Lipman! The guy had been here forever because of his contract. But he was making a lot of costly mistakes."

"HR couldn't help?" Jenn replied.

### Chance to make progress

"Company policy and the contract both say he should be given a chance to get better with a six-month employee improvement program," Dana said.

"I'm guessing it didn't work," Jenn said.

"There's supposed to be an evaluation at the end of the six months," said Dana. "But he was so uncooperative that we couldn't let it go on another day.

"Our lawyer just told me there's a state law that we can fire for just cause at any time," she added.

When Rob challenged his termination in court for not being allowed to complete the employee improvement program, the judge said the employer had a right to fire him because of poor performance.

Rob appealed; was he successful in getting the ruling reversed?

■ *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 Virtual cards help A/P boost the bottom line

When company credit cards were put in the hands of numerous reps in the field, it was hard for A/P to anticipate what spend was coming when.

Sometimes the reps would pay for things on their personal credit cards and expense them and we'd miss out on early payment discounts and cash back rebates.

We knew cash flow was tight for some of our suppliers and they seemed open to virtual card payment. So we decided to launch a virtual card

program to get more spend insights and oversight.

### Win-win

It didn't take long to see that virtual cards are a good fit for us:

- Sixteen-digit tokens issued by a software platform are easy to use.
- The approval process is controlled by A/P.
- Because they're based on pre-approved spend, rogue spend is less likely.
- Reconciliation through our ERP is automatic.
- More spend is captured

under management, so we can see, for example, how much money is going to marketing or events.

But perhaps the biggest virtual card wins of all – we're capturing more early pay discounts because of quicker payment and the more spend that goes on the cards, the more cash back we're eligible for.

A/P can make the claim to the top brass that we're bringing in cash for the company.

*(Ulrika Haug, Senior Director of Product Marketing, Coupa, as presented in the IOFM webinar "Futureproof Your Financial Health")*

## IMPROVING YOUR OWN A/P PROCESS

## 2 Due diligence key for handling IRS B notices

Because we're usually on the ball with filing complete and accurate vendor W-9 forms, it was a shock to receive a B notice from the IRS.

The letter from the Service said something was wrong with a vendor's name and Taxpayer Identification Number (TIN) and it looked like we'd have to withhold backup tax.

Whenever IRS reaches out, it's important to take action and not wait too long. But at the same time, this B notice didn't make sense because

it involved one of our trusted vendors.

### Vendor verify

Before just passing along the notice and making a vendor fill out yet another W-9, it's worth checking out IRS' Online TIN Matching Program.

It's a free web-based tool that allows me to compare the TIN furnished by a payee against the name/TIN in the IRS database. I made sure to register at [irs.gov/e-services](https://irs.gov/e-services).

However, in this case, I was able to call my vendor contact directly to

double-check the info.

What we had on the W-9 on file was correct, so I mailed the

notice back to IRS with a letter stating that we personally verified the name and TIN.

We didn't hear anything more from the Service after that, so it's safe to assume it was a processing error on their part. That's why it's always key to check: Even IRS can make mistakes.

*(Karen Thomas, Accountant, Palomar Display Products, Carlsbad, CA)*

## 3 Purchase orders helped cut payment errors

Payment errors were starting to negatively impact our cash flow.

To tighten things up, we implemented a policy requiring all departments to provide me with a signed purchase order (PO) for most expenditures.

### More transparency

The form we created needed to include quantity of items, the agreed-upon price, payment terms and an

identifying PO number.

Being able to compare POs against invoices is a game changer.

It lets me know exactly who's placing and receiving an order.

I'm able to catch any significant price differences in time and contact the manager of the department that the order came from before payment goes out.

In one case, a PO for \$80 worth of supplies was followed up by an invoice for \$150. The reason for the discrepancy: the vendor had packed

and shipped the wrong items.

POs also make it easier to see if we're waiting on things that are on back order.

Thanks to our PO system, we've regained control of our spending. Our process of acquiring goods and services has become more streamlined and we've turned our spend culture into a proactive one that supports the bottom line.

*(Kelly Luedtke, Accounts Payable Manager, Tanager Place Outpatient Clinic, Cedar Rapids, IA)*

# 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.

## RENTAL CAR SHARING

Experts have predicted that current car shortages, including rental car shortages, will continue well into 2022 for drivers due to issues with microchip supply.

This, combined with the current explosion of omicron variant COVID cases in the U.S., should increase the demand for vehicles with business travelers (see related story, cover).

Enter a new alternative for your road warriors: peer-to-peer car sharing programs. These programs, maintained by websites like Turo, differ from Uber and Lyft because customers rent the use of a car from the vehicle's owner.

Besides that difference, the process closely resembles that of a traditional car rental. Customers can either pick up the car at a designated spot or have it delivered to their location for use. Just like with Uber and Lyft, all renters are rated and reviewed on Turo and other sites so travelers can make an informed, secure decision about their rental.

Peer-to-peer car sharing has been legalized in various travel hubs,

including New York and Las Vegas. So the option may appeal to your business travelers who frequent these and other areas.

## Taxes & other considerations

In some cases, these rentals may be less expensive and more convenient for travelers, so you may want to encourage their use if your people are comfortable with the practice.

However, be on the lookout for hidden taxes and fees in some states. Example: Effective Jan. 1, 2022, all peer-to-peer car rental transactions in Florida are subject to both sales and use tax, and a \$1 per day rental car surcharge for the first 30 days. Sales tax applies to both the flat price of the rental and the surcharge.

Other states, such as Arizona and Indiana, will charge renters extra taxes for booking vehicles through peer-to-peer car sharing programs.

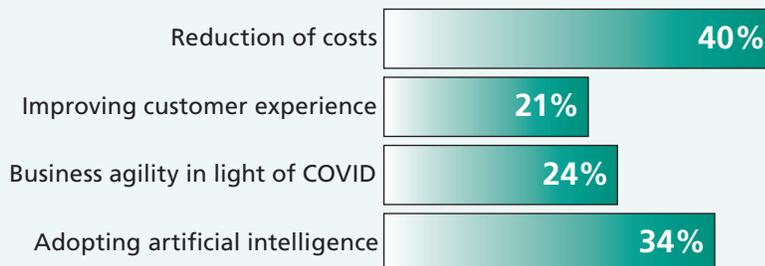
With that in mind, remind your travelers that, regardless of what options are available, they should do their best to choose the most cost-effective rental they can.

Info: [bit.ly/flcarshare555](http://bit.ly/flcarshare555), [turo.com](http://turo.com)

## The state of cloud-based banking

### Why are banks looking to adopt more cloud technology?

Note: More than one answer accepted



Source: Economist Intelligence Unit/Temenos, [temenos.com](http://temenos.com)

Most banking IT leaders (82%) say they have a clear strategy for adopting cloud-based banking options. It may be time to huddle up with your bank to see what new digital services they have in the works and how they can streamline your payment processes.

## TEST YOUR KNOWLEDGE

### Cyberthreats to watch out for to keep crooks away

Developers of the Minecraft online video game recently discovered a new security flaw hackers can exploit to steal cash and data from unsuspecting businesses.

With that in mind, it's time for a refresher for your staffers on tech security and cyberattacks.

Answer *True* or *False* to the following to check their cybersecurity knowledge.

1. Social engineering is when a scammer uses their knowledge of human behavior to steal important login credentials, such as sending a malicious link via Google Drive.
2. Examples of malware that hackers use to infect your computer include bots, rootkits and worms.
3. A firewall is a script that shuts down your company's network to protect it when a data breach or leak is detected.

## ANSWERS

Cite: [bit.ly/tech555](http://bit.ly/tech555)

1. *True*. Another example is an authentic-looking email requesting a signature on an invoice that includes a link that takes the user to a phishing site that steals their info.
2. *True*. Other common forms of malware that hackers use to secretly steal sensitive information are viruses and trojans.
3. *False*. A firewall can be either hardware or software that's engineered to keep out suspicious traffic. If you were expecting an email that never arrived, check with IT because it may be the firewall didn't recognize the sender and filtered it out.

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.

## **If invoicing's never going to be totally paperless, try this**

IOFM senior trainer Pam Miller understands that paper invoices still happen and recommends making a policy that all paper invoices go straight to A/P so they get into the system right away.

In the event of a vendor inquiry, the invoice will be accounted for and they won't have to send a second copy.

To implement the rule:

- train the mail room that whether it's addressed to A/P or not, invoices go to A/P – not purchasing, and
- require vendors to add identifying info like a buyer's name, especially on non-PO invoices.

## **A trusty stress-busting trick used by the military**

Going into a stressful situation like conflict resolution? To help reduce anxiety so the brain can do its best thinking, the U.S. military teaches a breathing technique called "Wim Hof." The steps:

1. Take deep, vigorous breaths for 25 seconds (as if you're hyperventilating).
2. Exhale most of the air in your lungs.
3. Hold your breath for as long as you can.
4. Repeat if necessary.

*Info: [bit.ly/breathe555](https://bit.ly/breathe555)*

## **IRS will only accept these types of e-signatures**

IRS has extended the window to October 2023 for accepting electronic/digital signatures on forms taxpayers can't e-file. Acceptable electronic signature methods are a:

- typed name on a signature block
- scanned or digitized image of a handwritten signature that's

- attached to an electronic record
- handwritten signature input onto an electronic signature pad
- handwritten signature, mark or command input on a display screen with a stylus device, or
- signature created by a third-party software.

For a full list of the forms that can be e-signed, visit [bit.ly/esign555](https://bit.ly/esign555).

## **Staring at screens all day? Take it easy on your eyes**

High computer/phone screen use can impact your eye health. Some ways to reduce the strain:

- **Move your screen further away.** Even one inch further from your face makes a difference.
- **Use the built-in filter in your device.** Most devices have a "night mode" feature. You can adjust the intensity of the filter – which controls how "orange" your screen will look – and set specific times for the filter to turn on and off.

*Info: [bit.ly/eye555](https://bit.ly/eye555)*

### SOFTWARE SKILL BOOSTER

## **When you need to add a closing bracket in Excel cells**

Adding a missing closing bracket in Excel can't be done with the search and replace function.

You can, however, use this formula: `=IF(AND(NOT(ISERROR(SEARCH("[",A1))),NOT(RIGHT(A1,1)="]"),A1&"]",A1`

Check to see if the cell – A1 in this case – has a left bracket in it and, if it does, check for the right bracket. If the right bracket isn't found, then you append one to the contents of the cell.

*Info: [bit.ly/bracket555](https://bit.ly/bracket555)*

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

## PAYABLES NEWS

### ■ **IRS tax relief available after Colorado wildfires**

Companies in certain areas affected by the recent Colorado wildfires will have more time to file business tax returns, IRS said.

Various tax deadlines starting from Dec. 30, 2021, have been postponed until May 16, 2022.

Although right now, relief is limited to businesses and residents in Boulder County, CO, more areas will be eligible as they're declared federal disaster areas, said IRS.

*Info: [bit.ly/taxrelief555](https://bit.ly/taxrelief555)*

### ■ **Less than 20% of companies have eliminated paper checks**

You know you need to automate payments in A/P, but you also know it's easier said than done. In fact, 81% of your peers are still using paper checks to pay other businesses in at least some capacity.

That's according to the latest data from PYMNTS and CheckAlt, a digital payments provider.

For the new year, resolve to reduce your manual check payments however you can. Talk with vendors that still prefer paper checks and ask them what you can do to make the switch easier on everyone.

*Info: [bit.ly/checksap555](https://bit.ly/checksap555)*

### ■ **Top soft skill to keep A/P pros from resigning**

As the Great Resignation continues, your people may be tempted by greener pastures.

One thing that keeps employees faithful to a company is empathy from managers and the top brass. According to the 2021 Empathy in Business Survey from Ernst & Young, almost 90% of workers agreed that empathy increases loyalty.

Make sure you're showing empathy to your A/P staffers by being authentic, initiating discussions about how their lives are going and genuinely listening.

*Info: [bit.ly/empathy555](https://bit.ly/empathy555)*

# 6 keys to optimizing your vendor contract management system

### ■ Stay on top of critical docs to deter legal, spending issues

It's up to A/P to double-check vendor contract terms to make sure everyone's sticking to them, as well as handling the renegotiation of contracts.

In order to be able to easily access contract documents, and not wasting time hunting down misplaced pages or sections, strong contract organization is essential.

#### Digital, secure, trackable

According to software provider ContractWorks, some simple but effective things you can do to improve your contract management include:

1. **Digitize paper contracts.** Not only is it ideal for preserving your documents, it should also help you be able to easily run a search for key clauses and terms.
2. **Centralize your contracts in a secure online location.** Having your contracts in a searchable database that's accessible from anywhere is vital in today's era of remote work.
3. **Set reminders for contract milestones.** It's crucial to be aware of expiration and auto-renewal

dates so there's enough time for contract re-evaluation and/or renegotiation. Consider adding contract milestone dates to your calendar or setting up phone reminders for them.

4. **Control who can access contracts.** Limiting access to your contracts protects sensitive information. Contract management software is available that allows you to control access, securing confidential data from potential fraud.
5. **Track contracts during the signing process.** Knowing who has a contract and whether they've signed it can be tracked via a spreadsheet. If you're considering turning it over to contract management software, look for a system with electronic signature capabilities so contracts get signed faster.
6. **Create an easy-to-digest report summarizing your contract achievements.** This shows leadership how A/P is helping to get business done and can provide insights into your contract process.  
*Info: [bit.ly/contract555](http://bit.ly/contract555)*

## Sharpen your judgment THE DECISION

(See case on Page 2)

Yes. On appeal, the court ruled that Rob's firing was improper and he should be reinstated.

The company argued state employment law says poor performance is enough reason to terminate a worker *at any time*.

But the judge said employer policy and an employment contract promised Rob six months to demonstrate improved performance.

If a formal evaluation – which

never took place – revealed he still failed to meet the standards of his job, only then could he be let go, the court said.

#### Analysis: Handle with care

This case shows how important it is to follow your firm's discipline policies – especially when it comes to firings.

It's also crucial to document employee performance evaluations and corrective actions taken, such as the improvement program process.

*Based on Braaksma v. Sibley-Ocheyedan Community School District. This case was fictionalized for dramatic effect.*

## MISTAKES THAT COST

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

### IRS fraud scheme runs in the family for co-owner

**Individual:** Randy Farrell Sr., co-owner of several construction and building inspection businesses in Louisiana.

**Violation:** Along with his brother and sister, who worked with him, Farrell conspired to hide his businesses' income from IRS. In one scheme, he directed Accounting to make checks payable to others using one of his business's funds, then cashed them himself. He told Accounting to enter these expenses into the records as "contract labor" and "materials" expense payments.

**Penalty:** Farrell and his family members each face up to five years in prison after pleading guilty to defrauding IRS.

**Note:** Farrell used a significant portion of the money to gamble.

**Cite:** [bit.ly/incomefraud555](http://bit.ly/incomefraud555)

### Used fake business bank accounts to cash checks

**Individual:** Erwin Boateng, Glen Burnie, MD.

**Violation:** After opening fake bank accounts in the names of businesses, Boateng deposited stolen and altered checks into the accounts, then immediately withdrew the cash.

**Penalty:** Boateng will serve three and a half years in prison, followed by three years of supervised release.

**Note:** While being investigated for this fraud scheme, Boateng also participated in a second fraud scheme where he attempted to deposit a fake bond into an investment account as collateral for a sizable loan from a firm.

**Cite:** [bit.ly/accounting555](http://bit.ly/accounting555)

## Making Technology Work for You

# Boost A/P efficiency: Productivity tools in latest version of Windows

### ■ New built-in features for helping get the job done

If you're using Microsoft's new Windows 11 operating system, there are some helpful features you may not have discovered yet.

Here are the most useful tools, according to *Lifehacker.com*.

#### Better ways to work

- **Microsoft Teams integration in the taskbar.** You can make calls and send messages with Teams directly from your Windows taskbar without opening the full Teams app. The Chat app is accessible from an icon on the taskbar. To initiate a video call, click "Meet." To start a text conversation, click "Chat."
- **Snap Layout.** Quickly arrange windows on your screen to make it easier to multitask by working across different applications. Hover over the maximize button of an app to view different potential window

positions. If you hover over one of the panels, you'll see it turn blue, indicating Windows is ready to move your window to that position. Click the one you prefer and the window will snap into place, resizing it.

- **Android app integration.** If your workflow depends on Android apps, you can download them to your computer from the Microsoft Store. Once downloaded, you can run Android apps like any other application without having to pick up your phone.
- **Focus Sessions.** The Clock app helps you block out sections of your day for specific tasks. Once you've chosen the amount of time you're going to focus on a task, the app provides a timer. If you're dedicating 45 minutes or more to something, the app automatically schedules a five-minute break.

*Info: [bit.ly/windows11555](https://bit.ly/windows11555)*

## Time to change your MS Office suite subscription?

### ■ Some firms have to switch to annual payment to avoid 20% hike

Heads up: There's a way around a pending 20% subscription price hike for Microsoft Office 365, which was recently re-branded as "Microsoft 365."

CNBC reports that it's an incentive to get Microsoft's business customers to move from a month to month subscription to the popular software suite to an annual subscription.

The per-month payment option had been particularly valuable for organizations that downsized their staffs during the pandemic.

#### Not universal

Although this subscription plan change applies only to clients

that specifically buy the bundle of programs – including Excel, Word and PowerPoint – through Microsoft's Cloud Solution Provider program, CNBC says there have been a lot of complaints about it.

Microsoft has said that monthly and annual rates will remain the same until July. Then, the price increase for monthly payers begins.

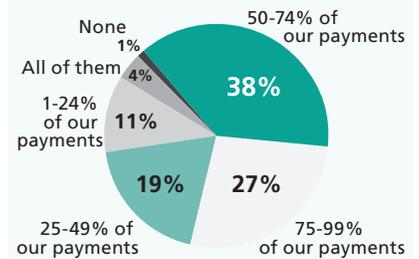
It's time for A/P to check in with IT and your CFO to see if your company will be affected and if it makes more sense to pay more for Microsoft 365 by continuing to pay monthly, or capturing a discount by committing to a year-long subscription.

*Info: [tinyurl.com/office555](https://tinyurl.com/office555)*

## How do you stack up?

### E-payments

How many of your payments are being made electronically?



Source: IOFM online survey, July 2021

Before the pandemic, making every single vendor payment electronically was almost unheard of. Now, the majority of your peers in A/P are making at least half of their payments via ACH, cards, etc.

*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

### ■ Zoom backgrounds that'll make your co-workers laugh

Personalizing the on-screen background for video meetings lightens the mood because you and your colleagues can make it look like you're joining a call from a laugh-out-loud location.

Among the funniest backgrounds compiled by *rigorousthemes.com*:

- A "Conference Call Bingo" card with squares that say things like "You're on mute" and "dog barking."
- Zombie apocalypse (aka, what the COVID-19 pandemic sometimes feels like).
- Iconic images from popular TV shows like "The Office," "Parks and Recreation," "Schitt's Creek" and "Friends," and
- The Oval Office.

# Sales & Use Tax Highlights that A/P Needs to Know

## 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.

### TAX RELIEF

This summer, you may have a chance to pay any accidentally unreported or underreported sales tax you owe on purchases in the Buckeye State.

**OHIO** – HB 45 would create a tax amnesty for various state taxes, including sales and use tax, from July 1, 2022, through Aug. 31, 2022.

Penalties and interest will be waived on any late tax paid during this time. The amnesty doesn't apply to any tax liability discovered after a state audit or for any tax where a bill's already been issued to the taxpayer.

The bill's been passed by the state house and is currently being reviewed by the senate. We'll keep you posted.

*Info: [bit.ly/oh-555](http://bit.ly/oh-555)*

### REFUNDS

Make sure you know what procedures you must follow if you're claiming a refund of sales and use tax.

**ARKANSAS** – After a customer paid use tax on computer hardware maintenance services rendered outside the state, the taxpayer made a claim to receive a refund.

However, the state Department of Finance and Administration denied the customer's request. Reason: The taxpayer didn't provide enough documentation that these services were actually rendered outside the state, so the department couldn't determine whether they were taxable at all.

*Info: [bit.ly/ar-555](http://bit.ly/ar-555)*

**KENTUCKY** – Businesses that are rebuilding after recent natural disasters can receive a refund of any sales and use tax paid on materials to restore an existing building or replace a building that's been destroyed.

The state Department of Revenue

just released an FAQ on how to claim the refund and what's required.

Businesses in counties that were declared federal disaster areas after severe tornadoes, storms and flooding that took place Dec. 10 and 11, 2021, are eligible to claim the refund on materials purchased on or after Dec. 12, 2021.

Along with an application for the refund, companies must submit copies of agreements with contractors and vendors, photographs, an expenditure report and other documentation.

*Info: [bit.ly/ky-555](http://bit.ly/ky-555)*

### TECHNOLOGY

Here's the latest on the taxability of various purchases of systems, tech services and software for businesses.

**NEW YORK** – If you're working with a third-party vendor to develop apps and websites for your business, the service isn't taxable.

A vendor worked with companies who wanted to create websites and apps to sell their products. Instead of charging directly for creating sites and apps, it charged customers a monthly fee for web hosting to cover its costs.

The Department of Taxation said that web development services like these don't involve the transfer of prewritten computer software, so they aren't taxable.

*Info: [on.ny.gov/3qOVMB6](http://on.ny.gov/3qOVMB6)*

**VIRGINIA** – The purchase of security systems is usually taxable. However, if you purchase a system with certain remote monitoring features, you may be exempt from tax.

A company sold customers a security system that they could operate remotely via apps, networks and mobile devices. The vendor also monitored the system itself remotely.

Because the vendor monitored the security system part of the time, and because customers couldn't monitor the system without the use of the

vendor's networks and software apps, the commissioner said the vendor actually provided customers with security monitoring services. And these services aren't subject to sales tax.

*Info: [bit.ly/va-555](http://bit.ly/va-555)*

### DISCOUNTS

**TEXAS** – Recently, the state comptroller issued updated guidance on how sales tax should be calculated when you purchase products or services at a discount.

When you make a purchase, you should only be paying sales tax on the price after the discount is applied. Discounts are never part of the tax base, said the comptroller.

*Info: [bit.ly/tx-555](http://bit.ly/tx-555)*

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