

CPA Practice Advisor

Today's Technology for Tomorrow's Firm

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VOLUME 28
NUMBER 4

PRODUCT REVIEWS:

Fixed Assets Systems
Sales Tax Compliance



A YEAR IN THE LIFE OF A PAYROLL ACCOUNTANT

9 Ways to Create a More Diverse Workplace

Is There Pay Disparity At Your Firm?

THE STAFFING & HR ADVISOR

How to Really Thank Your Team After Tax Season

What **amazon** Can Teach Professionals About Adding FINANCIAL PLANNING SERVICES



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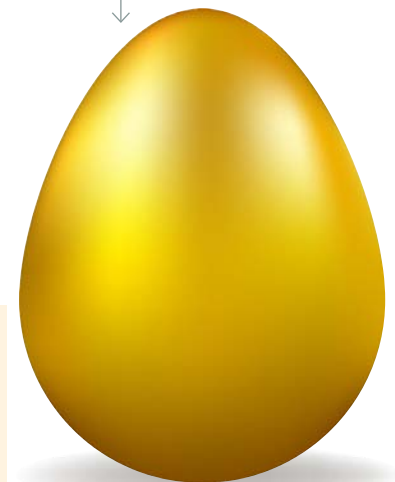
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I'm Lucky to Know About Mom and Pop Businesses

MY FATHER OWNED his own business. He got up earlier than the sun in the morning and came home after dark every night. He worked harder than any of the dozens of employees who punched a clock in his tool & die company. All I knew about his business when I was little was that sometimes he would bring home treats from the Wrigley gum company or M&M Mars candy company because he had made parts for their machines and they gave him goody bags when he called on them.

Once I made it to my teenage years and started thinking about summer jobs, I asked if I could work at his company. He explained the apprentice and journeyman requirements to me and said it wasn't a part time job (he also said it wasn't for girls, lol). So working at his company seemed hopeless, until the day my dad decided I should learn some basic bookkeeping skills.

It was a Saturday and I was in my early teens. He woke me up in the morning, told me to get dressed and that I was coming to the office with him. Once I got there, I discovered he had asked his company's CPA to spend the day with me. I got a deep dive into payroll, accounts receivable, payables, general ledger, 10-key, the filing system, petty cash, and writing checks.

From that day forward, throughout high school, when my father's office manager took time off in the summer, I got to fill in and take her place. I didn't think it was as glamorous as working back in "the shop" with the machinists, but at least I was part of the team. And whenever anyone needed information related to the bookkeeping, or if they needed a bill paid, a petty cash

reimbursement, or even paychecks if I happened to be working on a payroll day, I was the go-to person.

What I learned during those summer part-time stints at the office, in addition to basic bookkeeping, was a lot about entrepreneurship. My mother would help out at the office, too. The shop foreman's wife had been my babysitter when I was younger. The son of one of my dad's best friends was an apprentice. And because we were a small business, everyone knew everybody, everyone knew a lot about how the business was doing, and everybody was available when a job took extra hours. Personal issues and personalities were all a part of the workplace. We knew about each other's families, pets, illnesses, car problems, likes and dislikes. It felt

like an extended family.

There's a lot more to businesses than knowing the names of your co-workers' pets, but the values established in mom and pop businesses – taking a personal interest in the people you work with, making sure you all share together in the company's successes, solving problems together – can carry you far in life. As an adult, I've participated in several family businesses, some of them my own. The best business experiences I've had have been those where the people matter most and care about each other. Those are lessons we learn first at home, and then, if we're lucky, by working with people who either are family or who treat us as such. ■

— Gail Perry, Editor-in-Chief



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What Amazon Can Teach Tax Professionals About

ADDING FINANCIAL PLANNING

By Bob Oros

IN LESS THAN 20 years, Amazon has gone from being an online book-seller to the fourth-most valuable company in the world for one simple reason—they make things easy for the customer. Talk about one-stop shopping. Whether a customer wants to buy patio furniture, detergent or the latest movie, they only have to log on to one site. And with Prime, shipping is always free.

The convenience and all-in-one experience that your clients get from Amazon has come to be their new expectation in other facets of their lives, including their finances. More and more clients are looking for a single solution for all of their financial needs—investments, financial planning, and tax preparation—but they still want a human touch that no robo-advisor can provide. And no one is better positioned to provide that experience than the tax professional.

While the prospect may be frightening,

transitioning your CPA practice into a holistic wealth management firm can be easier than it sounds and it does a lot more than just simplify things for your clients. It's also a sound business strategy that can increase client retention while also offering tremendous potential for growth. Independent tax professionals working with our firm have reported that adding financial planning to their service offering resulted in more referrals, better client retention and overall higher revenue. Even more importantly, adding financial planning



services had no impact on their billable rate for tax work, further demonstrating how the combination of tax management and financial planning makes an attractive value-add for clients.

In a survey of HD Vest advisors and prospects conducted by Ipsos, the global research firm, a majority of advisors offering both tax and financial planning services reported significantly higher retention and referral rates among their clients, and three out of four believe the combination of services has had a positive impact on their clients' satisfaction.

As every American realizes during tax season year after year, there are few documents as personal as the tax return. The fact that your clients are willing to share all it contains with you demonstrates a level of trust that is difficult for the average stockbroker or wirehouse rep who's just looking to sell a financial product. That intimate knowledge of every aspect of a client's

financial life puts a tax professional who also offers financial planning in an ideal position to offer advice on tax strategies and investment solutions uniquely suited to that individual's situation. From there the advisor and the client can work together to construct a realistic roadmap for reaching long-term financial goals, whether they include retiring to the Caribbean, playing golf every day or setting up an educational trust for

their grandchildren.

Although they may not think of it in these terms, many tax professionals are already offering additional financial services, such as help with retirement or estate planning. Tax pros we surveyed who have expanded their offerings reported that on average that about one-third of their clients utilize them for financial services as well as taxes.

Even those tax professionals who

say they offer no financial or investment services are doing more than tax preparation. More than three-quarters say they are already offering tax planning, accounting and general finance services to their existing clients. And almost half also provide business consulting, planning and financing advice.

Many financial decisions, from setting up a 401(k) retirement account to purchasing a home, carry tax impli-

cations over the short and long terms that many financial advisors may not consider. Tax professionals who are also financial planners can work with clients to ensure that everything from IRAs to life insurance plans are managed in ways that generate the greatest amount of tax savings. Any money that's not paid in taxes gives the client that much more toward reaching their long-term goal.

By assessing the potential impact of investing and wealth planning decisions from a tax perspective, tax professionals can add significant value by helping clients make "tax-smart" decisions that can improve their overall long-term financial health.

Although expanding a CPA or tax preparation business into a financial planning and wealth management enterprise may sound daunting, there are numerous technology platforms and partner firms to help you on your way. You can harness technology to implement tax-loss harvesting and other tactics for maximizing alpha. Software can be used to import data from tax-return forms into financial planning programs, enabling tax professionals to assess the client's entire financial universe at a glance so they can craft a financial plan that makes the client's long-time dreams a tangible reality.

Infusing financial planning into your tax preparation business can empower you to transform your CPA practice into a one-stop-shop. It will improve your revenue stream all year long, instead of just at tax time. ■

Bob Oros is the CEO of HD Vest Financial Services®, managing the day-to-day operations, overseeing employees and directing the future growth success of the firm and its advisors. Mr. Oros has more than 20 years of sales and operational experience and has served in leadership roles at leading brokerage and investment advisory firms where he had a strong track record of successfully recruiting, retaining, and serving advisors.



9 Ways to Manage Capital Gains

Investors want to rebalance or reduce their exposure to stocks without creating a large tax bill. We specialize in tax-efficient portfolio management and can help you minimize the taxes you will pay. Here are 9 ways to manage your investment taxes more effectively:

1. Use ETFs instead of Mutual Funds.

ETFs typically have very little, and often zero, capital gains distributions. Actively managed mutual funds are presently sitting on very large embedded gains, which will be distributed on to shareholders as the managers trade those positions. Using ETFs gives you better control of when you choose to realize gains.

2. Donate appreciated securities to charity instead of cash.

If you are already planning to give money to a charity, instead donate shares of a stock or fund which has appreciated. The charity will get the same amount of money and they will pay no capital gains on the sale. You will still get the same tax deduction (if you exceed the now higher standard deduction) plus you will avoid paying capital gains. Use the cash you were planning to donate to replenish your investment account. Same donation, lower taxes.

Consider funding a Donor Advised Fund and contributing enough for several years of charitable giving. If you give to a large number of charities, it may be easier to make one transfer of securities each year to the Donor Advised Fund, and then give to the charities from the Fund.

3. Give appreciated securities to kids in the zero percent capital gains bracket.

Some taxpayers in the lower brackets actually pay a 0% capital gains rate. If your grown children are no longer dependents, and would qualify, they may be able to receive the shares and sell them tax-

free. Just be sure to stay under the \$15,000 annual gift tax exclusion per person. For 2018, the zero percent capital gains rate will apply to single taxpayers under \$38,600 in income and married couples under \$77,200.

4. Harvest losses annually. Those losses give you the opportunity to offset gains and rebalance your portfolio. Any unused losses will carry forward to future years without expiration. And you can also use \$3,000 a year of losses to offset your ordinary income, which means that instead of just saving 15-20% in taxes you could be saving 37% or more.

5. Develop a Capital Gains Budget.

It's not all or nothing – you don't have to sell 100% of a position. We can trim a little each year and stay within an annual capital gains target. We also can sell specific lots, meaning we can reduce a position and choose to sell shares with the highest or lowest cost basis.

6. Wait a year for long-term treatment.

We try to avoid creating gains under 12 months. The long-term rate is 15% or 20%, but short-term gains are taxed as ordinary income.

7. Use your IRA.

If you have a well diversified IRA, we can often rebalance in that account and not create a taxable event. While many investors put taxable bonds in IRAs and leave the equities in a taxable account, for taxpayers in a high bracket, you may prefer to buy tax-free municipal bonds in the taxable account and keep equities in the IRA.

By Scott Stratton, CFP®, CFA

8. Stop Reinvesting Distributions.

If your position in a stock or fund has grown, don't make it larger through reinvestment of dividends and distributions! Reinvesting takes away your choice of how to rebalance your portfolio with the cash flow you receive. However, please make sure you are doing something with your distributions in a timely manner and not letting them accumulate in cash.

9. Just take the Gains already! Don't let a gain disappear because you don't want to pay 15% in taxes. If you have a big winner, especially with an individual stock or a speculative investment like bitcoin, take your gains and move on. If we become too obsessed with taxes we run the risk of letting our investment returns suffer.

While most people are thinking about their 2017 taxes right now, reacting to what has already passed, we suggest looking ahead to 2018 and being proactive about managing your future tax liabilities. Taxes can be a significant drag on performance. If you're investing in a taxable account, we can give you peace of mind that you have a plan not only for financial security, but also to manage your capital gains as efficiently as possible. ■

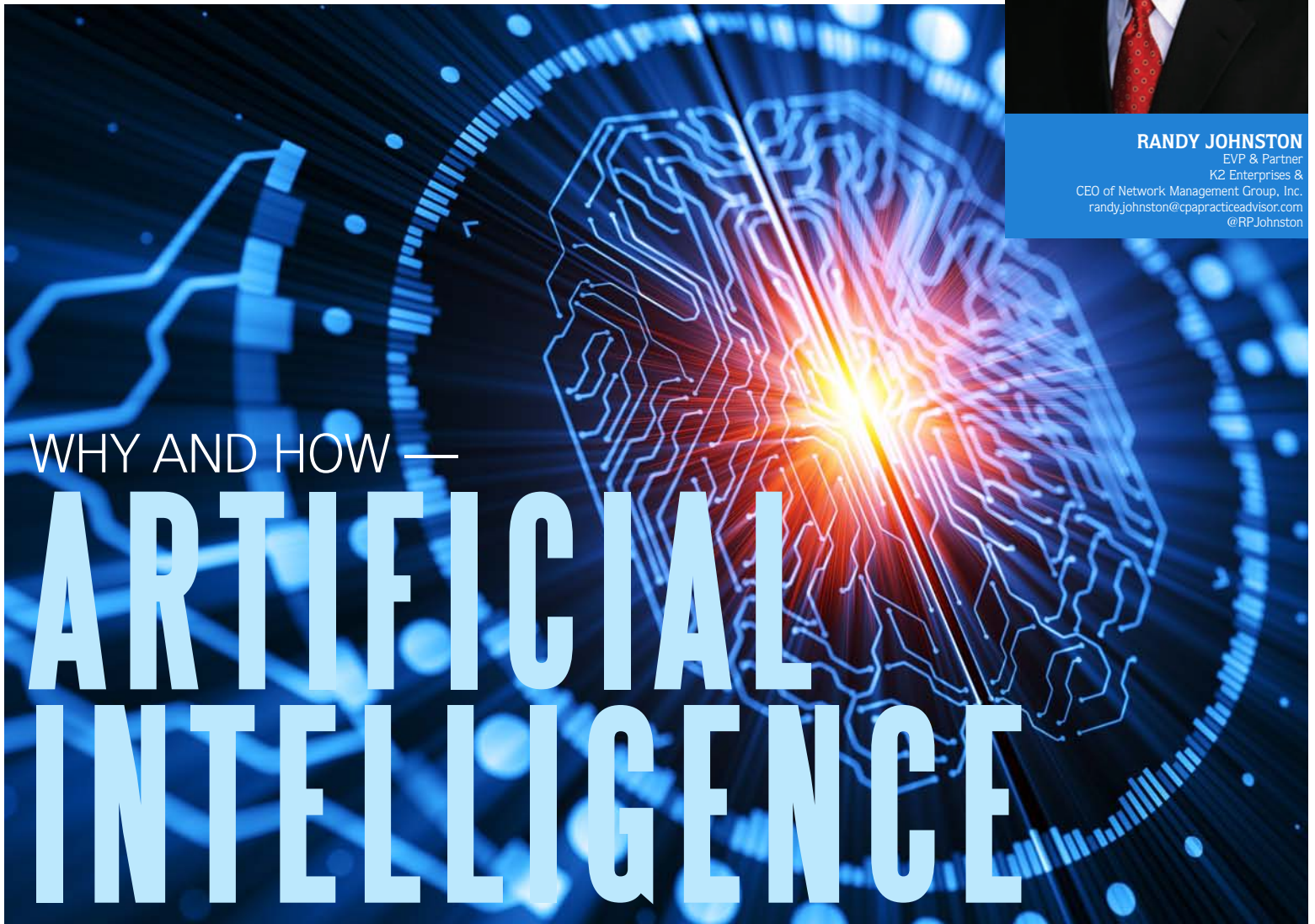
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PART I:



WHY AND HOW —

ARTIFICIAL INTELLIGENCE

ONE OF THE hot areas of emerging technology is Artificial Intelligence or AI. You know a topic is hot when products use the terminology in their name or in their marketing materials. We've see this done with "ease of use," Cloud Computing, and Blockchain. Artificial Intelligence is so hot a topic among the development community that the marketing teams are saying products have AI when in fact, they do not. Because of this, I've been using the approach of calling this "artificial" Artificial Intelligence or "Fake" AI. Facts matter, and many products that claim to have AI simply do not. It is truly buyer beware right now in this area.

As a computer scientist by training, I admire products that have developed solutions that leverage AI. Program development in this area is not easy, and the products are just starting to work and do meaningful tasks. Some of the goals of AI are quite lofty, and the promises and risks of AI in computing are quite large. Consider the following:

- On the positive side:
 - Machines mimic cognitive functions associated with human minds such as learning and problem solving.

- As AI becomes more capable, tasks that were considered AI are considered solved, for example, OCR.
- Today, AI developments include human speech, autonomous cars, interpreting complex data like images and video.
- Algorithms can learn from data and provide insight and actionable items with minimal human intervention.
 - On the down side:
- For difficult problems, algorithms require enormous computation.
- “The development of full artificial intelligence could spell the end of the human race. Once humans develop artificial intelligence, it will take off on its own and redesign itself at an ever-increasing rate. Humans, who are limited by slow biological evolution, couldn’t compete and would be superseded,” said Stephen Hawking. Other critics include Bill Gates, Elon Musk and Peter Thiel.
- Devaluation of humanity.
- Decrease in demand for human labor.
- Artificial moral agents.
- Machine ethics.
- Malevolent and friendly AI.
- Machine consciousness.
- Robot rights.
- Superintelligence.

AI has been under development for a long time, starting at Dartmouth in 1956. I was using LISP in 1975 and this tool was broadly used until 1987, when it was replaced by SmallTalk/Medley. AI is routinely divided into sub-fields such as robotics (a future topic of this why and how series of columns) or machine learning (third in the series) although we are treating these emerging technologies separately in the why and how series of articles. Traditional goals include: reasoning, knowledge, planning, learning, natural language processing, perception, and explainability. Tools include versions of search and mathematical optimization, neural networks and methods based

on statistics, probability and economics. Professor and internet guru Stuart Shapiro divides AI research into three traditions, which he calls computational psychology, computational philosophy, and computer science. Together the human-like behavior, mind and actions make up AI.

We’ve seen the results of AI with public relations stunts when:

- Deep Blue became the first computer chess-playing system to beat a reigning world chess champion, Garry Kasparov on May 11, 1997.
- In a February 2011 *Jeopardy!* quiz show exhibition match, IBM’s question answering system, Watson, defeated the two greatest *Jeopardy* champions, Brad Rutter and Ken Jennings, by a significant margin.
- At the 2017 Future of Go Summit, AlphaGo won a three-game match with Ke Jie, who at the time continuously held the world No. 1 ranking for two years.

WHY?

AI is a broad collection of topics and approaches. Because there are so many topics to cover, there are broad fields of study that each have a lot of depth. However, purists are after the last bullet in the list below, General Intelligence. This is not around the corner, as computer scientists of the 1950’s believed, but a decade or more into the future, even with the rapid progress being made today. There are a number of problems AI is trying to solve:

- Reasoning – AI has progressed using “sub-symbolic” problem solving statistical approaches to AI mimic the human ability to guess faster and more accurately.
- Knowledge representation – a representation of “what exists” is an ontology: the set of objects, relations, concepts, and properties formally described so that software agents can interpret them.
- Planning – intelligent agents must be able to set goals and achieve

them, modifying inputs as needed.

- Learning – the study of computer algorithms that improve automatically through experience.
- Natural language processing – the ability to read and understand human language.
- Perception – the ability to use input from sensors (such as cameras, microphones, tactile sensors, sonar and others) to deduce aspects of the world – think digital exhaust and IOT.
- Motion and manipulation – robots need to handle tasks such as object manipulation and navigation, with sub-problems such as localization, mapping, and motion planning.
- Social intelligence – affective computing is the study and development of systems that can recognize, interpret, process, and simulate human affects (=emotions), needed for two reasons:
 - being able to predict the actions of others, such as in self-driving vehicles.
 - facilitate human-computer interaction by showing emotions.
- Creativity – theoretical and/or practical generation of novel and useful outputs including music and art.
- General intelligence – researchers think that their work will eventually be incorporated into a machine with artificial general intelligence, while a few believe that anthropomorphic features like artificial consciousness or an artificial brain may be required for such a project.

SO HOW DO ARTIFICIAL INTELLIGENCE APPROACHES WORK? THEY USE:

- Cybernetics and brain stimulation – connection to neurology .
- Traditional symbolic AI – John Haugeland named these approaches to AI “good old fashioned AI” or “GOFAI” exploring the possibility

that human intelligence could be reduced to symbol manipulation.

- Cognitive simulation – Economist Herbert Simon and Allen Newell studied human problem-solving skills from psychological experiments resulting in the Soar architecture in the 1980’s.
- Logic-based – John McCarthy in his laboratory at Stanford (SAIL) used formal logic and led to the Prolog language and the science of logic programming.
- Anti-logic or scruffy – Marvin Minsky and Seymour Papert found that solving difficult problems in vision and natural language processing required ad-hoc solutions.
- Knowledge-based – led to the development in the 1970’s of expert systems, introduced by Edward Feigenbaum of Stanford.
- Sub-symbolic – when traditional symbolic AI stalled in the 1980’s unable to solve problems in perception, robotics, learning and pattern recognition, researchers tried to not encode knowledge.
- Embodied intelligence – Researchers of robotics, such as Rodney Brooks, reintroduced the use of control theory and embodied mind.
- Computational intelligence – neural networks and “connectionism” was revived by David Rumelhart leading to soft computing approaches including fuzzy systems, evolutionary computation and statistical tools.
- Statistical methods – sophisticated mathematical tools to solve specific subproblems that are truly scientific, in the sense that their results are both measurable and verifiable.
- Intelligent agent – a system that perceives its environment and takes actions which maximize its chances of success.
 - Read my column next month (June 2018) to find out “What AI Means for the Practice of Accounting and to Accounting Professionals.” ■

FACT: You Have Fixed Assets!

WHETHER YOU'RE A startup, a multi-national corporation, or somewhere in between, you have fixed assets. Purchased for long-term use in a business, fixed assets can include office furniture, computers, printers, vehicles, machinery, buildings, and land.

Because fixed assets are used over a period of years, it's important that they're managed (and disposed of) properly. Here are some additional reasons why having fixed asset software is important:

- **Better organization.** Fixed asset software lets you eliminate the need for entering data multiple times on spreadsheets.
 - **Better reporting.** Users will have quick access to all the data needed to create fast, accurate fixed asset and depreciation reports without having to rely on outdated information. Custom reporting options are typically available as well, making it easy to track just about any level of information.
 - **Automated asset management.** This includes everything from automatic depreciation, asset transfers, and asset disposals. Those managing large numbers of assets such as service departments can easily track and manage asset condition and required maintenance.
 - **Better document management.** Most asset and depreciation management programs allow system users to upload related documents such as purchase orders, invoices, service history, warranties and insurance policies directly to the asset.
- Traditionally, the more assets a company had, the more time that needed to be spent managing those assets. The addition of barcodes is invaluable for service businesses and those that use or rent a large number of assets such as tools, machinery, and equipment. Today, asset management

software can help businesses handle everything from standard depreciation to locating and managing assets no matter where they're located. And let's not forget that while it's important that businesses can manage their equipment, they also need to manage other assets such as land and building, vehicles, furniture, and other equipment.

Along with asset management, any product purchased should also be able to handle routine depreciation calculation as well. Depreciation methods including Straight-Line, Declining Balance, Sum-of-the-Years' Digits, Remaining Value Over Remaining Life, and Units of Production should be available and accurately employed. Each depreciation method offers various advantages and disadvantages, so it's important that the correct method be used, particularly since cash flow can be directly impacted by the depreciation method chosen.

In this issue, we reviewed the following Fixed Assets and Depreciation products:

- Acumatica Fixed Asset Management
- Asset Panda
- Bassets eDepreciation
- Bloomberg Fixed Assets
- CCH ProSystem fx Fixed Assets
- Cellutionware
- Depre 123
- Depreciation Works
- GoCodes
- Intuit Pro Series Fixed Assets Manager
- Moneysoft Fixed Asset Pro
- Pro-Ware Asset Keeper
- Sage Fixed Asset Accounting



- Thomson Reuters Fixed Assets CS
- Wasp Asset Cloud

Like all of our reviews, we've included a handy chart that gives readers a quick summary of vital functions available in each of the products reviewed. These features include deployment methods (On-Premise, Online, or both), support for multiple books, and support for multiple depreciation methods, import capability, and integration with other applications. In the review, we also took a look at system reporting options, as well as support and help resources available from the vendor.

Like most of our reviews, the products included in the Fixed Asset review can typically be used by both business owners and accounting firms that provide fixed asset management to their clients, though there are some exceptions. And like all of our reviews, we strongly recommend a high level of due diligence prior to purchasing any of the products reviewed in this issue. Here are some common questions that should be addressed prior to purchasing fixed asset software:

- Does the product I'm considering

handle all depreciation methods my business/client requires?

- Will it work well with my company?
- Does it require complicated setup or can I be up and running quickly?
- Does the product offer good reporting options?
- Does the product include document management functionality?
- Are there adequate help and support resources available?

With many of the products offering a free trial to those interested, learning as much as you can about a product prior to purchasing can assist the decision making process, helping to ensure that you're truly purchasing the product that will work best for your needs, whether as an application you can utilize in-house, or one that you can recommend for your clients. ■

Mary Girsch-Bock is a freelance writer specializing in business and technology issues and is the author of her first book, several HR handbooks, training manuals, and other in-house publications. She can be reached at mary.girschbock@cpapracticeadvisor.com

FIXED ASSET ACCOUNTING SYSTEMS: REVIEW

PROGRAMS

	CLOUD VERSION AVAILABLE	MULTIPLE COMPANY CAPABILITY	EASY ASSET ENTRY	MULTIPLE BOOKS/TREATMENTS	MULTIPLE DEPRECIATION METHODS	USER-DEFINED FIELDS AVAILABLE	TRACKS INSURANCE, WARRANTIES AND REPAIRS	ASSET TRANSFERS AND DISPOSALS	ASSET/DEPRECIATION REPORTS	IMPORT/EXPORT CAPABILITY	INTEGRATES WITH PRODUCT MODULES	INTEGRATION WITH OTHER APPLICATIONS	TUTORIALS, HELP AND SUPPORT OPTIONS
ACUMATICA FIXED ASSET MANAGEMENT	X	X	X	X	X			X	X	X	X	X	X
BASSETS eDEPRECIATION		X	X	X	X	X	X	X	X	X	X	X	X
BLOOMBERG FIXED ASSETS	X	X	X	X	X	X	X*	X	X	X	X	X	X
CCH PROSYSTEM FX FIXED ASSETS	X	X	X	X	X	X		X	X	X	X	X	X
CELLUTIONWARE		X	X	X	X		X		X	X	X	X	X
DEPRECIATION WORKS		X	X		X	X	X		X	X		X	X
INTUIT PRO SERIES FIXED ASSETS MANAGER		X	X	X	X	X		X	X	X	X	X	X
MONEYSOFT FIXED ASSET PRO		X	X	X	X	X	X	X	X	X		X	X
PRO-WARE ASSET KEEPER		X	X	X	X	X	X	X	X	X	X	X	X
SAGE FIXED ASSET ACCOUNTING	X	X	X	X	X	X	X	X	X	X	X		X
THOMSON REUTERS FIXED ASSETS CS	X	X	X	X	X	X	X	X	X	X	X	X	X
WASP ASSET CLOUD	X	X	X		X	X	X	X	X		X		X

APPS

ASSET PANDA	X		X			X	X	X	X**	X		X	X
DEPRE 123	X	X	X	X		X	X	X	X**	X		X	X
GOCODES	X		X			X	X	X	X**	X		X	X

*with optional module

**Asset/inventory reports only

Acumatica Cloud ERP Fixed Asset Management

www.acumatica.com

Fixed Asset Management from Acumatica Cloud ERP is well suited for businesses of just about any size and can also be used by accounting professionals as well. Designed to integrate with Acumatica's Financial Management Suite of Applications which includes GL, AP, AR, Cash Management,

Deferred Revenue Accounting, Recurring Revenue Management and HR and Payroll modules, Fixed Asset Management also integrates with Acumatica's Purchase Order module.

Acumatica ERP Cloud is a robust ERP system that offers complete financial management. The Fixed Asset Management module is designed

to work in conjunction with the other modules available in the financial management suite of applications. Acumatica can be scaled up or down, depending on company size and need, making it well suited for businesses of any size. Companies can provide their accountant or CPA with easy access to the Fixed Asset module if desired. Pricing

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ing for the Fixed Asset Management module and other Acumatica modules is available upon request from a variety of local Acumatica partners.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410553

Bassets Software - eDepreciation Fixed Assets System

www.bassets.net

eDepreciation from Bassets is well-suited for businesses of any size, though accounting professionals may find the product useful as well. eDepreciation is deployed as a desktop application and is available in four editions; Compact, WorkGroup, Standard, and Enterprise. Bassets also offers a cloud-based fixed asset application called Depre123, which is also reviewed

in this issue.

eDepreciation supports multiple clients and unlimited databases. Bassets technical support team guides all new users through the initial system setup process, helping with data conversion and the setup of data entry screens. The system also utilizes data entry wizards to assist with the data entry process. The main user interface offers various getting started options, including the ability to enter

new assets, set preferences, and import asset data from another system. Entering an asset is straight-forward, with users able to enter detailed information about each asset including location, division, department, P.O. number, serial number and warranty date. The system also offers up to 10 user-defined fields that can be utilized to track additional information.

Pricing for eDepreciation starts at \$1,900 for fewer than 1,000 assets, with

★ **4.75** 2018 OVERALL RATING

different pricing levels available based on number of assets. Several optional modules are also available from Bassets that are designed to integrate with the core application.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410556

REVIEW: FIXED ASSET ACCOUNTING SYSTEMS

Bloomberg Tax Fixed Assets

www.bloombergtaxtech.com

Bloomberg Tax Fixed Assets is a good fit for accounting firms of all sizes, and for their corporate clients that need to manage their fixed assets and depreciation in-house. Bloomberg Tax Fixed Assets is powered by the newly released Advantage platform that

features an intuitive user interface and a single login to provide accounting professionals secure access to subscribed products. Users may add their own asset types or choose from a comprehensive list of predefined asset types contained in the product. Users can also use the copy feature when

entering a new asset, if it is similar to one already in the system. The addition of the Advantage platform makes system navigation easy and efficient, as users can log in and access other applications from the same interface. Pricing for Bloomberg Tax Fixed Assets varies depending on the number of

★ **5** 2018
OVERALL
RATING

modules purchased. Pricing quotes can be obtained from the vendor.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12410560](http://www.CPAPracticeAdvisor.com/12410560)

CCH ProSystem fx Fixed Assets - Wolters Kluwer

www.ProSystemfx.com

CCH ProSystem fx Fixed Assets from Wolters Kluwer Tax & Accounting, is best-suited for accounting professionals that manage fixed assets and depreciation for their clients. The product can also be utilized by corporations that need to manage assets and

depreciation in-house. CCH ProSystem fx Fixed Assets supports both an unlimited number of companies and an unlimited number of assets.

CCH ProSystem fx Fixed Assets can be installed as a desktop or network application. CCH ProSystem fx Fixed Assets can be used as a stand-alone

application or paired with other CCH ProSystem fx Suite applications for increased product functionality.

Users can also download a product demo to try out prior to purchasing. Pricing for CCH ProSystem fx Fixed Assets starts at around \$2,500 for a single user license, with users able to

★ **4.75** 2018
OVERALL
RATING

request a custom quote directly from Wolters Kluwer.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12410605](http://www.CPAPracticeAdvisor.com/12410605)

Cellutionware Depreciation Calculator

www.cellutionware.com

Cellutionware Depreciation Calculator from Cellutionware Software is an easy-to-use depreciation calculator program that is well suited for small to mid-sized businesses as well as

accounting professionals that are looking for quick depreciation calculations. Cellutionware can be downloaded from the Cellutionware Software website and works with Windows 7 or above.

Designed to be used for calculations only, the product does not offer

integration capability with other applications. Depreciation Calculator is currently priced at \$349.95 for a single user, with a multi-user version available for \$489.95, which provides licenses for up to 5 computers at a single location.

★ **4** 2018
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12410562](http://www.CPAPracticeAdvisor.com/12410562)

DepreciationWorks

www.depreciationworks.com

DepreciationWorks is an on-premise database program for fixed assets and financial statement depreciation. DepreciationWorks is best suited for businesses, nonprofits and government agencies that need to calculate GAAP only depreciation and is intended as

a subsidiary ledger for fixed asset general ledger control accounts. DepreciationWorks supports both unlimited assets and unlimited companies. DepreciationWorks can be purchased and subsequently downloaded from the vendor website, with users able to try out the product for 30 days prior

to purchasing. DepreciationWorks is designed to be installed on desktop computers and supports both multiple users and multiple companies.

DepreciationWorks is currently available for \$389.00 for a multiple user license (single location only). A technical support fee is included in the

★ **4.25** 2018
OVERALL
RATING

pricing, with users billed annually at a cost of \$129.00 thereafter, with the fee covering product support and updates.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12410566](http://www.CPAPracticeAdvisor.com/12410566)

Intuit ProSeries Fixed Asset Manager

<https://proconnect.intuit.com/proseries/>

ProSeries Fixed Asset Manager from Intuit is well suited for accounting professionals that offer fixed asset and depreciation management for their clients. Designed to integrate with other ProSeries applications, the product can

also be used as a stand-alone asset and depreciation management solution.

FAM includes an intuitive user interface that is easily customized to suit the needs of the user. FAM offers complete integration with ProSeries

Tax and users can easily import asset data from a variety of third-party programs and formats, including Word, Excel, CSV and ASCII.

Fixed Asset Manager is currently priced at \$322 per year for any number of users and can be directly down-

loaded from the Intuit ProConnect website.

★ **4.75** 2018
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12410564](http://www.CPAPracticeAdvisor.com/12410564)

FIXED ASSET ACCOUNTING SYSTEMS: REVIEW

Fixed Asset Pro - MoneySoft

www.moneysoft.com

Fixed Asset Pro from MoneySoft is best suited for small to mid-sized businesses that are looking for an affordable asset and depreciation management application that is also easy to use. Accounting professionals

may find Fixed Asset Pro useful in their practice as well. Fixed Asset Pro is designed to be used as a stand-alone application, with the product installed on local computers or on a network.

Fixed Asset Pro is currently available for \$499.00 for a single user

system, or users can opt to purchase a site license for \$599.00. Those interested in the application can download a full version of the product from the Moneysoft website.

In addition, new users will also be provided with access to Moneysoft's

★ **4.5** 2018
OVERALL
RATING

Quick Start Training feature – a \$195.00 value, at no cost.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12410555](http://www.CPAPracticeAdvisor.com/12410555)

Pro-Ware Asset Keeper

www.proware-cpa.com

Pro-Ware Asset Keeper from Pro-Ware LLC is a good fit for businesses that wish to manage fixed assets and depreciation in-house. Asset Keeper is also a good fit for accounting professionals that currently manage fixed assets and depreciation for clients supporting an

unlimited number of clients and assets.

Asset Keeper can be downloaded from the Pro-Ware website, and is designed to be installed on desktop or network computers. The product also offers cross-platform capability, working on both Windows and Mac operating systems. Users can download

a free demo to try out and change to a full license if purchasing the software. Asset Keeper also comes with a site license, allowing it to be installed on an unlimited number of systems.

The product is purchased as a subscription and can be downloaded from the Pro-Ware website. The 2017

★ **4.75** 2018
OVERALL
RATING

version of Asset Keeper is available for \$499.00 which supports an unlimited number of users.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12410563](http://www.CPAPracticeAdvisor.com/12410563)

Sage Intacct Fixed Assets

www.sageintacct.com

Sage Intacct Fixed Assets is part of Sage Intacct's financial application. Designed to work primarily with other modules in the core financial application, Sage Intacct Fixed Assets is a good fit for mid-sized to larger businesses that manage a large number of fixed assets.

Sage Intacct Fixed Assets is completely cloud based, with users able to access the application from anywhere. The product integrates with both the purchase order and the AP module, with users able to add assets directly from either module, eliminating the need to duplicate data entry. There is

also an option to use the included CSV template to import a large number of assets directly into the application. Users can also opt to enter assets directly into the asset management screen, if desired.

A 30-day free trial is available to download prior to purchasing. Those

★ **4.75** 2018
OVERALL
RATING

interested in Sage Intacct Fixed Assets can request a quote directly from the vendor.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12410549](http://www.CPAPracticeAdvisor.com/12410549)

Thomson Reuters Fixed Assets CS

CS.ThomsonReuters.com

Fixed Assets CS from Thomson Reuters is an excellent fixed asset and depreciation solution for accounting professionals as well as larger businesses that wish to handle fixed assets and depreciation in-house. Part of the CS Professional Suite from Thomson

Reuters, the product offers easy integration with other Professional Suite applications but can also be used as a stand-alone application as well.

Fixed Assets CS offers multiple deployment methods, with the product available as a desktop application as well as a cloud-based application. The product has an intuitive user interface

with customizable drop-down menu. Fixed Assets CS also allows users to create templates that reduce data entry and can be used for multiple clients. There are also more than 147 pre-defined asset association types such as groups, locations, and property types with an additional 10 user-defined associations available.

★ **5** 2018
OVERALL
RATING

Available as a desktop/network install or delivered as SaaS, Fixed Assets CS pricing starts at around \$1,500.00.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12410551](http://www.CPAPracticeAdvisor.com/12410551)

WASP Asset Cloud

www.waspbarcode.com

AssetCloud from WASP is a scalable fixed asset management application that is best suited for business operations of any size that have a significant number of assets that need to be managed. AssetCloud is available as an online application, with three ver-

sions of the product, Basic, Plus, and Complete offered.

AssetCloud Basic Plan starts at \$49.00 per user/per month, with a maximum of two users supported. Both the Plus and the Complete version of AssetCloud supports unlimited users, with the Plus version starting

at \$79.00 per user/per month, and the Complete version starting at \$119.00 per user/per month.

Discounts are available to users that choose to be billed annually or purchase a multi-year subscription. Users can also choose to purchase hardware peripherals when purchasing

★ **4.5** 2018
OVERALL
RATING

AssetCloud. Various product training options are also available.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12410552](http://www.CPAPracticeAdvisor.com/12410552)

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REVIEW: FIXED ASSET — APPS

Asset Panda

www.assetpanda.com

Asset Panda is an easy-to-use online asset management product best suited for small to mid-sized businesses that utilize a high number of assets. This includes service and repair businesses, as well as those that rent or lease equipment or other assets. Asset Panda also offers a handy mobile app that extends product functionality significantly, with an app available for both iOS and Android smart phones and tablets.

New in Asset Panda is the Device Data Agent for Windows, which makes it easy for users to sync hardware and software information found on each computer. Information tracked includes RAM size, processor type and speed, computer model, IP address, operating system, and software installed.

Asset Panda offers a free 14-day trial, so those interested can give the product a try prior to purchasing. Pricing for Asset Panda varies, depending

★ **4.5** 2018 OVERALL RATING

on the number of assets managed, with a free quote available directly from the Asset Panda Website.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410571

Depre123

www.depre123.com

Depre 123 is a cloud-based app that is designed to run on Salesforce.com and can be used on any desktop or mobile device. Depre 123 is Bassets eDepreciations's cloud-based asset management solution.

Depre 123 is well suited for businesses of any size that wish to manage their assets and depreciation on a

mobile platform and is best suited for businesses or accounting professionals that are currently using Salesforce.

Depre 123 offers some resources for new users including a complete user guide as well as getting started guides, though the guides assume that users are familiar with Salesforce, which is really a necessity for getting the most use out of the application. For those

★ **4.25** 2018 OVERALL RATING

already using Salesforce, Depre 123 could be a good solution for managing fixed assets and depreciation. Depre 123 currently runs \$95.00 per user per month.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410561

GoCodes

www.gocodes.com

GoCodes is an asset and inventory tracking program that is a good fit for businesses of any size that need to manage assets and inventory. Ideal for contractors that maintain equipment, as well as medical and IT businesses, GoCodes users QR codes to track and identify assets and inventory quickly and easily.

Completely web-based, GoCodes works with any type of computer or device including desktop and laptop systems as well as mobile devices such as smart phones and tablets.

Go Codes is available in four versions: Standard, Premium, Professional, and Enterprise. Phone support is included in all versions except Standard, with pricing starting at \$199.00

★ **4.5** 2018 OVERALL RATING

per year for the Standard version. The Professional version of the product is \$199.00 per month and includes 10 users and 2,000 assets. Enterprise version pricing is available upon request.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410557

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Jackie Meyer	Gail Perry

Intuit Announces 'Connect to PayPal' Integration

AS THE WORLD shifts away from traditional paper checks, PayPal has become increasingly popular as a means to process online payments, send and receive funds, create invoices and much more. In the past, PayPal users primarily used either the Sync to PayPal app or Bank Feeds to import transactions into QuickBooks. However, Intuit recently launched an alternative to these methods called Connect to PayPal, a free app that provides both time savings and improved data integrity of your accounting records.

"We heard from accounting pros that they wanted more control over how and when PayPal transactions would hit their clients' books," said Tony Chang, Intuit Senior Product Manager. "With the new Connect to PayPal app, transactions are seamlessly imported into QuickBooks, and then presented for review and reconciliation, just like how you would reconcile a traditional bank account."

Although on the surface Connect to PayPal may feel like the former Sync with PayPal and Bank Feeds methods, you'll find this new integration offers a superior experience:

- Connect to PayPal uses an API (application programming interface) that is reliable, consistent, and provides far more detail than previous methods. Your transactions will now reflect the transaction type, line item level detail and payees, as well as breakdowns for PayPal fees, sales tax, shipping charges, and discounts. Historically line item detail has not

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
1	PayPal Sales	Coffee beans	1	18	18.00
2	PayPal Sales	Coffee filter	1	5	5.00
3	PayPal Shipping	Shipping amount	1	2	2.00
4					

been available, and it's often been difficult to distinguish between net and gross amounts of PayPal receipts.

- Users will have the ability to review, edit, and even undo transactions that you post to your books.

- Machine learning enables Connect to PayPal to automatically categorize transactions. Receipts can now be matched to pending invoices, and unlike other methods, especially manual data entry or importing CSV files, duplicate transactions are detected and brought to your attention.

There's much more that accounting professionals will like about Connect to PayPal. Since the feature operates similar in nature to Bank Feeds, there's less training involved for clients. Accountants can access this integration from QuickBooks Online Accountant (QBOA). Accountants can also configure default accounts for ancillary aspects of transactions, such as

PayPal fees, shipping, discounts, product or service sales, and more. It's also easy to rapidly undo any transactions posted by Connect to PayPal, whereas cleaning up unwanted transactions brought in via other methods sometimes requires tedious and repetitive manual deletions. One of the best benefits, by far, is that sales and transaction fees are grouped together as a deposit, which makes reconciling one's books to PayPal statements far easier.

Transactions retrieved by Connect to PayPal are shown in the banking section of QuickBooks, so the import process is entirely visible, instead of "behind the scenes" as with the old Sync to PayPal app. Further, attempts to record transfers more than once between a PayPal account and a bank account will be detected.

Connect to PayPal is now generally available to all users in the United States in the QuickBooks Apps store. This app will soon be available for beta testing in Canada, Australia, and the United Kingdom, with general availability expected later this year. Availability in all other regions around the world has yet to be determined.

U.S.-based users are encouraged to get started with Connect to PayPal today instead of continuing with any of the legacy methods for posting PayPal transactions into QuickBooks. For help with adopting the new app, see the Connect to PayPal guide. ■

Connect to **PayPal**

Connect your account

Connect and bring in richer data and automate the process.

Import richer data

More control over data before it's committed to books.

Accounting is done!

Save time and rest easy knowing your books are up to date.

[Let's do it](#)

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Each month we explore the advantages and intricacies of developing and growing a niche practice.

This month we're examining what it takes to serve the niche of mom-and-pop businesses.

RESOURCES FOR THE MOM-AND-POP ACCOUNTANT

- Book: The Mom & Pop Store: <https://amzn.to/2l1tgMO>
- Tax Tips and Tax Deductions for Mom and Pop Retailers: <https://bit.ly/2liON8B>
- Advice from Small Business Owners: <https://bit.ly/2jVZ3JB>
- Small Business Administration: <https://www.sba.gov/>
- The 5 Best Small Business Resources You're Not Using: <https://bit.ly/2eymN3U>

Building Your Niche Practice is sponsored by Intuit QuickBooks.



Mom-and-Pop Stores Need CPAs More Now Than Ever

By Becky Livingston

ON THE ONE hand, you have some reports that mom-and-pop stores are in trouble. On the other hand, you read reports that mom-and-pop stores are the current trend, with unique product offerings and niche markets.

In either case, how can an accounting firm make the right impression to continue to build their presence in this market, or break into the market all together?

According to the Washington Post article, "The reason Amazon won't kill the mom-and-pop convenience store," technology is an area small shops will need to invest in to continue to compete with larger chains, such as Walmart, Amazon and Wawa.

But, technology is not the only area where mom-and-pop stores need help. Here's where you come in.

MARKETING 101

From a marketing perspective, approaching the business owners needs a special kind of finesse. Consider when, where, and how they do their work. This goes back to marketing 101: *Know your target market.*

Up early in the morning and working late into the evening, many shop owners are not only working on the business, they are working in the business. Consider your wardrobe, the time of day you can speak with them one-on-one without too many distractions, and even the tone and language used in conversations. For example,

you may be having a meeting at 4:30 a.m. when the client is walking around a produce market choosing his or her goods for the day.

PROVIDE SOLUTIONS

As small business owners, they have specific pain points you should not only know about, but also have solutions for.

For example, their business may be family owned or a co-op, both of which have special financial planning and estate planning requirements. Be prepared to help them to understand the value of the services you offer by providing case studies and examples. Additionally, providing an easy-to-digest, leave-behind piece would be helpful for them to scan when con-

Retirement Planning for a Small Business

By Mike D'Avolio, CPA, JD

According to a study, 42 percent of self-employed people and small business owners are not preparing for retirement. It's understandable that a new business owner has bigger fish to fry than planning for retirement, such as getting the business off the ground. However, once a business does turn the corner, establishing a retirement plan for the owner and employees should be considered. The plan can be simple to start up and contribution amounts can be commensurate with the business' profits.

Employers serve an important role in preparing themselves and employees for retirement and the accompanying tax deferrals. After all, offering retirement benefits is a great way to attract and retain good talent. Here is some information you can pass on to your self-employed and small business clients to help them understand the retirement plan options available to them and their employees:

GENERAL

There are a variety of retirement plans available to small businesses (the IRS treats self-employed folks

as small businesses) that allow the employer and employee a tax favored way to save for retirement. In general, contributions made by the owner for himself or herself and for employees can be deducted. Furthermore, the earnings on the contributions grow tax free until the money is distributed from the plan. Withdrawals from these plans prior to retirement age will carry penalties.

Generally, contributions to these retirement plans can be made up until the due date of the tax return. Consequently, the small business owner can invest money in a plan after

year end and still take a deduction on the prior year tax return. The small business owner is also allowed a tax credit equal to 50 percent of the first \$1,000 incurred in starting up a plan.

Here are some retirement plan options available to the small business owner or self-employed individual (with 2017 plan limits):

» Simplified Employee Pension (SEP IRA)

SEP IRAs are for small businesses with any number of employees, and there are no significant administration costs. Tax-deductible contributions are made only by the employer, and contribution percentages for the employer and employee must match.

Deductible contributions are limited to the lesser of 25 percent of the participant's compensation or net self-employment

venient. Simple, memorable phone numbers, firm names, and website ULRs could be beneficial.

Another area where they may need help is with technology. From inventory management to cash flow and taxes, these busy business owners need solutions at their fingertips to help them manage their business on a day-by-day basis. Providing 24/7 online access to intuitive portals is critical in today's environment. However, training may be needed, which you could provide in a variety of formats, from online learning environments to video playbacks, and short, in-person seminars, like lunch-and-learns.

Tax planning is also a big concern as they may not have the full grasp of the Tax Cuts and Jobs Act and its impact on their business, their employees, or themselves.

Offering quick-read, downloadable content pieces and text message reminders would be helpful for these on-the-go professionals.

ADDITIONAL CONSIDERATIONS

In addition to some of the other marketing efforts, consider hosting an event once or twice a year that focuses on important topics this target market craves answers to, such as:

- Capital funding and lending options;
- Keys to expansion;
- Health care options for small stores with fewer than 10 employees;
- Selling options and exit planning;
- Employee classification and hiring best practices;
- Tax planning; and more.

Finally, if your team can provide services in multiple languages, it

might just have something extra special to offer.

Working with small business owners requires a personal touch. It isn't something that needs to be high-gloss and flashy. It should feel authentic, and in some cases, organic. Consider your approach carefully before tapping a mom-and-pop store owner on the shoulder. Now more than ever, you need to feel like one of them to gain a foot in the door. They need to know you understand their business and their challenges, while providing solutions they can use. Do your homework. Visit the store at various days and times before approaching them. Finally, conduct industry

[1] <https://www.nytimes.com/2017/07/26/us/colorado-markets.html>

[2] <https://www.cnn.com/2017/08/11/despite-amazon-effect-not-all-mom-and-pops-in-trouble-on-main-st.html>

[3] https://www.washingtonpost.com/news/on-small-business/wp/2017/01/04/the-reason-amazon-wont-kill-the-mom-and-pop-convenience-store/?utm_term=.50d4a5bb8df3



research and provide case studies to help them understand that what you're offering is what they need.

When done right, marketing to mom-and-pop stores is a unique opportunity for firms that can provide a rich reward in return. ■

Doesn't Have to Be Complicated or Expensive

earnings (up to \$270,000) or \$54,000. Distributions in retirement are taxed as income. This plan type is best suited for small business owners with no or few employees.

» Savings Incentive Match Plan for Employees (SIMPLE IRA)

SIMPLE IRAs are available to employers with 100 or fewer employees and are funded from contributions from the employer (tax deductible) and employee (pretax dollars). The contribution limit is \$12,500 (per employer or employee) with an additional catch-up contribution limit of \$3,000 for those who are age 50 or older.

The employer can either match the contribution up to 3 percent of compensation or make a non-

elective contribution of 2 percent of compensation. This plan type allows for employees to contribute through salary deferrals and is fairly easy to set up.

» Solo 401(k)

This tax-deferred plan for small businesses offers generous contributions limits but is not suitable for businesses with no common law employees or anyone working for the company without an ownership interest (unless the employee is your spouse). The owner can contribute and deduct up to 25 percent of compensation plus an additional \$18,000 salary deferral up to a \$54,000 maximum. An additional \$6,000 catch-up contribution for those age 50 or over is available.

Please note: The standard 401(k) plan allows employees to contribute amounts to the plan in pre-tax dollars, which has the effect of a tax deduction for the employee. The

contribution and salary deferral limit is \$18,000 with an additional \$6,000 catch-up contribution. Employers can match employee contributions.

» Traditional and Roth IRA Plans

These plans are open to everyone with earned income, although there are some income limits. Contributions to traditional IRAs are tax deductible, and distributions are taxed. Contributions to Roth IRAs are not tax deductible, but withdrawals in retirement are tax-free.

These are plans for individuals, and owners and employees can set up and contribute to their own plan. The limit on annual contributions to an IRA is \$5,500, with an additional catch-up contribution limit for those aged 50 of \$1,000.

These plans are very easy to set up by opening an IRA account through a brokerage firm, or even

directly with a mutual fund. Contributing to a Roth IRA instead of a traditional IRA tends to be more beneficial earlier in life when your tax rate is lower than when you pull the money out.

CLOSING THOUGHTS

Overall, you should evaluate the attributes of each plan and determine which one works best for your business. Most brokerage firms allow you to open any of the four most common types of retirement plans (SEP IRA, SIMPLE IRA, solo 401(k) and IRA), and a broker will help you through the process. It's also smart to consult a financial advisor or accountant before deciding on a plan.

If you can afford to, you should think about maxing out your own contributions and tax deferrals. Building wealth provides security and the ability to expand your business. ■

Sales Tax Management Made Easier

IN 1994, 98 million consumers purchased merchandise from mail order catalogs or from TV shopping channels. In 2017, that number rose to a staggering 1.66 billion consumers - and this number doesn't even include purchases made from brick and mortar stores.

What do these purchases have in common? Sales tax. It's likely that sellers will be required to collect some type of tax on the majority of these purchases. In April 2018, the U.S. Supreme Court heard arguments in the case of South Dakota v. Wayfair, which could dramatically affect the sales tax reporting obligations of all businesses with sales (ecommerce or traditional) in any state. A ruling in the case is expected this summer.

But online sales taxes aren't new, of course. Depending on where they had locations and other nexus, many merchants have been collecting sales tax and filing the necessary forms with state, county, city, and local agencies for a very long time. And while always a fairly tedious task, it was also a relatively straight-forward process. However, as online merchants such as Amazon.com and eBay exploded in sales, and more people began selling online, the tax collection and remittance process became a little more complicated in the process. Now, merchants were forced to collect state sales tax from recipients based on the state where they lived. Now, instead of managing tax rates for one state, they had to manage rates for many of the states they were shipping products to. To complicate matters, more city and

county jurisdictions added additional sales taxes in order to raise more revenue, sellers had to manage those tax rates as well, particularly since cities and counties rely on sales tax revenue to maintain a balanced budget.

Today, perhaps more than ever before, merchants and businesses need to have a program in place that makes the process easier. This is the case for the sole entrepreneur as well as the merchant selling their products world-wide. Accounting professionals that handle sales tax processing and remittance for their clients need that same capability on an even larger scale. Most tax institutes have estimated that there are close to 10,000 tax jurisdictions in the U.S. alone, making it near impossible to track the information manually.

Another issue that has popped up in recent years is the sales tax holiday, which is typically implemented around back to school time, or around the holidays, where sales tax collection is temporarily halted. Add to that the ever-changing tax rules and regulations at the state, country, and city level, even the one-person office could benefit from using sales and use tax software.

In this issue, we review several sales and use tax software products that are designed to make managing sales tax functions easier. Many of the products offer tracking and filing in all the necessary states, though a few offer filing capabilities in only a few states. A few even offer overseas collection and filing.

While many business owners have turned to their accountant to handle sales and use tax filing, other businesses continue to handle sales and use tax in-house. To make things a bit easier, we included a chart of features found in each of the products. Here are

some of the areas we looked at in each category.

BASIC SYSTEMS

- How is the sales tax database maintained? Is it updated automatically by the vendor, or do users have to update the product manually?
- Does the product offer solid integration with other accounting applications?
- What are the data output options? Can users save the forms as a PDF or other file format?
- What forms are supported?
- Reporting options available
- Does the product handle multiple companies? Can users access all of the companies from a single user interface?
- Help and support options available

AUTOMATED SYSTEMS

- Integration with third-party accounting applications
- Reporting options
- Does the product offer automated filing and payment options?
- Taxation rules database available
- Sales tax exemption certificate management
- Geolocation for online/mobile service
- Does the product offer address verification?
- Is VAT processing available?
- Availability of Consumer Use Tax processing

So, whether you're a business owner looking to track, calculate, and submit taxes for your business, or an accounting professional looking for a system that can handle multiple clients, this review can be a good start in your search for the system that will work best for you. ■

Mary Girsch-Bock specializes in business and technology issues and is the author of a book, several HR handbooks, training manuals, and other in-house publications. She can be reached at mary.girschbock@cpapracticeadvisor.com

AFTER-THE-FACT

	MULTIPLE STATES SUPPORTED	DATABASE MANAGEMENT	ACCOUNTING INTEGRATION	DATA OUTPUT OPTIONS	FORMS SUPPORTED	REPORTING OPTIONS	MULTI-COMPANY MANAGEMENT	HELP & SUPPORT
AVALARA TRUSTFILE	x	x	x	x	x	x	x	x
BLOOMBERG TAX SALES TAX	x	x	x	x	x	x	x	x
CFS TAX SOFTWARE	x*			x	x	x	x	
E-FILE SALES TAX	x**	x		x	x	x	x	x

*California & New York Only **California, Colorado, Florida and Illinois Only

AUTOMATED

	AUTOMATED FILING/PAYMENT OPTIONS	TAX RULES & DATABASE	SALES TAX EXEMPTION MANAGEMENT	GEOLOCATION CAPABILITY	ADDRESS VERIFICATION	VAT	INTEGRATION	REPORTING	CONSUMER USE TAX REPORTS	HELP
AVALARA AVATAX	x	x	x	x	x	x	x	x	x	x
SURETAX		x	x	x	x		x	x		x
TAX JAR	x	x	x			x	x	x		x
THOMSON REUTERS ONESOURCE INDIRECT TAX	x	x	x	x	x	x	x	x		x
VERTEX SMB	x	x	x	x	x	x	x	x	x	x
WOLTERS KLUWER SALES TAX OFFICE	x*	x	x	x	x	x	x		x	x

*With add-on module

Avalara TrustFile

trustfile.avalara.com

Avalara TrustFile is a good fit for the small to mid-sized business looking to automate tax form processing, filing, and remittance. The product offers a free 30-day trial for those interested in trying the product out. Smaller

businesses that need to file taxes in only a few states should consider the Standard version of TrustFile, which runs \$20.00 per month or \$240.00 annually and provides signature ready printable forms. The fee to file forms electronically is \$18.00 per form for

up to 50 forms, with pricing per form dropping at that point.

For merchants or accountants that file more than 19 forms per month electronically, the Premium version is the better fit, which runs \$250.00 per month or \$3,000 annually, which

★ **4.75** 2018 OVERALL RATING

includes one electronic filing per state per month.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410580

Sales Tax Rates from Bloomberg Tax, Powered by Advantage

www.bloombergtaxtech.com

Sales Tax Rates from Bloomberg Tax, powered by Advantage helps to automate the sales tax calculation process, making it an ideal solution for mid-size, and large businesses, as well as accounting professionals who need access to real-time tax rates

online. Sales Tax Rates is part of the new Advantage platform that features an intuitive interface and a single logon to access and manage purchased Bloomberg Tax Technology products. The system continually updates its database, making it possible for users to download tax rates using a variety

of file formats, including Excel. These rates can then be imported into third-party accounting applications. The product allows users to create favorites, and to download the rates of all states, specified states, or user-defined favorites which have been created and saved in the product. Sales Tax Rates

★ **5** 2018 OVERALL RATING

is available as an online subscription with pricing available from the vendor.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410579

CFS Tax Software Inc. [CA Sales Tax Preparer and NY Sales Tax Preparer]

www.taxtools.com

CA Sales Tax Preparer and NY Sales Tax Preparer, both from CFS Tax Software Inc. are designed for accounting professionals who need to calculate, print, and file California and New York sales and use tax for their clients. Along

with sales and use tax processing and filing, CFS also offers payroll, W2/1099, and their flagship product, TaxTools, which offers tax planning, along with retirement and financial utilities.

CFS easily handles multiple companies, with users able to add new clients at any time. A client list is available for

reviewing, and users can easily edit or delete current clients as well.

CA Sales Tax Preparer is currently priced at \$99.00 for first-time users, and \$79.00 for the annual renewal. The NY Sales Tax Preparer runs \$84.50 for a first-time user, with an annual renewal cost of \$74.50. Users can also purchase

★ **4.25** 2018 OVERALL RATING

a network upgrade for either product for an additional \$50.00.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410595

eFileSalesTax.com

www.eFileSalesTax.com

EFileSalesTax is a web-based sale and use tax compliance program that is well suited for small to mid-sized businesses as well as accounting professionals. eFileSalesTax.com works with multiple platforms, including PC's, Mac, and Linux operating systems.

The product currently supports four states: California, Colorado, Florida, and Illinois. Users can choose the state they wish to access when completing their initial registration but can choose to access any of the states supported by the product.

Pricing for California and Illinois is

as follows: 1 filing is \$7.95, 4 filings will run \$29.95, 12 filings are \$89.95, and an unlimited number of filings per year runs \$189. Pricing for Florida starts at \$39.00 per year for a single company. If filing for multiple companies, users will need the Pro version of the Florida Sales Tax Filing software, which cur-

★ **4.5** 2018 OVERALL RATING

rently runs \$129.00 per year. Those interested in Colorado filing will need to contact the vendor for complete pricing information.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410586

Avalara AvaTax

www.Avalara.com

AvaTax from Avalara is well suited for businesses of just about any size as well as accounting professionals handling sales tax calculations and processing for clients. AvaTax, like all Avalara applications is cloud-based, so users can access the product from any location.

Designed to integrate with point of sale, ERP, and financial applications, AvaTax works behind the scenes. The product offers address verification, checking all addresses entered into the system to verify accuracy and pinpoint data entry errors. Geolocation is also included to ensure pinpoint accuracy

when calculating tax rates.

AvaTax is available as an online subscription, with prices varying, depending on the subscription level and number of transactions processed. Avalara also offers Avalara for Accountants, which provides accounting professionals with tools and training.

★ **5** 2018 OVERALL RATING

A Partner program for accounting professionals is also available.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12410612

REVIEW: SALES TAX SYSTEMS

CCH Sales Tax Office - Wolters Kluwer

www.salestax.com

CCH Sales Tax Office from Wolters Kluwer Tax & Accounting is best suited for corporations that manage multiple business entities or divisions. Offered as an on-premise application, CCH Sales Tax Office integrates with CCH

Sales Tax Returns Online for complete reporting and form filing compliance.

Designed to work behind the scenes, CCH Sales Tax Office need only be configured by mapping product SKU's to groups and items, with all customer products rules and tax rates

supported. The product is typically set up with assistance from Wolters Kluwer Tax & Accounting support personnel to ensure correct system configuration from the start.

Pricing for CCH Sales Tax Office varies and is based on business needs and

★ **5** 2018
OVERALL
RATING

Those interested contact Wolters Kluwer Tax & Accounting directly at 800-739-9998 for a custom quote.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12410606

CCH SureTax - Wolters Kluwer

www.salestax.com

CCH SureTax from Wolters Kluwer Tax & Accounting is a scalable sales and use tax application that is well suited for businesses of any size. Along with standard sales and use tax, CCH SureTax also offers tax calculations for vertical markets such as Retail,

Communications, Manufacturing, Construction, and Restaurants. CCH SureTax is a cloud-based application delivered as a SaaS subscription.

CCH SureTax supports more than 13,000 tax jurisdictions in both the U.S. and Canada and features an easily navigated user interface that provides

easy access to system functions such as Configuration, Tools, Dashboard, Reports, and Support.

Pricing for CCH SureTax varies and is based on the number of transactions processed monthly, making it a good fit for even smaller businesses that wish to automate their tax calculations.

★ **4.75** 2018
OVERALL
RATING

Those interested in the product can contact Wolters Kluwer directly at 800-739-9998 for a quote.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12410607

TaxJar

www.taxjar.com

Designed specifically for those that sell on an e-commerce platform, TaxJar can also be used by accountants to manage sales and use tax returns and filings for their clients. TaxJar integrates with a variety of e-commerce platforms including Amazon, Ebay, PayPal, and Magento, along with several others.

The product also includes SmartCalcs API that can calculate sales tax for any U.S. location, along with several international locations including Canada, Australia, and the European Union.

Immediately upon signing up for TaxJar, users will be asked which e-Commerce account they would like to link to, with options such as Ama-

zon, Magento, PayPal, Etsy, Shopify and others available. Users can also import sales data via a CSV file, or by using the SmartCalcs API. Users can link to more than one account and can link to as many accounts as necessary.

TaxJar Basic starts at \$17.00 monthly, with TaxJar Plus pricing available upon request. Both AutoFile

★ **4.5** 2018
OVERALL
RATING

and SmartCalcs are priced separately, with pricing levels varying, depending on user needs.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12410583

Thomson Reuters ONESOURCE Indirect Tax

<https://tax.thomsonreuters.com/products/brands/onesource/indirect-tax/>

Best suited for companies with complex tax needs, as well as multi-national corporations that are tasked with handling global sales and use tax, VAT and GST, ONESOURCE Indirect Tax Suite, offers a complete solution. ONESOURCE Indirect Tax is designed

to work with a variety of third-party applications to deliver complete indirect tax management from initial tax determination and calculation to complete compliance including forms processing and remittance.

ONESOURCE covers over 14,500 tax-

ing jurisdictions in over 175 countries and is the only patented universal tax engine solution on the market today. Designed to work in a global environment, ONESOURCE works with custom rule sets, tax rates and jurisdiction data to accurately calculate tax data.

★ **5** 2018
OVERALL
RATING

Pricing for ONESOURCE varies, depending on subscription preference, with users able to choose from a variety of purchase options.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12410603

Vertex Cloud Indirect Tax

www.vertexcloud.com

Vertex Cloud is scalable sales and use tax compliance software that is well suited for accounting professionals as well as mid-sized businesses that want to automate their sales and use tax compliance. Vertex Cloud offers automated tax calculations, signature ready

forms, consumer use tax calculation and reporting, and complete exemption certificate management. Vertex Cloud offers excellent integration capability with a variety of third-party applications, and also offers a strategic partnership with CPA.com that provides accounting professionals with a host

of benefits and options when using Vertex Cloud.

Vertex Cloud is available in three versions: Standard, Professional, and Premium, with all pricing available from the vendor. Additional products available from Vertex include a Returns Only option and Rate Files, plus priced

★ **4.75** 2018
OVERALL
RATING

separately from the core product. Add-on applications such as Vertex Address Cleansing Service are available separately.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12410598

4 Ways Employers Can Show Employees They Care

By Isaac M. O'Bannon, Managing Editor

When an employer shows empathy – treating employees as human beings with feelings and not just workers who help produce profit – it can make a significant difference in the workplace, studies show.

HOW MUCH OF A DIFFERENCE?

A 2018 State of Workplace Empathy Study by Businessolver found that 96 percent of employees surveyed believe it is important for their employers to demonstrate empathy. On the other hand, 92 percent think empathy remains undervalued.

And eight of 10 employees, HR professionals and CEOs agree that an empathetic workplace has a positive impact on business performance, motivating workers and increasing productivity.

It's vital that company leaders show they care about their employees – especially when a life event, such as a family tragedy or a personal challenge, happens to the worker, says Kerry Alison Wekelo, a human resources expert at Actualize Consulting and author of *Culture Infusion: 9 Principles to Create and Maintain a Thriving Organizational Culture*.

"We often don't know what another person might be going through," says Wekelo. "Unfortunately, part of life is crisis, challenge, and the loss of loved ones. With a focus on people first and practicing empathy, it means so much to the employee both in the immediate and in the long-term. They'll want to work there because they feel truly cared about." Wekelo is also a yoga teacher, life coach, award-winning author of children's books, and the founder of Zendoway, a company that encourages holistic wellness.

Wekelo offers four ways business leaders can show their employees that they care:

- **Cover for them.** When employees have a crisis and need time away, Wekelo says, quickly and nicely assure them that they are covered and can focus on their personal situation. "This alleviates the stress of having to worry about work," Wekelo says. "And don't make them feel like they have to hurry back."
- **Reach out consistently and with sincerity.** Consistent communication with the employee while away shows the employee you truly care. "During the life event, regularly send the employee notes or texts that you are thinking of them," Wekelo says. "Send a personalized card, too, but the proactive, frequent communication makes all the difference. And it should continue after they return to work, which may be when they struggle most."
- **Spend one-on-one time with them.** Even when things are normal in the employee's life, sit down with them and take interest in their life outside of work. "Ask your team members how they are doing personally so they know you care more than just about their work product," Wekelo says. "Connecting with specific examples of areas of interest aid in ensuring they know you care."
- **Listen to them about work issues – and give them a voice.** "As a leader," Wekelo says, "you send an important message by having an open-door policy. Make certain your employees know they can come to talk at anytime." That way, she says, issues will be identified and resolved, rather than building a culture that allows them to fester.
"Empathetic behavior shows people they are being heard and therefore appreciated," Wekelo says, "which in turn can boost morale and productivity." ■

THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- Encouraging Employees to Seek Help Leads to Stronger Job Performance. **Michigan Ross blog.** <https://bit.ly/2rhqtgR>
- When AI Tells You the Success of Your New Hire, Before You Hire Them. **Vator blog.** <https://bit.ly/2lebxQ8>
- State-by-State Listing of Paycard Rules. **Thomson Reuters blog.** <https://tmsnrt.rs/2HMJeDg>
- W-2 Phishing Scams Targeting Payroll Personnel. **ADP Boost blog.** <https://bit.ly/2GBfkAx>
- Should You Re-Evaluate Your Drug Testing Policy? **HR Payroll Systems blog.** <https://bit.ly/2JN0V2a>

LATEST PAYROLL NEWS

Workers Spend 26% of Time 'Disengaged.'

According to research from staffing firm Accountemps, workers are disengaged at their jobs more than one-quarter (26 percent) of the time.

www.cpapracticeadvisor.com/12410879

Business Owners Charged with Failing to Pay Withholding.

Two South Carolina, business owners have been arrested for failing to pay more than \$90,000 in taxes.

www.cpapracticeadvisor.com/12410010

5 Tips for College Grads on Becoming Entrepreneurs.

Surveys show almost half of grads want to run their own businesses, but start-ups face high rates of failure.

www.cpapracticeadvisor.com/12409564

The Lamest Excuses for Being Late to Work.

The alarm didn't go off, the car wouldn't start, the train was late — but these take the cake.

www.cpapracticeadvisor.com/12409566

5 Financial Planning Tips for Young Investors.

A recent survey found that only 8 percent of those ages 23 to 35 showed a high level of financial knowledge.

www.cpapracticeadvisor.com/12409216

Constructing a smart retirement income plan isn't easy, so it's important to avoid these pitfalls.

www.cpapracticeadvisor.com/12411635

4 WAYS

to Help Your Clients Increase On-Time Invoice Payments

By Patrick Falle

ACCOUNTS RECEIVABLE (AR) are a critical component of a business' tax compliance. When it comes to accounts receivable, are your clients getting paid on time? When you review your clients' books, is their Days Sales Outstanding (DSO) more than 30, 60 or 90 days?

If so ... Houston, we've got a problem. Getting paid on time, every time, is important for cash flow, but it's also good for securing capital, fostering long-term customer relationships and a number of other reasons.

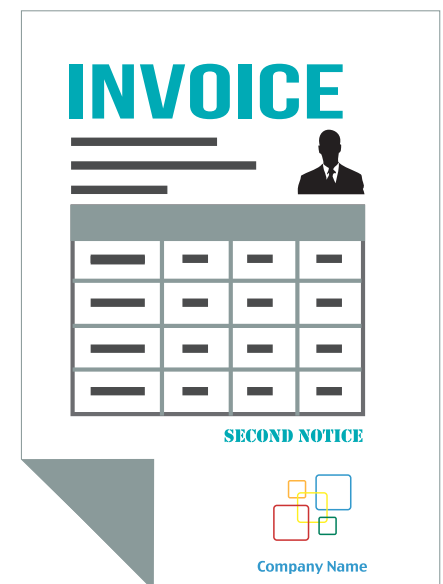
You can help your clients improve their DSO by steering them away from static or manual bookkeeping with something like Excel to a predictive AR solution, as well as help them make their invoice more practical and readable. Through psychology and design principles, the wording, layout and color of invoices can be changed to encourage on-time payment. Many of the more popular online and desktop accounting programs come with pre-built invoice templates; go a step further and encourage your clients to make their invoices more personable. Here are four ways to do that:

1 Change the Color Scheme. There is a direct link between psychology and color. Blue is associated with trustworthiness and turquoise is the best color for attention-grabbing wording, such as "second notice." Turquoise is not frequently used by companies, so using it will help you and your clients stand out even more. Another great option is purple, a color highly favored by women, while darker shades of purple, such as violet, translate into competence and firmness. Avoid orange, yellow and brown on invoices because men and women dislike these colors.

2 Be Obvious About the Heading. You'll be paid more quickly if you put "Invoice" in bold letters in your subject line, on your envelope if you snail mail invoices and on the top of the actual invoice. Why? It will be go into the AR person's inbox much faster because there's no guessing what it is about. Also, include the company name and logo on the next most prominent line because recipients are more likely to remember images and logos.

3 Personalize the Invoice. There are several ways to make the invoice more personable. For example, include a headshot of yourself (or the head of the company) in the contact details. If you or your clients actually sign the invoice, the AR person will feel compelled to pay because it's like you're personally asking for payment. Make your contact information easy to find and add on your email address and phone number, and be sure to thank the customer for their business in a memo line and even use the word "please" in your request for payment. In addition, make sure any products or services are itemized on the invoice; if you provide value billing or have clients who bill on retainer, this may not apply.

4 Be Direct With Your Payment Terms. Don't be shy to include the deadline for payment; use bold type and state, "Payment is due within X days." A FreshBooks study found that the magic number for faster payments is



21 days. If you don't put a deadline on payment, the invoice will most likely go to the bottom of the pile; remember that companies want to protect their cash flow as much as you do. Also, include your late fee policy and whether you or your clients offer a discount for early payment.

Other factors influence timely payment, such as options on how to pay the invoice. In our current always-on marketplace, online payments are preferred; AR departments want to dispense with handling paper, stuffing envelopes and adding postage. In addition, if you have a smaller client that doesn't accept credit cards, encourage them to go with something like Bill.com or PayPal. ■

Pat Falle is Chief Revenue Officer for YayPay.



What Every Accountant Needs to Know about SALES TAX NEXUS

By Mary C. Thomas, CPA, J.D.

AT ITS MOST basic level, nexus is answering the question, “Do you have sufficient contact to require you to register with a state taxing authority or other regulatory body?” Don’t make the mistake of getting frightened by the term. Basic nexus assessment is fairly logical: example, if your client has one employee in California, they have nexus, no matter where their business is based. And, if that is true, that means your client must register with the California Secretary of State, Franchise Tax Board, Board of Equalization, and the Economic Development Department.

There are various circumstances that set off nexus, and many services, like nexus studies and assessments, are offered by tax experts and can help determine your client’s potential exposure.

WHY NEXUS DETERMINATION IS SO IMPORTANT

As is often the case, this comes down to a matter of money. You need to guide your client to register to collect sales taxes in the correct states. Cash-starved states are becoming more aggressive in finding uncollected taxes. And note, if your client needlessly registers in a jurisdiction, they volunteer to collect tax, remit it and comply with filing requirements.

For efficiency, you as your client’s tax expert should invest time to learn the taxability of the states they sell in to and help them to comply with deadlines in the same way as a company that is natively based in that state. And remember, opening the door on one tax type can open the door on more.

NEXUS HAS BECOME A HOT SPOT

Nexus is a hot topic due to changes in the nature of business. Companies now commonly conduct

business across state borders, and country borders, due to the internet and online commerce. It has become more common for employees work remotely. Inventories can be held in remote locations. There is also ambiguity about when states can impose a duty to register on out-of-state businesses. The state of the law has not stayed up with the advances in technology.

EXPERTISE IS NEEDED TO GET NEXUS RIGHT

If a client asks me the best way to handle nexus issues, I advise them to hire an expert. Many smaller businesses don’t have the time or interest to learn the nuance of nexus rules, and mistakes in this area can be costly. State and local tax compliance (including matters of nexus) is a multi-billion dollar industry for a reason. Experts may devote entire careers to it.

Nexus compliance should not be treated as an afterthought. That is the biggest mistake I see clients making...thinking that state and local tax compliance is easy or that recover from a mistake is easy. I have seen mistakes in handling state and local tax put significant crimps in people’s lifestyle and business status. Guidance from an

expert can help protect the client from the worst outcomes.

NEXUS TIES IN TO STATE AND LOCAL TAX COMPLIANCE

Nexus is the first question that businesses must address when they are assessing their compliance to sales tax rules. The order is: Must I register, i.e. do I have nexus? What potential agencies require registration? Is what I do subject to taxation? What tax types am I required to address? If so, how much money do I collect or pay? How do I complete the tax return(s)? To whom do I remit the return(s) and money? What is the deadline for filing returns and remitting funds?

Is it always easy to be compliant—no. But it is far safer to be compliant than to run the risk of penalties and audit. ■

Mary C. Thomas is a Texas CPA/attorney who works in state and local sales/use tax. As a principal of Thomas, Thomas & Thomas, PC, she helps business owners and accountants comply with sales/use tax regulations.



5 Ways Small Business Owners Can Prepare for Retirement

By Isaac M. O'Bannon, Managing Editor

Preparing financially for retirement can be complicated for anyone, but for small business owners the process often poses even more challenges.

Teachers, police officers, firefighters and other government employees generally receive a pension. The corporate world can offer benefit plans or matching contributions. But entrepreneurs can't automatically rely on any of those features; instead they have to put saving/investing plans in place for themselves and their employees.

And often, Small Business Owners ("SBOs") aren't preparing sufficiently for retirement. A survey of SBOs, conducted by BMO Wealth Management, showed 75 percent had less than \$100,000 saved for retirement.

"Small business owners have to do it on their own, and many aren't preparing properly," says Troy Bender, President and CEO of Asset Retention Insurance Services Inc. (www.asset-retention.com). "Many feel like they will never make it, but they can. The idea is to simply start."

Bender lists five ways small business owners can wisely plan for retirement, which include:

■ **Decide how much to save each month.** An ideal average for saving per month is 15 percent of your pay, Bender says. If that seems too much at first, you might ease into it. "To begin, you may start with 5 percent and then ramp up 2 to 3 percent each year," Bender says. As a better gauge, he says, note that an employee with a 401(k) can contribute up to \$18,500 of their salary for 2018 if they're less than 50 years old. Someone aged 50 and over with a 401(k) can save \$24,500 a year. A good goal is to try to match these amounts annually.

■ **The SEP IRA.** As defined by the IRS, a Simplified Employee Pension (SEP) plan provides business owners with a method to contribute toward their employees' retirement as well as their own retirement savings.

"It doesn't have the start-up and operating costs of a conventional 401(k) or profit-sharing employee plan," Bender says. "Your business pays no taxes on annual earnings, as it grows tax-deferred."

■ **Rule of 100.** "Retirement accounts that offer the highest return may seem ideal, but a business owner who goes down this path can be easily overwhelmed and stressed," says Bender. "As a business owner, you generally already have enough stress, which can manifest in so many ways. A basic rule to follow is known as the Rule of 100." Under that rule, you subtract your age from 100, and what's left over is the percentage of your portfolio you put into investments with some risk. For example, if you are 50, then 50 percent of your assets would be at risk and 50 percent would be allocated conservatively – placed in a bank account, or perhaps in an annuity, for example, to provide income for you in your future.

■ **Life insurance.** A small business owner with a family should have 10 times their annual net income in life insurance. Bender says. "The life insurance can be set up to provide a Tax-Free income in the future, too, that a small business owner can draw from," Bender says.

■ **Key Person Insurance.** Like having life insurance to provide financial help for your family when you pass away, a SBO may want to consider "Key Person Insurance." The death benefit offered through "Key Person Insurance" helps ensure that should a "key person" within a company pass away, there will be continuity of the business for its employees (and customers).

"You need to save for the necessity stream as well as the discretionary stream," Bender says. "You should get the basics down and really look at covering your lifestyle, so you can look back and smile from the thousands of hours you worked owning a business." ■

THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

■ Entrepreneurship for Superwomen.

Bplans blog.

<https://bit.ly/2HFntjT>

■ How Can Small Businesses Find Big Talent?

Indeed.com blog.

<https://indeedhi.re/2KrnaM6>

■ Marketing in the Age of Alexa.

Harvard Business Review.

<https://bit.ly/2FaZojx>

■ What Makes Up a Small Biz Credit Report?

SBA blog.

<https://bit.ly/2l6TeGE>

■ Instagram Tips for Small Businesses.

Xero Small Business Guides.

<https://bit.ly/2l6zsv6>

LATEST SMALL BUSINESS NEWS

Is Tax Reform Really Helping Small Businesses? A new study shows that most small business owners don't understand how the law impacts them. www.cpapracticeadvisor.com/12409530

Small Business Owners Against Repeal of Net Neutrality. Since 2015, net neutrality rules have required Internet service providers to enable the same level of access to all content applications regardless of the source. www.cpapracticeadvisor.com/12409081

7 States that Never Recovered from the Great Recession. The last recession in the U.S. (2008-2010) lasted only two years, but its impact on the U.S. workforce is still being felt. www.cpapracticeadvisor.com/12409570

Only 32% of Businesses Say They're Ready for Tax Changes. The U.S. Tax Cuts and Jobs Act of 2017 is now in effect, but its implementation and impact on businesses is just starting to unfold. www.cpapracticeadvisor.com/12410880

Minorities Denied Mortgages at Far Higher Rate. Mortgage applications are denied at the lowest rate in the past 20 years, yet a stark divide remains between potential homebuyers of different racial groups. www.cpapracticeadvisor.com/12409093

Small Business Owners Say Now is Good Time to Grow. Almost 70 percent of small business owners say now is a good time for small businesses to grow. www.cpapracticeadvisor.com/12409478

Parenting and Childcare Apps

AS WE HEAD into the summer months, many working parents will be searching for options to help with child care. You may have your tried and true favorites, you work from home, a responsible family member moves in for the summer, your kids are in a 12-month school, or you rely on camps. We surveyed the *CPA Practice Advisor* audience to find out if there are apps that can help with this annual dilemma. Here's what we found out.

Angie Grissom, president of the Rainmaker Companies, recommends **Care.com**, an app that, among other things, lets you find nannies, babysitters, and also eldercare providers. It's like the Uberization of care providers and it is available in many countries.

Sandra Wiley, CEO of Boomer.com, agrees. "The one I hear about from my team who have kids and my niece who has a degree in early childhood education and makes a VERY good living as a nanny is care.com." You can find quality childcare and if you are looking to provide childcare you can find awesome opportunities."

Grissom also introduced us to the **Greenlight** app. "It allows me to control spending by category for my teen. I can load money from my phone at any time and designate how much he can spend in a category-food, gas, anything. It teaches him some responsibility with his spending."

Finally, Grissom reminded us about **Moto-safety** which we included in our recent apps column about Eldercare. "This has a plug in component in your child's vehicle and allows you to track where they are, if they are driving in an unsafe way by speeding or erratic or sudden brake use. You receive a daily report card from the app."

Marjorie Adams, president of Fourlane and owner of POSWarehouse, uses a nanny but she doesn't stop there. "The **BabyConnect** app allows me, my husband, and our nanny to track child events through the day. We can see where our son is, what he has eaten, if any medicine has been administered, and even when he last pooped. This has made being a working mom much easier to manage by having a smoother transition at the start and end of the work day.

Brian Friedman, director of professional software at Wolters Kluwer Tax & Accounting US, recommends **iAllowance**. "It allows me to 'reward' my kids for doing chores. They can select things to earn and work towards them.

Randy Johnston, EVP and partner at K2 Enterprises, CEO of NMGI, and one of our regular columnists, asked us to mention **Akili** Interactive, an app that has a computer game to treat ADHD.

Scott Hoppe, CPA, partner at Why Blu, recommends **Urban Sitter** to "find reviewed and local Nanny's fast when your standard nanny can't make it when you want a night out with your spouse."

Lindsey Curley, CPA, CGMA, senior manager, firm services – public accounting, AICPA recommends **The Wonder Weeks**. "It's a super cool app that has a personalized weekly calendar to help you better understand your baby's mental development during their first 20 months." It gives parents tips on how to help babies navigate each mental leap and even gives an estimate of



predicted fussy and happy days which is miraculously on target."

Danielle Supkis Cheek, CPA, CFE, CVA, director at PKF Texas, said, "I keep my son's schedule on a separate **Exchange calendar** that I have hosted so that I can overlay his schedule with mine. The **Outlook** app allows you to have multiple accounts so you can have it show on top your schedule on your phone as well."

Diana Rivera, CPA, CGMA, director, MBAF Morrison, Brown, Argiz & Farra, recommends **Class Dojo**. "The teachers at the daycare, pre-school and now elementary school used this app with my kids. The app includes texting to the teachers, notifications, stories that the teacher shares with the group of parents from the classroom including pictures of their activities during the day." For me, the best feature of the app is that it informs me about my boys' behavior during day. They know that 'Mami' is informed and knows what happened. It's a useful tool to track their behavior outside our home, for warnings and REWARDS!"

There you have it. Now have a great summer! If you have favorite apps that you would like to share with our audience, please send a message with Apps in the subject to gerry@cpapracticeadvisor.com. ■

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9 Ways to Create a More Diverse Workplace

A DIVERSE AND inclusive workforce is comprised of people of different backgrounds who are valued for their contributions. This can provide employers with a competitive advantage by bringing new ideas, fresh perspectives, and an engaged workforce. For these reasons, it's important to think about how you hire, treat, develop, promote, and provide benefits to employees and whether those practices foster inclusion or exclusion. Here are some ideas for improving diversity and inclusion at your company.

#1: START AT THE TOP.

Make sure each manager, senior manager, and executive is responsible for inclusion and hold them accountable during performance evaluations. Discuss the issue during leadership meetings and share feedback from employees. To demonstrate the importance of diversity and inclusion within your company, consider including it in your employer branding.

#2: EXPAND RECRUITING.

Use a variety of sources to find potential job candidates. Understand which groups are underrepresented in your workforce (people of color, those with disabilities, etc.) and seek out organizations and colleges to help recruit a more diverse applicant pool. Additionally, ensure that job advertisements and descriptions use language that encourages all groups to apply. For example, if the position has specific physical demands, focus on the task that needs to be done, rather than how it's done (such as, the position requires "moving" 50 pounds, instead of "lifting" 50 pounds). Employees with disabilities may be able to perform the essential functions of the job with an accommodation, such as mobility aid.

#3: REVIEW SELECTION PRACTICES.

Include a diverse group of individuals in the screening and selection process to help prevent biases from affecting hiring decisions. Identify clear job-related criteria, but keep in mind that some practices may seem neutral but may discriminate unintentionally.

For example, if an employer uses a candidate's pay history to decide how much to offer them, it could perpetuate pay discrimination from a previous employer. **Note:** Some jurisdictions prohibit or restrict employers from asking about pay history. Additionally, if an employer has a blanket policy that excludes anyone with a criminal conviction from employment, it may have a disproportionate effect on members of a protected class. Be sure your policies and practices comply with all applicable nondiscrimination laws.

#4: PROVIDE REASONABLE ACCOMMODATIONS.

Under certain laws, employers must provide reasonable accommodations to qualified applicants and employees with a disability, or sincerely held religious beliefs and practices, unless doing so would cause undue hardship. Some laws require accommodations in additional circumstances, such as when an employee has a pregnancy-related condition. A reasonable accommodation is a change in the work environment or in the way work is customarily done that enables an individual to perform the essential functions of the job and enjoy equal employment opportunities. For example, some common reasonable accommodations for religious beliefs and practices may include exceptions to dress codes, additional breaks for prayer, and leave for religious observances. Providing reasonable accommodations is not only required, but it can also help ensure that you are attracting and maintaining a diverse and inclusive workforce.

#5: ENSURE FAIR PAY PRACTICES.

Ensure that employees are paid fairly when compared with other employees in your company and verify that your pay practices don't discriminate on the basis of any protected characteristic, such as sex or race. Work with your legal counsel to audit your pay practices regularly to make sure any disparities in pay are justified and lawful.

#6: ADDRESS COMPLAINTS.

Take all discrimination complaints seriously and launch a prompt, fair, and thorough investigation. If an investigation reveals that a violation of your policies occurred, take immediate and appropriate corrective action to remedy the situation and prevent it from recurring. Address problems before they become severe or pervasive and administer your disciplinary action policy on a consistent basis regardless of who is involved. Make clear that you will not take any adverse action against employees who make a complaint or participate in an investigation.

#7: GIVE ALL EMPLOYEES DEVELOPMENT OPPORTUNITIES.

Discussing an employee's career interests and personal strengths can help make them feel valued. Even if there aren't a lot of opportunities to move upward, you can still help employees develop skills and knowledge that will serve them and your business in the future. Assigning new responsibilities to help stretch an employee's skills or

capabilities can be an effective way to develop their talents and increase engagement. Meet with each employee and discuss their short-term and long-term career goals. Create a development plan accordingly and follow-up regularly to check on their progress.

#8: ENCOURAGE EMPLOYEES TO SHARE IDEAS AND FEEDBACK.

Solicit employee feedback about the work environment through regular employee surveys, one-on-one meetings, and exit interviews. During staff meetings, ensure that each employee who speaks is heard. When employees do share ideas and feedback, thank them and let them know you will take their suggestions seriously. Remember to recognize employees for their contributions and give them credit for ideas that are implemented.


#9: TRAIN EMPLOYEES AND MANAGERS.

Use training to show that discrimination and harassment are not only against the law but also against your company's values. Stress how important it is for you to maintain a fair workplace for all. Train employees on how to report incidents of discrimination and harassment. Some employers have gone a step further and adopted bystander intervention training to show employees not only how to spot inappropriate behavior but also how to step in and take action when needed.

FINAL THOUGHTS:

Review your policies, practices, employee surveys, exit interviews, turnover information, and other data to assess diversity and inclusion at your company. ■

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Is There Pay Disparity at Your Firm?

By Isaac M. O'Bannon, Managing Editor

EQUAL PAY FOR equal work? Maybe not, according to CareerBuilder's Equal Pay Day survey on men and women in the workplace. Nearly a third of women (32 percent) do not think they are making the same pay as men in their organization who have similar experience and qualifications, compared to 12 percent of men.

More than 800 hiring and human resource managers, and more than 800 workers, all of whom are employed in the private sector across industries, participated in this nationwide survey, from November 28 and December 20, 2017.

(UN)EQUAL EXPECTATIONS

Does inequality at work start with differences in expectations? Men are more likely to expect higher job levels during their career — 29 percent of men think they will reach a director level or higher, compared to 22 percent of women. A quarter of women (25 percent) never expect to reach above an entry-level role, compared to 9 percent of men. Almost a third of women (31 percent) think they've hit a glass ceiling within their organization.

Job Level Expected to Reach During Career	Men	Women
Company Owner	7%	6%
Senior Management (CEO, CFO, CTO, etc.)	6%	4%
Vice President	4%	2%
Director	12%	10%
Manager	30%	27%
Professional/technical role	33%	26%
Entry level	9%	25%

The differences in expectations extend to salary. More than a third of women (35 percent) don't expect to reach a salary over \$50,000 during their career, compared to 17 percent of men, while roughly half of men (47 percent) expect to reach a six-figure salary, compared to 22 percent of women.

Women also tend to be less satisfied with opportunities for advancement at work. Only 34 percent of women are satisfied with career advancement opportunities at their current employer, compared to



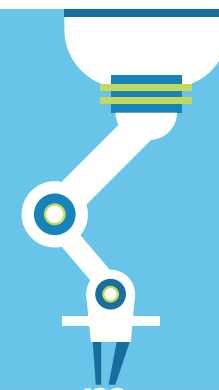
44 percent of men, and 30 percent of women do not feel they have the same career advancement opportunities as men who have the same skills and qualifications at their organization, compared to 12 percent of men. They are also less likely to be satisfied with training and learning opportunities at their employer than men (43 to 55 percent).

EMPLOYERS STEPPING UP?

The overwhelming majority of employers (94 percent) think there should be equality of pay in the U.S., but when acting on it, employers may be less sure. More than one in 10 (15 percent) employers said they do not believe female workers make the same wage as their male counterparts at their organization. Half of HR managers think that female workers make the same wage as their male counterparts at their organization, and 35 percent said they would hope they do.

Should pay be transparent or forbidden to be discussed? Eighty-two percent of employers said there should be transparency of pay in the U.S., and 42 percent of employers said that proposed legislation that prohibits employers from asking job candidates for their salary history will help close the gender pay gap since salary histories cannot be discussed.

This survey was conducted online within the U.S. by The Harris Poll on behalf of CareerBuilder among 888 hiring and human resource managers ages 18 and over (employed full-time, not self-employed, non-government) and 809 employees ages 18 and over (employed full-time, not self-employed, non-government), between November 28 and December 20, 2017. Data for employers were weighted where necessary by company size and job level, and data for employees were weighted where necessary by gender, age, race/ethnicity, region, income, education, and industry to bring them into line with their actual proportions in the population. ■



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5 Blockchain Tips for Accounting Firms

By Isaac M. O'Bannon, Managing Editor

There has been a lot of talk about how blockchain technology will disrupt the role of accounting as we know it today. In truth, disruption has already been happening through automated accounting software and other applications that help accounting firms process data faster, run their businesses and advise their clients.

As part of the BKR International Americas Region Meeting in May, members will discuss ways for "driving change and innovation" rather than reacting or running from it. They suggest five ways that accounting firms should think about how to leverage blockchain technology as a driver of firm growth.

1. VALIDATE IT.

"The auditor's job in its truest sense is to attest to the value, accuracy and reliability of data. With this in mind, an audit practice can view blockchain as part of the solution in a new world that will require such validation," says BKR Americas Region Chair, Karen Brenneman, who is also managing partner of Hall, Kistler & Company in Canton, Ohio. Although blockchain provides for secure transactions and identifies and validates the owners of each block in the chain, auditors will be needed to validate that the systems that surround these transactions are reliable. For example, a real estate company that employs a private blockchain solution to validate property ownership may need an auditor to verify to regulators that the company's blockchain has operated as expected or authorized.

2. RECOMMEND IT.

With dozens of open source blockchain platforms already available as well as the ability for companies to create private blockchains, clients of accounting firms will look to their advisors to help them select the right solution. "CPAs are among business owners' most trusted advisors," notes Maureen Schwartz, executive director of BKR International Americas. "Those who take time to learn all they can about emerging technologies like blockchain can guide their clients through this evolution in the coming years."

3. USE IT.

"Rather than viewing blockchain as a competitor with accounting firms, it may become as normal as the internet with uses for payroll, accounts receivable, record retention, contracts and more," says Brenneman. Imagine the ability to process payroll through which each employee has his or her own identifiable block that is private and secure for receiving their salaries or to select changes to their payroll elections. The same goes for submitting an invoice to a client through a singular and identifiable block, unique to that client, to ensure secure private data and payments. The client's own blockchain may then validate the invoice and allow processing of the transaction seamlessly.

4. CREATE IT.

Just as accounting firms look for new forms of consulting and business advisory services, they can consider blockchain as part of new niche practice services that develop solutions for clients in different verticals. You may have your health care blockchain practice or your construction blockchain practice (with their own specialists and certifications). In fact, the AICPA is collaborating with nonprofit group, the Wall Street Blockchain Alliance to develop education for financial professionals right now.

5. TRANSLATE IT.

Although blockchain technology allows for a transparent and accessible transactions database for key business partners and regulatory bodies, it will likely require professionals to translate the data into meaningful key points for business decisions or legislation. "Just as accountants analyze and translate financial data or tax law into actionable business steps today, I believe that this technology will also need its analysts and communicators who can help clients and government leaders make the best decisions," Schwartz says. ■

THIS MONTH'S TOP ACCOUNTING & AUDITING SOCIAL MEDIA POSTS

- How to Prepare for Not-for-Profit Engagements. **Wolters Kluwer blog.** <https://bit.ly/2w9lUtr>
- These Tools Can Automate Parts of Your Audit. **AICPA Insights.** <https://bit.ly/2KwZd69>
- 7 Accounting Apps that Will Make Your Clients Love You. **Xero Guides.** <https://bit.ly/2HN5Aof>
- Accounting for Initial Coin Offerings ("ICOs"). **PwC IFRS blog.** <https://bit.ly/2HWMEjf>
- Will CAMs Get the Shaft from the 'New' PCAOB? **The Accounting Onion.** <https://bit.ly/2w96AgR>

LATEST A & A NEWS

How AP and Finance Can Win with Automation. For pragmatic reasons, companies start with whichever vendor gets to them first, but that's obviously not the best way to do it. www.cpapracticeadvisor.com/12407775

Top Three 2018 Trends in Vehicle Capital Costs. Over the past 12 months, depreciation accounted for 36.8 percent of the total cost to own and operate a vehicle. This is a slight year-over-year increase. www.cpapracticeadvisor.com/12409347

Accounting-Related Securities Class Actions on the Rise. The number of settlements rose from 46 to 49, the highest since 2010. Total settlement value declined from \$4.9 billion in 2016 to \$861.6 million. www.cpapracticeadvisor.com/12408600

CAQ and AAA Honor Audit-Focused Academic Researchers. The Access to Audit Personnel Program will connect these researchers

with approximately 430 auditors at CAQ Governing Board firms. www.cpapracticeadvisor.com/12409537

New Podcast Series Helps Accounting Pros Become Future-Ready. The show is hosted by MACPA / BLI Chief Communication Officer Bill Sheridan and will feature interviews with forward-thinking futurists and thought leaders. www.cpapracticeadvisor.com/12410470



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Workers' Comp Claims: *A Common Employer's Nightmare*

WORKERS' COMPENSATION CLAIMS, and how to keep them under control, have always been a focus for most employers. They occur in virtually all industries and can be costly and time consuming. There is no federal workers' compensation law that addresses workplace injuries. It is a state law issue and each state enacts and enforces its own legal framework. Today, every workers' compensation claim raises the potential for a variety of workplace laws to come in to play. Some have referred to this intersection of laws as the Bermuda Triangle of the workplace. To keep from being overwhelmed, you must look at what each of the laws requires separately. What rights and responsibilities apply to the situation under those laws?



DISABILITY AND EMPLOYEE INJURIES

Given that many workers' compensation claims involve injuries that could be considered a "disability" under the provisions of the Americans with Disabilities Act, as amended, (ADAAA), there is a likelihood that it may apply at least in some work-related injury situation. In addition, since many workers' compensation claims involve some period of leave from the normal job duties, leave laws can also come in to play. It requires patient analysis to work one's way through the various laws to determine whether they apply, to what specific issues, and most importantly what steps must the employer take to be in compliance. The ADAAA, like the anti-discrimination rules of Title VII, applies if the employer has 15 or more employees and the injury at issue is a "disability." It requires an employer to go through the interactive process to determine if a reasonable accommodation is possible without creating an undue burden.

THE FAMILY MEDICAL LEAVE ACT

The Family Medical Leave Act (FMLA) applies to all employers with 50 or more employees within a 75-mile

radius. These numerical limits, like the 15 employee threshold under the ADAAA, cannot be waived. The FMLA requires employers with 50 or more employees to provide up to 12 weeks of unpaid leave each year to employees who qualify. An employee must have worked at least for 1 year and a minimum of 1,250 hours in that year to be eligible for the unpaid leave. Numerous states and even some cities have adopted medical and family leave laws in recent years. Most are similar to the provisions of the FMLA, and in some cases, it is paid leave. If the injured employee is eligible for FMLA leave, most employers run that leave concurrently with the workers' compensation leave, at least for up to 12 weeks. The employer has the right to designate the leave as FMLA qualifying.

THE USUAL WORKERS' COMPENSATION CLAIM

In a typical workers' compensation claim, for example: an employee with a serious back injury caused by heavy lifting at work, all three of the laws mentioned above could come into play. If, as almost always occurs, the treating medical provider requires that the employee be off the job for a period of time to recover, he would be out due to the workers' compensation qualifying injury. However, he might

qualify for FMLA leave as well. If the nature of the back injury required follow-up treatment, such as periodic physical therapy or other medical treatment, available FMLA leave could also be used intermittently to cover those periodic absences. Intermittent leave, even in increments as small as one hour, can be used until all 12 weeks in a year are exhausted. It is not uncommon for injured employees who have resumed work to have a series of follow-up medical visits or treatments. Intermittent leave could apply to those absences.

A serious back injury would likely also qualify as a "disability" under the ADAAA given the very broad reading of what constitutes a disability. It would entitle the employee to greater protections and impose greater obligations on the employer. If, for example, the employee was able to work with limitations, the employer would be obligated to go through the "interactive process" to try to identify a reasonable accommodation for the limitations. In addition, if the employer had a policy that limited leave to a specific maximum, say one (1) year, an extension of a few weeks or perhaps even a few months to permit full recovery would likely be considered a "reasonable accommodation" mandated by the Act. A few workers' compensation state laws may

have a maximum limit for workers' compensation leave, but most do not and the period of permitted absence can be quite extensive. They do require periodic re-certification of the medical inability to return to work. An ADAAA mandated extension beyond maximum leave periods would also require medical confirmation of the continuing need to be off of work.

RELEASED BACK TO WORK

When an employee is released to return to work from a workers' compensation leave virtually all employers return the person to their former job, although it is not a requirement of most workers' compensation laws. Under the FMLA, the individual must be returned to their former job or one that is substantially similar. This means virtually identical positions in work duties as well as compensation. As for the ADAAA, it has, in practice, virtually the same requirement as the FMLA. However, as noted above, if the person cannot perform all of the essential functions of the job, the employer must engage in the "interactive process" and determine what accommodations might be available.

Continued online at
www.CPAPracticeAdvisor.com/12408139

IRS Clarifies Tax Requirements for Tip Jars

By Ken Berry, J.D., Tax Correspondent

Do you ever leave spare change in tip jars or boxes on counters of business establishments? The tax rules for these payments are tricky. In a new Chief Counsel Advice (CCA), the IRS has clarified that cash amounts constituted tips that are subject to IRS notice and demand procedures. As a result, the tips are not currently included in the employer's share of FICA tax (IRS Chief Counsel Advice 20186010, 4/20/18).

Here's the scoop: Generally, FICA tax is imposed on amounts defined as "wages" by the tax law. This typically consists of remuneration for employment except for certain limited exceptions.

Employers must deduct from wages and pay over the employee portion of the FICA tax. However, under a special rule for tips, the employer's obligation only applies to the extent that collection may be made by the employer by deducting the amount of the tax from wages of the employee -- excluding any tips -- under control of the employer.

Accordingly, tips received by employees in the course of employment are considered remuneration that has been paid by the employer for FICA tax purposes. The remuneration is generally deemed to be paid when a written statement including the tips is furnished to the employer by employees. Otherwise, tips are treated as being paid on the date on which IRS issues a notice and demand for taxes to the employer.

The IRS previously ruled in Rev. Rul. 2012-18 that the following four factors indicate that payments are tips:

- Payment must be made free from compulsion;
- The customer must have the unrestricted right to determine the amount;
- The payment is not the subject of negotiation or dictated by employer policy; and
- The customer generally has the right to determine who receives the payment.

Key facts of the ruling: An employer engages individuals to perform services on its business premises. It treats

these individuals as volunteers and doesn't directly pay the individuals any form of compensation or benefits for their services, but the individuals receive cash payments from amounts contributed by customers.

The cash amounts are deposited by customers in "tip boxes" placed by the employer in strategic locations to encourage tip-giving. But the employer doesn't require customers to make cash contributions and those customers have discretion on how much cash, if any, to contribute. The amount of cash in the "tip boxes" is distributed at the end of each work shift based on allocations decided by the individuals.

The employer doesn't have a system in place for the individuals to provide written statements reporting the cash amounts received. Also, there's no evidence it has any knowledge of the specific amounts contributed. The employer doesn't issue Forms W-2 and hasn't included any wages on the Forms 941 it files with the IRS on a quarterly basis.

Under these facts, the four factors set forth in Rev. Rul. 2012-18 have been satisfied. The fact that the cash contributions are collected by the individuals who work during a shift and are pooled for distribution among them satisfies the fourth factor. The customers generally have the right to determine who receives the payment when the tipped amounts are pooled and the individuals working each shift distribute the cash among themselves. Once the amounts have been properly identified and characterized as tips, the timing of the FICA rules for employer tax liability purposes can be applied.

Because the tips have not been reported to the employer, they are deemed to be paid on the date on which the IRS issues a notice and demand for the taxes to the employer. Thus, the tips aren't subject to the employer share of FICA tax until that time. ■

THIS MONTH'S TOP TAX SOCIAL MEDIA POSTS

- Private Eye Who Tried to Get Trump's Taxes Gets Jail. **Kelly Phillips Erb, Forbes.** <https://bit.ly/2KwAA9G>
- Most IRA Contributions Made by Middle-Class Taxpayers. **Tax Foundation blog.** <https://bit.ly/2rhoete>
- Are There Tax Benefits to Convert Employment Contracts to Partnerships? **Bloomberg Tax blog.** <https://bit.ly/2KzS8Sj>
- 10 Questions When Computing Cryptocurrency Tax. **Canopy Tax blog.** <https://bit.ly/2le16X9>
- Tax Season is Over but Scams Continue. **Taxing Subjects blog.** <https://bit.ly/2w5f5dSM>

LATEST TAX NEWS

Proposed Legislation to Redesign IRS Picks Up Steam. The revised legislative package appears to have some momentum with both the AICPA and the NATP voicing their overall approval. www.cpapracticeadvisor.com/12410548

U.S. Tax Reform Poses Strategic Opportunity for Tax Pros. While some touted U.S. tax reform as a long-awaited holiday gift in 2017, this year tax professionals are dealing with its realities. www.cpapracticeadvisor.com/12409524

32% of Self-Employed Under Report Taxable Income. A new survey released by QuickBooks Self-Employed reveals 32 percent of self-employed workers admit to not reporting all their income. www.cpapracticeadvisor.com/12409241

New Online Calculator for Sec. 199A Deductions. The calculator allows taxpayers to quickly and easily determine the 20% deduction on qualified business income of pass-through entities. www.cpapracticeadvisor.com/12409207

S-Corporation Revocation Tips. We have all had that discussion with our S-Corporation clients come tax time. www.cpapracticeadvisor.com/12409210



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How to Really *Thank* Your Team After Tax Season

TAX SEASON CAN be like a bad storm – loud, intense and chaotic – and, as with a tempest, your employees feel relieved but exhausted after it passes. As busy season ends, this is the perfect time to thank your team for their hard work, professionalism and dedication. It is a must-do you can't afford to save for later.

Many firms have a bonus structure in place to financially reward employees, but that's not enough. More than a nice gesture, going above and beyond — much as your workers have done since at least January — when showing appreciation is a must to keep employees motivated and on board.

Consider these thoughtful ways to thank and recognize staff following busy season:

TIME OFF

Find ways to let employees leave early one day or take a full day for themselves without having to take vacation.

Surprising the team on a Friday morning by telling them they can work a half day and start their weekend early, for example, shows

you value their time and want to reward them for the work they devoted to your firm and clients. Of course, they put in more than an extra few hours during busy season. Look for opportunities throughout the spring and summer to reward staff with the gift of time.

STAFF NIGHT OUT

Your employees may be relieved busy season has come to a close, but they still have much to celebrate and bond over. Facilitate team-building activities, such as a dinner at a local restaurant.

Don't be afraid to get creative. Additional options include:

- **Bowling** — Draw names out of a hat for teams so you mix up departments and generational groups.
- **Dinner** — Book a restaurant

everyone loves or wants to try, or find an off-site event space and have a meal catered.

- **A show** — Think beyond the multiplex: See the symphony, opera, a musical or an independent theater with a play receiving rave reviews.
- **A cruise** — If you live near a lake, river, bay or ocean, you could take employees out for a daytime or sunset cruise.

OFFICE PARTY

After-work events can be tricky, due to employees' other commitments. A party during work hours can be an ideal solution for offering a special celebration while accommodating staff members' demands away from work.

You can hold the festivities in or outside of the office. If it's at work, though, take care to make the event special. A potluck next to individuals' work stations leaves much to be desired. Instead, consider decorating a conference room or other social area, ordering catering from a popular restaurant and playing music.

THOUGHTFUL GIFTS

Perks can have a big effect on staff morale, which is why they're often used as a retention strategy. Show your appreciation at the end of busy season by offering staff extra tokens of appreciation, such as:

- Their choice of a one-year subscription to an entertainment or personal care service

- A free back massage every month from a licensed massage therapist
- Bring-your-pet-to-work day
- Food trucks at the office and a voucher to apply toward them
- Vacation bucks, to be used only when employees get at least 100 miles away from the office

ROLE-REVERSAL DAY

After your staff diligently served clients during tax season, make it their turn to get the royal treatment. At the beginning of the workday, have senior managers take employees' coffee or tea requests and then deliver the drinks to their desks. At lunchtime, place orders for pizzas or sandwiches. Walk around with a tray of desserts and serve everyone their top choices, and be sure to clean up afterward so your team doesn't have to.

CUSTOMIZE YOUR APPRECIATION

To truly recognize an individual, craft personalized thank-you notes. Take the time to find out how each person excelled during tax season, then have senior directors handwrite messages of thanks highlighting each recipient's specific contributions. Feeling appreciated is an essential part of workplace happiness, which itself is a major factor in loyalty and a low turnover rate. Make sure to put in real effort when thanking your team members, especially after monumental efforts such as another successful tax season. ■





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THIS COLUMN WILL go through some of the gear I carry with me when working out of the office. As someone who spends over 100 days a year traveling, I don't have the option of waiting until I get back to the office to deal with most things. While you probably won't need to pack as much gear nor will you likely travel as often as I do, I hope you will get some ideas of what to pack the next time you're going to be working out of the office for a few days.

LUGGAGE

After a couple of years of carrying cheap luggage which I had to replace frequently, my wife bought me my first set of Tumi luggage as a birthday present. While these bags are expensive, if you spend as many days a year on the road as I do, you need high quality repairable luggage that looks professional and has a largely unconditional repair guarantee. I'd recommend serious road warriors consider Tumi (my choice), Hartmann, or Briggs & Riley, which is what I see most frequent business travelers carrying these days.

I use two different business cases depending on what I'm doing.

- When I have to travel with my full speaking circuit set of gear, I carry a Tumi Alpha 2 4 wheeled deluxe leather brief with laptop case[1].

This bag is massive and largely indestructible; I am on my second Tumi rolling briefcase, and the two rolling bags have around a million air miles over the last 10 years. I use the included large laptop sleeve to shield my LCD projector, which rides in my suitcase.

- If I'm headed to a meeting, where I don't need my speaking equipment (backup laptop, projector) or if I'm headed to a really big city where I'm going to be riding public transit like subways and trains, I carry a large Tumi black nylon Knox Alpha 2 backpack

My suitcase is a Tumi Alpha 2 Continental four wheeled carry on bag (22"), and it is authorized for carry-on on all US domestic airlines. If I plan well, I can carry on all of the equipment, cabling, and clothes I

need for a week (with backup devices) and not have to check a bag with the airlines.

I send my Tumi bags in about every two years for maintenance like wheel replacement and other repairs. Tumi has been known to just send me a new complimentary replacement bag under warranty in some cases instead of repairing my old one.

COMPUTER HARDWARE

- **Primary laptop** - Microsoft Surface Book with Performance Base laptop (16GB RAM, 6th gen Core i7, 512GB SSD, 2016 model)
- **Backup laptop** - Dell Latitude E7270 13" laptop, (16 GB RAM, 6th gen Core i5 processor, 512GB SSD, 2016 model)
- (Both laptops are stored in Tumi Alpha 13" (medium) laptop sleeves in black nylon, and at least one of the



laptops is scheduled to be replaced in 2018 with a newer model)

- Epson PowerLite 1781W LCD projector, with extra-long power cable
- Microsoft Blue Surface Arc Bluetooth mouse
- Microsoft LifeChat LX-4000 for Business Over-Ear USB Headset, with added microphone windscreen, for webcasts and calls
- A Grid-It Wrap 13 cable organizer, which keeps my bag TSA-ready at all times
- Logitech Spotlight presentation remote in dark gray
- WeME 4-in-1 Mini Displayport to HDMI/DVI/VGA adapter cable with audio out



- At least one 4 TB USB 3 hard disk, loaded with my music/movie collection, backups of my data, and installation applications for most software on my PC. For security, the drive is encrypted with Windows BitLocker Encryption.
- Three flash drives – two which are encrypted, and one which is unencrypted so I can exchange files with others if necessary
- SkullCandy Smokin Buds 2 wired ear buds, along with a rechargeable bluetooth adapter. These headphones are available anywhere, are good enough for most uses, have a workable microphone for hands free calling, and yet aren't so expensive that you become distraught if you break or lose them.



CABLES:

- 15' grounded (three prong) electrical extension cord
- 25' HDMI cable, along with an HDMI union (allows me to use my HDMI cable as a regular HDMI cable or as an extension to another HDMI cable, also allows me to use the hotel TV as a monitor)
- 10' flat CAT 6 ethernet cable, with a union device so I can use it as an extension cable
- A combination USB3 hub and ethernet port (one of my laptops doesn't have a built-in wired network jack)
- Belkin SurgePlus USB Swivel Surge Protector (the best travel surge protector out there – the electrical plug rotates so you can plug in at

- almost any angle)
- Power supplies for my primary and backup laptops, and a multi-outlet fast charging USB
- About eight USB cables of different types to charge and connect my devices
- Use the Velcro straps available at Lowes and Home Depot to keep your cables rolled up



OFFICE SUPPLIES

- About six pens and highlighters (because air travel messes up pens)
- A sharpie for flipcharts and a couple of dark dry-erase markers for whiteboards
- At least 50 paper business cards for networking
- A small number of tape flags and post-it notes for marking places in paper documents
- About 6 small and medium sized binder clips
- Spare batteries (Four AAA, four AA, and two 9V)
- A miniature office kit in a tiny case which includes a small stapler, a small pair of scissors, compact pens and highlighters, paper clips, and some pushpins
- A couple of Starbucks cards as thank you presents for people

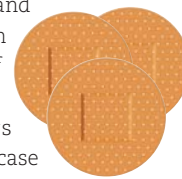


- Ten letter envelopes and about 20 US postage stamps
- Three small manila envelopes for paper receipts and printed documents



OTHER

- A small battery powered travel alarm clock with a thermometer
- A bag of Halls Sugar-Free Cough Drops (critical for professional speakers)
- A small bottle of naproxen or acetaminophen (because middle age hurts sometimes)
- A Tide stain removal pen (because accidents happen)
- A small emergency sewing kit
- A small folded poncho for unexpected rain
- A styptic pencil and some bandages, in case I cut myself shaving
- Brooks Brothers brass collar stay case (18 brass collar stays in a leather case)
- A ½" stack of Starbucks napkins (because life is messy, and Starbucks is everywhere)
- Current issues of The Economist, Time Magazine, CPA Practice Advisor, and The Wall Street Journal

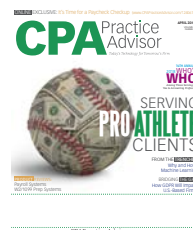


- A scanned copy of my passport and drivers license, so I can get on airplanes even if I lose my wallet (this is accessible from my online accounts as well as in paper form in my backup/travel wallet)
 - A printed spreadsheet with my frequent flyer/frequent guest cards, as well as my AAA card and AARP[2] cards (so I get the best deals on hotels and don't have to carry the cards)
 - A selfie stick – because if your travels aren't documented, they didn't happen
 - Always leave home with enough medicine for the planned trip, plus an extra week
 - Kindle and/or PDF versions of the major reference books I use on an ongoing basis
 - A digital scanned copy of my insurance cards and health information, my US Passport, US Passport Card, Global Entry Card, and \$100 USD/\$100 CAD emergency cash
- A blog post with my Travel Hacks for Road Warriors, detailing some of my best tips for making travel efficient is on my blog at www.cpatchblog.com. I wish each of you safe travels, and look forward to meeting many of you face to face at conferences in the future. ■



[1] I love the leather version of this bag although I'd buy the black ballistic nylon version if I had to replace it today. Tumi's black nylon is more wear-resistant than the leather version, which shows scratches more easily.

[2] There is no lower age limit for an AARP membership (yes, seriously), and their discounts are usually the best available for most hotels.



7 Tips to Get the Most from CPE Credits

By Mohamed Markar

As a working CPA, your time is valuable. Faced with the duties of your profession, it's challenging to find the time to earn continuing education credits. It's especially difficult if you happen to be the CEO of a successful accounting firm as well as a CPA. Whether you're a seasoned professional or just starting your career, you'll appreciate these expert tips for CPAs pursuing continuing education credits.

1. DECIDE WHAT YOU WANT TO GET OUT OF IT

Continuing professional education credits can provide various levels of benefits. Before embarking on your study, decide what you want to get out of it. Are you merely looking for extra credits to maintain your credentials in your state? Or would you like to widen your competencies so you can expand your knowledge and understanding of the field? Continuing education credits can offer you the potential to either broaden your professional reach or focus your field of expertise. So, consider carefully the path you want your career to take, and choose your continuing professional education credits accordingly.

2. RESEARCH THE PROVIDER

Before you pay for any continuing education courses, research the provider. Cross reference the provider's accreditation to be sure that the credits you receive will be accepted by your state board. In most cases, there won't be an issue, but it pays to be certain ahead of time.

3. CONSIDER A VARIETY OF COURSE MODELS

Today, there are many ways that CPAs can earn continuing professional education credits. In order to add variety to your learning experience, consider some of the various course models, such as:

- Webinars
- Seminars
- Conferences
- Self-study courses

Each of these course models offers different kinds of benefits. Webinars can be experienced live or recorded, and are well suited for CPAs who enjoy the computing experience. Seminars and conferences are excellent for CPAs who want to blend networking opportunities with learning. Self-study courses are

convenient for busy CPAs who wish to study during off-hours. You can mix and match among them, or you can sample one or two and continue with one particular method that resonates with your learning style.

4. DELEGATE RESPONSIBILITIES TO MAKE TIME

Sometimes one of the biggest challenges to earning continuing professional education credits is carving out the time to study. For working CPAs who own a business, time taken to study is time taken from earning. However heavy your daily responsibilities are, you still need to find time to get your continuing education credits, though. One great way to find the time is to temporarily delegate your responsibilities to interns or junior accountants. When your coursework is complete, all you'd need to do is review their work to ensure it meets your standards.

5. DON'T PROCRASTINATE

Because earning continuing education credits doesn't occur on a daily basis, it's tough to see it as a priority task. Don't make the mistake of procrastinating your coursework. When that happens, you end up having to suddenly put everything else aside so you can cram in the hours you need before the encroaching deadline. This causes unnecessary stress, and deprives you of the thoughtful learning process that could deepen your understanding of your chosen profession. Instead, consider stretching out your learning over the span of a year or six months. This will allow you ample opportunity to consider what you want to get out of it, the course models you'd like to try, and the time to be thoroughly immersed in each course. ■

Continue Reading Online at
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Mohamed Markar is President of the Center for Professional Education, Inc (CPE, Inc). www.cpeonline.com



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Convenience vs. Security in the Internet of Things

LAST YEAR, THE Pew Research Center and Elon University's Imagining the Internet Center conducted a poll of experts to ask how attacks and ransomware concerns would influence the spread of connectivity, i.e., the "Internet of Things" (IoT). Of the 1,201 respondents, only 15 percent said they would disconnect, while 85 percent predicted most people would "move more deeply into connected life."

Why? Most of the survey's respondents pointed to the convenience that comes with connectivity. At home, you might listen to the news or order more paper towels via Amazon Echo. You might get a discount on your health insurance by wearing a Fitbit. Or connect your car to your smart garage door opener, lighting system and thermostat, so all of them simultaneously do their jobs as you approach home. At the office, a connected printer might automatically order toner when it gets low and smart building systems might turn off the lights and adjust the temperature to conserve energy when they sense the last employee has gone home for the evening. And of course, everyone is carrying a smartphone or tablet both at home and at work.

All of this connectivity is convenient. It makes our lives easier and enables us to work from anywhere in the world as efficiently as we can work from the office, but as our home and work lives become more integrated, firms must give some consideration to the potential security trade-offs.

Any device that communicates and can be accessed via the internet based upon its IP addresses plays a role in your firm's security. This obviously includes mobile devices, but it may also include copiers, printers, thermostats, televisions, motion detection systems, fitness trackers and even smart trash cans (yes, that is a real product).

All these devices create access points and pose a security risk simply because more and more attacks on companies begin with individual employees. For example, if an employee's personal device is infected with malware or a virus, it can wreak havoc when that device connects to the company network. Depending on the device, an IoT device could be used to spy on you, steal your data or track the location of you and your employees.

The majority of these devices cannot be integrated into the conventional methods companies use to protect themselves against internet-based attacks, but there are steps you can take to monitor

and secure the new data traffic on your network.

CONSIDER THE RISK VS. REWARD

First, consider whether connecting a particular device will be a large enough benefit to be worth the risk. If the device is helpful, it may be worth the risk. On the other hand, if it serves little purpose beyond its novelty, it may be best to leave it disconnected.

EVALUATE ALL CONNECTED DEVICES

Next, your firm should evaluate every device that connects to the network. Desktops, laptops and servers are typically tested extensively, but mobile devices and anything that sends data should also be added to the list. Take an inventory so you have a benchmark as to all the devices that connect to your network.

SET UP GUEST NETWORKING

When an outside associate, contractor or client visits your office, it can be convenient to offer wireless access. But don't just allow access to your existing Wi-Fi network. Use a router that supports guest networking so you can keep potentially risky devices off of your main network and protect its contents.

EDUCATE EMPLOYEES AND ESTABLISH GUIDELINES

It's easy for an employee to bring a device to work and connect it to the company network without considering the potential security risks. Many employees are just unaware of how their online behavior can place the firm at risk of data loss or breach. A robust security framework and educated employees – whether in the office, at home, or on the road – are critical to the healthy integration of the IoT and your firm. Establish guidelines for devices and define which ones are permitted on the company network.

SET EFFECTIVE PASSWORD POLICIES

Make sure passwords are strong and not reused between devices and accounts. This will help ensure that even if one account is compromised, access to the rest of your programs would require a different set of credentials.

The IoT allows people to sync to-do lists, access work files and answer email from co-workers and clients while traveling or at home, but it also introduces additional complexity for security. It doesn't need to be scary, but it's something your firm absolutely must consider and address. ■



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