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Act (also known as the "ACA," or ObamaCare) will change accountants and tax preparers from "trusted advisors" to a more derogatory status:

Dave McClure • Oct. 07, 2013



From the Oct. 2013 issue.

For the quarter-century or so I have worked with and alongside tax and accounting professionals and firms, the mantra has always been that CPAs aspire to become "trusted business advisors" to their clients. Not mere purveyors of mechanical reports and double-entry bookkeeping, but true business advisors who use their skills to become valued advisors to the businesses they serve.

In truth, many CPAs do in fact reach this status – the accountants who served me in

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Government snitches. Narcs. Rats and informants.

Some accounting firms and organizations seem to welcome this change in status, for all the wrong reasons:

- **Accountants are by nature conservative people.** Not necessarily in the political sense of this term, but rather in the fact that they believe that order and laws are the foundations of an orderly and working society. While they may not agree with all of the provisions of the ACA, it is the law of the land and they will support it until or unless the law is altered.
- **They do not understand what the law requires.** In this they are joined by the members of Congress who passed the law, as well as the people within Federal and state governments who are expected to make it work. Those entities simply exempted themselves from its provisions. Accountants are not so lucky. In fact, many of the regulations that will implement the ACA have not yet come into play, so tax and accounting professionals may be forgiven for not understanding that it will change forever how they are viewed by their clients.
- **They see opportunity in the chaos.** The ACA will, by all reasonable measures, wreak havoc on businesses large and small. It will require significant new compliance measures and attestation, off of which will add more billable hours for the accounting firms. In this sense, CPA firms and tax preparers may profit in the short term while destroying client relationships for the future.

Trouble for tax and accounting professionals began when the Obama Administration was forced by law to treat the collection of health care obligations of the ACA as taxes – which occurred when state and private lawsuits took the case to the US Supreme Court. Compliance was then given wholly to the Internal Revenue Service.

But the Internal Revenue service is not on the front lines of this battle, and does not have the manpower to monitor compliance. So they have simply shifted this

compliance requirement to accountants and tax preparers, threatening them with

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companies and requires reporting only under certain conditions. The ACA applies to the entire American population and is not even defined, much less defined narrowly.

CPAs and tax professionals are not in a position to resist the provisions of the ACA, but they will want to follow closely the political battle over its implementation. Because at the end of the day, a CPA cannot be both the defense attorney serving as the trusted business advisor to clients and the prosecutor who will rat them out to the IRS. And no matter how you wish to sugar-coat it, this is a major shift in the perception of the profession.

Reality Check

A compendium of ideas, products, rants and raves from the viewpoint of the author. Note that the author has no financial interests in any of the products mentioned. The opinions are his and his alone. Feel free to disagree in comments, or to share your ideas by sending them to davemcclure@cpata.com.

Internet Site of the Month: US Department of Health and Human Services ACA Page (<http://www.hhs.gov/opa/affordable-care-act/index.html>). This site and others are not much help yet to accountants and tax preparers, so I am compiling a list of web sites that will carry up to the minute information for the industry. Consider this web site a starting point, and if you know of another good ACA news and insight site geared to the industry, please drop me a note.

[Thumbs Up] – Travitek's TravelScan App (<http://www.travitek.com>). Got a receipt or a client document that needs scanning, with no scanner in sight? This IOS application for Apple phones will allow you to take a picture of the document(s), save as multi-page PDF files, and email it to where it needs to be. An Android version is in the works as well.

[Thumbs Down] – **Microsoft Office 365** (<http://www.office.microsoft.com>). What

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[Thumbs Sideways] – **Failure As A Service (FaaS)**. Moving to the cloud has so many workflow and productivity benefits for accounting firms that I almost hate to be the one to mention that the emperor isn't wearing any clothes. Admittedly, the failure rates are not high, but failures do exist – often at the worst possible moments. I am not suggesting that accountants not move to cloud-based storage and solutions, only that they have realistic expectations for failure rates of those services. They may only fail .01 percent of the time, but if that .01 occurs on April 15, we may have a problem. Investigate, and demand redundancy in place of failure.

[Thumbs Down] – **Federal Intrusions Into Your Data**. Okay, this is going to sound a little weird and paranoid, but it turns out that Internet companies are being compelled to turn over their data to the National Security Agency, DEA and other federal bureaucracies without a warrant or even a good excuse. This means that it is only a matter of time until your cloud storage company is compelled to hand over your client data under similar conditions. What becomes of your guarantee of privacy then? I posed this question to some accounting cloud purveyors in the past month, and mostly got murmured responses and a lot of shuffling feet. Not good.

[Thumbs Up] – **Scott Cook** (http://en.wikipedia.org/wiki/Scott_Cook). In a time when many Internet and accounting firm founders act more like robber barons and scoundrels than chief executives, it was a pleasure to spend a few hours with Intuit founder Scott Cook last month at the Intuit VIP Conference in Palo Alto. I was in the business in 1983 when he founded Intuit, and made his mark by following customers home to study how easy it was for them to use the software he created. For many years, if you called Intuit's tech support, you would find yourself talking to Scott himself. This year he is a little older, but still carefully listens to what you have to say and remembers it. And shares some of the luscious pinot noir from his own vineyard. And laughs with you. But mostly listens. He remains one of the very best of our industry, and a national treasure.

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