

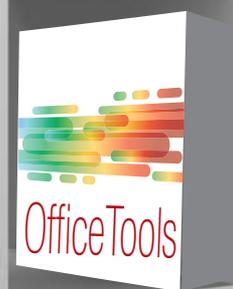
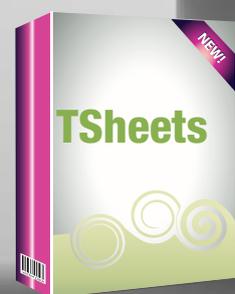
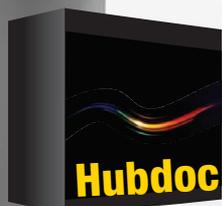
CPA Practice Advisor

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Tax Prep Systems



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Why and How: Blockchain

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A New Outlook for Your Accounting Practice

IT'S STATE FAIR time in Indiana, so naturally we're going to be working pork chop sandwiches and Ferris wheels and cow barns and classic tractor parades into our regular routine. My photographer husband has entered some of his photography into the state fair competition this year, and so we're balancing an excitement of bringing something new to the fairgrounds with the love for keeping things the same way they've always been.

Change vs. Old School is something the accounting profession has had to deal with in recent years too, and while that theme isn't new to these pages, I'd like to give it a bit of a different twist.

I've been having a lot of discussions with people lately about what they would do differently if they were to have a clean slate. And rather than considering a complete, start-from-scratch clean slate, which definitely leads to a fascinating conversation, for the purpose of this article, let's just consider a clean slate in your workplace.

As it stands now, every day is about the same. You go to the same place to work, and even if you're working at a client's workplace, you take the same tools with you, follow the same route, set up the same sort of space. Your staff, assuming you don't

work independently, has been with you for some time, and they all take care of their expected tasks. You use the same pens and pencils, the same worksheet templates, the same software programs, the same document storage devices – the same things you've been using probably for years.

Now, set aside some time, plan a discussion with your colleagues and even some clients, and picture yourself starting fresh. You walk in the door of your office or workplace, and the space is empty – waiting for you to design it in the most useful and efficient way possible. Where would you start? What about the design of your workspace is most important to completing the jobs you need to do?

Now onto your staff. Are you using staff members in the most efficient and effective ways possible? Do they have the training you would like them

to have? Do they all get along with one another? How could you help them be better versions of themselves and provide better work product to help the firm and its clients?

Consider the tools – the old school tools as well as the technology. What works the way you want it to work? What needs improvement? Where can you go to find the solutions to make sure the tools you're using are the best?

Think about the jobs themselves. Are you doing the work you want to do, for the clients you want to work with, and in the way you want to do it? Is it time to expand your service offerings? Or cut back on services that aren't profitable or that simply aren't enjoyable?

And the biggest questions – what are your goals for your practice? Are you hoping to grow the practice, or cut

it back? If expansion is in the cards for you, do you want to expand your client base or do more for the existing clients? Are you hoping to focus on a niche industry? What do you think your clients are going to need from your firm in five years, and are you prepared to provide that service?

None of these questions can be answered quickly, nor should they be. Take them on, one at a time, and lay out a plan for your future that will serve as your blueprint for the years ahead. And then start figuring out how you're going to make that happen!

Meanwhile, enjoy the remaining days of summer, get some fresh air, remember what's good about everything that surrounds you, and then interject some newness to help you freshen your outlook. ■

— Gail Perry, Editor-in-Chief

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WHY AND HOW: BLOCKCHAIN

BLOCKCHAIN SEEMS TO be everywhere in the press and conferences related to accounting. There is clear merit to this coverage and blockchain is a technology with long-term importance. Applications have only been developed in few pilot projects, and there is much work to be done before the applications have broad applicability. We are going to intentionally set aside more in-depth discussions of cryptocurrencies in this article and will cover that topic in a future column.

The AICPA has been following and promoting blockchain in accounting, convening a symposium on the topic on May 1, 2018 and has follow-on observations and regulatory recommendations for auditing, accounting, tax and other application areas. The Wall Street Blockchain Alliance is involved with the AICPA and there are many powerful industry organizations involved with these efforts. There are also efforts all around the world, but the hotspot for blockchain and cryptocurrencies are in Zug, Switzerland because of the lack of regulations and restrictions on privacy. Another organization, AuditChain, is supporting a consortium known as DCARPE, and part of their strategy is to hook accounting products from QuickBooks to SAP to a blockchain technology that can be reported using XBRL techniques. The current blockchain leaders include Ethereum and HyperLedger, but we are sure there will be more competitors with additional features.

Blockchain is a data technology that provides a secure, distributed database, that is created by hash algorithms run on a distributed set of computers. There are a number of blockchain algorithms available as well as many under development. The concepts have been clearly explained in columns earlier this year by columnist Brian Tankersley. The five fundamental concepts: Tokens, Transactions, Nodes, Hashes, and Blocks are all used in the developing the the major types of blockchains including public blockchains and private blockchains, and applications of the blockchain like smart contracts.

Attributes of blockchain-based ledgers include, but don't necessarily possess all of the following:

- Shared ledgers, to get a single source of the truth
- Secure, tamper proof (extra security)
- Permissioned, with participants identity

- Private, an unlinkable identity
- Audit-able, to prove identity and ownership
- Consensus, a modular protocol
- Smart Contracts, with business logic
- Digital Assets, as a record repository
- Confidential, with permission control
- Viable, should have a 100+ year architecture, just like archival paperless documents

Like all of the emerging technologies we have covered in these emerging technology columns, blockchain has pros and cons.

On the positive side:

- Blockchain is simply a distributed, secure database
- Five fundamental concepts need to be understood: Tokens, Transactions, Nodes, Hashes, Blocks
- There are two major types: Public and private with a variety of uses including smart contracts, cryptocurrencies, shipping, medical records, more

On the down side:

- There can be audit control issues
- Who controls the blockchain can be an issue
- How do you validate signatures, timestamps and that the blockchain is complete?

And there are clearly some risks:

- Speculative Value. The valuation of most public blockchains (including cryptocurrencies) can vary widely and change quickly. The valuation of cryptocurrencies can easily change +/- 20% in a given day.
- Regulatory & Compliance Risk. There is no regulation or consumer protection on blockchains. This might disqualify some organizations from embracing this technology.
- New Technology. This cutting-edge tech does not have a decades-long proven track record of success. Users must accept and be comfortable with the risks.

- Privacy. All transactions on a public blockchain are public.
- Security. While the technology itself is secure, it heavily depends on the user to follow best practices. There are no institutional or regulatory safeguards in place like at a traditional financial institution.
- Money Laundering. As transactions are anonymous and unregulated it can be used to launder funds around the world.
- Tax Evasion. It is virtually impossible for taxing authorities to enforce local tax regulations.
- Black Market. It is the currency of choice for black market goods.
- Valuation. The instability of the cryptocurrency price makes it difficult to use in real world business transactions.

At the end of the day, blockchain and cryptocurrency are cutting edge technology that are in their infancy. Compare your thoughts about the Internet in 1996 to your thoughts about it today. This is a long-term technology that will take 5+ years to gain mainstream adoption but has the possibility to truly change the world. It has the potential to change financial markets in the same way that the Internet changed communication and commerce in the last 20 years. It is highly speculative, volatile, changing constantly, but is constantly improving. There are measurable successes every year.

WHY?

Blockchain can provide security and/or value for making business decisions. The following are characteristics of blockchain:

- Large Variety. There are hundreds of existing different blockchain applications to suit a wide variety of specific needs.
- Fast and Affordable. Conduct business with anybody in the world for next to nothing and almost immediately.
- Secure & Transparent. All transactions are verified and available for examination.

- Resistant to Influence from Governments and Institutions. The power of the system comes from the people using it. This can help prevent external manipulation and minimize inflation.
- Unalterable. In theory, transactions committed to the blockchain cannot be altered by anybody at anytime for any reason. Every transaction in the blockchain is absolutely permanent.
- Speed. Admittedly, there are some growing pains, but the overall speed of transaction processing is fast compared to traditional mechanisms, but may not be fast enough today to be used for high volume transactions like global credit card processing.
- Independent. All users are independent and disinterested parties on most public blockchains. There is no one single entity or person that can control the future direction of the technology.
- Transparent & Verifiable. All transactions and accounts in public blockchains are open for examination and verification at any time.
- Cost. It is relatively inexpensive to process a transaction through a blockchain when compared to traditional systems. It requires no direct hardware expenditure to participate and offers low (sometimes no) transaction fees.

HOW?

So how do blockchain approaches work?

- Currently, most people use a trusted middleman (e.g. a bank, American Express, etc.) to process a transaction.
- Blockchains allow the consumer and supplier to connect directly instead.
- Using cryptography to keep things secure, a blockchain provides a decentralized database or ledger that everybody on the network can examine. All aspects of a transaction (e.g. date, addresses, amounts, etc.) are public.
- All transactions must be approved by all users (e.g. consensus) before a transaction can be added to the ledger.
- Once a transaction is committed to the blockchain, it is permanent and can never be modified.

What does this mean to the practice of accounting and to accountants? We have several working examples available:

- QuickBooks Online payment processing
 - o You can accept Bitcoin right inside of QuickBooks online!
 - o Low Fees. Starting from 0% to get paid in settlement currency. No additional surcharges or foreign transaction fees.
 - o No Chargebacks. Bitcoin transactions are irreversible. It guarantees on-time funds availability and reduces fraud.
 - o Quick Deposits. Bitcoin transactions are completed instantly, and local payouts occur the next-day.

- o No Exchange Risk. You can choose to receive the exact invoice amount in settlement currency. No currency conversion risk.

- o <https://paybycoin.intuit.com/>

- Credit Card Transactions by Monaco

- o A real-world credit card backed by virtual cryptocurrency.
- o It will allow you to purchase real world items using cryptocurrency holdings.
- o They will offer a variety of cards for every budget and spending habit, from high rollers to budget spenders.
- o Low transaction fees and cash back on all purchases.
- o <https://mona.co/>

- Predicting and forecasting by Augur

- o Augur combines the magic of prediction markets with the power of a decentralized network to create a stunningly accurate forecasting tool - and the chance for real money trading profits
- o <http://www.augur.net/>

- Digital Storage by Sia and Filecoin

- o Sia and Filecoin are decentralized storage platforms secured by blockchain technology.
- o Sia and Filecoin leverage underutilized hard drive capacity around the world to create a data storage marketplace that is more reliable and lower cost than traditional cloud storage providers.
- o In a nutshell, you can rent out part of your hard drive space to Sia or Filecoin and get paid for its use.
- o Alternatively, you could store information in either blockchain and have it available on any other device.
- o <https://sia.tech/> or <https://filecoin.io>

- Digital Identity Management by Civic

- o Civic's Secure Identity Platform (SIP) uses a verified identity for multi-factor authentication on web and mobile apps without the need for usernames or passwords.
- o Civic creates a digital identity of a user and stores that information on a public blockchain. That identity can then be used to interact with other 3rd parties.
- o That identity can then be used to sign contracts, purchase goods online, sign up for websites, store medical records and much more.
- o <https://www.civic.com>

Currently, there are no major accounting applications that directly utilize blockchain for ledger purposes. The best example of tools for accounting that are working today is what is being done by the AuditChain organization.

However, blockchain could be advantageous in accounting for many reasons:

- It would allow auditors to verify large portions of important data behind financial statements automatically.
- As all changes to the blockchain are permanent and

irreversible, this would be good for sensitive record keeping.

- Blockchain would be good for tracking transactions between organizations. The transactions would be verifiable from both sides of the transaction.
- One concern is the impact of GDPR regulation on the "right to be forgotten".

Here's a summary of what you need to know about blockchain:

Key Information

Why is the new technology better? How can you do this today?

Risks

Where/when to use

How much?

When expected in mainstream

Displaced technology or service

Other resources

TECHNOLOGY: Blockchain

Immutable, distributed, secure
Bitcoin, BlockOne IQ, Ethereum
High costs to mine, susceptible to theft
Any transaction that needs to have validation

No cost to use in most models
Arriving now outside of U.S., more presence in 3-5 years

Abstracts and titles, business contracts, currencies, medical records

Accounting Today, CPA Practice Advisor

Implementing blockchain capture and processing into meaningful information is still complex and needs to be simpler.

RECOMMENDED NEXT STEPS

Consider what would be meaningful information to secure at the transaction level for your firm or your clients. Don't be too restricted in your thinking since we believe almost every type of transaction can be secured or augmented with a blockchain. Applications will need to provide a way to satisfy this need. You can follow blockchain developments in various industries directly, or what is happening broadly through the consortiums.

Blockchain processing for businesses still needs some breakthrough applications to make the technology practical and useful. While most applications of blockchains available today have been used with cryptocurrencies, the broader applications in supply chain, serialization, food provenance, medical records, accounting, payment processing, predicting and forecasting, digital storage, supercomputing and research, digital identity management, Internet of Things, real estate, video games, as well as gambling and betting have a great promise for the future.

You'll want to be ready when vendors are with their products. The time to learn is now, but don't part with your money for applications too soon unless you want to be a pioneer. And you know the old saying, pioneers take a lot of arrows! ■

SIX MAJOR

Shaping The



ACQUISITIONS

Accounting Technology Market

By Gail Perry, CPA, Editor-in-Chief

SUMMER IS OFTEN thought of as the marriage season, so what better time to review some of the recent marriages impacting the technology sector of the accounting profession? We've seen some major headlines in the past year or so, including: Intacct Acquired by Sage, Intuit to Acquire TSheets for \$340 Million, Cloudnine and Results Software Acquired by AbacusNext, and most recently, Xero Acquired Hubdoc. These are all prominent companies that make life easier for accountants and their clients. We were curious about why these companies decided to merge, and how will accountants and their clients benefit, and so did a little digging.

SAGE ACQUIRES INTACCT

The Sage-Intacct acquisition occurred just over a year ago in July, 2017. At that time, Sage CEO Stephen Kelly explained that the acquisition was about growth and improvement. "The acquisition of Intacct supports our ambitions for accelerating growth by winning new customers at scale and builds on our other cloud-first acquisitions."

"We had a gap in our cloud portfolio between Sage Live, which is now Sage Business Cloud Financials, and Sage Enterprise Management, formerly Sage X3, and we knew we had to fill that gap," said Jennifer Warawa, executive vice president, partners, accountants & alliances, at Sage. "Intacct was a great fit from all vantage points. Every time we dove into the details, the findings were always delightful."

UK-based Sage Group provides management and accounting solutions, primarily

to small businesses in 23 countries. Intacct provides cloud financial management solutions targeted at growing businesses.

"We have a large customer base, some of which will want to go to cloud at some point, and a lot of new customers are looking for a cloud solution. The Intacct acquisition filled a great need that we have in our portfolio. It gives us a great multi-tenant cloud solution."

The Sage logo is rendered in a bold, lowercase, green sans-serif font.The Intacct logo features a stylized circular icon composed of black and yellow segments, followed by the word "Intacct" in a bold, black, sans-serif font.

INTUIT ACQUIRES TSHEETS

We know Intuit as the company behind QuickBooks, Lacerte, ProSeries, TurboTax, ProConnect Tax Online, and Mint.com. TSheets time tracking software has integrated with QuickBooks for the past seven years. Now, with TSheets as part of Intuit, the timekeeping solution will reach a much larger audience.

“More and more accountants (and their clients) will gain access to the time tracking power of TSheets,” said Matt Rissell, former CEO of TSheets and now vice president of TSheets time tracking & scheduling segment at Intuit. “Twenty thousand accounting pro-



fessionals have signed up for their free TSheets accounts, which will now be offered to well over 600,000. I personally can't wait to see the impact this will have on the accounting profession as accountants and bookkeepers everywhere use TSheets to internally save



time and money, grow their practice, and provide their clients with the real business insights and tools they need to thrive.”

Rissell put to rest concerns about third party TSheets integrations, such as those that exist with Xero and Sage. “Intuit intends to maintain all TSheets customers and third party integrations,” said Rissell. “Therefore, TSheets will remain an open platform by maintaining and building new partnerships with other best-of-breed solutions.” Going forward, TSheets will be known as TSheets by QuickBooks.

Rissell's enthusiasm about the acquisition was hard to miss. “The TSheets and Intuit teams have worked together on every level in the organization. It wasn't so much the right timing as the right partner.” The acquisitions papers were signed on January 11, 2018, and, according to Rissell, “We celebrated in typical TSheets fashion – with champagne and confetti guns!”



ABACUSNEXT

ABACUSNEXT ACQUIRES OFFICETOOLS, CLOUDNINE REALTIME, AND RESULTS SOFTWARE

AbacusNext, the long-time technology-as-a-service provider to the legal profession, has made it clear it is jumping into the accounting space with both feet, with its February 2017 acquisition of Cloudnine Realtime hosting and business



OfficeTools™



cloudnine
REALTIME

ResultsCRM

management services and Results Software, a Customer Relationship Management (CRM) solution for QuickBooks users, and its May 2017 acquisition of practice management software OfficeTools.

“One of the reasons we took such a keen interest in the accounting profession is, with over three decades in the legal space, we firmly believe we have learned a tremendous amount of what it takes for a professional to run a practice. One of the biggest challenges is making the journey to cloud,” said Alessandra Lezama, CEO at AbacusNext.

“We want to come into the accounting practice with a wide array of solutions that can serve to convert all the piecemeal technologies that these professionals have been utilizing in the past, into a comprehensive, fully integrated, cloud-enabled solution that we can fully manage for them,” said Lezama.

“Our vision is, just like you have a cell phone that is your smart device, that is configured to have the applications that help you be more efficient, we do the same at the virtual desktop layer for our clients. We are responsible for ensuring that we convert all of the applications whether we publish them or not, including third party applications, we converge that into their secure virtual desktop that they can access from anywhere in the world on any device

without worry. Their data resides 100% in their own private cloud, they own that data, they

control the data, we manage it and secure it for them.”

By acquiring the tools that make this experience possible for accountants, Lezama sees AbacusNext as providing peace of mind for accounting professionals. “Our clients have access to all of these apps that we publish when they're part of the AbacusNext Private Cloud, so the more options I'm able to bring forth my clients, the better equipped they will be in all areas of accounting.”

XERO ACQUIRES HUBDOC

Rounding out the major technology acquisitions, just last month cloud accounting software company Xero acquired data capture company Hubdoc, continuing to build Xero's reputation for zero entry, automatic data capture, and real-time financial data.

Hubdoc extracts information from bank statements, receipts, invoices, bills, and stores it all for you, and then correlates that data with your accounting software.

“Bringing Hubdoc into the Xero family will enable us to take the next step in delivering a platform that seamlessly connects small businesses with their financial data and their accountants and bookkeepers, said Keri Gohman, president for Xero America.

Much like Intuit TSheets' plan to maintain integration with third party programs, Hubdoc has announced it will continue to integrate with QuickBooks and Bill.com, and will remain independent for users who want the app without the accompanying accounting software.

While only time will tell how these marriages work out, for now it looks like the future is bright, not just for all of these partnerships, but for the accounting firms who are benefiting from the support that all of these acquired products are receiving. Meanwhile, we can't wait to hear what's next – this acquisition mania seems to have a lot of steam. ■





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How to Leverage Corporate Culture for a **Competitive Advantage**

IF SOMEONE ASKED, would you be able to describe your accounting firm's corporate culture? This concept is the topic of many a workplace report, but what does it mean?

Corporate culture, or organizational culture or workplace culture as it is also called, is perhaps best described as the "character traits" of a business. Once thought of as a human resources issue or a nice-to-have, organizations recognize the vital role it plays. "Corporate culture can no longer be considered as a soft issue by management and boards," according to the National Association of Corporate Directors (NACD). "Its strength or weakness has a lasting impact on organizational performance and reputation."

Corporate culture influences nearly every aspect of a firm's success, including its ability to attract and retain employees and clients, and has captured the attention of everyone from job seekers to senior leaders. Wrote Protiviti, a global consulting firm and Robert Half subsidiary, "Culture is a potent source of strength or weakness for an organization and, good or bad, is almost always at the root of reputation and financial performance outcomes."

As a manager, take an active role in monitoring and nurturing your firm's work environment. Your efforts could distinguish your firm from other businesses; few senior executives appear to invest their time and resources in this area. In a Robert Half Management Resources survey, only 17 percent of CFOs said they're very involved in shaping their company's culture.

You don't have to be a CFO or partner to be a standard-bearer

in your organization. Fostering a positive firm culture should be a priority for everyone. Without a strong workplace culture, your organization could devolve into a place where mediocrity and low employee morale are the norm. You also risk missing out on hiring top performers, who often prioritize corporate culture when weighing job offers.

ELEMENTS OF A GREAT CORPORATE CULTURE

Of course, this begs the question: What actually promotes job satisfaction today?

Let's start with four basics.

- **Communication:** Supervisors need to regularly check in with staff, listen to their ideas and feedback, and be transparent about the firm's financial health. Any changes that affect workers must be thoroughly explained and managed with care and sensitivity.
- **Recognition:** In a healthy corporate culture, management applauds and rewards people who excel and exemplify its values. Employees feel appreciated and respected, leading to higher morale and greater innovation. The most meaningful recognition of all? Sincere thanks and praise — and a promotion and raise.
- **Interpersonal relationships:** It's easier for people to give their all when they know teammates have their back. A major sign of a positive workplace environment is employees feel connected to one another.

- **Professional development:** Top performers never stop learning. Firms should give workers training and resources to acquire new skills, add to their knowledge and grow their career.

HOW TO MEASURE AND MONITOR CORPORATE CULTURE

You might ask: Why would I want or need to quantify something as subjective as firm culture? The answer: What gets measured gets done. There are several metrics you can use to track the health of your workplace:

- Employee satisfaction survey scores
- Client satisfaction survey scores
- Turnover rates
- Absenteeism
- Participation rates in peer recognition programs
- Aggregate scores on annual performance evaluations
- Percentage of new hires that come from employee referrals

Monitor whether your firm's culture has improved or deteriorated over time. If it's on the rise, great. But if satisfaction and participation are low and absenteeism and turnover high, management has work to do.

TIPS FOR INCORPORATING CORPORATE CULTURE INTO YOUR HIRING PROCESS

Corporate culture isn't about a building, marketing campaign or even mission statement. Employees

are the ones who create, sustain and grow it, which means you need to bring in new talent who'll contribute to it.

Following are ways to put corporate culture at the heart of hiring:

- **Ask for referrals.** The people who currently live and breathe your corporate culture can recommend future employees with similar values.
- **Expand the job description.** The more you highlight your workplace environment from the get-go, the more likely you are to attract candidates who'll fit well in your workplace.
- **Work with a staffing firm.** A recruiter familiar with your firm can help you find and hire professionals who will fit your work environment.
- **Interview for nontechnical skills.** It's easier to hire for attributes like empathy and collaboration than train for them. Ask candidates questions that will shed light on their soft skills, such as how they've dealt with difficult coworkers.
- **Check references.** Do your due diligence to verify short-listed candidates are who they say they are.

Don't leave something as important as corporate culture to chance. When you actively monitor and shape the environment you desire, your firm becomes more happy, healthy and productive — and more attractive to clients and future top performers. ■

Tax Professionals: *Tax changes are upon you*

2018 WILL DEFINITELY be an interesting year for tax professionals, with the most significant tax changes in more than 30 years due to take place. These changes are widespread, taking place for both individual tax filers, as well as corporations.

For instance, while the standard deduction has nearly doubled to \$24,000 for joint filers and \$12,000 for individual filers, the new law also eliminated the personal exemption, making the deduction increase something of a wash. Individual tax brackets have changed as well, with the top bracket now at 37% versus the 39.6% it was in 2017.

The new tax bill also eliminated moving expenses, restricted the mortgage deduction, and reduced the amount of the deduction taxpayers can claim for state and local taxes. And that's just for individual tax payers. Sole proprietors, LLCs, Partnerships, and Corporations will all experience significant changes as well, with new corporate tax rates set to take place, as well as a new method for calculating pass-through income.

That's just for starters and reflects only a small portion of the changes that are included in the more than 1,000-page federal tax bill. Let's not forget about the state, local, and special taxes that will likely change in 2018 as well. With all of these changes, it's impossible for tax professionals to be familiar with

every detail of the U.S. Tax Code. They need to know these changes quickly, and they need the tools and resources that will allow them to become familiar with all of the changes that take place year to year – particularly important when processing upwards of hundreds or even thousands of returns for clients annually.

Along with staying on top of all of the changes that occur, these compliance systems also simplify the form preparation process, using tools such as line-by-line help that assist accountants with even the toughest questions. In addition to line-by-line help, many of these products also include integration with a variety of tax research applications. And in this increasingly mobile world, most of these applications also allow accountants and clients to easily share tax and other source documents via a portal.

As we have in the past, we've divided the Tax Compliance System review into two categories: Advanced Workflow and Traditional Workflow. Traditional workflow systems are typically utilized by smaller firms that have fewer workflow needs, while the Advanced Workflow systems are best suited to larger companies that are designed to support multiple tax specialties, multiple locations, and more complex business needs. There is also a handy chart that offers a quick glance at the features available in each of the products, making it easy to eliminate those that wouldn't work for your firm.

The products reviewed in this issue are:

Advanced Workflow Systems

- CCH Access Tax from Wolters Kluwer
- CCH ProSystem fx Tax from Wolters Kluwer
- Lacerte Tax from Intuit
- GoSystem Tax RS from Thomson Reuters
- UltraTax CS from Thomson Reuters

Traditional Workflow Systems

- ATX from Wolters Kluwer CCH
- Drake Tax
- Intuit ProConnect Tax Online
- Intuit ProSeries Tax
- MyTaxPrepOffice
- TaxSlayer Pro
- TaxAct Professional
- TaxWise from Wolters Kluwer CCH

Related Applications

- Bloomberg Tax 706 Preparer
- Canopy Tax
- TaxCaddy from SurePrep

During the review process, we looked at the availability of a variety of system features including deployment options, how customizable the application was, whether the product supported multiple tax forms, and whether e-filing capability was included.

With all of the changes that are taking place in the coming year, a solid tax compliance system is more important than ever before. We invite you to look these products over, visit the vendor website, and determine which one would work best in your practice. ■

	REMOTE/CLOUD ACCESSIBILITY	CUSTOMIZABLE USER INTERFACE	SUPPORTS MULTIPLE TAX FORMS	E-FILING CAPABILITY	LINE BY LINE HELP AVAILABLE	PORTAL AVAILABLE	PAPERLESS WORKFLOW	INTEGRATES WITH VENDOR APPLICATIONS	INTEGRATES WITH THIRD-PARTY APPLICATIONS	TRAINING & SUPPORT OPTIONS
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ADVANCED WORKFLOW SYSTEMS										
CCH ACCESS TAX – WOLTERS KLUWER	X	X	X	X	X	X	X	X	X	X
CCH PROSYSTEM FX – WOLTERS KLUWER		X	X	X	X	X	X	X	X	X
GOSYSTEM RS – THOMSON REUTERS	X	X	X	X	X	X	X	X	X	X
INTUIT LACERTE TAX			X	X	X	X	X	X	X	X
ULTRA TAX CS – THOMSON REUTERS	X	X	X	X	X	X	X	X	X	X
TRADITIONAL WORKFLOW SYSTEMS										
ATX – WOLTERS KLUWER CCH			X	X	X	X	X	X	X	X
DRAKE TAX	X	X	X	X		X	X	X	X	X
INTUIT PROCONNECT	X	X	X	X	X	X		X		X
INTUIT PROSERIES			X	X		X	X	X	X	X
MYTAXPREPOFFICE	X	X	X	X				X	X**	X
TAXACT PROFESSIONAL	X		X	X	X	X	X	X	X	X
TAXSLAYER PRO	X		X	X		X	X	X	X**	X
TAXWISE – WOLTERS KLUWER CCH	X*	X	X	X	X	X	X	X	X	X

*Only 1040's
**Limited

PROFESSIONAL TAX PREP SYSTEMS: REVIEW

CCH Access Tax

<https://taxna.wolterskluwer.com/professional-tax-software/access>

CCH Access Tax from Wolters Kluwer Tax & Accounting is best suited for mid-sized and larger full-service firms, as well as corporate tax offices that prepare more complicated tax returns. Completely cloud-based, CCH Access Tax is a modular system, and offers

mobile apps for iOS and Android tablets and smartphones.

CCH Access Tax offers users an intuitive user interface screen that is designed to resemble Microsoft Office, so users will be comfortable with system navigation from the start. Users

can easily customize the Quick Access Toolbar to provide access to frequently used system functions.

CCH Access is available via subscription, with prices varying depending on user needs and products purchased. Those interested

★ **5** 2018
OVERALL
RATING

can contact the vendor directly for a personalized quote.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12423531](http://www.CPAPracticeAdvisor.com/12423531)

CCH ProSystem fx Tax

<https://taxna.wolterskluwer.com/professional-tax-software/prosystem-fx>

CCH ProSystem fx Tax from Wolters Kluwer Tax & Accounting is part of the CCH ProSystem fx Suite. Designed as an on-premise solution, CCH ProSystem fx Tax can be installed on desktop and network systems. Well-suited for accounting firms of all sizes, CCH ProSystem fx offers optimum value

when used with other CCH ProSystem fx applications.

CCH ProSystem fx Tax allows users to use interview forms or worksheets when entering tax data. The interview forms provide easy data entry by mirroring the form being utilized, with a convenient Zoom feature available to

enlarge forms if necessary. All available worksheets are categorized in a drop-down menu for easy access, with users able to hide sections of the worksheet if desired. Users can search for a return by client or by specific criteria, or by accessing the client return list.

Pricing for CCH ProSystem fx Tax

★ **4.75** 2018
OVERALL
RATING

varies depending on number of users and modules purchased, with pricing available directly from Wolters Kluwer Tax & Accounting upon request.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12423528](http://www.CPAPracticeAdvisor.com/12423528)

GoSystem Tax RS - From Thomson Reuters

<https://tax.thomsonreuters.com/cs-professional-suite/gosystem-tax-rs/>

GoSystem Tax RS from Thomson Reuters is best suited for mid-sized and large firms that process more complex returns such as consolidated corporate returns, life insurance returns, and tax equalization returns. GoSystem Tax also offers individual tax filing

and integrates well with the Thomson Reuters CS Suite of tax and accounting products.

An online pioneer, GoSystem was one of the first tax compliance software applications to offer web accessibility, GoSystem Tax conveniently offers

users the ability to work both on or off-line, with the data quickly uploaded once connected.

GoSystem Tax RS pricing is customized for each firm, starting at around \$4,000 annually for a single-user system.

★ **5** 2018
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12423350](http://www.CPAPracticeAdvisor.com/12423350)

Lacerte Tax - From Intuit

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

Lacerte Tax from Intuit is a good fit for accounting firms that offer a variety of tax-related services to both individual and business clients. The product easily handles a variety of return types and offers seamless integration with QuickBooks applications.

For tax year 2018, Lacerte Tax offers enhanced e-filing capability by adding more than 50 e-file return types including amended, extensions, and estimated payments for more than 15 states. The e-Organizer will also be included for unlimited tax customers

at no cost for tax year 2018.

Lacerte offers a variety of licensing options, including Lacerte 200/Federal 1040, which is ideal for firms preparing less than 200 individual returns annually. Lacerte Unlimited offers unlimited individual and business returns, and Lacerte REP is a pay as you go option

★ **4.5** 2018
OVERALL
RATING

for those processing a lower volume of returns. Pricing varies, with all system add-ons priced separately.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12423352](http://www.CPAPracticeAdvisor.com/12423352)

UltraTax CS

<https://tax.thomsonreuters.com/cs-professional-suite/ultratax-cs/>

UltraTax CS is part of the CS Professional Suite of applications from Thomson Reuters. Best suited for large accounting firms, UltraTax CS can be used as a stand-alone application, but performs best when coupled with other

CS Professional Suite applications. Designed for efficiency, UltraTax CS can be deployed in a variety of ways, including on a desktop or network, accessed as a hosted solution or as a SaaS application.

Pricing for UltraTax is customized for each user and is typically based on the number of users and deployment option chosen, with the product usually starting at around \$3,000 for a single user, with product support included in the pricing.

★ **5** 2018
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12423368](http://www.CPAPracticeAdvisor.com/12423368)

REVIEW: PROFESSIONAL TAX PREP SYSTEMS

ATX - Wolters Kluwer Tax & Accounting

<https://taxna.wolterskluwer.com/professional-tax-software/atx>

ATX from Wolters Kluwer Tax & Accounting is a tax compliance application best suited for small firms that file simple to complex returns. ATX also offers extensive tax law research

capability that is designed to integrate with the core system. ATX offers five packages: Pay-Per-Return, 1040, MAX, Total Tax Office, and Advantage editions; with each package offering a variety of

features and functionality.

The ATX Pay-Per-Return version is \$229 plus per-return fees; the 1040 Package, which is \$699; the MAX Package, which is \$1,649; the Total Tax Office, which is \$2,399; and the

★ **4.75** 2018
OVERALL
RATING

Advantage version is \$3,949.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12423532](http://www.CPAPracticeAdvisor.com/12423532)

Drake Tax

www.drakesoftware.com

Drake Tax from Drake Software is well-suited for small to mid-sized accounting firms that process both individual and business taxes for clients. Drake Tax can be installed as a desktop/network solution or accessed as a hosted

desktop application. Also available from Drake are two web-based solutions that provide firms with the ability to prepare 1040 returns online. Drake Zero is for a stand-alone location, and Web1040 is for firms with upwards of 20 physical locations.

Drake Tax Unlimited is Drake's all-inclusive tax program and is available for \$1,395 if purchased by Sept. 30. The Power Bundle includes Drake Tax Unlimited and Drake Accounting and is currently priced at \$1,495 if purchased by Sept. 30. There is also a

★ **5** 2018
OVERALL
RATING

pay-per-return option available for \$330 for 15 returns. Drake Tax includes free online training, and live support.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12423349](http://www.CPAPracticeAdvisor.com/12423349)

Intuit ProConnect Tax Online

<https://proconnect.intuit.com/tax-online>

ProConnect Tax Online is best suited for both multi-service and tax-only firms that are small and growing. ProConnect Tax Online processes both individual and business returns, and offers easy online access, with users able to access the application from

any platform including PCs, Mac, smartphones, and tablets.

ProConnect Tax Online offers two pricing strategies; one for 1040 returns and one for business returns. Pricing includes federal, state, multi-state, and municipal e-filing, with pricing

per return. For 1040 filing, 1-9 returns are \$43.95 each; 10-49 returns are \$30.95 each; and 50-99 returns \$20.95 each, with special pricing available for more than 100 returns. Business return pricing is currently \$54.95 each for 1-9 returns; \$43.95 each for 10-49 returns, and \$35.95 each for 50-99 returns, with

★ **4.25** 2018
OVERALL
RATING

special pricing available for more than 100 returns. Business pricing includes preparation of forms 1041, 1065, 1120, 1120S, 990, and 709.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12423358](http://www.CPAPracticeAdvisor.com/12423358)

Intuit ProSeries

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

ProSeries Tax from Intuit is best suited for small to mid-sized accounting firms that primarily prepare individual 1040's though the product does offer the option to process business returns as well. ProSeries Tax is available in two editions: Basic and Professional, with the Basic edition only offering 1040 preparation

and filing. The product also offers seamless integration with QuickBooks (Professional edition), making it a terrific option for firms already utilizing QuickBooks applications.

ProSeries Tax is only available as a desktop/network installation and does not support cloud hosted environments

or offer mobile apps.

ProSeries Tax is currently offered in both Basic and Professional versions, with the Basic version handling individual returns only. The 1040 Complete edition of ProSeries Tax runs \$1,849 per year, with pricing per form available for those processing business forms as well. Other Professional options include

★ **4.25** 2018
OVERALL
RATING

a Pay-Per Return option and the brand new Choice 200, for firms that process less than 200 forms annually, with pricing available upon request.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12423362](http://www.CPAPracticeAdvisor.com/12423362)

MyTAXPrepOffice

www.mytaxprepoffice.com

MyTAXPrepOffice from Advanced Tax Solutions is a good fit for tax preparers that process a high number of uncomplicated individual and business returns while offering free, unlimited federal and state e-filing. MyTAXPrepOffice is an online application that works with all common browsers, with

users able to access the application from their desktop PC, Mac, smartphone or tablet. The product offers an offline mode, so users can still use the product even if not connected, with any data later syncing when a connection is restored.

MyTAXPrepOffice is available in three editions: Individual, \$395, and

only handles 1040 processing for a single user; Essential, \$695, and offers both individual and business return processing while supporting two system users; and Unlimited, \$995, and includes Multi-Office Management capability and supports an unlimited number of system users. All versions include unlimited tax preparation.

★ **4.5** 2018
OVERALL
RATING

The above plans are not available for customers residing in Connecticut, Illinois, Maine, or New York, but MyTAXPrepOffice offers a special plan for tax preparers in these states.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12423369](http://www.CPAPracticeAdvisor.com/12423369)

PROFESSIONAL TAX PREP SYSTEMS: REVIEW

TaxAct Professional Edition

www.taxact.com/professional
TaxAct Professional Edition is well suited for small to mid-sized firms and tax preparers that handle a high number of 1040 forms. Previously geared towards individuals, TaxAct Professional now offers a variety of options for both 1040 and business form preparation and filing. TaxAct is

also available for individuals looking to prepare their own taxes.

TaxAct Professional is available via several bundles: the 1040 Bundle, which is \$600 per year for one user; the 1040 Enterprise Bundle, which is \$675 for unlimited users; the Complete Bundle for \$1,125 for one user, which offers business returns as

well as 1040 form processing; and the Complete Enterprise Bundle, for any number of users for \$1,450 per year. All TaxAct Bundles offer unlimited e-filing capability, and the Enterprise editions of TaxAct Professional include cloud storage options, data backup, and document manager functionality. The Client Xchange module is also available

★ **4.5** 2018
OVERALL
RATING

at an additional cost. Pay-per-return versions are available for lower volume users.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12423366](http://www.CPAPracticeAdvisor.com/12423366)

TaxSlayer Pro

www.taxslayerpro.com

Tax Slayer Pro has been offering tax preparation software to accounting professionals for over 20 years. Best suited for small to mid-sized firms that prepare a fairly high number of returns, the product is available in

three editions: Classic, Premium, and Web. All three editions offer 1040 preparation and filing, but business filing is only available on the Classic and Premium editions, not on the relatively new Web edition.

The Classic version of Tax Slayer

Pro is \$1,095 per year and includes both individual and business tax returns and unlimited e-filing for any number of users. The Premium and Web versions both run \$1,395, with the mobile app included, although the Web edition does not offer business tax preparation

★ **4.5** 2018
OVERALL
RATING

or filing capability.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12423365](http://www.CPAPracticeAdvisor.com/12423365)

TaxWise - Wolters Kluwer Tax & Accounting

<https://taxna.wolterskluwer.com/professional-tax-software/taxwise>

TaxWise from Wolters Kluwer Tax & Accounting is best suited for small to mid-sized firms. TaxWise is scalable, with a version available for firms that process a limited number of returns as well as for those processing numerous

individual and business returns for clients. TaxWise is available in both English and Spanish.

TaxWise is available in three editions; TaxWise Pay-Per-Return, which is \$569 plus per-return fees; TaxWise

ProFiling, which focuses on federal and state returns and runs \$1129; and TaxWise Power, which handles both individual and business returns and is available for \$2,579.

★ **4.75** 2018
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12423525](http://www.CPAPracticeAdvisor.com/12423525)

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Jim Bourke
David Cieslak
John Higgins
Marty McCutchen
Jackie Meyer
Byron Patrick
Carl Peterson
Geni Whitehouse
Sandra Wiley
Jean Caragher
Gail Perry

REVIEW: PROFESSIONAL TAX PREP SYSTEMS

Bloomberg Tax 706 Preparer

<https://www.bnasoftware.com/solutions/tax-compliance-resources/706-preparer>

Bloomberg Tax offers a variety of tools and resources designed for tax professionals who need to process estate and gift tax returns for their high-net worth clients. Bloomberg Tax currently offers two applications; Estate and Gift Tax 706 Preparer and Estate and Gift Tax 709 Preparer. Both products are installed on a desktop or network computer and are designed to automate preparation of both IRS Form

706 and 709, using streamlined data entry capability while performing complex calculations automatically. The products also offer a variety of resources including data validation messages, automated application help options, and spell check capability.

Accounting firms interested in Bloomberg Tax Estate and Gift Tax 706 Preparer can contact the vendor directly for current product pricing.

Bloomberg Tax Estate & Gift Tax 709 Preparer

<https://www.bnasoftware.com/solutions/tax-compliance-resources/709-preparer>

Estate and Gift Tax 709 Preparer from Bloomberg Tax automates the preparation of IRS Form 709, supporting a number of additional forms as well, including Forms 56, 712, 2350, 4868, 8821, 8822, 8275, 8275-R, and 8892. The application handles a variety of gift tax calculations including automatic allocation of the annual exclusion to each gift, automatic calculation of both current and prior year gift taxes, and will automatically calculate

split gifts with a spouse. The product can also import split gifts from a spouse's 709 Preparer return into the current taxpayer return. The program uses Smart Data Entry, which guides users through IRS Form 709, so users only have to enter data once.

Accounting firms interested in Bloomberg Tax Estate and Gift Tax 709 Preparer can contact them directly for current product pricing.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12423372

Canopy Tax

www.canopytax.com

Canopy offers a series of software products designed for the professional accounting office, including Practice Management, Document Management and a client portal. Canopy also offers Tax Resolution, a great solution for CPAs who wish to guide their clients through the complicated tax resolution process.

To begin the tax resolution process, firms can send a survey to their clients who can be delivered using the client portal. The survey contains five sections that the client will need to answer, including a Personal Profile, Personal Assets, Income & Expenses, Miscellaneous Items, and Business. The information contained in the survey allows accountants to expedite the

tax resolution process, using the information from the survey to answer questions about each client and their current tax situation.

If IRS forms need to be prepared, they can be auto-populated in Canopy, with users able to make edits as needed. Canopy also includes a Collection Analytics feature that allows accountants to use the answers contained in the survey to find the best solution to the client's particular tax situation with options such as Offer in Compromise, Payment Plan, or Currently not Collectible options available. All results of the collection analytics are based off the survey results and any source forms that have been prepared.

Canopy also includes a Resolution Service Assistant that offers best outcome scenarios for Liens, Levies, Trust Fund

Recovery, Innocent Spouse, and Penalty Abatement cases. Accountants simply answer a few questions about their client's current situation to be provided with the best outcome options. Once the requisite forms are prepared, clients can access them through the client portal, sign, and return the forms promptly.

Along with the tax resolution option, Canopy also offers complete document management capability, with an unlimited amount of storage available. Accountants can make documents visible to clients from their contact page, where they can safely access the document, with all client-related documents stored directly on their contact page.

Also available is a Contact Management feature that allows firms to easily manage client data in one central location,

grouping each contact as desired for easier accessibility.

Canopy's Tax Resolution software is currently \$1,250.00 per user, per year, with a free trial available. The Practice Management module is \$900.00 per user, per year, and the document management and contact management features are included in both the tax resolution and the practice management modules.

Canopy offers flexible pricing plans that allow users to choose which products they want and exclude the ones they don't. Currently Canopy offers Practice Management, Tax Resolution, Notices and Transcripts. The document management and contact management features are included in both the tax resolution and the practice management modules.

TaxCaddy from SurePrep

www.taxcaddy.com

TaxCaddy from SurePrep is designed to simplify the collection of necessary tax documents. CPAs can simply invite their clients to set up a free account on TaxCaddy. The client account is not perpetually linked to the CPA firm, instead the client owns their account and can use it as they wish. TaxCaddy also includes an automated document request list that integrates with CCH Axcess, CCH ProSystem fx Tax, GoSystem Tax RS, and UltraTax.

To get started, clients will simply need to enter some initial data about themselves and then connect with their accounting professional. Once the client's account is connected with their CPA, the CPA firm logo will appear in the left-hand side of the main interface screen. When a request is sent to the client, it will be found under the

Tax Pro Requests section. This is where clients will access the questionnaire that will be sent to them.

CPAs don't have to rely simply on clients; the product also links to over 300 banks, brokerages, and payroll service providers, so firms can begin to gather documents as soon as they become available. To eliminate the end of year paperwork rush, clients can also uploading documents by simply snapping a photo and upload it throughout the year using their Mac and Android smartphones and tablets. A PC can also be used to provide requested information if desired.

TaxCaddy supports a variety of document formats, including PDFs and Microsoft Word and Excel documents. Once a document is uploaded, clients

can select a category to place each document, along with the appropriate tax year, adding a subcategory if desired. If using a PC, clients can simply drag and drop the necessary documents into the TaxCaddy interface and upload them accordingly.

Hard copies of documents can also be provided to the CPA firm, with the firm able to upload the documents directly to the client's account, so all documents can be easily viewed in their account.

Designed for efficiency, clients will receive a notification that their organizer is available in January. Clients will then answer the questions included in the questionnaire, and upload any of the requested documents directly into the Documents section of TaxCaddy. The Documents screen has two screens for complete document management, Requested Items and Uploaded Items,

making it easy to fulfill document requests and always know exactly what documents have already been uploaded.

TaxCaddy also offers e-signature capability, enabling CPAs to share engagement letters and authorizations using the product. The product also offers E-signature with verification that can be used for documents such as form 8879.

TaxCaddy utilizes Amazon Web Services for storage, with all documents encrypted during transit and while stored. All data is hosted at data centers in Dallas, Seattle, and Washington D.C., and are monitored 24/7.

TaxCaddy can also be used in conjunction with 1040SCAN PRO, which automatically bookmarks and organizes documents. For more information, visit TaxCaddy's website at www.taxcaddy.com.

TAX & ACCOUNTING TECHNOLOGY INNOVATION AWARD | 2018

By Isaac M. O'Bannon, Managing Editor

THE TOP TECHNOLOGIES for tax and accounting professionals were honored on July 25 at the Los Angeles Convention Center. The 15th annual Technology Innovation Awards were presented by *CPA Practice Advisor* during a special ceremony at the Accounting & Business Show - LA. The July event gathered financial professionals from across the country for accounting and tax education topics and keynote speakers.



The 2018 Innovation Award **winners** are:

- ADP for **Accountant Connect**
- Bill.com, for the **new Bill.com customer experience**
- CPA.com and CaseWare, for their collaboration: **OnPoint PCR**
- Liscio, by Liscio
- Receipt Bank, for **Receipt Bank Self Employed**

Five Innovation Award **Finalists** were also recognized by *CPA Practice Advisor*:

- Avalara for **Avalara Trustfile**
- BQE Software for **BQE Core**
- Gusto for its new **Flexible Pay**
- Intuit, for **Intuit ProConnect Tax Online Data Import**
- SurePrep for **Tax Caddy**

The **Tax & Accounting Technology Innovation Awards** honor new technologies that help accounting firms and their small business clients operate more efficiently and profitably

through improved workflow, increased accessibility, or enhanced collaboration.

“These awards recognize new technologies that can benefit tax and accounting professionals, and their clients,” said *CPA Practice Advisor* Editor-in-Chief Gail Perry, CPA. “As the profession continues to embrace new workflows and processes that optimize the potentials of these technologies, firms are improving their efficiency and focusing their practices on more profitable service offerings that, at the same time, are more beneficial to the small businesses that rely on them for advice and strategy.” Perry also manages a tax practice and is the author of more than 30 books, including *Mint.com for Dummies*, and *Idiot’s Guide to Introductory Accounting*.

CPA Practice Advisor provides a variety of independent digital and print resources for accounting professionals, including practice resources, technology reviews, interactive tools and content that helps firms achieve greater productivity.

In addition to the winners and finalists, more than 40 technology products and services were nominated for this year’s Innovation Awards. ■



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Helping to solve a biggest pain point in serving self-employed tax clients. Receipt Bank for Self Employed employs leading class OCR combined with award winning machine learning to automate the Schedule C.

Rather than a one-time tax interaction with self employed clients, Receipt Bank for Self Employed means accountants and tax pros can provide year round service and year round value to their clients.

Accountants can monitor their self employed clients throughout the year on one central dashboard with their expenses organized, and totals calculated against the Schedule C categories. Tax planning and tax preparation are far more efficient and potentially profitable with technology doing the heavy lifting of preparing a client's expenses for review and publishing to the Schedule C.

Data is stored and organized in Receipt Bank's archive for 10 years, so should the IRS or the bank ever need supporting documentation, everything is at the accountants fingertips, ready to search, filter and download.

Accountants can help their clients organize their financial records, give them real time insights into their businesses performance as well as help provide a level of audit, disaster and fraud protection.

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Spend less time chasing, organizing and entering data.

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Accountant ConnectSM from ADP[®] is the smart way accounting professionals work. It's the cloud-based, mobile-friendly solution that connects accountants to their authorized clients' payroll data and to industry-leading practice management and tax resources.

In 2018, ADP greatly enhanced Accountant Connect by enabling accountants with access to run payroll for their clients, added intelligent, client-specific notifications and updated our tax resources, all designed to help accountants better advise their clients. And it's still free!

Accountants benefit from super-fast access to their clients' payroll information from one easy-to-access dashboard where they can view payroll trends, generate or schedule multi-client payroll reports, process payroll and interface pay data to their accounting software's general ledger.

The payroll trends analysis is just one of the features in Accountant Connect to help accountants strategically advise their clients. Other tools include access to Wolters Kluwer's CCH Resource Library, Powered by IntelliConnect, with the latest federal and state tax news, tax briefings, and the U.S. Master Tax Guide, now with 20-years of archive issues.

The new Tax Reform Library on the Tax Cuts and Jobs Act of 2017 and all the information in the Resource Library can be shared with clients or colleagues in just a few clicks. Complimentary CPE courses, state Fast Wage and Tax Facts and IBISWorld[®] industry reports round out all the features to help accountants increase their value with their clients.

**To learn more about
 Accountant Connect, visit
adp.com/accountantconnect**

All your clients. One roof.



Imagine all your client payroll data lived in one place.

That's what **Accountant Connect**SM gives you. Your ADP payroll clients' data, reports, notifications and now payroll processing (and loads of other features and useful tax resources) all in one platform designed for you, their trusted advisor.

One log-in. Everything you need, all in one place.

Now imagine what you could do with the hours you'll save. You can spend more time visiting those clients, for a start.

Change the way you connect. Accountant Connect.SM [Adp.com/accountantconnect](https://adp.com/accountantconnect)



*ADP Accountant Connect is honored to win
CPA Practice Advisor's Technology Innovation
Award for the second year in a row*

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**TAX & ACCOUNTING
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FINALIST



In tax year 2017, the ProConnect team eliminated manual entry for 7 of the most common source documents - W-2, 1099-INT, 1099-DIV, 1099-R, 1099-MISC, 1098-Mortgage and 1098-T.

While in the client's tax return, the preparer can import the data fields from these source documents and apply the data directly to the tax form without manually entering any data.

We've found that 90% of all data fields from these source documents imported accurately into the tax return with no manual data, which has helped save preparers from manually entering over 244,000 data fields for tax year 2017.

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Work fast + right.

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Spend less + stress less.

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Test-drive ProConnect Tax Online for free at Intuitproconnect.com/AboutPTO. You'll get the full working version – no limits, no expiration – pay only when you file.

Thank you for being the inspiration behind this honor, two years in a row.





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TAX & ACCOUNTING
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TaxCaddy eliminates the paper organizer and streamlines the entire 1040 process for both the taxpayer and CPA. Throughout the year, taxpayers can use the TaxCaddy mobile phone app to photoscan and upload paper documents like property tax notices and vehicle registration receipts so they're available to the CPA at tax time. In January, the CPA can send an electronic questionnaire that the taxpayer can respond to from any location using a mobile phone app; even using voice to text.

Taxpayers can respond to the CPA's document request list by uploading items from their PC, Mac or mobile device. 1098s, 1099s and W-2s can be retrieved automatically the day they are issued by the taxpayer's financial institutions so they're available to the CPA immediately, without the taxpayer needing to lift a finger.

Things like the engagement letter and the e-file authorization form can be signed by the taxpayer electronically. Once the CPA is ready they can send all the documents collected through TaxCaddy directly to 1040SCAN, SurePrep's scan-and-populate solution, and export to tax software to further automate the preparation and review. Finally, the tax return and payment vouchers can be delivered to the taxpayer via TaxCaddy. TaxCaddy simplifies tax time for the taxpayer and CPA.

**See what tax pros
 are saying about
 TaxCaddy at
corp.sureprep.com**



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OnPoint PCR is AICPA methodology and guidance programmed into CaseWare's Cloud SE platform, providing a self-contained preparation, compilation, and review engagement solution. For firms, it facilitates adherence to standards and improves collaboration with clients and colleagues, enhancing overall engagement quality.

OnPoint PCR's key features include:

- Guided engagements – The interactive process eliminates non-pertinent steps and allows firms to focus on consistency, quality, and client needs—from proper documentation (customized engagement letters and reports, defined quality control processes) to building out procedures that are tailored to each engagement.

- Integrated data – Simplifies data management and the import of client data, and reduces redundant data entry.
- CaseWare cloud platform – Real-time updates to data and built-in collaboration tools that eliminate the need for external programs, such as less-secure email.

**Learn more about
 OnPoint PCR at
CPA.com/OnPoint**

Big Changes for the New W-4 Form

By James Paille, Thomson Reuters

The pre-draft 2019 W-4 has been released, and it's a major change from previous versions of the W-4. The new W-4 doesn't have a way to number allowances — instead, four new boxes that instruct the taxpayer to predict income and deductions replace the old exemption numbers.

The lines are as follows:

Filing status: Line 3 is used to indicate the employee's tax filing status. The draft 2019 Form W-4 has checkboxes to indicate that the filer is single or married filing separately, married filing jointly, or head of household. The number of default allowances will be calculated automatically in single tables based on the filing status that is checked — **2** if single or married filing separately, and **3** if married filing jointly or head of household.

Lines 5-8. Lines 5-8 are new and completely optional to the taxpayer. These lines mimic a 1040 filing and the IRS indicates that completing them will provide more accurate withholding information.

- Line 5 is for nonwage income not subject to withholding
- Line 6 is for itemized and other deductions (other than the standard deduction)
- Line 7 is for applicable tax credits
- Line 8 is for the total pay of lower paying jobs and is only used when employees have more than one job or are married filing jointly and both spouses work

Completing these lines requires information that employees may not want to share. To avoid completing all lines individually, the IRS recommends using the IRS Withholding Calculator or IRS Publication 505, Tax Withholding and Estimated Tax.

Also, **line 9** has additional withholding per paycheck.

The IRS has two draft instructions for calculating withholding — a short instruction with the 2019 W-4 for simple filers and an 11-page instruction guide for more complicated returns (i.e. stock ownership, dividend, and self-employment income). The IRS has indicated that it will advise employers to make the 11-page W-4 instruction booklet available to all employees.

Note: Several states have not adopted the new TCJA rules — the current list and chart are available at www.cpapracticeadvisor.com/12422991.

Furthermore, many states allow taxpayers to use the federal W-4 for state withholding. It's expected that this will no longer work for 2019 W-4s and most states (exception: PA) will need to come up with their own state version for withholding. Look for an update on this later in the year.

The federal government will allow taxpayers to continue to use their old W-4 status with no need to file a new W-4 — however, the federal government is suggesting all taxpayers review their withholding and see if they need to file a new 2019 W-4 (when it becomes available) for 2019 wages. All new employees hired as of January 1, 2019, and all employees that want to make W-4 changes after January 1, 2019 will be required to use the 2019 W-4.

A second draft is expected sometime in the late summer of 2018 with a final version later this year. We will be watching for updates and potential changes. ■

James Paille CPP is the Director of Operations for Thomson Reuters myPay Solutions. He has been an executive manager in the payroll service industry for more than 30 years, specializing in managing multi-location offices. Jim is President of the American Payroll Association as well as a member of the National Speakers Bureau and chair of the CPP Certification Review Panel. He holds a Bachelor of Science in Accounting from St. John Fisher College in Rochester, NY.

THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- Do Unlimited Vacation Policies Work? **Todd Wassermann on the ADP Spark blog.** <https://bit.ly/2KvNgMH>
- Payroll Mistakes that Can Hurt a Business. **The Paychex Worx blog.** <https://bit.ly/2OeEdlz>
- How to Conduct a Payroll Audit. **By Kalee DeWitt on the Patriot Software blog.** <https://bit.ly/2viSjLE>
- Should Your Company Have a Marijuana Policy? **By Danny Speros on the Zenefits blog.** <https://bit.ly/2OMB3H6>
- Burned Out at Work? 7 Symptoms. **By Tina Collins on the Landrum HR blog.** <https://bit.ly/2M6eTKg>

LATEST PAYROLL NEWS

Majority of Workers Say Their Job Makes Them Fat. 57 percent of the nation's workforce believe they are overweight, and 45 percent believe they've gained weight at their present job. www.cpapracticeadvisor.com/12422582

3 Ways to Stop Competing on Pay for Top Talent. One of the top challenges business executives face today is finding and retaining the best and brightest employees in their industry. www.cpapracticeadvisor.com/12422782

Is Unlimited PTO Right for Your Client Businesses? PTO programs that allow employees to roll over and bank unused time can result in a huge expense for the company. An unlimited PTO program eliminates this problem. www.cpapracticeadvisor.com/12423001

44% Say They'd Quit for a Bigger Paycheck. Money really does talk, suggests new research from staffing firm OfficeTeam. More than two in five workers (44 percent) said they'd leave

their job for one with better pay. www.cpapracticeadvisor.com/12419714

Financial Advice for Generation Z. The oldest members of Generation Z, the group immediately behind Millennials, have recently left college and entered the workforce. www.cpapracticeadvisor.com/12420370

2018 Intuit Rate Survey Uncovers **New Trends** in Billing and More

The ProAdvisor Spotlight is sponsored by Intuit QuickBooks.



THE RESULTS ARE in from the 2018 Intuit Rate Survey. They not only indicate shifts in how accountants and bookkeepers bill clients but also hint at new, emerging methods for finding new clients. The Intuit Rate Survey takes an in-depth look at trends affecting accounting professionals, from technology adoption to billing rates, value pricing, credentials & certifications, and more. The survey was done with Intuit partners, Michelle Long, CPA, and Heather Satterley, EA, and asked more than 1,000 participants from around the world questions about their practice, use of technology, how they find clients and billing, among other topics – and yielded many interesting findings.

BILLING RATES

Notably, for example, hourly billing is becoming less popular among accountants, with value pricing/billing and fixed fee pricing on the rise. Only 57% of respondents bill by the hour for monthly accounting/bookkeeping services, down from 68% from the 2016 survey.

Value pricing is based on the maximum amount a given client is willing to pay for a service, typically set before the work begins. Conversely, value billing is usually marking up – or more frequently marking down – the invoice to the client after the work has been performed. While the survey confirmed the ongoing trend among accounting and bookkeeping professionals is toward fixed and value pricing/billing, and away from hourly billing, the service provided does impact the billing method used. According to the survey, fixed fee pricing was the most popular method to bill clients for payroll (55 percent), individual (57 percent) and corporate (54 percent) tax preparation services, but hourly billing remained the most popular for advisory services (70 percent) and technology consulting (72 percent).

Other interesting findings around billing focus on the impact of certification and credentials. Sat-

terly noted, “It’s profound the difference that investing in education makes.” As you’d expect, the higher the certification or credential, the more an accountant professional charges. For example, the survey found that while a bookkeeper charges on average \$64/hour, a CPA charges on average \$88/hour. This trend holds true for Intuit certifications as well, with the break down as follows:

- Non-certified accountants and bookkeepers - \$56/hour
- Core certification for QuickBooks Desktop or Online - \$66/hour
- Advanced certification for QuickBooks Desktop or Online - \$82/hour

RATES BY REGION

In addition to certification levels, the region in which an accounting professional lives also has a strong impact on their rates. The survey found that the areas with the highest hourly rates were the Atlantic and the northern regions, while the lowest rates seemed to vary depending on the type of service. The central region was lowest for accounting/bookkeeping and QuickBooks troubleshooting, and the southwest region was lowest for third-party app consulting, IT consulting, training and other services. This year’s survey also fea-

tures an **interactive tool** including a map that allows users in the U.S. or Canada to hover over a specific state or region and see what their peers are charging for different services.

In addition to rates, the survey also looked at how accounting professionals are using technology. The survey showed that the majority of respondents are getting online, with 62% having placed their accounting records in the cloud. Interestingly, however, only 25% of respondents have placed their clients’ data in the cloud. Satterly observed, “Accountants, as a rule, are really careful when we recommend things for our clients. I want to try things out before I expose my clients to it. The practitioners that are recommending cloud to clients went there first.”

She continued, “Successful consultants are leveraging technology and billing, which makes firms profitable and ready to scale.”

BEST SOURCES FOR NEW CLIENTS

Finally, the survey asked accounting professionals where and how they scale and source new clients. Not surprisingly, referrals were overwhelmingly the best source of new clients for survey participants. Percentages edged up over 2016 for referrals from existing clients,

peers, and others. Social media referrals fell by half, but local networking groups jumped, while local chamber of commerce meetings edged up slightly. Direct mail, radio, and print ads only slightly register as sources for new clients.

Counterintuitively, participants gleaned more new clients from Facebook than LinkedIn, despite the business-to-business focus of the latter. Twitter and Instagram barely registered as sources for new clients, and although new clients were gained in 2016 from YouTube, Google+, and Yelp, the channels did not generate any new clients among survey participants in 2018.

DEMOGRAPHICS AND METHODOLOGY

Demographically, 54% of survey respondents were from single-person firms, followed by 32% comprising firms of 5 employees or fewer. Almost every respondent was a member of the QuickBooks ProAdvisor program: 30% belong to the free QuickBooks Online program, 28% subscribe to the ProAdvisor Deluxe program, and 41% opt for the ProAdvisor Premium level.

The survey is part of Intuit’s Firm of the Future initiative that is designed to help accountants make the next steps in the ever-changing world of technology. To receive periodic email updates, visit www.firmofthefuture.com, enter your email address at the bottom of the page, and then click Subscribe.

While you’re there spend some time in the sections that center around client relationships, efficiency and growth, training, and news about the accounting industry and Intuit products. ■

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 accountants serving cannabis businesses.

RESOURCES FOR THE CANNABIS ACCOUNTANT

- A Tax Accountant's Analysis of the Cannabis Industry - by Craig Smalley, EA - www.cpapracticeadvisor.com/12413559
- Valuation of a Cannabis business: www.cpapracticeadvisor.com/12382090
- Introduction to the Tax Implications of Marijuana: <https://bit.ly/2MbX83i>
- Cannabis and Captive Insurance: <https://bit.ly/2nqJhYY>

Building Your Niche Practice is sponsored by Intuit QuickBooks.



How to Manage the Risks of Serving Cannabis Clients

EXPERTS PREDICT THAT America's cannabis industry will continue to grow over the next four years. The legal cannabis market was worth an estimated \$7.2 billion in 2016 and is projected to grow. Medical marijuana sales are projected to grow from about \$4.7 billion in 2016 to \$13.3 billion in 2020. Adult recreational sales are estimated to jump from about \$2.6 billion in 2016 to \$11.2 billion by 2020.

With this projected momentum in the growth of the cannabis industry, more and more CPA firms are weighing the business opportunities and risks related to expanding their practice into this emerging industry. Marijuana-related businesses are in true need of the professional accounting and tax services offered by CPA firms. However, at the heart of the challenge for CPAs as they evaluate these opportunities are the uncertainties that exist with respect to the legal standing of this industry.

First and foremost, cannabis is still considered an illegal Schedule 1 substance under federal law, and there are no guarantees that current or future administrations will continue the discretionary position that is the foundation for this industry. This dichotomy creates ethical and moral quandaries for CPAs. For example, would rendering services (tax, accounting, consulting services, etc.) to cannabis clients be considered a lack of "good moral character" or an "act discreditable" by their state boards

of accountancy?

Also, would CPAs who render such services to cannabis clients be exposing themselves to allegations of "aiding and abetting" criminal activities? Thus far, eight state boards of accountancy have issued guidance on providing services to businesses in the marijuana industry, and the profession is pushing the other state boards of accountancy to provide guidance.

RISK ASSESSMENT

From CAMICO's perspective, a CPA firm considering opportunities to accept marijuana business clients should adopt a risk assessment approach to evaluate the risks to their firm from such clients. For example, assess risks associated with the specific client attributes (all-cash

How to Smoke the Competition When Marketing to CANNABIS CLIENTS

By Becky Livingston, Penheel Marketing (<https://penheel.com>)

AS OF AUGUST 2018, 31 states and D.C. have laws that broadly legalize the use of marijuana. What does that mean for accounting firm's looking to increase clients in this area? Opportunity!

As with any new industry, accountants have an opportunity to increase revenue by providing tax, accounting, audit, and business services, like book-keeping, internal controls, workflow, payroll, and cloud-based solutions. In an article from CPA Trendlines the "green rush" is akin to that of the gold rush days, when investors were interested in the new market and investing money, which means business valuation opportunities.

Here are some ways to leverage marketing to ensure you're reaching your target market and to help them to understand what you can do for their business.

Tip: If you're concerned that marketing to this audience could negatively influence your mainstream clients,

consider creating a different brand strategy for your new industry vertical using industry-relevant brand names, such as High Standard Accounting or Maryjane Accounting and Tax Services.

RISK MANAGEMENT OPPORTUNITIES

Be very clear about the risk involved in this industry and how your firm can help business owners to manage that risk, including financing, legal issues, tax-related concerns, especially for multi-state providers, and more. Promoting your firm's risk-management, startup experience is a good place to start. If you plan to do this with online advertising, you must know the rules about cannabis marketing that may impact the words

you use in your advertising and placement options. You can find several of those rules at <https://cannabiz.media/marketing-challenges-in-the-marijuana-industry/>.

THINK OUTSIDE THE BOX

With the many regulations around this sensitive product, you too must be sensitive in how your firm markets its services. Now is great time to get back to basics and to think outside the box. If you plan to use mailers, consider using lifestyle photos and words that resonate with this audience. Your goal is to put the business owner at ease with your firm and to help him/her understand you know the challenges he/she faces.

ONLINE ADVERTISING

If you plan to use online advertising, such as Google or Bing Ads, then consider

business, complexity, uncertainty, etc.) along with assessing your specific firm attributes (risk tolerance, competency, level of service choices, etc.) as you carefully consider whether these prospective clients would be a good fit for the firm. As part of this risk assessment, firms should discuss and review the potential legal ramifications with an attorney who specializes in this industry.

As part of your process in assessing “risks,” never forget that your professional acts and decisions will be judged in hindsight. Therefore, if your firm decides to service cannabis clients (or any other higher-risk clients, for that matter), be extremely attentive to the following rules in the malpractice world:

- Professional standards for CPAs are merely the floor — juries hold CPAs to even higher standards.
- A CPA’s job is to **advise** the client of opportunities and **warn** the client of risk.
- CPAs are scriveners — lack of documentation is viewed as evidence of potential malpractice; jurors expect CPAs to have strong documentation, and the lack of it is viewed as not having met the “burden of proof.”
- “Guilt by association” can impact CPAs in a dispute.

LOSS PREVENTION BEST PRACTICES

Apply appropriate safeguards to address the added risk threats associated with cannabis clients. The

following are some best practices to consider:

- Meet principal(s) face to face.
- Perform background checks on all principals.
- Insist that clients have ongoing legal representation.
- Obtain written consent annually to interact with client’s attorney.
- Document, document, document!
- Have a signed and detailed annual engagement letter clearly articulating scope and limits as well as enhanced “protective clauses.” CAMICO provides a sample engagement letter template to CAMICO policyholders (“Cannabis Client Tax Engagement Letter”).
- Document all planning, work, consultations and communications (internal and external).
- Obtain a management representation letter annually (regardless of type of

service) that affirmatively confirms the client’s understanding of, and compliance with, state laws and regulations.

Consider creating a Crisis Management Plan (or enhancing an existing one) to manage the firm’s potential reputational risks. A crisis management plan should be based on the potential consequences of servicing cannabis clients and should include engaging with a qualified attorney and public relations firm (for incident responses), as well as specifying who will speak on behalf of your firm.

More information about CAMICO insurance solutions and risk management programs is available at www.camico.com. ■

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graphical ads placed on industry- and brand-specific websites your target market views. Graphical ads do not cost more to use than a text ad, other than for design work. If you plan to use text ads, consider unique ways to attract clients, from the services you offer, to the phone number you’re using. For example:

High Standard Accounting: Denver Co. - Serving the cannabis industry for more than 5 years. Financing relationships, tax + accounting services, and more. Call today. 1-800-HIGH-CPA

EMAIL MARKETING

Let website visitors add their email address to your list by creating, posting, and sharing informational articles with your target market. Begin by creating an informational piece. Then design a website landing page that prompts visitors to enter their email address to view the article.

Tip: The more fields you request on this page, the less likely someone will complete it; however, if they do, that’s more data than you get with just an email request form. Be sure the visitor

knows they are granting permission for you to email them marketing and communications materials. This is usually done with a link to your terms and conditions and privacy policy,

Once you have a good number of emails, continue to share relevant information cannabis clients can use, including tax regulations, tax filing dates, human resource tips, bookkeeping tips, cloud-based storage solutions, and more. Keep the emails short with one focused call-to-action, such as contact us for a free consult, register for a webinar, attend our conference to learn more, etc.

SOCIAL MEDIA

Social media is a much more forgiving media than online advertising or traditional marketing. Therefore, it may be a channel your sales team will want to leverage to draw in new clients. With the term “cannabis” having a high-popularity rating, be careful how you use it. Be more specific if you plan to target medical marijuana companies by using

the hashtag #medicalmarijuana or #mmj. Consider following industry influencers to see what they are sharing and determine if you can share, comment, or draw from their posts to create content of your own. Influencers like @JoinGreenRush, @WeedFeed, @TheMMExchange, and @InvestorIdeas are some you may want to watch. Finally, create a Twitter list, Facebook group, and/or Instagram feed to stay in contact with your target market. Those direct connections to your audience give you and them a unique opportunity to start conversations, increase brand awareness, and influence market share.

As with any new industry, consider a solid amount of target market research before jumping into any marketing initiatives. The more you know about your target market — where they are; what they are reading; where they spend time online; what social media tools they use; etc. — the faster you can get in front of them with your solutions. ■

2018 ACCOUNTANTS PRODUCT & SERVICE GUIDE

1099 & W-2

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Tenz, Inc. **Eagleview Filing Solutions** is an on-line W-2, 1099 and ACA forms filing service for accountants, tax preparers, small businesses, payroll services and even larger institutions who request Eagleview's hands-on service bureau attention to large batch filing.

Tenz customers and thousands of new customers are making the economical, easy and inevitable transition to on-line filing of W-2's, 1099's and ACA forms instead of the traditional approach of buying software, forms, envelopes, postage, toner and, in some cases, temporary labor to file their clients' informational forms. This on-line technology is rapidly changing the future of information forms filing.

"The Eagleview platform enables easy data uploads and bullet-proof secure

e-file, print and mail service with so many benefits over the traditional process that Tenz is experiencing unprecedented repeat usage rates after a customer executes just one form filing on Eagleview." "A light bulb goes on and customers readily see the simplicity and value." Says Bob Tenner of Tenz, Inc.

A list of site features is shown below. Go to www.eagleviewfiling.com for a tour. In depth technical questions can be directed to the proper member of our team by contacting Bob Tenner at btenner@tenenz.com

E-File Site Features

1. Federal filing to IRS and SSA 1098, 1098-T

- 1099-B, 1099-C, 1099-DIV, 1099-INT, 1099-MISC, 1099-R, 1099-S
- 1042-S
- W-2
- ACA forms 1094-B, 1094-C, 1095-B, 1095-C

2. File to the IRS Combined Federal & State Filing Program for

- 1099-B, • 1099-MISC
- 1099-DIV • 1099-R
- 1099-INT

3. File corrections, even if the original wasn't filed on the site

- 1098 • 1099-MISC
- 1099-DIV • 1099-S
- 1099-INT • W-2C

4. Filing Options:

- **E-File & Delivery** (Original Forms; Correction Forms)
- **E-File Only** (Original Forms; Correction Forms)
- **Edit** forms submitted but not yet e-filed
- **Substantial Volume discounts** for original forms as low as \$1.05

5. E-Delivery available with recipient's email address

6. Store payer and recipient data for use each year

7. Enter payers, recipients and form data through manual data entry or Excel upload, or

8. Integrated with leading accounting software for quick and easy 1099-MISC data transfer

- QuickBooks Online Plus
- Xero Cloud Accounting
- Icon CMO online software
- QuickBooks Desktop Pro plug-in

9. Totals and Summary Reports available both pre- and post-filing to check work. Totals reports act as a 1096 or W-3 for electronic filing

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4 TIPS for Small Businesses to Survive an Economic Downturn

By Mike Plaster

UNSTOPPABLE. BOOMING. ROARING.

Each of those words has been used in news stories to describe the U.S. economy over the past couple of months — it's one reason the Small Business Optimism Index, calculated each month by the National Federation of Independent Business, remains near record highs.

As we all know, however, the economy is cyclical. And while it's important to capitalize when times are good, smart business owners also make sure they're prepared in case things start moving in a different direction.

Would you be ready if conditions took a turn for the worse? If you can't answer that question, it's time to start thinking about ways to help your business survive — and maybe even thrive — when the economy isn't as robust as it is now.

Not sure where to start? These tips from business experts can give you some ideas.

1 KEEP SEEKING OUT NEW BUSINESS.

It's easy to get complacent about prospecting when things are flush, especially if you have plenty of customers. (And if you're doing really well, you might feel like you have too much work already.) But it's also quite possible that a few months from now, you could be thinking, "I sure wish we were as busy now as we were back then." If you don't make a consistent effort to attract new business, you

won't have new customers to replace the ones who leave — and that's something to keep in mind no matter what the economy is doing.

2 DON'T SKIMP ON YOUR MARKETING.

This goes hand in hand with the importance of prospecting. Cutting your marketing might seem like an easy way to save some money in the short term, but think about the long-term effects that will have. Remember, if you're doing it right, your marketing should have a positive return; it should bring in more money than it costs you. If it doesn't, the solution isn't to stop marketing — instead, try reevaluating your approach to determine how you can get more bang for your buck.

3 STRENGTHEN RELATIONSHIPS WITH YOUR CURRENT CUSTOMERS.

It's almost always far easier to keep a customer than it is to acquire a new one. It's almost always far more cost-effective, too. That's a powerful combination, and incredibly important in any economy, but customer retention is even more crucial

when things get tight. Make sure your customers feel valued, and explore ways to expand that relationship. You could introduce new products or services tailored to them, or offer special deals for staying with you. Creating and solidifying their loyalty will pay dividends now and in the future.

4 BE PREPARED AT ALL TIMES.

We're not trying to be alarmist, and you don't have to take drastic measures. But is your business as lean as it could be? Is everything in order, from budgeting to your small business taxes? Again, when the economy is booming, it's easy for fiscal discipline to slide; after all, if the money is rolling in, is it really that big a deal to spend a little too much on your software, your phone system, or other expenses? What might not be a big deal right now can turn into a very big deal later — and if you wait to get things in line, it could be too late. Spend, but spend wisely. ■

Mike Plaster is a former journalist who now owns and runs a small business, and focuses on issues important to online retailers, small business owners and Amazon sellers. <http://plasterconsulting.com>



Sales Tax Compliance is sponsored by Avalara



How to Handle Sales Tax for Small Businesses

By Mike Plaster

“DO I HAVE to collect sales tax?” For small-business owners, that can be a tough question to answer (you can learn more about finding that answer here). But in truth, it just might be the easiest part of the process — because if you do need to charge tax, a host of other questions come up:

“How do I pay sales tax for my business?” “How is sales tax calculated?” “Do I need a sales tax license?” “How do I file a return? When do I file it?”

The answers to those questions can vary depending on a number of things: your state, your products, where your sales are, and even how many sales you make.

(And remember, you don't pay the sales tax, your customers do. You just collect it and remit it to the appropriate tax jurisdiction.)

But you can't just throw up your hands and ignore your obligations, or you may well find yourself asking a worse question: “What happens in a sales tax audit?”

So let's take a look at the basic steps for complying with sales tax laws. Keep in mind, though, that this is a general primer — you'll want to verify requirements with each state where you need to collect and remit tax.

REGISTERING FOR A SALES TAX PERMIT OR LICENSE

First and foremost, you'll need to get a sales tax permit — it's against the law to collect sales tax

without one. Getting a sales tax permit is just one of the many things you have to do when you start a business. To get one, complete your application either online or submit a paper form. You might also have to pay a fee and renew your permit every so often.

(It's important to note that different states have different names for these permits, too: It could be a “sales tax permit,” a “seller's permit,” or something else. The good news is that states' web pages on sales and use taxes are usually pretty clear.)

Finally, once you get your permit, you'll probably have to post it at your business if customers or clients visit your location.

COLLECTING SALES TAX

If your business has a physical location (or locations), you'll need to configure your checkout system to charge the appropriate sales tax for each location. Again, this is where more research is required. States have a base sales tax level, with cities and counties often levying an additional tax, so your tax obligation will differ by location. Some products are exempt from sales

tax as well, so two of your very similar products might have different rates.

Even more complex is the case of remote sales. Until a June 21, 2018, ruling by the Supreme Court of the United States (*South Dakota v. Wayfair, Inc.*), only businesses with a physical presence in a state could be taxed by that state. Now, economic and virtual contacts with a state may be enough to trigger a tax collection obligation. That means online businesses could have to collect and remit tax in thousands of different jurisdictions around the country, each with its own tax rate.

Clearly, it is really difficult and time-consuming to get it right all on your own, especially when the rules are always changing. That's why so many online sellers use third-party solutions that integrate with their checkout and invoicing systems. Sales tax automation systems such as those offered by Avalara are specifically designed to help you keep everything straight in the world of sales tax calculation and collection. These systems achieve the most critical sales tax step for your business: keeping track of what you've collected, and from where, so you can send it all to the right places.

FILING YOUR SALES TAX

You can file your taxes and submit your payments online with each state, but be sure to check the requirements. Depending on the size of your business, or how much revenue you have in a particular state, you might have to file monthly or quarterly. If you collect very little tax, you might only need to file once a year. But even if you don't collect any tax for a given period, in many states you still need to file.

Here's one bit of good news: Some states offer a discount if you file on time, which means you get to keep some of the tax you collect.

Nobody said running a business would be easy, and tax issues make it that much harder. Sales tax automation tools can help make it easier. ■

(This article first appeared on the Avalara blog.)



Four Ways to Evolve Your Auditing Firm Today *By Matt Towers*

By now, most of us have been exposed to some sort of doom and gloom message about automated systems and ‘robots’ taking over the future of the tax and accounting profession. Google “jobs most likely to be replaced by technology”, and you will notice accountant, auditor, tax professional, etc. are all going to show up somewhere. In fact, according to this article on *The Telegraph*, Oxford University indicates that tax professionals have a 99% chance of their jobs being automated while accountants and audit professionals’ chances stand at 98%.

However, it’s hard to imagine a future state without auditors running the audit, isn’t it? Considering the complete removal of people from an audit process raises a LOT of questions.

And fortunately, the adoption of automation tools will come over the course of many years, with the first impacts likely to be focused on the general automation of audit phases — like data collection/ingestion and data analysis. These are all generally time-consuming tasks in an audit today, but automating these tasks hardly means that people won’t be involved. But it does provide great value to use these tools, as they drive down the cost of how people complete their audit work while augmenting auditor judgment.

So, then, how do firms adapt to this evolving world to make sure they are prepared for when the right technology can help them prosper? To ensure a healthy audit practice going forward, there are four places you can invest in now. Here are the key questions to drive your short-term strategy:

■ **Process** – How do you currently identify opportunities for process improvement? If you find yourself doing things differently from one partner/manager to another, you might be costing yourselves significant time savings

that can be achieved through standardization.

■ **People** – What skills does your team need, and how can you ensure that your firm’s culture and leadership will keep your best people engaged and hungry? People really are the heartbeat of your firm, and firm leaders must adapt to an emerging workforce that doesn’t necessarily think the way they do. A mindset to welcome change and new technologies is critical to build into your firm’s culture.

■ **Planning** – When is the last time you really evaluated your audit planning and methodology? It is easy to get caught up in “same as last year” mentality, but reimagining your methodology could do wonders for how you operate.

■ **Technology and Cloud** – What is the current cost of your audit workflow? It’s critical to do your due diligence about the administrative overhead on your current auditing solution as well as the impact that a cloud-based system can have to improve your firm’s productivity, communication, and bottom line. You don’t want to be playing catch-up with your workflow tools when technology like AI-based data analytics transitions from emerging to ubiquitous.

If you want to start making an impact to evolve your firm, I encourage you to pick one area of focus (people, planning, technology, etc.), then organize a staff meeting around this subject to brainstorm some ideas for improvement. Make sure all voices get heard and that you begin the meeting by setting direction/vision for your firm’s future. You might be surprised at how enlightening it is to engage everyone in this sort of dialogue. ■

Matt Towers is a product manager for Thomson Reuters responsible for Audit and Engagement products

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How to Conduct an Effective Job Interview

THERE IS NO question that the continuous flood of government regulations, uncertain economic conditions in general, and the impact of legislation such as the Affordable Care Act (Obamacare) resulted in layoffs and a weak hiring rate for many businesses in the recent past. But, as the economy has shown signs of improving, hiring has begun to expand in many, if not most, industries. If President Trump and Congress deliver on the promise of faster growth for the economy, it may well be reflected in a tightening labor market.

That means that finding and hiring those star employees every company seeks will become even more difficult. In fact, in some areas of the economy, such as building and home construction, it is already having a significant impact. This article will focus on providing you as an employer several effective and simple steps that can be taken to assist you in hiring the best candidates possible as job openings arise.

One of the most important steps in conducting effective interviews is the preparation before the interview is even conducted. Interviews can be a time intensive process for businesses. If the wrong person is hired, then additional interviews may need to be conducted shortly after the process was completed. Interviews should only be conducted for people that meet the job requirements for your position and appear to be good candidates. These steps that occur before interviews are conducted are just as important as the interview.

Some large Fortune 500 companies have spent hundreds of thousands of dollars and countless hours creating hiring and interview procedures validated as “job related and consistent with business necessity” by industrial psychologists. Most of those procedures are based on lengthy and detailed job analyses of the knowledge, skills and abilities needed for each position in the operation. They are intended to satisfy the requirements of the

EEOC’s Uniform Guidelines on Hiring Procedures which are designed to prevent discrimination in hiring. The vast majority of employers have neither the financial resources nor the time to adopt such sophisticated programs. However, there are several fundamental elements of the more successful programs that can easily be implemented by employers seeking a better process for conducting job interviews of applicants.

Those elements include:

■ **Panel Interviews** - The numerous benefits of panel interviews over individual interviews include multiple sets of eyes and ears on the applicant at one time, more objective and consistent, more reliable because panel members are accountable to each other,

A panel of three interviewers is ideal. Some employers even use an additional panel to further screen candidates found acceptable by the first panel. Remember that you may wish to discuss any requirements or necessary qualifications with individuals that are already in the position and work closely with the position to draft questions for the interview panel. They may be aware of tasks or skills that supervisors may miss.

■ **Train the Interviewers** - Those managers and/or supervisors that will comprise the panel or panels should be trained, not only on the job-related questions that should be asked of all applicants, but-equally important-on those questions and topics that could violate the various workplace employment regulations.

questions, the process can be defended as both objective and consistent. Consistency is the key to all employment decisions and interviews are no different. It also makes comparison of candidates much easier. For example, if the job concerns someone’s ability to make sales on a given product, then you may ask them mock questions concerning their pitch.

■ **Detailed Notes** - Interview notes provide a record of what occurred in the interview. They are quite beneficial in choosing the right candidate after conducting several interviews. Notes can also provide an excellent justification for a hiring decision that is legally challenged later. And interview notes may be clarified, expanded upon and made more useful at any time prior to a legal challenge being raised. Employers should retain copies of interview notes that they use in the hiring process.

ASK THE RIGHT QUESTIONS



evidence to respond to claims of discriminatory questions, and, they are widely recommended by experts and praised by courts as the fairest and most effective means of conducting interviews.

Of particular concern are questions that may impinge on Title VII as well as any state law protections.

■ **Standard Questions** - When each applicant is asked and evaluated on the same set of job-related

CONCLUSION

By utilizing these four relatively simple steps in conducting job interviews, you will not only improve the level of candidates selected, but you will also have a process that can help defend against failure-to-hire claims that are often made in today’s litigious environment. You will be able to demonstrate that your process is objective and consistently applied in making hiring decisions. ■

3 Ways to Stop Competing on Pay for Top Talent *By Heidi Mausbach*

ONE OF THE top challenges business executives face today is finding and retaining the best and brightest employees in their industry.

Three in five employers (63 percent) admit to CareerBuilder that they feel pressured to raise compensation rates because the market is getting more and more competitive for talent. It's a difficult position to be in: feeling forced to pay more to attract talented employees who will further the business, while working to keep rates affordable so as not to turn away both current clients and new business.

Focusing on pay or perks over employee experience is the wrong way to recruit and retain talent. It doesn't get to the root of the problem; instead, a business must start with the foundation and develop a solid employer brand.

The employer brand is truly an asset that builds equity. A company known to be one of the best places to work will draw in more top-tier candidates when hiring. Retaining top talent will help maintain current clients and attract new business, making the company more profitable. A study conducted by the University of Kansas for Glassdoor found a direct correlation between employer brand and revenue—companies with a higher overall rating on Glassdoor have an almost 8 percent jump in market value.

DEVELOPING AN EMPLOYER BRAND.

Like a business's consumer brand, an employer brand doesn't happen overnight. A lot of thought and consideration need to go into the planning and determination of how you want your business to be viewed by current and prospective employees. Start by revisiting the business's purpose and core values. While these are both elements of the consumer brand, they're also defining factors in building the employer brand.

If an employer value proposition

(EVP) hasn't yet been created, now is the time to do it. An EVP is the foundation for aligning what you say (a business's purpose and core values) with what you do. It describes the "give and get" between employees and an employer—what is expected of employees and what they can expect in return.

DESIGNING THE EMPLOYEE EXPERIENCE.

Once the EVP is determined, the next step to form an employee experience to complement it. It's important to intentionally build every aspect of the employee experience to tie back to the employer brand and EVP.

This is where some leaders get caught up in culture. While company culture plays a main role in the employee experience, it is just one of five factors that comprise an employer brand.

First and foremost, leadership is key. A company can not make a brand promise if the beliefs and behaviors of the business's executives don't align with the claims you make under your employer brand. Leadership is the front line; leaders must demonstrate the employer brand for it to be real.

The other four factors are:

- Environment: workstations, common areas, furniture and climate
- Operations: human relations, IT, internal communications and other necessary functions
- Technology and tools: the tools/technology/training/etc. needed to do optimal work
- Culture: the intangible environment motivating and empowering employees

For example, many companies today claim they are innovative and progressive. However, if the business's leaders are

stuck in their ways and haven't created an environment with technology to support a tech-savvy, remote workforce, and they are working under outdated HR policies, the company is not actually innovative and progressive. If this is the case, the employer will not meet employee expectations because of the disconnect between what they say and what they actually do.

DELIVERING ON THE BRAND PROMISE.

Employees will be more engaged and productive when the employee experience and company's employer values align.

In fact, Globoforce found that meaningful work is the single largest contributor to a positive employee experience. A clearly defined EVP informs a unique and meaningful experience, attracting not only the best and brightest talent, but also employees whose personal ideals align with the company's values. When values align, employees more easily find meaning in their work.

Record-low unemployment rates are a benefit to the overall economy, but they leave business owners and executives in a tight spot. The unemployment rate for college-educated Americans currently sits around 2 percent and is projected to fall a bit more throughout this year. It's no wonder that in a recent survey by Robert Half, 65 percent of CFOs admitted they are having trouble finding skilled workers to fill current openings. While it will take time and effort to make changes to align the business's values and experience, company leaders will soon see the return on investment in talent recruitment, employee retention and the business's bottom line. ■

Heidi Mausbach is president and CEO of Ervin & Smith where she currently consults on employer branding with companies looking to attract and retain top talent.



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Workers Need to **Double Check** Payroll Withholding

By Ken Berry

IF YOUR CLIENTS haven't done so yet, they should review their income tax withholding and, when appropriate, make adjustments. Notably, the new Tax Cuts and Jobs Act (TCJA) lowers tax rates for individuals, effective for 2018 through 2025, so clients may presume they are overwithholding if they haven't updated their W-4s this year.

But it's not quite as simple as that. In fact, due to the combination of several key provisions included in the new tax law, some clients may be surprised to learn that they are actually underwithholding!

Generally, employees can satisfy their annual tax obligations by having enough tax withheld from their paychecks during the course of the year. However, if you fail to pay enough tax, including both withholding and any quarterly installments, the IRS may assess an underpayment penalty, unless a tax law exception applies.

Besides the reduction in tax rates for individuals, which the IRS immediately addressed in revised withholding tables issued earlier this year, the TCJA contains a number of provisions that affect withholding. Consider the following:

- ✓✓ **The standard deduction**, which is claimed in lieu of itemized deductions by some taxpayers, is essentially doubled to \$12,000 for single filers and \$24,000 for joint filers.
- ✓✓ **Personal exemptions**, including exemptions previously allowed for dependents like your children and other qualified relatives, are eliminated.
- ✓✓ **The child tax credit (CTC)**, which was previously set at \$1,000, is doubled to \$2,000, of which \$1,400 is refundable. The TCJA also creates a nonrefundable \$500 credit for non-children dependents.
- ✓✓ **The deduction for state and local taxes (SALT)** is limited to \$10,000 per year. This applies to any combination of (1) state and local property taxes and (2) state and local income taxes or sales taxes. Previously, SALT payments were fully deductible by itemizers.
- ✓✓ **The deduction for mortgage interest** is reduced for some taxpayers. The deduction for new acquisition debt is now limited to interest paid on the first \$750,000 of debt, down from \$1 million, while the deduction for interest paid on home equity debt,

previously limited to interest paid on the first \$100,000 of debt, is generally eliminated.

- ✓✓ **The deduction for miscellaneous expenses** — including tax and investment advisory fees and unreimbursed employee business expenses — is eliminated.

As a result of these changes, taxpayers who have itemized for years or even decades may be opting for the standard deduction this year. This could be reflected in a need to increase withholding. For example, someone in a high-tax state like California or New York who has previously claimed large deductions for SALT payments may realize a reduced tax benefit if they itemize or no tax benefit at all from these payments if they claim the standard deduction. Plus, the loss of personal exemptions can be significant.

Conversely, for some taxpayers, the higher standard deduction and CTC may more than offset the elimination of personal exemptions. These individuals may be advised to decrease their withholding.

The best option is to crunch all the numbers for any given situation. The IRS provides an online calculator at <https://www.irs.gov/individuals/irs-withholding-calculator> to do the heavy lifting. But be aware that this isn't a simple process: To figure out the optimal withholding adjustments, you will need all the pertinent information, such as your current compensation, as well as information from last year's return.

Practical suggestion: Give your clients a helping hand. Reach out to let them know you can provide assistance with their withholding calculations. ■

Ken Berry, Esq., is a nationally-known writer and editor specializing in tax and financial planning matters. During a career of more than 35 years, he has served as managing editor of a publisher of content-based marketing tools and vice president of an online continuing education company in the financial services industry. As a freelance writer, Ken has authored thousands of articles for a wide variety of newsletters, magazines and other periodicals, emphasizing a sense of wit and clarity.

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Bill Would Allow IRS to License and Regulate Tax Preparers

By Isaac M. O'Bannon, Managing Editor

Senator Rob Portman (R-Ohio) has introduced a new bill in the Senate that would give the Internal Revenue Service the authority to regulate income tax return preparers. The bill is cosponsored by Senator Ben Cardin (D-Missouri).

The IRS attempted to regulate tax preparers in 2011, with a program that required licensing, background checks, testing and continuing education. After losing in court and again on appeal, the courts found that the IRS did not have the statutory authority to implement these regulations, the IRS and Treasury backed down in 2014.

The Registered Tax Return Preparer (RTRP) program morphed into the voluntary Annual Filing Season Program, but it languished without real enforcement.

The Protecting Taxpayers Act (S.3278), which was read into the Senate record on July 26, 2018, would "amend the Internal Revenue Code of 1986 to provide additional protections to taxpayers," according to the official description. The bill was referred to the Senate Finance Committee. The bill is still a long way from being enacted: If passed through committee, the bill would go to the floor for a full vote of the Senate, then would need to be introduced and make its way through the U.S. House of Representatives.

"Americans work hard every day to provide for themselves and their families, and, as taxpayers, the federal government works for them," said Senator Portman. "Too often, however, the federal government isn't responsive to the needs of the people it serves, and the IRS has not always served the interests of taxpayers. It has been 20 years since the last significant IRS reform, and it is time to update the agency once again. The bipartisan Protecting Taxpayers Act will restructure and reform the IRS to make it more responsive and accountable to the needs of taxpayers and help restore Americans' faith in this agency."

Portman issued a press release that further explained

the goal of the bill: "... to reform a number of Internal Revenue Service (IRS) functions and administrative practices in order to make the agency more responsive and accountable to taxpayers. Specifically, the bill is designed to (1) revitalize the IRS organizational structure and management; (2) increase taxpayer protections and modernize enforcement procedures; (3) improve small business and retirement plan tax administration; (4) better serve low-income taxpayers; (5) overhaul the IRS appeals process; and (6) strengthen the IRS IT infrastructure."

"IRS reform must be predicated on a shift toward a stronger customer-service orientation," Robert Kerr, EA, executive vice president of the National Association of Enrolled Agents, said in a statement in advance of the Senate hearing on July 25. "IRS needs the right staff, trained every year, with the right service culture to carry out its mission. In addition to cultural changes, IRS must be provided appropriate funding and oversight as well as authority to set minimum standards for return preparers." The NAEA represents professionals who are licensed by the IRS to prepare income tax returns and represent taxpayers before the IRS. The NAEA has supported previous efforts at tax preparer regulation.

The AICPA has issued a statement supporting the new attempt at regulation. "By authorizing the Internal Revenue Service to sanction tax return preparers and revoke preparer tax identification numbers (PTIN), would allow the agency to "act swiftly and efficiently to stop preparers from continuing to file inaccurate and fraudulent tax returns." The AICPA also noted the rights of tax advisers are protected by the bill. For example, prior to a preparer's PTIN number being rescinded, the preparer would receive a notice and have the right to a hearing. ■

THIS MONTH'S TOP TAX SOCIAL MEDIA POSTS

- GAO Finds Americans are Under-Withholding. **Bob Williams via Tax-ing Subjects blog.** <https://bit.ly/2OfvKdZ>
- Offer in Compromise Checklist. **Brandon Jones via the Canopy blog.** <https://bit.ly/2MnYq8j>
- Does Your State Levy a Capital Stock Tax? **Katherine Loughead via the Tax Foundation.** <https://bit.ly/2MjkDiS>
- Could IRS Reform Mean Smoother Waters for Tax Pros? **Edward Carl via AICPA Insights.** <https://bit.ly/2neHVQJ>
- Indexing Capital Gains is a Bad Idea. **Leonard Burman via the Tax Policy Center.** <https://tpc.io/2AJLGY1>

LATEST TAX NEWS

Capital Gains Could be Indexed to Inflation. If the Treasury proposal goes through, the taxable gain would be similarly adjusted for inflation occurring during the time you owned the asset. www.cpapracticeadvisor.com/12423562

States Push Tax Legislation in Response to Federal Tax Reform. The tax reform law has had many affects on taxpayers, particularly regarding the deductibility of property and local taxes, but also in other areas. www.cpapracticeadvisor.com/12420108

IRS issues Proposed Sec. 965 Regs. Taxpayers may generally elect to pay the transition tax in installments over an eight-year period under section 965(h) of the Code. www.cpapracticeadvisor.com/12423166

Six Computers Security Steps for Tax Pros. The IRS and its Security Summit partners have outlined six critical steps for tax professionals to protect their computers and email as well as safeguarding sensitive taxpayer data. www.cpapracticeadvisor.com/12421154

IRS Keeping Close Watch on Professional Conduct. A couple of new developments relating to the professional conduct of CPAs should serve as a reminder to tax practitioners: The IRS is watching you. www.cpapracticeadvisor.com/12422887

Food Delivery Apps

IN CASE YOU haven't noticed, getting fed by phone is very commonplace these days. Whether you're calling in for lunch at the office, getting home at the end of the day and feeling too exhausted to cook, requesting food for a party, making sure your elder family members have a hot meal, looking beyond room service options when you're traveling, or just plain quenching your curiosity about this new breed of convenience, food delivery apps are the answer to instant and easy culinary satisfaction.

The concept is simple. Remember pizza delivery? Most of us have used this service forever. You call the pizza place, let them know your order, give them your address, and they deliver the hot pizza to your door, at which time you make your payment and, presumably, provide a tip to the driver. When you think about it, that's a lot of steps – particularly in this era of swipe gratification.

Enter the food delivery apps. Here are the leaders of the pack. All orders and payments are made through the associated apps.

Seamless. I've listed this first because it's the first one I ever heard of. Originally designed for

office deliveries, Seamless would let you order in lunch so that your workers didn't have to go out wandering the streets at lunchtime. Now available in over 600 cities in 16 states and the District of Columbia, Seamless's

delivery service is free. Seamless merged with GrubHub, so between the two of them, many more bases are covered.

GrubHub. Choose your menu options from a variety of local restaurants and GrubHub does the rest. They go to the restaurant, get the food, keep it warm, and deliver it to you. You get the restaurant experience



of having your food prepared for you, without ever having to step outside. You'll find GrubHub in 19 states with service in over 1,600 cities in the United States. GrubHub can also be found in London. In addition to the Seamless acquisition which expanded the GrubHub market, GrubHub recently acquired mobile ordering and payments platform LevelUp. GrubHub integrates with Yelp restaurant reviews and the Venmo payment service, and American Express customers can use American Express points to pay for GrubHub expenses.

DoorDash. Similar to GrubHub, DoorDash employs a troupe of drivers who dash to the restaurant you have chosen, pick up your meal order, and deliver it quickly to your door. Payment is made through the app and you can include an optional tip. DoorDash has begun experimenting with robotic delivery devices in areas where restaurants are very close to residential units.

Postmates delivers to over 150 cities across the United States and touts its lack of connection to a specific network of restaurants, so your restaurant choices are rarely limited. Postmates goes beyond



restaurants to offer delivery from other types of stores, using the catchphrase "Anything from Anywhere." Postmates has partnered with Walmart to help power Walmart's Online Grocery Deliveries services.

UberEats. You know Uber – the driving company that is upending the taxi cab industry. Uber does way more than offer limo-type service. Using UberEats (a separate app from the Uber driving service), you can order your meal and then let Uber run for the food and deliver it to you. Similar to the Uber driving service, the app provides you with an estimate of your delivery time, the ability to track the progress of the driver, and the name and photo of your driver. There is a \$5 delivery fee, and the entire monetary transaction is handled within the app. UberEats is expanding globally faster than the other services and can be found in England, The Netherlands, Singapore, Japan, Canada, France, Poland, Scotland, Australia, New Zealand, India, Thailand, South Africa, and more! ■



Is Yours a **Best-in-Class** Firm?

By Marc Rosenberg, CPA

I recently spoke at a BDO Alliance conference where the theme was identifying traits of high performing firms and their leaders. One speaker used a bell curve to describe 'best in class' firms, with the majority of firms falling in the middle or "bell" part of the curve and a small percentage representing firms substantially above or below the average. I would suggest that the percentage of typical local firms (revenue below \$15M – 99% of all multi-partner firms) that fall on the right-hand side of the bell curve is well under 5%.

WHAT IS A BEST IN CLASS FIRM?

Presentations by Sam Allred, Allan Koltin together with my own material suggests these traits:

- Strong partner unity. The partners really like each other and live and breathe the firm's core values every day. Little unresolved partner conflict.
- Culture is everything. There is a shared belief that culture trumps strategy.
- A premium is placed on firm members collaborating and helping each other out.
- Firm members are highly engaged every day. They feel excited about the firm.
- The goal of every engagement is to make clients better, not just getting the work done.
- A common belief that in order to be highly successful, the firm must continuously change and evolve. They regularly challenge the status quo, even when successful and profitable.
- Leadership (not limited to the MP or the Board, but leadership by all partners) is compensated and valued higher than origination, billable hours and book of business.
- High performing partners are rarely seen alone, especially on sales calls.
- Client satisfaction is linked with partner compensation.
- A commitment to increasing consulting services to meet clients' needs.

- Partners who are the better business developers and/or have the biggest client bases are committed to delegating clients to others so this revenue can be replenished.
- They have a succession plan in writing.
- They understand that the best succession plan equals solid practice management, which is characterized by terrific leadership, growth and great staff.

OBSERVATION #1

What's the obvious thing missing from the above? No metrics are stated, especially average income per partner. I'm sure that the speakers would agree that achievement of best in class traits while posting below average profitability would not qualify a firm as best in class. The great baseball movie, *Field of Dreams* is famous for the iconic refrain, "If you build it, they will come" – implement a great idea and success will follow. That's the message that the speakers were sending: Embrace and adopt these high performing traits and your firm will become a best in class firm, which will lead to enviable profitability.

OBSERVATION #2

There isn't one firm in the country that would reject any of these best in class traits as desirable. But if less than 5% of all typical local firms are best in class, what holds back the other 95%? First, most CPA firms adopt a flawed organizational model. Firm leadership usually plays second fiddle to client and staff issues and is not valued highly when it comes to partner compensation. ■

Marc Rosenberg is a consultant, author and speaker on CPA firm management, strategy and partner issues. www.RosebnbergAssoc.com.

Continued online at
www.CPAPracticeAdvisor.com/12424566

THIS MONTH'S TOP FIRM MANAGEMENT SOCIAL MEDIA POSTS

- 5 Tools to Help Your Firm Operate Effectively. **Mark Koziel via AICPA Insights.**
<https://bit.ly/2AN3C4e>
- How to Beat Mid-Career Malaise. **Rebecca Knight via the Harvard Business Review.**
<https://bit.ly/2vdj0l3>
- 7 Apps that Will Make Clients Love You. **Xero Accountant & Booker Guides.**
<https://bit.ly/2HN5Aof>
- 5 Things to Do when Feeling Overwhelmed by Work. **Alice Boyes via Harvard Business Review.**
<https://bit.ly/2M40uVR>
- Retraining Clients. **Michelle (Golden) River via the Fore What It's Worth blog.**
<https://bit.ly/2vWs90I>

LATEST FIRM MANAGEMENT NEWS

What Referral Sources Expect From You.

If you are completing a client project with a referral source be sure to let them know of your interest in collaborating again.

www.cpapracticeadvisor.com/12420626

Businesses that Outsource Accounting are Likely to Refer Their Accountant.

The survey pinpoints the accounting services businesses are most interested in outsourcing.

www.cpapracticeadvisor.com/12422483

Clients Want CPA Advice on Tech and Revenue Recognition.

There are three new accounting standards dealing with revenue recognition, lease accounting and credit loss reporting.

www.cpapracticeadvisor.com/12421155

What is GDPR and Why Do U.S. Firms

Need to Know? GDPR protects the privacy of information of individuals residing in or maintaining citizenship in the 28 E.U. member countries.

www.cpapracticeadvisor.com/12422485

Will AI and Automation Take Your Job?

What once was the conjecture of futurologists, academics and intelligentsia, has now become a widespread concern for the man on the street.

www.cpapracticeadvisor.com/12423342



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The Entrepreneurial CPA Millennial

AS FIRMS OF all sizes struggle with record high challenges to attract, retain, and engage staff, they seem to be having significant trouble understanding the millennial mindset. Firms are trying strategy after strategy to cater to the millennial generation and having few positive results to show for it.

It is time for you and your firm to start understanding the millennial mindset, address these issues, and engage top talent of your choice. In order to do so, step one, is to understand the mindset of these millennials, which is different than your own. As a millennial myself, I speak at conferences and events around the country on this topic and share key insight into the millennial mindset. As a member of this generation, I am able to share our mindset so that you can better understand us, and we can all work together to build a better future.

We are a reflection of the world we grew up in, and it drives what we want to do every day.

The cornerstone to understanding the millennial mindset is understanding that we have a tremendous desire to be entrepreneurial. We do not want to be compliance driven (tax, audit) CPAs, going from busy season to busy season, stuck on the hamster wheel being constantly busy. We want to be innovative entrepreneurs, who make a difference in the world.

Every day we live our lives and see amazing people and companies doing remarkable things to change the world. From Facebook and Mark Zuckerberg, to Tesla and Elon Musk, the list goes on and on. These successful entrepreneurs and companies care about their employees, the local community and creating innovation that is changing the world. We live in an amazing time of advancement where the entrepreneurial David is constantly beating the establishment of Goliath. Look no further than how Tesla has a higher market value than Ford. Tesla represents the new entrepreneurial David, which is conquering the established Goliath of Ford, and rewriting the rules on how and what a car company should be.

This is what we see every day in the world, it is what we grew up with, and it has dramatically shaped us as millennials. The rise of entrepreneurs around the world has drastically shaped our mindset, our characteristics, and our goals in life.

This has caused us to be highly educated, technologically integrated, civic oriented, globally connected,



passionate, and adventurous. We are a reflection of the world we grew up in, and it drives what we want to do every day.

Now, let's contrast that to most of today's public accounting firms.

This is how millennials view traditional CPA firms. We see weak technology, lack of training, lack of opportunities, a small box with limited growth opportunities, a lack of passion, lack of change, and no chance to make an impact where we work or live. This is how we see a traditional CPA firm and it drives us away because it does not resonate with our mindset and our desire to be entrepreneurs.

If you want to attract, retain, and engage the millennial generation, you need to start by understanding

our entrepreneurial mindset and making positive changes to shape the firm for future success.

One of the biggest challenges our industry faces is an increased push to provide more advisory and value added services, which marks a major shift from the work this industry was built upon. While your top baby boomers and gen xers may be struggling to make the shift to compliance based advisor, millennials are diving right in.

For the entrepreneurial CPA millennial, being a value added consultant who has to think outside the box, leverage technology, and be passionate is something that drives us. If firms start feeding that desire, I promise they will be impressed with the results. ■

Entrepreneurs Optimistic About Business Outlook

By Isaac M. O'Bannon, Managing Editor

Business owners have a generally positive business outlook, feel good about their ability to find new customers, and are relatively optimistic about the state of the U.S. economy. That's according to data from the first Paychex Business Sentiment Report, which polled 500 randomly selected business owners with 500 employees or less to gauge their current sentiment on everything from hiring and wages to financing and more.

"We're experiencing record-low unemployment in the U.S. and more than six million jobs remain open," said Martin Mucci, Paychex president and CEO. "Paychex employees who talk with clients and prospects everyday say businesses are feeling the crunch of the tight labor market. There is fierce competition for talent among both small and large employers. If an employee isn't feeling engaged, adequately paid, or afforded a competitive benefits package, he or she may look for work elsewhere. This increased competition means it's more important than ever for businesses to find and retain top talent."

On a scale of 1-100 with 1 representing the highest level of pessimism and 100 representing the peak of optimism, the Paychex poll revealed business owners rate their current business outlook overall at 65. Business outlook ranked second-highest to their ability to find new customers (69/100), followed in order by:

- Access to capital (62/100)
- Current U.S. economy (60/100)
- Ability to make capital investments like technology and equipment (59/100)

"Our data confirms the fact that business owners are feeling positive about their prospects for success

in the current environment, which is good news for both entrepreneurs and customers," Mucci added, "Perhaps most notably, business owners seem to be feeling good about the economy and their ability to access capital. It will be interesting to watch these data points over time – but for now, the market is doing well, investments are happening, and business owners are mostly optimistic about their prospects for growth."

While business owners appear to be somewhat confident in the financial side of their operation, they are more cautious about whether they will be hiring or raising wages. According to Paychex's research, business owners feel slightly less than neutral (48/100) about their ability to raise wages and are most pessimistic about their hiring outlook for all types of employees:

- Full-time employees (31/100)
- Part-time employees (31/100)
- Temporary or contract workers (16/100)

Finding the right employees isn't the only hurdle for business owners, as regulations topped the list of today's challenges. In fact, according to respondents, keeping up and complying with regulations at the state and federal level are tied atop the list of challenges when it comes to managing their business. Meanwhile, keeping up and complying with local regulations ranked third on the list.

"As the Trump administration continues to promote a deregulated business environment, you're seeing many state governments take action in response, resulting in a new wave of employer-facing regulations," Mucci noted. ■



THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

- Invoice Format Tips for Beginners. **Xero Small Business Guides.** <https://bit.ly/2MjdsyB>
- WordPress Basics for Small Businesses. **By Chris Gregory on the allBusiness blog.** <https://bit.ly/2vByONW>
- 4 Ways to Get Attention for Your Small Biz. **Daniel Kile on the Motley Fool.** <https://bit.ly/2MmL10b>
- Best and Worst States to Start a Business. **Karsten Strauss via Forbes.** <https://bit.ly/2AKNdx5>
- Secrets to Get More Website Traffic. **Annie Pilon via Small Business Trends.** <https://bit.ly/2K3uxrC>

LATEST SMALL BUSINESS NEWS

More Restaurants Moving Away from Plastic Straws. Drinking straws have been around for more than 5,000 years, but the plastic version is facing a modern backlash. www.cpapracticeadvisor.com/12420512

Advising Clients on Global Expansion. 81 percent of U.S. companies think the international component of their business is important and expect it to increase in activity during the next 12 months. www.cpapracticeadvisor.com/12421153

4 Ways to Solve Cash Flow Problems. Even the most prepared small business owner can get blindsided by a sudden financial emergency. www.cpapracticeadvisor.com/12422061

The Last Blockbuster Store in America. With its video rental business model pummeled for years by one new bit of emerging technology after another, Blockbuster is near extinction. www.cpapracticeadvisor.com/12420516

11 Signs of Workers' Comp Fraud. While accounting firms aren't usually exposed to extreme workplace hazards, common employee injuries such as slips, trips and falls, back injuries and repetitive stress injuries sometimes occur. www.cpapracticeadvisor.com/12419587



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A USER'S GUIDE TO ENCRYPTION PART ONE: Encryption of Data at Rest

WHEN WORKING PAPERS and confidential information were stored on paper, it was enough to physically secure the paper records you had so others couldn't view them. Just as our society is adapting its laws, regulations, and definitions of terms like privacy in the digital age, accountants and their firms must adapt their work processes to incorporate security technologies like encryption and password management. With that in mind, I will use this month's column and next month's column to address one of the key pillars of modern information technology, data encryption.

Encryption is the process of scrambling information using a formula and a key or password so that it cannot be understood. Encrypted data can be reassembled into a usable format by authorized users who have access to the methods/tools and keys/password used to encrypt it (this reassembly process is also called "decryption").

When we automate business processes which have access to confidential data, we typically expect them to include encryption of the data "at rest" as well as encryption of data "in transit". We will discuss practical methods to encrypt data while it is stored on a server (we call this "at rest") in this month's column, and will follow up next month with some coverage of how to protect yourself when accessing data remotely next month when we discuss encryption of data "in transit."

Some of the tools which use encryption to protect data while it is "at rest" include:

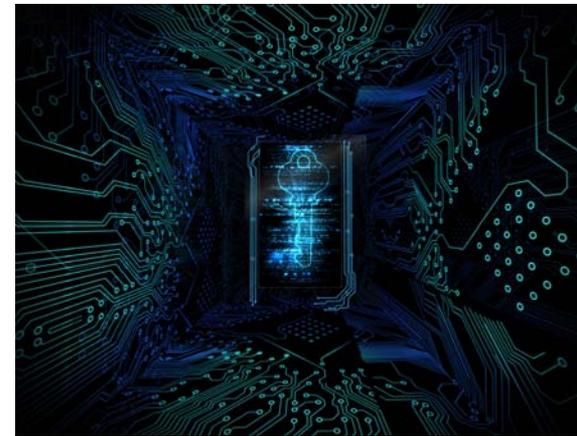
■ **Full Disk Hard Drive Encryption** – A method of scrambling all of the data on an entire drive so that it is unreadable without the password or key. Unlike piecemeal solutions which address the security of individual files, full disk encryption tools use a program which is installed on the local computer or

device to automatically encrypt and decrypt data as it is written to a drive and read back from a drive. Drive encryption has little, if any, effect on speed for most computer users, and can be applied to an entire device (like a hard disk, a solid state drive, or a flash drive) or to one or more partitions (subdivisions of storage space) on a device. Some of the tools which can be used to encrypt storage devices and partitions include Windows Bitlocker, VeraCrypt, and Symantec Endpoint Encryption. I've used Windows Bitlocker for years, and while it's painful when you occasionally have to enter the Bitlocker recovery key (always back up that recovery key where you can find it, or you'll be sorry!), it has no impact on my use of Windows apps.

■ **File-Level Encryption** – A method of protecting data in individual files using passwords, encryption keys, or authorization servers. File level encryption is used to protect individual files, but the rest of the disk may or may not be protected. Many tools can be used to provide file-level encryption in different scenarios, including Windows Encrypted File System (EFS) (to protect individual files or folders on a Windows hard disk), AESCrypt (scrambles individual files using a separate application), and 7-Zip (a

utility which can create and access password-protected archives of files and folders). Some applications, like the Microsoft Office applications and Adobe Acrobat allow users to encrypt a file by protecting it with a file-level password which must be entered when a user opens the file.

■ **Information Rights Management (IRM)** – A variant on file-level encryption, IRM is method of encrypting a file and then only allowing users access based on permissions stored on an authentication server. Readers may recall the early days of digital music, when songs you purchased online were protected with a superset of IRM called **Digital Rights Management (DRM)** and that music could only be played in a special player application (e.g. iTunes) because the embedded DRM protection in the files made them incompatible with other players or applications. Some IRM solutions used by businesses include Adobe LiveCycle Rights Management ES, Windows Information Protection, and Microsoft Office 365 IRM. IRM creates some issues, but is becoming an important way businesses protect their sensitive data from



interception by outsiders, and it permits companies to take away a user's ability to access data which has been inappropriately removed or stolen from its servers.

With the proliferation of new laws and regulations covering data privacy from California as well as the European Union's General Data Protection Regulation (GDPR), it's more important than ever to encrypt sensitive data wherever possible so you can meet your obligation to your clients to keep information transmitted in confidence secure from prying eyes. Next month, we will present part two of this series—how we protect data "in transit" with encryption as we access or retrieve it from a remote location. ■

APIs and RPA Tools Automate Client Services

WHILE MUCH OF the profession is trying to figure out the impacts and opportunities of bleeding edge technologies such as Blockchain and AI (Artificial Intelligence), their distant technological “cousins,” APIs and RPA are providing leading edge solutions that are making client services more productive today. APIs (Application Programming Interfaces) and RPA (Robotic Process Automation) are software tools and capabilities that can automate or replace traditional manual data entry done by accountants.

Whether it is capturing data from credit card receipts, reconciling bank statements, reimbursing expense reports, or automatically updating IRS tax statuses, these tools utilize a combination of machine learning, Optical Character Recognition (OCR), and custom scripts that emulate or automate the actions of their human counterparts. The benefits of using API and RPA tools include faster data capture, far fewer input errors, lower cost of processing, and reducing the volume of tedious work which in turn frees up accountants to do higher

value advisory work with clients.

Firms can begin their search for these tools by asking their client service personnel what data they are currently entering or manually re-keying from other data sources to see if those other sources already have applications with APIs developed to integrate into the client's accounting product and if not, decide if it would warrant a switch in applications.

Accounting API Opportunities: Firms that utilize cloud-based accounting products can immediately benefit from the hundreds of vendors

with APIs that are already integrated with cloud accounting products such as QuickBooks Online (apps.intuit.com), Xero (xero.com/marketplace), and Sage Business Cloud (sage.com/marketplace). Expensify and HubDoc are examples of web-based applications that have APIs linking their data into accounting products and are being utilized by firms to automate manual data entry:

- **Expensify:** Expense report management is often one of the more manually intensive processes from both an employee and firm reimbursement perspective. Expensify has built a solid following of users who can capture and process business receipts with their smartphone camera. Images go through Expensify's SmartScan OCR tool to help create an expense report that can be finalized and then automatically forwarded to the appropriate approver. Once approved, the API automatically integrates with the firm's accounting system to make all necessary entries and can even reimburse the employee within 24 hours, replacing many traditional manual entries and processes that are subject to human error.
- **Hubdoc:** This digital assistant has the ability to go out and “auto-fetch” documents such as the client's bank statements, utility bills, and telecom invoices, as well as documents from other online vendors. Hubdoc then uses OCR to capture relevant data from these documents and create digital entries which can be imported



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via the API into online accounting products. Hubdoc uses machine learning to recognize if invoices are either autopay and automatically imported or have a due date and automatically sends an email alert regarding the due date. The API streamlines the collection of documents from multiple vendors, eliminates manual keying of relevant data, and reduces monthly bank reconciliation time.

Accounting RPA Opportunities: While many small and medium firms have been utilizing applications with integrated APIs to move data between applications, the largest firms have also been automating the more complex processes that humans perform with RPA. According to the Institute for Robotic Process Automation and Artificial Intelligence, RPA is defined as “the application of technology that allows employees in a company to configure computer software or a “robot” to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses, and communicating with other digital systems.” These tools allow for automation of single use or specialized process robots which can operate in the cloud and perform at the local end-user level. Automation Anywhere is the most recognized RPA tool utilized by each of the Big Four accounting firms to build custom “bots,” but a new generation of special purpose RPA tools such as Telerik are also being utilized by other firms.

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Client Accounting Services – *What Is It, Really?*

Leaders in CPA firms across the country agree that Client Accounting Services (CAS) is an emerging, growing and profitable opportunity. In fact, it is one of the fastest growing new revenue segments of many Top 100 Firms, but it is relevant and available to firms of all sizes. What many can't agree on is what exactly CAS entails.

Boomer Consulting, Inc. has developed the Continuum of Value Model shown below to help clarify the transformation firms of all sizes are facing.

The definition of and types of services offered under CAS can vary. Some say it's just transactional accounting while providing strategic advice falls under outsourced CFO. Depending on the firm's definition, CAS might include:

- Transactional Services: bookkeeping, payroll, bill payment
- Compliance Services: tax preparation, audits and reviews, financial reporting
- Performance Services: outsourced CFO, data analytics, benchmarking, business advisory, Lean processes
- Strategic Services: strategic planning, succession planning, mergers and acquisitions

As we move from transactional through compliance and into performance and strategic services, there are two transformations taking place.

DIGITAL TRANSFORMATION

First is digital transformation. Moving up the continuum of value from transactional and compliance work to performance and strategic services requires elevating technology a much broader role. We must automate “low or no value” steps in the processes to improve the client experience.

Technology is the foundation of your firm's ability to move up the continuum of value. So start assessing and evaluating available technologies and considering how your existing clients can benefit from new technologies.

No single software will have all the features to meet the needs of every client. Start with a primary, comprehensive accounting software and then use other add-on solutions that integrate with your main accounting software. This will provide the efficiency gains of automation.

BUSINESS TRANSFORMATION

Moving up the continuum of value also requires a business transformation. Your business model, skill sets and the talent you hire and develop will change.

■ Value pricing. As long as your firm sells hours, there is little motivation for your staff to improve efficiency. To cater to businesses of varying sizes, create CAS packages ranging from basic to comprehensive, price them accordingly, and invoice clients on a regular basis. Clients will appreciate knowing what they can expect. The firm benefits from being able to charge more for bundled services than it would on an individual basis.

■ Marketing. CAS must be seen and understood by clients as something more than the compliance services you currently offer. Make sure your marketing efforts communicate the contrast between them. Show your understanding that being a business owner is challenging and illustrate how CAS can ease that burden. If you can get that message across, clients will not see accounting services as an expense (and therefore something they want to reduce the cost of). Instead, they will recognize the value in the decision-support intelligence that CAS delivers.

■ Staffing. Successful CAS doesn't necessarily require more staff. Technology and standardized processes will provide significant efficiency, allowing you to serve more

clients with the same number of employees. However, where you find your talent and the types of people you hire will change. By leveraging technology, you can staff your CAS group with people who work outside of your geographic location, providing more options to source quality talent. You may also look at hiring non-accountants with unique abilities to meet client needs. You may be able to develop the necessary mindsets and skillsets in your existing staff, but don't be surprised if some members of your firm don't have a desire to be game changers.

■ Client interaction. A successful CAS practice requires increased interactions with clients, as you will be reaching out and collaborating on a much more frequent basis than you did when tax and audit were the core services in your firm. Some of that can be automated by technology, but your ability to build relationships with clients and become a trusted advisor is what can't be replicated by a machine.

Whatever services you include in your definition of CAS, it must be viewed as a key service offering for clients and a strategic initiative in your firm. Digital and business transformation require alignment of your firm's vision, a plan or playbook, collaborative teams to execute, and training to scale across your entire firm. Keep in mind, this is a journey, not an event. ■



More accounting power. More accounting pride.



There is no question that you play the most important role in client accounting.

Then why would any company bypass you and sell its accounting software directly to your clients, knowing that it diminishes your relevance and your ability to best serve your clients?

We can't answer that, but we have a solution to the challenges created by this business model. It's the cloud-based professional accounting system - **Accounting Power®**.

Sold exclusively to accounting professionals like you, Accounting Power includes both a powerful professional accounting system and a G/L system. It gives you the power and control you need to run your accounting practice precisely the way YOU want.

It's a known fact that most business owners hate doing accounting. With Accounting Power, you can easily offer highly profitable Client Accounting Services (CAS) to the clients who want to offload all their accounting work to you so they can focus on what they do best—manage and grow their businesses.

Accounting Power has unprecedented capabilities for write-up, trial balance, and preparing fully customizable financial statements. Its analytical tools let you offer value-added outsourced CFO services.

Now, by giving each client what they need and value, you can raise your relevance and your bottom line. Isn't that what you really want?

To learn how AccountantsWorld delivers new possibilities for your firm,
visit www.CompleteCAS.com

