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CPA Practice Advisor

Today's Technology for Tomorrow's Firm

NOVEMBER 2018

VOLUME 29
NUMBER 9

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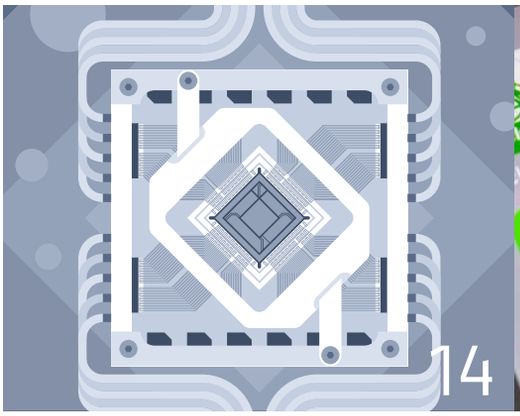

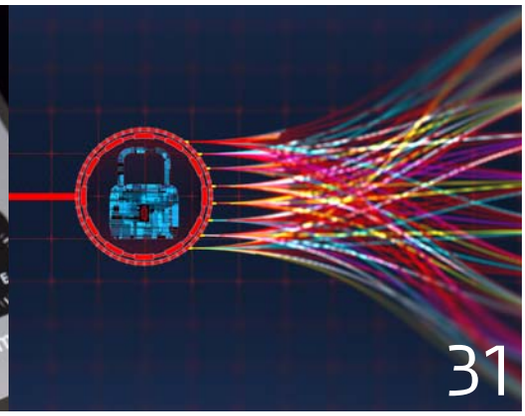

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CPE Day: December 6, 2018 – **Ensuring Success!**

YOU AND YOUR colleagues have an opportunity to expand your minds and collect up to 10 hours of continuing professional education on Thursday, December 6, as *CPA Practice Advisor* once again presents its annual free live-streaming conference, Ensuring Success.

Join dozens of nationally recognized speakers and thousands of your peers for this unique conference that brings outstanding educational opportunities to you in an interactive environment so that you can ask your questions and share experiences from the friendly confines of your home, office, or even your favorite coffee shop or vacation spot.

The full schedule for the day can be found at www.ensuringsuccess.com/2018-sessions. Choose the session(s) you want to attend or come for the entire day – it's your choice. Each 50-minute session qualifies for one CPE credit, and some of the sessions as noted on the schedule also qualify for IRS Continuing Education credit.

"Just want to say how much I have enjoyed all of these sessions. I'm so used to highly technical CPE and this is such a refreshing approach in terms of really relevant material and a format that was so informal and appealing. I picked up a number of 'pearls'!" - Debbie Misegardis, CPA, MT - 2017 attendee.

If you're planning on watching Ensuring Success with other members of your firm, we recommend you set up a large monitor in your conference room or meeting room, distribute a schedule of the sessions to your firm members, and encourage your team to watch the sessions together so you can discuss the topics as they are being presented. Order in some lunch or snacks and make it a day of learning together.

Throughout the day you will have the opportunity to communicate with us live just as if you are with us in a classroom, participate in interactive polling, and follow us on social media (Facebook: https://www.facebook.com/cpapracticeadvisor; Twitter #DecemberCPE).

We guarantee you won't be disappointed in the content and the quality of the sessions! You can register today at www.ensuringsuccess.com!

Ensuring Success is free to all attendees as a result of the generous sponsorships by key members of the accounting community including Avalara, Boomer Consulting, Canopy, CPA.com, efile4biz.com, Intuit ProConnect, Peisner Johnson, Receipt Bank, Sage, and Xero.

Please join us on Thursday December 6, from 9 a.m. to 7 p.m. EST at www.ensuringsuccess.com!

"Thanks for the opportunity to participate. This is my first time for Ensuring Success. It won't be the last. It was great." - Timothy Evans, CPA, CFP - 2017 attendee.

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AMY VETTER, CPA.CITP, CGMA
Mindful Technologist &
Keynote Speaker
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Defining Personal Success

WHAT DOES SUCCESS mean to you? Do you have a picture-perfect vision of what that success will look like? Have you talked about your goals with others? More often than not, our goals are something tangible. At one point in my life, making partner in my firm was the ultimate goal — the epitome of success I'd been working toward my entire life. However, I found throughout my career, I have pivoted into new areas that inspire me, while not walking away from the expertise I have gained along the way.

Since we spend a large portion of our lives dealing with numbers, it can be hard to break away from the idea that our goals in life don't have to be based on metrics, values, and numbers. Instead, we can start thinking about success more holistically, stepping back from the day to day and imagining what that looks like for ourselves. The web portal BigThink.com discusses Arianna Huffington's ideas on redefining what it means to be successful. "The foundation of her Thrive philosophy is that success is measured in so much more than the acquisition of money and power." Indeed, Huffington rates well-being, wisdom, wonder, and giving among the traits by which we should measure success. I'd add that aligning with your personal purpose, fulfilling your goals, and measuring how well you influence and collaborate with others are equally important measures of authentic success.

THERE'S NO ONE WAY TO BE SUCCESSFUL

If you've ever had the feeling that no matter how "successful" you become, you don't feel personally fulfilled, it's important to reexamine that idea of success. Odds are, you've been measuring success based on some arbitrary marker—a title, an income level, a net worth, etc.—instead of defining success in terms of what's actually meaningful for you.

The disconnect between the way we're told to think about success and what provides us with authentic fulfillment is why even people who appear to be on top of the world can suffer from a lack of happiness. In fact, studies have shown that CEOs are roughly twice as likely to suffer from depression as the average American. When even the people who are extremely successful by any traditional metric aren't happy in their careers, that's a sure sign that our idea of success is broken.

DEFINING YOUR OWN SUCCESS

To be able to feel confident in your success, you need to first develop an idea of what that looks like. To do this, I recommend asking yourself three very important questions. **What's my personal purpose?** Realizing your personal purpose is the first step to reaching authentic success, though you'll need to seriously reflect before you come up with an answer. Without purpose, you'll be at the mercy of another person's goal, and you won't feel fulfilled no matter how much financial success or power you attain through your work. To take this idea to the next level, figure out what you're doing today to become aligned with that purpose. If you sense a misalignment, more time and energy needs to be allocated toward your personal goals.

Do I have a positive influence on others? Community is everything. Success without connection is difficult to measure and sustain. Having a positive impact on others with your work is vital to feeling authentic success. You have the capacity to teach and support others in their growth, which makes your success all the sweeter. Very few of us are capable of going it totally alone. Luckily, we don't have to.

Could I become a better collaborator? Making your personal purpose a larger part of your everyday life is one thing. When you can reach your goals while also working alongside people with knowledge, talents, and skills outside your wheelhouse, it contributes to your personal and professional growth as well. Be honest with yourself about your weaknesses. That way, you can bring people on that allow you to focus on your strengths, which is a great benefit to you and your business. If you're the average of the people closest to you, find success by surrounding yourself with people who build you up and enhance your creative energy.

NOW IT'S YOUR TURN

I challenge you to question the status quo and the traditional ideas of success. If you've reached a point in your career where you finally feel you've "made it," how do you describe it? What are the key indicators? If you've not taken into account your personal purpose, your influence, and your ability to collaborate with others, it could be time to start questioning what authentic success looks like for your unique personal fulfillment and begin the process today. We can provide ourselves these moments of reflection — we don't need someone to do this for us. It's up to us to schedule time to check in with ourselves and ensure we are staying on track. ■

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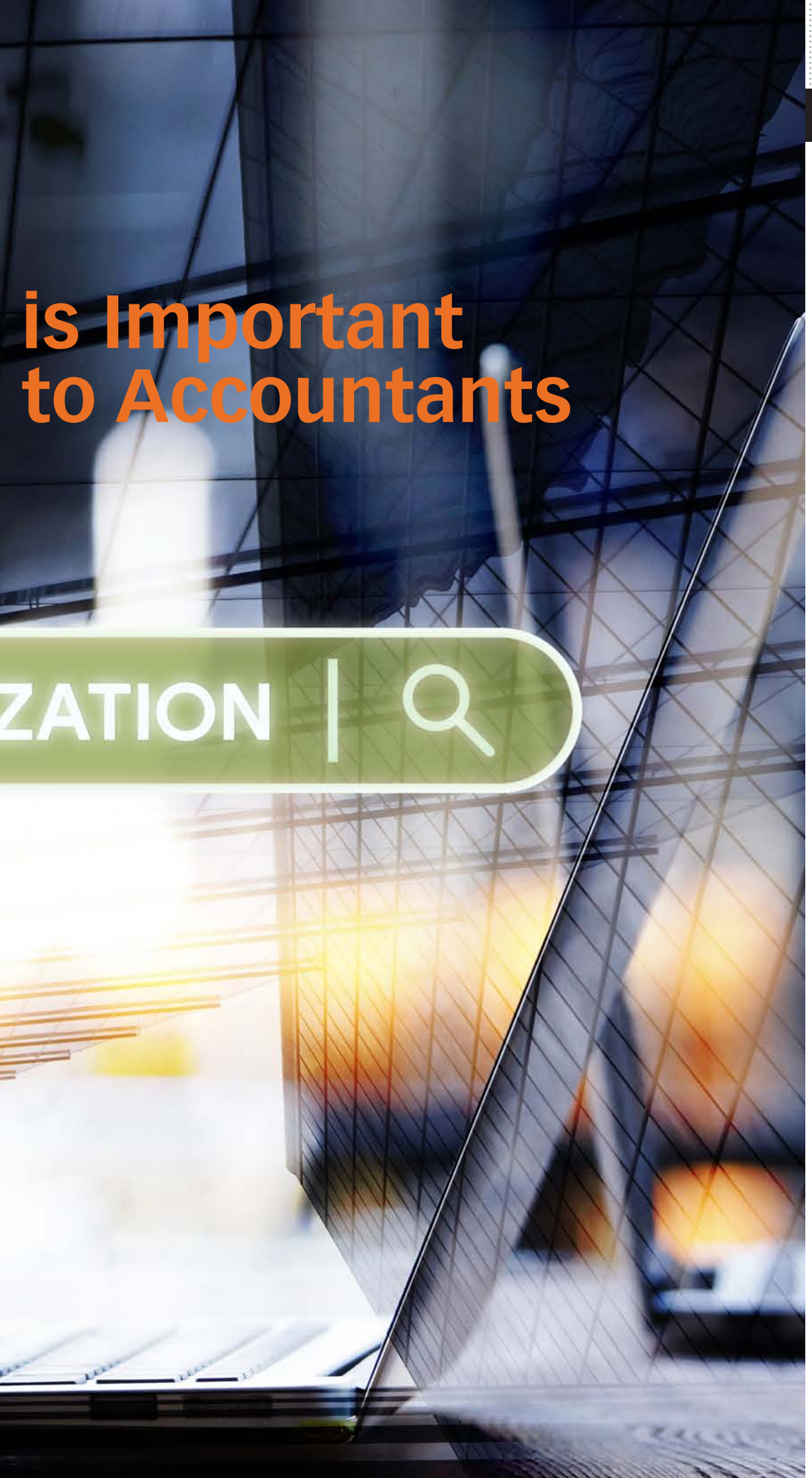

is Important to Accountants

By Brian Swanson

AS THE INTERNET and Google are ever-changing, so is the behavior of users and their needs which are currently shifting from global to locally-oriented searches. Currently it's estimated that 59% of Internet searches are now performed with local intent and approximately half of all mobile searches are conducted to find information about a local business including hours of operation or directions. Why is this important to accountants and CPAs? The answer is simple – local search matters and optimizing your website for it is key. Individuals/businesses are seeking businesses that are within their geographic area (city, town or state) to help them solve their tax, accounting and business issues. For most firms, they are not targeting a national audience and would prefer strong rankings with locally initially searches. Local SEO tactics can help move the needle on the firm's efforts.

FOUR WAYS THAT GOOGLE DISPLAYS LOCAL SEARCH ENGINE RESULTS PAGE (SERPS)

- **Keyword Only Searches** – If users search for an accounting firm without including keywords such as a city name they are relying more heavily on traditional organic ranking factors for results which can be limiting. An

example of such a search would be an Internet user in Dallas, Texas searching for an accounting firm. Instead of searching locally with the terms "Dallas Texas accounting firm," their keywords would be "accounting firm." These types of searches are shifting more and more to a locally focused list of results which means it's important for your firm to make the necessary adjustments to be found more readily. Remember, Google wants to deliver the most relevant search results to the searcher and will use local results first.

- **Keyword + Location Searches** – As mentioned above, keyword searches that include important information such as a city name rely more heavily on true local ranking factors from Google. It's likely that Google will list results that are pulled from local listings like Google My Business, Facebook, Yelp and other directories. An example of a keyword + local search could be "Charlotte North Carolina Forensic Accounting." In this example, the searcher is clearly stating the focal point for the search results. It's essential to ensure your website is optimizing for service and industry terms combined with geographic terms.
- **"Near Me" Searches** – Near Me searches are gaining popularity on Google and are no longer just about finding a specific place. They're about finding a specific service/product, in a specific location, within a specific timeframe. An example of Google wanting to filter local search results is the following: a user will type a phrase in Google assuming it's local and Google will suggest the addition of "Near Me". When the user accepts, Google returns local search results based on the user's physical location. An example of this type of search would be the search for "bookkeeper." Google suggests adding "near me" and the search now becomes "bookkeeper near me."
- **Mobile Based Searches** – Many are surprised to learn that searches on a mobile device can yield very different results than the same searches conducted on a desktop computer. Why? Google can determine the device you are using and delivers results that are best suited for it. So, if a website is not mobile friendly, or has other issues, it will be ignored when a search is conducted on a mobile device. Since the number of mobile searches is increasing it's important to ensure your website is optimized with local SEO. In addition, make sure the mobile version of your website is meeting Google best practices.

IN PERSPECTIVE

If you want to see how your firm is doing with its local SEO, then I suggest visiting the free **Moz Check My Listing Tool**. It will analyze all your listings and other information to give you a sense of where you stand. It's a great tool and a useful way to gain a baseline understanding of where the firm's website stands. ■

Brian Swanson is the Chief SEO Strategist at FlashPoint Marketing, a digital marketing agency that provides search engine marketing and search engines optimization services.

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5 Traits Business Leaders Need

Isaac M. O'Bannon, Managing Editor

Executives must develop new leadership capabilities in order to successfully manage their organizations today and in the future, according to a new study.

The *Workplace 2025: The Post-Digital Frontier* study, from Randstad US, identifies several personal traits as well as five key leadership competencies required in the post-digital age. The study also found that nearly all companies (95%) believe new and different types of leadership are going to be required to effectively address changes in organizational structures and operating models due to digitalization.

"Thanks to technology, organizational structures and operations are changing far more rapidly than they did in the past," said Jim Link, chief human resources officer, Randstad North America. "If organizations don't have leaders in place with the digital prowess required to navigate this new reality, they'll struggle. The best investment that companies can make in their future is to identify and cultivate individuals with strong digital skills and sharp instincts for what's coming next, as they'll drive innovation and keep their companies competitive."

Based on responses from nearly 3,000 workers across the U.S., this new wave of leaders must:

- have the ability to keep people connected and engaged (76%)
- be more agile and digitally savvy (77%)
- drive a culture of innovation, learning and continuous improvement (76%)
- be adept at risk-taking (60%)

BUILDING DIGITAL LEADERS

To assist organizations in identifying and developing digital leaders, Randstad partnered with talent assessment company XBInsight to gain more granular insight into building digital skills and developing forward-thinking leadership approaches. Based on competency and assessment data from 5,000 leaders across a wide range of industries, XBInsight identified five competencies where successful leaders have scored highest and that correlate closely with the requirements of digital leaders according to Randstad's data. The five critical leadership traits needed to thrive in the post-digital workplace include:

- inspiring others
- leveraging technology
- encouraging collaboration
- driving innovation
- managing risk

"The digital revolution has changed many jobs, added new ones, and of course, dramatically altered the leadership skills and behaviors needed to navigate the post-digital landscape," said Kathi Graham-Leviss, CEO of XBInsight. "The ability to lead with an innovative mindset is at the core of what it takes to be a digital leader. The good news is innovation is a competency, and much like other competencies, it can be developed."

THE COMMON THREAD AMONG DIGITALLY SUCCESSFUL COMPANIES

It's clear that having a leader with strong digital skills at the helm is critical to any organization's success. Unfortunately, however, more than half (63%) of all companies surveyed don't believe they have a strong digital leader in place today. And the risks for organizations lacking digital leadership can be significant, including:

- a lower likelihood that digital initiatives will meet their full potential in driving business success
- an ineffective approach to digitalization that is largely tactical in nature without a cohesive, company-wide strategy or focus
- challenges in attracting and retaining top talent as a result of falling short of delivering the digital innovation and tools the majority of today's workers desire ■

THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

- 7 Small Business Marketing Mistakes. **TSheets blog.** https://bit.ly/2Q0U5tb
- The Role of a Manager Has to Change in 5 Ways. **Harvard Business Review.** https://bit.ly/2Rr6Wp7
- 25 of the Most Profitable Franchises. **Small Business Trends.** https://bit.ly/2AAjuVF
- Amazon is Planning to Take Over Business Supplies Market. https://for.tn/2zhK4ky
- For Entrepreneurs: When to Quit Your Day Job. **Ross Business.** https://bit.ly/2OWlCQe

LATEST SMALL BUSINESS NEWS

Retailers Expect Surge in 2018 Holiday Spending. Shoppers may be writing longer "nice" lists for gifts and gatherings this holiday season, according to Deloitte's 33rd annual "Holiday Survey." www.cpapracticeadvisor.com/12435039

Small Business Owners Optimistic on Economy, But Worried on Healthcare and Tariffs. The survey found 67 percent of business owners overall think business conditions in their area are good or excellent, up from 60 percent a year ago. www.cpapracticeadvisor.com/12434769

The Biggest Tax Law Changes for Small Business Owners. Many owners of sole proprietorships, partnerships, trusts and S corporations may deduct 20 percent of their qualified business income. www.cpapracticeadvisor.com/12433690

Small Businesses Feel Unappreciated by Their Banks. Despite widespread economic and business optimism among small business owners, many are feeling underappreciated by their banks. www.cpapracticeadvisor.com/12434766

6 Tips to Help Businesses Survive a Crisis. Events such as the hurricanes that recently hit Florida and the Carolinas can create major disruptions for businesses. www.cpapracticeadvisor.com/12434412

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 accounting and business needs of veterinarians.

How to Market Your Firm to Veterinary Clients

By Becky Livingston

THE TRICK TO marketing to veterinarians is to develop and share quality content along with information about your proven services. Sounds simple, but it can quickly go to the dogs if mismanaged. Here is a multi-pronged approach to aid in branding, to generate business, and to maintain relationships.

PAWSITIVE MARKETING TACTICS FOR VETERINARY CLIENTS

LIST BUILDING

This is probably the hardest step for most firms to tackle, but it can be done with time, patience, and diligence. Using paid and organic efforts, you can increase brand awareness while adding to your email list. Here's how.

- **Branding:** Ensure your firm's brand name is easy to use, whether that's with an acronym or spelling. Leverage your logo and firm colors in all marketing campaigns, and consider images that coordinate with and compliment your colors. Remember to include your firm's branded hashtag in all social media posts, especially Instagram.
- **Search Engine Optimization (SEO):** Leveraging veterinarian keywords on pages and blog contentdeveloped specifically for them will help veterinarians to find your firm's name organically. Consider creating questions and how-to's from keywords phrases, such as "How can I increase my veterinary practice's cash flow?" or "How to manage a veterinary practice effectively." Then, place those terms in the headline or on an alt tag for the image. Also, place the phrase in your <keywords> tag on the website or in the web-template (e.g., WordPress) keyword field.
- **Search Engine Marketing (SEM):** Rather than simply posting text ads on Google or Bing, consider a more advanced process like managed placements or display ads on specific websites. You can place banner and graphical ads on popular veterinar focused sites rather than relying solely on text-based searches.
- **Social Media Ad Campaigns:** Leveraging social media ad campaigns for lead generation pages, like tip sheets, downloads, video plays, and more, helps grow your email lists by collecting email addresses.
- **Infographics:** Data represented visually is a fun and effective way to connect with your audience, while also branding. Using animal imagery plus

RESOURCES FOR THE VETERINARIAN ACCOUNTANT

- Veterinarian's Money Digest: Accounting Tips for the Busy Veterinarian - https://bit.ly/2PKlGSK
- How Glenn Hanner Became Top Dog in the Veterinary Accounting Niche - www.cpapracticeadvisor.com/10736513
- Katz Sapper & Miller blog: 6 New Tax Provisions Veterinary Hospitals Should Know - https://bit.ly/2FdYGaR
- Vet Practice Magazine: Tax Time Tips - https://bit.ly/2RHHCv6

How the 20% Qualified Business Income Deduction Affects Veterinary Practices

By Marsha Heinke, DVM, CPA, EA, CVPM

With passage of the Tax Cuts and Jobs Act (TCJA), most practice owners are hopeful of reduced tax burden, enhanced by the prospect of a 20% deduction on "Qualified Business Income" (QBI) flowing through from S Corporations, LLCs, Partnerships and Sole Proprietorships.

And everyone is cautious, because there are complications to understanding QBI and eligibility for the deduction (QBID). With the limitations discussed further below, many practice owners may be phased-out of this glorified tax deduction.

So what is the possible deduction by an individual with an equity position in a veterinary pass-through entity (PTE)?

- If MFJ taxable income is less than $315,000 (other filers, $157,500), then you are eligible for the QBID.
- The deduction can't exceed 20% of personal taxable income over any net capital gain.
- The QBID may phase, when a taxpayer's personal taxable income is between $315,000 and $415,000 (MFJ) or between $157,500 and $207,500 (filers other than MFJ).
- For other types of QBI, the related pass-through deduction is further limited by certain calculations of the entity's W-2 wages and qualified property basis.

What is QBI (Qualified Business Income)?

- Pass-Through Entity net amount of income, gain, deduction and loss
- Entity business conducted in U.S.
- May (this is currently debated and uncertain) include rental property income.
- Excludes shareholder's reasonable compensation (W-2 wages) or partner's guaranteed payments.
- Excludes income from **Specified Service Fields** when personal taxable income exceeds phase out limits (see above). Specified Service Fields could include veterinary practices, where "the principal asset is the reputation of the employee or owner."

But we don't know yet! Specified Service Fields per new Section 199A includes "Health," and under other long-existing IRS regs, Health is a service field that does include veterinary medicine.

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a call to action also resonate with potential leads, e.g., "Stop chasing your tail and call us today!"

- **Hashtags:** Use popular hashtags, such as #LoveAnimals, #PetLover, #Dogs, and #Cats for social media posts. Also, create a unique hashtag for your firm, for example #CPA4Paws or #CPA4BirdVets, etc. That will help to easily distinguish who is sharing your posts.
- **Social Media Fun:** Share fun videos, photos, and quotes on the pet holidays throughout the year. LifeLearn Animal Health (https://bit.ly/2ATUqZz) offers a list to help you plan.

HIGH IMPACT CONTENT

Offering information clients can use is a great way to engage others. They often take more time to create and can have a longer lead time than most content. But, what you gain is a more qualified lead than say someone who completes a download form. Content developed for these leads includes pieces like product demos (think cloud-based accounting tools and portals), webinars, case studies, data sheets, ebooks, FAQs, and whitepapers.

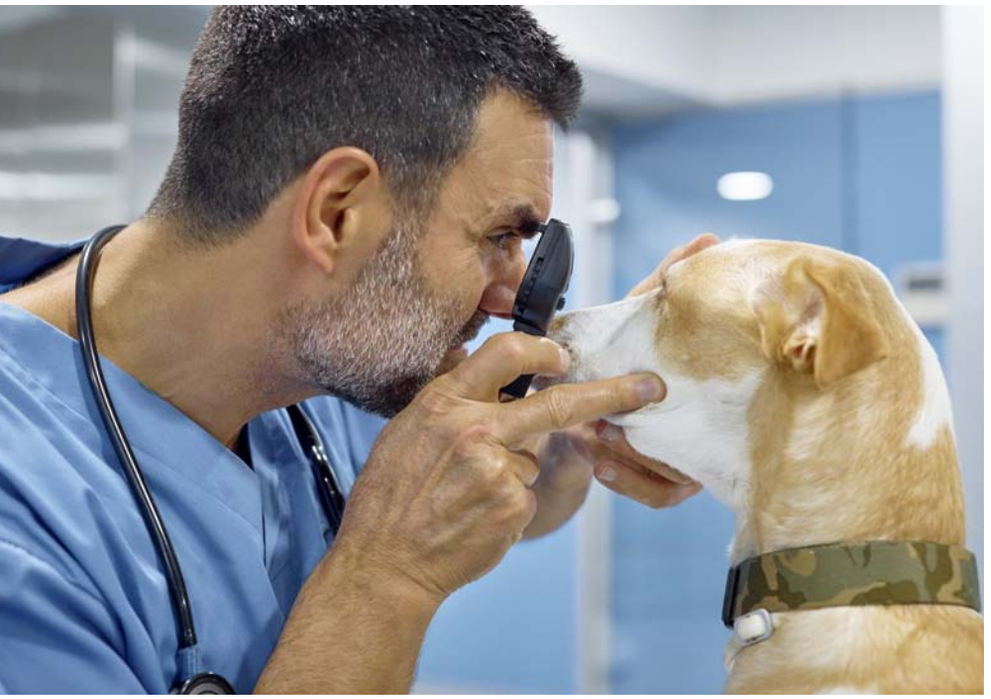
In some cases, this content works well in video or podcast form. Short, how to and FAQ videos with a memorable, call-to-action are a terrific way to generate interest. Remember to use that animal-themed trigger to help people remember who you are.

RELATIONSHIP BUILDING

- **Create an app** that your on-the-go client can access anytime anywhere. There are development-friendly tools, like the AppInstitute's drag-and-drop interface, that allow you to create a simple, easy-so-use app for clients (www.appinstitute.com). Include features like expense uploading, portal connection, tax filing deadlines, and fun trivia and events.
- **Become a local superstar** by getting involved with local fun runs and charity events, local business meetings, and office-pet highlights on social media.
- **Develop "freemium" content** specifically for your clients that others have to pay for, such as exclusive events, webinars, and offers.
- **Remind clients** of seasonal meetings they should have with you by offering them a check-up list just like you would get from them for your pet.
- **Sharing information** about pet services, such as trusts, estate planning, and tax laws regarding deductions, are tools your clients can share with their clients, which could lead to additional income in other service areas of your firm.

In parting, think about the "pet-tential" each of these efforts has to draw in new clients and engage existing clients. Add some pet personality to your content and the "pawsibilities" are endless. ■

Becky Livingston is the president of Penheel Marketing, a boutique marketing firm specializing in social media and digital marketing for CPAs.



PLANNING CONSIDERATIONS

One reasonable 2018 planning issue is calculating how much depreciation to take on assets placed in service during the year, since bonus depreciation and the Section 179 election for immediate write-off are very generous. These deductions will reduce QBI and taxpayer taxable income. The interplay with phase out limits for veterinary families will make calculation tricky, when trying to find the best tax outcome in a particular year. Additionally, deciding how much depreciation to take, affects taxable income in future years, so the planning becomes a multiyear effort.

Secondly, and this is uncharted territory as of this post, veterinary practice revenue is a complex mix of personal service income and retailing via product sales and pharmacy sales. Additionally boarding and grooming activities, as well as others conducted through the veterinary business entity, could possibly fall outside of the definition of specified service trade or business. So is it possible that some allocable portion of the practice's net income would not subject the owner(s) to QBID limitation?

Perhaps cost accounting will take on new and important precedence in mixed revenue practices. The definition of a "specified service business" under the new Section 199A is going to be critical. We will be watching this issue carefully. Potentially, practice owners will consider spinning off parts of the veterinary practice that are not related to professional veterinary services, into new legal entities that are eligible for the QBID.

Keep in mind, this and many other ambiguous sections of the new, complex, nearly 1,100 page tax law must be clarified through regulatory guidance, and additional Congressional actions to fix vagaries of the new law. ■

This article first appeared on the **Veterinary Practice Made Perfect** blog, published by Marsha L Heinke, DVM, CPA, EA, CVPM. Marsha is a doctor of veterinary medicine, an Enrolled Agent, a Certified Public Accountant and a Certified Veterinary Practice Manager.

5 Types of Clients CPA Firms Should Avoid

By Cathy Whitley and Mark Walicki

Emily Ryan was a hard-working CPA who in the early days of her career began doing the tax work of an up-and-coming actor. Over time this actor became a big star nationally but continued to stay connected with those who had helped him achieve his goals. This included Emily, who had recently started providing consultative type services in addition to his tax returns.

As the actor's salary continued to increase, Emily's partners were very happy to expand their business relationship with him. The star was well known throughout the office. They often allowed him to hand out movie premiere tickets and memorabilia as a courtesy to the staff or in lieu of payment and agreed to services with just a handshake. He even accepted a personal referral from one of Emily's partners despite the lack of qualifications.

Emily grew increasingly uncomfortable with how the client relationship was proceeding and expressed her concerns to her partners. However, no one else wanted to 'rock the boat' by asking the actor to forego the perks over something as trivial as an engagement letter.

Over time, the actor became more and more demanding. He started asking Emily to book flights, find him hotel rooms and make dinner reservations. Oftentimes, he would angrily complain that she failed to do things he requested of which Emily had no recollection. When Emily decided to accept a job with another firm, she decided to leave the actor client with her former colleagues. Several years after her departure, she read in the newspaper that her former firm was being sued by the actor. The claim cost them a great deal of money, and the news stories about the lawsuit and court proceedings put a black mark on the firm's reputation.

WHAT DID THE FIRM DO WRONG?

- No engagement letter was ever used
- They provided an array of concierge-type services outside the scope of accounting
- There was no annual client review performed by the firm
- Only one referral was offered when the client needed assistance outside of the firm

Evaluating your clients on a routine basis is good business practice. Over time, a client's profile and expectations may change, no longer making that client a good fit for your firm. Though not an easy task, disengaging from risky clients can be your best option. It may hurt financially in the short run, but in the long run it can save you a great deal of aggravation and avoid a potential professional liability claim. In Emily's case, she was aware that her client's profile was changing and that her former firm was not willing or capable of handling such a demanding high net worth individual.

Continue reading at www.CPAPracticeAdvisor.com/12435093

Mark Waliki is an advisor with the AICPA Professional Liability Insurance Program. Cathy Whitley is senior AICPA Risk Advisor for AON Insurance Services.

THIS MONTH'S TOP FIRM MANAGEMENT SOCIAL MEDIA POSTS

- 10 Reasons Your Accounting Firm Needs a Bookkeeping Robot. **ReceiptBot.** https://bit.ly/2yFogzs
- 4 Strategies to Capture the Hispanic Market. **AICPA Insights.** https://bit.ly/2qcsF8w
- The Ultimate List of Advisory Services for Accountants. **Accountants Accelerator.** https://bit.ly/2OfI7ui
- 3 Ways Small Firms Can Turn Challenges into Opportunities. **AICPA Insights.** https://bit.ly/2zbRlCn
- Are You Charging Enough for Your Services? **Long for Success blog.** https://bit.ly/2Ssvr6y

LATEST FIRM MANAGEMENT NEWS

400 Indiana CPAs Join Forces for Day of Service. Teams from 36 firms and organizations completed 31 service projects in 15 Indiana towns. www.cpapracticeadvisor.com/12433433

Moss Adams Acquires BPW&C. The Albuquerque-based firm works with a diverse spectrum of middle-market and family-owned businesses. www.cpapracticeadvisor.com/12433670

Baldwin CPAs Expands in Louisville, Kentucky. Effective October 29, 2018, Lindemeyer, CPA in Crestwood will merge into Baldwin CPAs. www.cpapracticeadvisor.com/12433222

Baker Tilly Acquires MRZ. MRZ is one of the fastest-growing accounting firms in Houston. www.cpapracticeadvisor.com/12432620

2019 Accounting MOVE Project Survey Opens. The study examines perceptions and misperceptions that women and firms have about how and why women pursue partnership and other senior leadership positions. www.cpapracticeadvisor.com/12433700

News and Updates From QuickBooks Connect 2018

By Scott Cytron

ON NOV. 5-7, San Jose, California, was energized with another terrific QuickBooks Connect event, where some 5,000 accounting and tax professionals, app developers, owners and staff of small businesses, freelancers and exhibitors came together to innovate, learn, share ideas and network. It's an event unlike any other – and based on the keynote presentations, breakout sessions, meetups and more, Intuit remains committed to your success.

HELPING ACCOUNTING PROFESSIONALS GROW

Ariege Misherghi, global leader of the Accountant Segment within Intuit's Small Business Self-Employed Group, unveiled several product enhancements designed to help accounting professionals grow their skills and their practice, including:

- **Client Overview -** With the new Client Overview feature, QuickBooks Online Accountant (QBOA) users can instantly understand the state of a prospective client's books, helping accountants work more efficiently and price their services more accurately.
- **Statement Auto Import -** Statement Auto-Import (currently in beta) enables QuickBooks to automatically import bank statements in addition to bank transactions.
- **Project Profitability -** QuickBooks will soon support job costing end-to-end, inclusive of time tracking and payroll, thanks to the combined power of QuickBooks Payroll, TSheets and QuickBooks Online.
- **QBOA Email Integration -** Intuit is leveraging the power of artificial intelligence to develop an integration between QBOA and email, so that tasks you receive via email will soon show up automatically as projects in QBOA.
- **Marketing Hub -** Knowing that one of the biggest challenges that firms face is marketing themselves, Intuit announced the launch of its new Marketing Hub, a resource center designed specifically for accounting and tax professionals, filled with guides, templates and more.

To see the Main Stage event from Accountant Day where these announcements and more were made, check out this video: intuit.me/2PCXDoR.

GLOBAL 2018 FOTF WINNER

This was the fourth year for Intuit's global Firm of the Future contest, which celebrates forward-thinking firms from around the global that have embraced online technologies to grow their practices and help their small business clients succeed and prosper. Which firm took home the highly coveted Global Firm of the Future honor? The grand prize winner was Cloud Bookkeeping Services.

The Canadian firm was awarded $30,000 USD total in cash prizes as the global firm that best embraces the future to help their small business clients succeed and prosper. Brighton Sport & Wellness Centre, a small business client of Cloud Bookkeeping Services, was also named a winner in the contest and received $20,000 USD total in cash prizes.

This year's four other finalists included PJCO (United Kingdom), Reconciled (United States), Regional Business Services Pty Ltd (Australia) and Wealth Café Business Advisors Pvt Ltd (India).

New to this year's contest was the addition of a firm from India and the inclusion of a small business story in each finalist's entry. Also new this year, for every vote and social share that took place, a donation from Intuit was made to Kiva.org, an international nonprofit based in San Francisco that invests in entrepreneurs from underserved communities around the world who are looking to create a better future for themselves, their families and their communities.

APP SHOWDOWN

Apps are a very important part of your firm's workflow because they help you and your clients increase productivity with solutions that integrate with QuickBooks Online. One of the best ways to learn about new or lesser-known apps is the annual App Showdown, where developers competed for the $100,000 grand prize – a truly life-changing experience! They pitched their app to three judges, which included two accountants, Clayton Oates and Geni Whitehouse, as well as demonstrated the apps in a featured exhibit space.

The winner, announced by Sasan Goodarzi, executive vice president and general manager of Intuit's Small Business Self-Employed Group, was G1VE. Finalists and their focuses included:

Chaser: Get your invoices paid sooner & save over seven hours a week on accounts receivable.

chata.ai: A conversational analytics and reporting tool that does your data 'dirty work.'

Flowless: Build your own applications around QuickBooks events.

G1VE: Give to charities. Reach more customers.

LeaseMate: Automate your lease accounting.

Payments Powered by Bolt: Online invoice payments – Stripe, PayPal + more.

PayPie: Intuitive cash flow forecasting and risk assessment to improve your finances.

Penny: Penny Inc helps automate, control and monitor your business and travel expenses.

SnapDsk: Get Your QuickBooks Customer info from anywhere: Simple, easy & fast.

QUICKBOOKS CONNECT 2019

Be sure to register for QuickBooks Connect 2019 in San Jose, Calif., Nov. 4-6, 2019. ■

Scott H. Cytron is president of Cytron and Company, a public relations, marketing and communications firm that niches in accounting and finance. He is also editor of Intuit's Firm of the Future and QuickBooks Online blogs. Contact him at scott@cytronandcompany.com.

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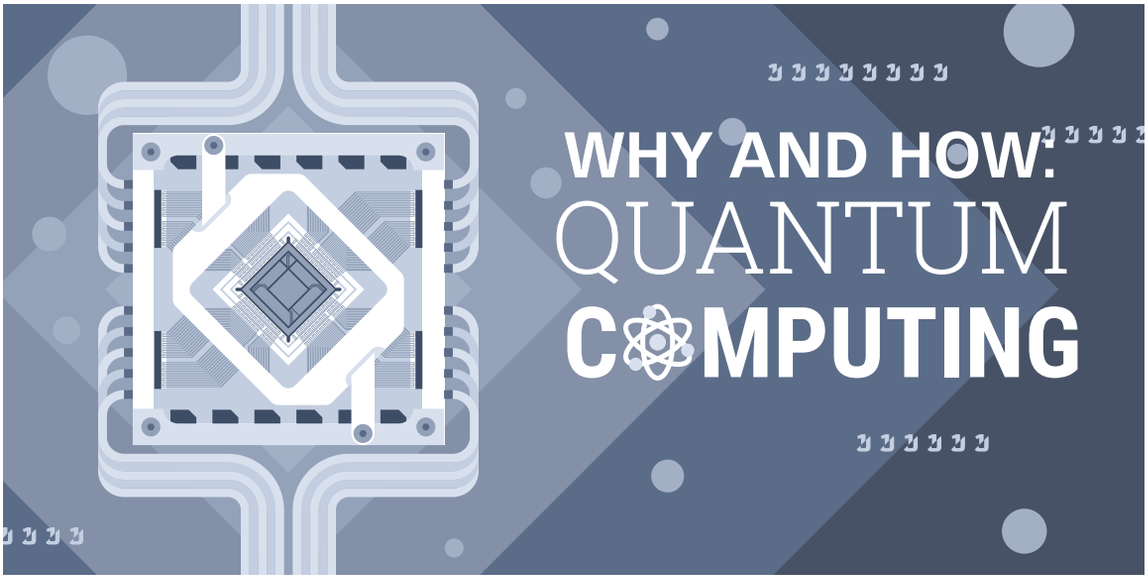

WHY AND HOW: QUANTUM COMPUTING

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YOU ARE LIKELY to have seen all the information you need on the new iPhone, Google Pixel 3, Surface Pro 6, and Office 2019 as well as the outcomes of the CCH, Thomson and Intuit user conferences, although if the reviews are not factual enough for me, you'll see me pause this Emerging Technology series to identify the facts that matter for the practice of accounting. While Quantum Computing is not ready for prime time, there is plenty of excitement among developers and the major technology providers including, but not limited to IBM, Google, Microsoft, Intel, and some other significant players that you probably won't recognize like D-Wave and Rigetti Forest.

If the developers are successful, Quantum Computing will change the future and direction of computing for many generations. As a trained computer scientist, my expectation and that of protagonists says that Quantum Computing will be able to break all encryption in use today, can tamper with most blockchain implementations, can outperform any current computing hardware (typically known as Von Neumann computing based on the design from the 1940's used by all computers and smartphones today), and has many operational attributes of interest that improve centralized, cloud computing.

Antagonists claim that Quantum Computing capabilities are overstated, that the environment is too difficult to use, and that the technical difficulties will not be overcome. Let me back up my hair-brained statements with some observations.

WHAT?

For more information about building Quantum Computing, consider the following references:

- A classical computer has a memory made up of bits, where each bit is represented by either a one or a zero. A quantum computer maintains a sequence of qubits, read ket 0 and ket 1
- A single qubit can represent a one, a zero, or any quantum superposition of those two qubit states. A pair of qubits can be in any quantum superposition of 4 states and three qubits in any superposition of 8 states.

In addition, the following will factors will impact the world of Quantum Computing:

- Compilers and software are being improved to run on the new quantum hardware from a number of suppliers
- Software is different including: quantum algorithms, universal quantum computer, Shor's algorithm (factoring), Grover's algorithm (unstructured database), Deutsch–Jozsa algorithm, amplitude amplification, quantum Fourier transform, quantum gate, quantum adiabatic algorithm and quantum error correction
- These algorithms are exponentially or quadratically faster

HOW?

So how does the Quantum Computing approach work? Physicists and computer scientists look at the properties of atoms and detect or predict the position of various particles mathematically. There are various approaches being used including: photons, coherent state of light, electrons, Nucleus, Optical lattices, Joseph junctions (super conductors of charge, flux or phase), Singly charged quantum dot pairs, or Quantum dots.

What does this mean to the practice of accounting and to accountants? Our centralized applications will run on these platforms, currently in use by IBM, Google, NASA, and other large entities. As we mentioned above, we have several working examples and production models available:

- D-Wave – Makes a 2,000 qubit machine that currently costs roughly $15,000,000
- IBM Q – recently 50-Qubit
- Google – Quantum AI – 72 qubits
- Intel - 49-qubit Tangle Lake
- Microsoft
- Rigetti Forest
- According to the *Financial Times*, expect big leaps in qubits in 2018. There will be even greater progress in 2019 and beyond

Implementing Quantum Computing can take extremely large calculations and complete them more rapidly. Quantum Computing is being used in very complex models today, such as Weather.com by IBM. Developers are working on compilers and algorithms to make these machines work properly. From my view, Quantum Computers are at

about the same stage that mainframe computers were in 1963-1965 when mainframes (which are Von Neumann machines) were just getting the early compilers and applications were simple, but just starting to work. The difference between mainframes and Quantum Computers is that once building the hardware is practical and the compilers are working properly, the additional speed available will revolutionize Cloud computing providing the horsepower to run applications radically faster. Conversion to Quantum Computing should predominantly mean recompiling applications to take advantage of the new platform.

Quantum Computing is in the Early Stages

Intel CES 2018 announcements:

- Intel Labs has developed a neuromorphic research chip, code-named "Loihi,, which is a Quantum Computing enabled artificial intelligence (AI) algorithm inspired by how the brain works. This could unlock exponential gains in performance and power efficiency for the future of AI.
- Intel's Mike Mayberry, corporate vice president and managing director of Intel Labs said, "We expect it will be five to seven years before the industry gets to tackling engineering-scale problems, and it will likely require 1 million or more qubits to achieve commercial relevance."
- As Quantum Computing matures over the next 10 years, it could threaten blockchain and most cryptography that secures data and digital signatures.

Let's Consider Encryption

Quantum Computing approaches break encryption.

- Shor's algorithm can easily find public key integer factors. This ability would allow a quantum computer to decrypt many of the cryptographic systems in use today.
- Consider a problem that has these four properties: The only way to solve it is to guess answers repeatedly and check them,
- The number of possible answers to check is the same as the number of inputs,
- Every possible answer takes the same amount of time to check, and
- There are no clues about which answers might be better: generating possibilities randomly is just as good as checking them in some special order
- For problems with all four properties, the time for a quantum computer to solve this will be proportional to the square root of the number of inputs. Triple DES and AES become easy targets, which are the most popular encryption algorithms today.

This stuff gets a little heady, and I certainly wouldn't want you to think I have mastered all the principles. Like all the emerging technologies we have covered in these emerging technology columns, Quantum Computing has pros and cons.

On the positive side:

- Computing using quantum-mechanical phenomena, such as superposition and entanglement which permits representing much more data in a single position, called a qubit
- Google says 2018 and IBM says within five years they will achieve quantum supremacy, that is running faster than a classical computer
- Just 50 qubits can represent 10,000,000,000,000,000 numbers. A classical computer would require a petabyte-scale memory to store that number

On the negative side:

- It is hard currently to scale physically to increase the number of qubits
- Qubits can be initialized to arbitrary values and read easily
- Quantum gates need faster decoherence time, currently optimized by cryogenic temperatures, 20 Millikelvins = - 459 Fahrenheit

While the current prototype hardware is working, the number of qubits in use is quite small and the current designs require elaborate computing. Note from this picture how IBM is cooling a 56-Qubit design:

WHY

Limits are being approached in the current Von Neumann architectures produced by Intel, AMD and others around the world. The silicon architectures have been miniaturized to 7 nanometers (nm) by TSMC and Intel is currently attempting to transition from 14nm to 10nm. It is becoming more difficult to build processing chips based on these small distances or geometries.

Further, the tricks that engineers have used including hardware virtualization, multiple cores and threads have made the chips faster, too. However, there is no significant breakthrough in the engineering thinking that will improve performance notably. While I'm hopeful that some smart engineer will come up with a way to make chips faster and smaller there is nothing that is being reported in the engineering trade journals that shows any promise. While I'm sure significant breakthroughs would be kept secret, most of the methods over the last few years have been evolutionary, not revolutionary change. A breakthrough is needed, and Quantum Computing may be that breakthrough.

RECOMMENDED NEXT STEPS

Quantum Computing is in its very early stages. This technology could prove to be a dead end, but all indications are that we are beyond that stage. The biggest issue is that hardware gates need to be designed that allow a faster decoherence time that operate at room temperature rather than in cryogenics. We've tried to give you enough background that you can understand some of the fundamentals of Quantum Computing. While there is no practical choice for most of you today because of the high cost and special environment required by Quantum Computers, you should watch for breakthroughs over the next 5-10 years which will enable your applications to run faster than is possible today. ■

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

Key Information	TECHNOLOGY: Quantum Computing
Why is the new technology better?	It is a new method of running programs, potentially at higher speeds
How can you do this today?	D-Wave ,IBM Q, Google, Intel, Microsoft, Rigetti Forest
Risks	Computation may not be faster
Where/when to use	Problems that have to handle vast amounts of data
How much?	Commercial units are $15M+ for 2,000 qubits
When expected in mainstream	Ten+ years
Displaced technology or service	Traditional computers, mainframes
Other resources	Waterloo Quantum 101, How QC Work

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New Small **Seller Exceptions** for Sales and Use Taxes

By Gail Cole

ECONOMIC NEXUS IMPOSES a sales and use tax collection obligation on remote sellers based only on their economic activity in a state. Nearly 30 states have adopted economic nexus since the Supreme Court of the United States ruled physical presence in a state is no longer the sole requisite for sales tax collection (South Dakota v. Wayfair, Inc., June 21, 2018), and all provide an exception for small sellers. The problem is, these exceptions are not all the same.

To determine how much business a remote seller is doing in a state, economic nexus laws rely on the volume of sales, the number of transactions, or both. For example, the South Dakota law that led to the demise of the physical presence rule uses the following thresholds: $100,000 in gross sales or 200 or more transactions of property, electronically delivered goods, or services delivered into the state in the current or previous calendar year.

Approximately 20 states with economic nexus share the $100,000 in sales/200 transactions threshold (though not all include the same transactions in the test): Remote sellers that have less than $100,000 in sales or fewer than 200 transactions in the state don't have to collect and remit sales or use tax in the state. Those with more than $100,000 in sales or at least 200 transactions must.

Seems simple enough, and for a business that sells only in its home state and South Dakota, it probably is. However, it's less simple for businesses with customers in multiple economic nexus states. And it will become even more complicated when other state economic nexus policies go into effect later this year and in early 2019.

DIFFERENT SMALL SELLER EXCEPTIONS

Though most economic nexus states closely follow **South Dakota**'s example, several have adopted different thresholds. In Alabama, for example, a remote seller must do more than $250,000 in sales in the state and engage in certain activities (e.g., solicitation) to trigger economic nexus. In Connecticut, the threshold is at least $250,000 in revenue and 200 or more retail sales into the state and systematic solicitation in the state. In **Minnesota**, the economic nexus threshold is 10 or more sales totaling $100,000 or 100 or more retail sales. And so on.

There are even differences among states with South Dakota–style economic nexus thresholds. A remote seller must have $100,000 or more (or 200 transactions) to trigger economic nexus in **Colorado**, while in Indiana, a remote seller must have more than $100,000 (or 200 transactions). The likelihood of a business meeting or missing the threshold by mere pennies seems slim, but still, a difference is a difference.

Then there's **West Virginia**, one of the latest states to adopt economic nexus. Like most other states, it relies on the $100,000/200 transactions thresholds to determine whether an out-of-state seller has established an obligation to collect and remit West Virginia sales and use tax. Unlike the others, its policy says both $100,000 and 200 transactions and $100,000 or 200 transactions.

West Virginia State Tax Department Administrative Notice 2018-18 states that a tax collection obligation is triggered if either threshold is met during the 2018 calendar year. Each year thereafter, it explains, "The requirement will be imposed for a given calendar year based on the vendor's attainment of either of the stated thresholds in the immediately preceding calendar year."

However, the tax department website provides conflicting information. It states in its introduction: "This collection requirement does not apply to a remote seller that during calendar year 2018 had gross sales of tangible personal property and/or services for delivery in West Virginia of $100,000 or less and had fewer than 200 sales transactions for delivery in West Virginia."

It continues, "When the small seller-exception applies, then in any calendar year when either of these thresholds is met, the seller must begin to collect West Virginia sales and use taxes on sales made after the date either of these thresholds is met."

Farther down that page, FAQs 4 (Are all remote sellers required to register in West Virginia?) and 7 (How is the small-seller exception determined?) state that both thresholds must be met to trigger a sales tax collection obligation.

When we sought clarification, we were told that the small-seller exception applies if both thresholds are met during calendar year 2018. However, if a remote seller meets either threshold during calendar year 2019, or any year thereafter, it establishes economic nexus and an obligation to collect and remit West Virginia sales and use tax.

TRANSACTIONS INCLUDED IN STATE THRESHOLDS

Another complicating factor is that different states include different transactions in the threshold. For example, thresholds in the states below are based on the following:

- Connecticut: retail sales of products
- Maine: taxable and nontaxable products, services, and electronically delivered products
- Mississippi, Nevada, and Vermont: sales into the state
- West Virginia: taxable and nontaxable products and services

Such differences make determining the threshold in multiple states extremely challenging. States are striving to make their economic nexus laws clear, but these are new laws, and it will likely take time to sort out all the kinks. ■

Gail Cole is a sales tax expert with a penchant for digging through the depths of BOE sites and discovering and reporting rate changes across the country.

Is Your Client **Personally Liable** for Sales Tax Debt?

By Judy Vorndran, CPA, JD

BUSINESS OWNERS, OFFICERS, directors, shareholders, and employees identified as "responsible parties" can be personally liable for sales tax obligations. What is a responsible party and why is the tax so invasive?

Clients of ours have been reluctant to give up their social security number (SSN) for purposes of sales and use tax registrations. In some cases, it takes a lot of explaining before a CEO, CFO or officer feels comfortable giving up such personal information as a requirement of their job.

Employees generally perceive this requirement as "unreasonable." And I can certainly appreciate this. I mean, who trusts government to treat one's information with the care and deference it deserves?

While we always communicate to our clients that the "responsible party" SSN is a requirement that is both legal and binding, it doesn't always go over well. Per federal and other laws, state and local tax (SALT) jurisdictions have every right to require a wide range of individuals to relinquish their personal information before the business can be entrusted with SALT funds.

Without an SSN and driver's license information, an entity cannot typically submit a state registration. Without registration, uncollected taxes against a business can generate late returns, penalties and interest to contend with. Not to mention the fact that it is often considered fraudulent to collect sales taxes (or exemptions certificates for that matter) without a proper license.

Many of my clients believe they are not personally responsible for managing sales tax; the corporation or entity they work for is the responsible party. By releasing their personal information to SALT authorities, they too—in addition to the company—become a responsible party, on the hook for accurate and timely sales and use tax collection and remittance at the company level.

Several clients who signed on as responsible parties have taken extra steps, such as setting up a Lifelock account, to mitigate some of the risk associated with handing over their personal SSN to "unknown entities." Unreasonable, yes, but often necessary.

ASSUMING TRUSTEE STATUS

Many retailers fail to appreciate the middleman duty and legal obligation their business is under as trustees for sales and use taxes. Sales and use taxes do not belong to the company; the company merely acts as a trustee in collecting and remitting the proper amount of tax to SALT authorities.

When it comes to personal liability for debts of an entity, failing to collect or misappropriating sales and use tax can put your people—owners, officers, directors, shareholders, and employees—at risk. Each of these individuals may be held personally liable for the failure of a company to properly collect and remit sales and use taxes if these individuals are considered responsible parties. This liability extends beyond the business to their personal assets, which could be claimed to satisfy a sales tax liability of the business.

WHO YOU SAY YOU ARE

Responsible parties are tracked through personal information including their SSN. Federal law allows tax authorities to request an SSN as proof of identify that an individual is who they claim to be.

Individuals may be legally required to provide their SSN in transactions requiring notification to the IRS and other tax authorities in most financial transactions, employment records and tax returns.

Who is required to submit their SSN and personal information is an amorphous area. No universal parameters exist in sales and use tax transactions. Instead there are nuances state-by-state. For example:

- In Florida, online-only and brick-and-mortar businesses must register to collect sales tax. In addition to basic information, the registration form requires the owner's SSN, unless the entity is a corporation, business trust, non-business trust, estate or Indian tribe.
- Other states won't open a sales tax account without an officer and director SSN. The Texas sales tax form requires each officer or director of a corporation to provide their social security numbers. We often start at one and see if they ask for more.

WHO IS RESPONSIBLE?

A responsible party can include not only the person whose duties involve managing and paying taxes but may also include any other person who has the authority or ability to control business payments and decisions.

Although almost all states have personal liability rules, California, Georgia, Illinois, New York, South Carolina and Texas are among the states that have codified or otherwise require a responsible party to be held personally liable for uncollected or unpaid taxes of a company.

Identifying responsible parties varies from state to state:

- South Carolina has required corporate board minutes proving a person is legitimately in a position as CEO, CFO or other to prove they can legitimately sign as a "responsible party."
- Companies must identify the responsible parties when registering for Georgia sales tax or risk having all officers considered responsible.
- In New York, a responsible person is defined as anyone actively involved in operating the business on a daily basis; deciding which financial obligations are paid; hiring and firing employees; has check signing authority; prepares tax returns; has authority over business decisions; or is a tax manager or general manager. In addition, certain individuals are automatically considered responsible persons, including owners, general partners, LLC members, and corporate directors, officers and certain shareholders.

THE TAKEAWAY

The best way to protect your business and people from personal liability for sales taxes is to:

- Pay what's due when it's due
- Ask questions before releasing your SSN and personal information to tax authorities (is SSN required?)
- Review tasks and decision-making authority, shareholder agreements, employee contracts, entity disclosures and director and officer agreements to identify responsible parties in jurisdictions
- Ensure personnel and internal controls are in place to manage and safeguard sales and use tax obligations
- Consult with your tax advisor to avoid or satisfy the tax liability in the first place ■

Judy Vorndran is State & Local Tax Partner at TaxOps LLC. Judy helps clients and tax professionals navigate the morass of state and local tax issues with the goal of making it less "taxing!"

By Mary Girsch-Bock

Capture Time Accurately to Bill Accurately

ONE OF THE most challenging aspects of any service firm is accurately tracking employee time. While the use of time clocks certainly factors into the equation, that solution is fairly straightforward, with workers punching in and out at appropriate times throughout the day. What's more challenging is tracking time for a variety of employees, with some in the office and others working remotely. Professional service firms need to be able to capture time accurately in order to bill accurately. The ability to click a timer on and off to track time has made it much easier to track time spent with each particular client, and with each particular task, enabling more accurate billing and an increase in revenue as well.

There is a good selection of time and billing programs on the market that can track time easily and efficiently while doing so much more, such as track and manage staff productivity, assess the profitability levels of current clients, and assign projects and track completion of those same projects. It can also track any related expenses, and work to ensure that both billing and invoicing is completed accurately and in a timely fashion.

The challenge in finding the right time and billing application for your business or firm is that multiple applications offer a variety of features and functionality. Here are just a few things you may want to look for when assessing time and billing applications for yourself or your clients:

- **Compatibility with mobile devices.** While many time and billing products offer excellent time-keeping capability in-house, if the majority of your staff works remotely, it's important that those same features are available in a mobile app as well.
- **Does the product offer a variety of time-keeping methods?** While daily staff can utilize a timesheet entry method, those who need to bill their time for multiple projects and/or for multiple clients will need more flexibility.
- **Are you able to track additional expenses along with time?** While tracking time can be fairly straightforward, there can be additional expenses incurred that you wish to track as well, such as mileage, copying expenses, and even meals. Can the product you're looking at do that? And is it important for it to do so?
- **Is it easy to invoice clients?** Is it important for the invoices produced to integrate into your existing accounting/practice management application?

Other considerations include the ability to assess staff productivity levels and individual workloads. A good time and billing management application can also determine how much you're spending each month for each client, and the profitability level of each of those clients.

In this issue, we've reviewed a broad selection of time management applications that are designed for business professionals and accounting firms alike. Some of the programs offer extensive time management capability, while others also include solid billing and staff workflow management capability. The products reviewed include:

- AccountantsWorld Practice Relief
- BigTime IQ
- Bill4Time
- BQE Core
- Chrometa
- ImagineTime
- TPS Time & Billing
- TSheets

We also looked at some time tracking apps that typically work on iOS and Android smart phones and tablets. Many of these apps can be downloaded at any time, with a small monthly fee usually required. Also included in the review are two features charts; one for the standard applications and one for the apps. So whatever level of time management application you are looking for, a good place to start looking is in this issue. ■

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

	ON-PREMISE DEPLOYMENT	CLOUD-DEPLOYMENT AVAILABLE	MOBILE APPS	MULTIPLE TIME TRACKING METHODS	TIMESHEET TEMPLATES	TIMERS AVAILABLE	EXPENSE TRACKING	INVOICE/BILLING TEMPLATES	MANAGEMENT REPORTING	INTEGRATION OPTIONS	SUPPORT OPTIONS
ACCOUNTANTSWORLD PRACTICE RELIEF		X	X	X		X	X	X	X	X	X
BIGTIME IQ		X	X	X	X	X	X	X	X	X	X
BILL4TIME		X	X	X		X	X	X	X	X	X
BQE CORE		X	X	X		X	X	X	X	X	X
CHROMETA	X	X	X			X			X	X	X
IMAGINETIME	X	X	X	X	X	X	X	X	X	X	X
TPS	X		X	X		X	X	X	X	X	X
TSHEETS		X	X	X	X	X	X	X	X	X	X

TIME & BILLING APPS	AVAILABLE FOR PC	IOS	ANDROID	AUTOMATIC TIME TRACKING	STANDARD TIME TRACKING	INVOICE/BILLING TEMPLATES	MANAGEMENT REPORTING	INTEGRATION OPTIONS
ATRACKER		X	X	X	X		X	
CLOCK SHARK		X	X	X	X		X	X
HARVEST	X	X	X	X	X	X	X	X
TIME CAMP	X	X	X	X	X	X	X	X
TOGGL	X	X	X	X	X		X	X

AccountantsWorld Practice Relief

www.accountantsworld.com

★ **4.75** 2018 OVERALL RATING

Practice Relief, part of AccountantsWorld Power Practice System is well suited for small to mid-sized accounting firms. Practice Relief can be used as a stand-alone application or with other modules that are included in the Power Practice system.

Practice Relief is a cloud-based application, with users able to access the application from both PC and Mac desktop systems as well as mobile devices. The product is preconfigured with tasks, projects, and expenses common to most accounting firms, though users can add additional data during the system setup process. Up to 10 default rates can be set up for each Practice Relief user, which helps to limit the amount of data entry that needs to be completed. Practice Relief has an easily navigated user interface, making it easy to access time, billing, and invoicing functions, with system access levels varying, depending on the access level assigned to each employee during setup.

Practice Relief, from AccountantsWorld offers solid time and billing capability, and is a great fit for small to mid-sized accounting firms that ideally use other AccountantsWorld applications; though the product can be used as a stand-alone time and billing application if desired. Currently, Practice Relief is priced at $495 per year, with a 30-day money back guarantee offered.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12435023

BigTime IQ

www.bigtime.net

★ **5** 2018 OVERALL RATING

BigTime IQ Time and Billing Software is well suited for small to mid-sized professional service firms, including accounting and CPA firms. Scalable, BigTime IQ works well as a stand-alone time and billing solution, though users can reap additional functionality if used with QuickBooks or Lacerte applications. Aside from standard time tracking, BigTime IQ also offers DCAA Timekeeping, making the product a good fit for government contractors that must comply with DCAA requirements.

BigTime IQ is completely cloud-based, and offers a robust mobile app designed to be used with both iOS and Android devices. The mobile app offers easy time tracking capability, with entries later syncing with the online application once a connection is available. Along with mobile time tracking, the cloud version of BigTime I.Q. offers timesheet entry, with multiple timesheets templates that are completely customizable with users able to create the timesheet that best suits their needs.

BigTime IQ is available in three versions; Express, which is designed for 5 users and offers time tracking and mobile access, and currently runs $5.95 per user, per month; Pro, which is a 10-user system and includes budget and expense tracking, and currently runs $17 per user, per month; and Enterprise, also a 10-user system that includes extended, priority support, and unlimited data retention and is currently priced at $28.90 per user, per month. A free 14-day trial is available for those interested in BigTime IQ, and a credit card is not required.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12435020

Bill4Time

www.bill4time.com

★ **4.75** 2018 OVERALL RATING

Bill4Time offers web-based time and billing capability in an easy-to-use format that is well suited for small to mid-sized businesses. Initially designed for legal professionals, Bill4Time offers solutions that are a good fit for a variety of industries including architects, accounting professionals, consulting businesses, freelancers, and small business owners.

Along with time and billing capability, Bill4Time also offers complete practice management and project management capability for legal professionals. The product also offers an online payment option, a client portal, and mobile apps that can be used with a variety of mobile devices, including iPad, iPhone, Android, and Blackberry.

Bill4Time's Time and Billing plan is currently $13 per user per month for the first three months, and includes accounting, reporting, a client portal, payment processing, mobile and desktop apps, invoicing, automatic updates, and encrypted backup. There are also two additional plans available that are designed for legal offices. A free 14-day demo is available for those interested in the application.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12435018

BQE Core

www.bqe.com

★ **5** 2018 OVERALL RATING

BQE Core offers time and expense tracking along with project management, billing and accounting functionality. A relatively new application, BQE Core was launched in July of 2017 and is an excellent fit for small to mid-sized professional services firms including accounting and CPA firms. BQE Core is completely cloud-based for convenient anywhere access, and users can also opt to utilize the BQE Core mobile app that is designed to be used with both iOS and Android smart phones and tablet devices, with robust features such as Dashboards, complete Time and Expense Management, Project Management, and Billing applications all available on the mobile app. Also available on the mobile app is access to master lists, vendor bills, and to-do management.

Pricing for BQE is role-based, with options available for Time & Expense, Billing, Manager, and Accounting, with current pricing starting at $7.95 per user, per month for Time & Expense users, with additional pricing for other user types available on request. BQE also offers a free-15-day trial for those interested in trying out the application.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12435022

Chrometa Time Tracking

www.chrometa.com

★ 4.5 2018 OVERALL RATING

Chrometa is a time-tracking application well suited for accounting and CPA firms, as well as other professional firms and freelance professionals. Chrometa is unique, as it requires nothing from the user other than installation, automatically tracking all computer activity without any user input needed.

Designed to work on both PC and Mac operating systems, Chrometa also offers a mobile app that will track phone calls and texts on any Android device, with users able to then send the billable time entries directly to a timesheet, invoice, or billing system. An iOS app is also available.

Chrometa is a good fit for small to mid-sized professional firms as well as freelancers. Chrometa is designed to make it easy to keep track of all time utilized throughout the day, eliminating missed billing opportunities. Chrometa currently offers Solo and Team Plans, with Solo Standard running $19 per user per month, Solo Plus running $29 per user per month, and Solo Premium running $49 per user per month. The Standard and Plus plans work with up to six connected devices, with the Premium plan offering connectivity with an unlimited number of devices. Team Standard, Team Plus, and Team Premium plans are also available at the same cost as the Solo plans, with the Team plans including shared client, matter, and project capability. All plans include one hour of personal training time.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12435021

ImagineTime

www.imaginetime.com

★ 5 2018 OVERALL RATING

ImagineTime Time and Billing is part of the ImagineTime suite of practice management applications. ImagineTime is well suited for accounting firms and legal firms of any size and can be utilized as a traditional desktop application or accessed via the cloud for anytime, anywhere access.

ImagineTime also offers mobile apps for both Android and iOS devices that allow complete mobile timekeeping capability, making it easy to record time and billing information from just about any device. New for iOS app users is the ability to email invoices to clients as a PDF directly from any iOS device.

ImagineTime uses a ribbon style menu that is completely customizable based on the employee roles. The product has also maintained its legacy menu, with users able to choose between the two during product setup. A report wizard simplifies custom report creation, with users able to save all custom reports for access at a later date.

Prices vary for ImagineTime, with the desktop version starting at $295 for a single user. ImagineTime Cloud starts at $30 per user per month. Both options offer add-on modules that are priced separately.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12435017

TSheets

www.tsheets.com

★ 4.5 2018 OVERALL RATING

Recently acquired by Intuit, TSheets offers an intuitive and accurate way to track employee time. While the product can be used to also track job and project hours, it is better suited for the former rather than the latter. Completely web-based, TSheets also offers good integration capability with a variety of third-party applications.

TSheets offers excellent timekeeping options, particularly for smaller businesses, though the company does offer a 100+ user plan as well. TSheets currently offers three plans: a free plan that works well for freelancers and very small businesses, a 2-99 user plan which currently runs $7.20 per active user per month, and a 100+ user plan that is also priced at $7.20 per active user, per month. All plans include detailed reporting capability, access to any third-party integration available, the time clock kiosk option, an optional scheduling feature, payroll and invoicing capability, mobile apps with GPS tracking technology, overtime alerts, and PTO tracking capability, as well as unlimited customer support. Those interested can also download a trial version of TSheets.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12435016

Time & Billing Apps

For business owners and accounting firms that are looking for a simpler way to track time and expenses without investing a lot of money, there are a variety of apps available that may fit the bill. As an added bonus, along with tracking time, many of these apps offer a multitude of extra features as well. The following apps are definitely worth a second look:

Toggl
www.toggl.com
★ 4.5 2018 OVERALL RATING

ATracker
www.wonderapps.se/atracker
★ 4.5 2018 OVERALL RATING

Harvest
www.getharvest.com
★ 4.75 2018 OVERALL RATING

ClockShark
www.clockshark.com
★ 4.75 2018 OVERALL RATING

Time Camp
www.timecamp.com
★ 5 2018 OVERALL RATING

Read the full review for these products online at: www.CPAPracticeAdvisor.com/12435014

Saving Time and Building Value By Leveraging the Cloud

By Div Bhansali

FOR MANY ACCOUNTANTS, value pricing sounds like a great way to boost a firm's bottom line. However, many firms have not been able to experience the benefit; in fact, many have found that despite its promise, value pricing had a limited application within CPA firms. This begs the question, why?

While value pricing can certainly be used for special projects and advisory services, the reality is that most firms only generate a small percentage of their revenue from these services. Most accounting firms derive a majority of their revenue from tax, accounting, audit and payroll services. These are either compliance services or are considered to be commodity services by clients. These services are not the right candidates for value pricing, because in clients' minds there is a set precedent for what is the 'right' fee for these services.

This is not the only factor suppressing the margins of CPA firms. Many software providers market their solutions directly to small businesses, using accountants as a channel to sell their products. This reinforces the perception among many small and midsize business (SMB) owners that they can perform traditional accounting services themselves, at a fraction of the cost of hiring a professional. This in turn forces CPAs to keep service prices low, meaning CPA firms suffer from thin margins and small profits.

Fortunately, there is a way to mitigate these problems and make value billing a core, profitable function of a CPA firm's business.

The first step to boosting profits lies in switching to an accountant-centric model of doing business instead of a SMB-centric model. Not only has SMB-centric software made many clients view CPA services as commodities, but accounting software oriented toward small businesses has also created more problems than it solves. The reality is that most businesses lack the resources or skilled staff to effectively manage accounting in-house. As a result, companies end up having to hire accountants to correct the errors they made. This is frustrating for both clients and their CPAs, who expend time and expertise correcting mistakes instead of offering strategic guidance to business owners.

The solution to this conundrum is for CPA firms to invest in CPA-centric technology that puts control and flexibility back into the hands of accounting firms. This is best done through advanced cloud solutions that commoditize traditional accounting services (tax, accounting, audit, payroll, etc.) even more than SMB-centric solutions.

At first, this may seem counterintuitive. However, some of the most successful companies in the world - Google, Amazon, etc. - became that way by turning value services like Google Maps, Gmail and Amazon Web Services into free or low-cost commodities. That is the opposite of how most accounting firms currently operate, which means accountants should be taking a leaf out of these tech giants' playbook by applying the same model to accounting services. By using sophisticated tools to manage all clients, CPA firms can gain a huge competitive advantage by being able to deliver more value in much less time.

By using the cloud, CPA firms have the control necessary to manage their client accounting work proactively, instead of reactively correcting client errors. This technology also creates the flexibility to customize systems for the unique needs of each individual client. The combined benefits of control and flexibility in the hands of CPA firms means that the client saves time and money by not having to do the same work twice because it is done correctly the first time. This system also provides CPA firms with larger, more consistent profit margins, creating a win-win situation for clients and accountants.

It is difficult to justify value pricing for tax, accounting, audit, payroll, and compliance services. However, the time saved by leveraging the cloud to commoditize those services enables CPA firms to incorporate a much more value pricing-friendly model into their practices. One way to do this is by offering more "virtual CFO"-type services that add value to clients' businesses. These services enable accountants to command a higher value for their time. It is easy to justify higher fees for such services, as clients know how much these services can benefit them. They know the exorbitant cost to hire a controller or CFO, and what an important role they could play. If a CPA went to a client who could benefit from these services but couldn't afford a CFO, and told her their firm can offer the same critical services that a CFO offers but at just one-tenth of the cost of hiring a full-time CFO, chances are she will gladly accept such a proposal.

Accounting is too often seen as a low-margin profession, but there are opportunities to put CPAs back in the driver's seat as a valued strategic partner. The key lies in taking advantage of advanced cloud solutions to process accountants' core work - tax, accounting and payroll - with an efficiency that SMBs cannot match. CPAs can then build more value for their firms by developing value-adding services that position them as strategic partners for their clients. Ultimately, this model can save time, serve clients better and increase accounting firms' relevance. ■

Div Bhansali is Vice President of Marketing for AccountantsWorld, where he oversees the online, social and print marketing strategies for AccountantsWorld's leading cloud computing solutions. Prior to AccountantsWorld, Div was a director at AOL / Advertising.com, where he led the development and launch of online marketing products for small- to medium-sized businesses.

Politics Can Create Turmoil in the Workplace

By Isaac M. O'Bannon, Managing Editor

A new survey shows that while almost half (49%) of respondents enjoy talking politics with peers at work, 53 percent limit social interactions with co-workers who have differing political beliefs.

"Our study shows the topic of politics itself is extremely divisive in the workplace, reflecting our country's current polarized political climate," said Audra Jenkins, chief diversity and inclusion officer, Randstad North America, which conducted the survey. "Managers must pay close attention to workplace dynamics within their teams and be sure they're promoting cultures that are inclusive and tolerant of a range of different political perspectives. Without a strategy in place, organizations run the risk of impacting their diversity and inclusion initiatives by creating another barrier that limits the diversity of thought."

EMPLOYEES SEE THE BENEFITS OF DISCUSSING POLITICS AT WORK, BUT THE RISK OF NEGATIVE CONSEQUENCES IS HIGH

- Sixty-five percent of employees are comfortable discussing politics with colleagues, and over a third (38%) have changed their opinions on political issues because of such discussions at work.
- Over half (55%) have seen heated political discussions or arguments at work, and over a third (38%) have been involved in them.
- Seventy-two percent feel stressed or anxious when heated arguments occur, and 44 percent say such arguments impact their productivity.

DIFFERENCES IN POLITICAL VIEWS, WHETHER IN PERSON OR ONLINE, CAN BE ALIENATING

- Fifty percent say their thoughts and feelings about colleagues have changed after discovering their political beliefs.
- Forty-three percent have at least one colleague whose political views do not align with their own and have felt excluded at work as a result.
- Thirty-eight percent of employees believe they have experienced negative bias at work because of their political beliefs.
- Sixty percent are careful of posting things reflecting their political views on social media networks because they're afraid of colleagues seeing them.
- Almost half (46%) have unfollowed colleagues on social media because of political posts.
- Forty-seven percent feel the need to hide their political beliefs in order to fit in with senior leaders.

POLITICAL VIEWS CAN DRIVE EMPLOYEES TO QUIT THEIR JOBS, OR REASSESS EMPLOYMENT OPPORTUNITIES

- Thirty-five percent would leave their jobs if their direct managers held very different political views than their own and were publicly vocal about them.
- Fifty-eight percent of respondents would not interview at companies that publicly promoted political beliefs they did not support.
- Thirty-nine percent would take pay cuts to move to companies that promoted causes aligned with their political values.

WORKERS ARE DIVIDED ON WHETHER EMPLOYERS SHOULD TAKE A STANCE ON POLITICAL ISSUES

- Forty-six percent say it's important to work for employers that take stands on controversial political issues.
- Over half (56%) say it's important that the charitable and/or corporate social responsibility causes their companies support reflect their own political values.
- Fifty-three percent want employers to take a stand on LGBTQIA rights.
- Fifty-four percent want their employer to take a stand on immigration policy.
- Fifty-three percent want their employer to take a stand on gun control policy.

POLITICS MATTER MORE TO MILLENNIALS

- Fifty-five percent of 25–34 year-olds believe they've experienced negative bias at work because of their political beliefs, versus just 23 percent of 50–64 year-olds.
- Sixty-nine percent of millennials say their thoughts and feelings about colleagues have changed after they've found out their political beliefs, compared to 50 percent of all workers.
- Sixty-seven percent of millennials say they'd quit their jobs over political differences with their bosses, versus just 15 percent of 50–64 year-olds.

THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- How to Hire Seasonal Employees. **TSheets blog.** https://bit.ly/2SwesQX
- Higher Wages Won't Turn Bad Jobs into Good Ones. **Harvard Business Review.** https://bit.ly/2ABDDe1
- 3 Ways to Keep Employees Engaged. **SurePayroll blog.** https://bit.ly/2SyFVl5
- The Real Costs of Payroll Errors. **HR Payroll Systems blog.** https://bit.ly/2OfahFC
- How to Handle Accrued Time Off. **Patriot Software blog.** https://bit.ly/2zhEYV5

LATEST PAYROLL NEWS

74% of U.S. Workers Say They are Tired at Work. Need a nap at 1pm? Feeling drained at your desk? You're not alone. www.cpapracticeadvisor.com/12433709

U.S. Wages See 3.5% Growth. Wages for U.S. workers grew 3.5 percent over the last year, increasing the average wage level by $0.95 to $27.81 an hour. www.cpapracticeadvisor.com/12435034

Backup Withholding Tax Rate Changes to 24%. When backup withholding applies, payers must backup withhold tax from payments not otherwise subject to withholding. www.cpapracticeadvisor.com/12433875

Finance Execs Willing to Offer Tuition Reimbursement to Some New Hires. Large companies are almost twice as likely as small firms (93% vs. 51%) to provide tuition reimbursement. www.cpapracticeadvisor.com/12433191

Gender Pay Gap Costs Women $500 Billion Per Year. Working women lose out on $500 billion a year because of a persistent gender pay gap, with women paid only 80 cents, on average, for every dollar paid to a man. www.cpapracticeadvisor.com/12434409

Auto and Vehicle

MANY OF US spend many hours on the highway, so this month we thought we would explore apps that can improve the driving experience. We scoured the internet and also queried our *CPA Practice Advisor* community, and here's what we found.

Jackie Meyer, CPA, CTC, president and founder of Meyer Tax Consulting, recommends **Waze**, the navigation app that allows you to share road conditions and driving information in real time with other drivers on the same route. "Get social insight into what's actually going on during trips, when to go on the feeder road, if there are cops around, etc.," said Meyer. **Amy Vetter**, author and public speaker is also a Waze fan: "Don't go a day without it!"

If you find yourself in need of road service, **Randy Johnston**, executive vice president and owner at K2 Enterprises, recommends the **AAA Mobile** app. "It enables many of the services you have expected traditionally from AAA."

Before you fork over cash for repairs, automobile resource website Edmunds.com suggests you download a bookmark to the **Repair Pal** website that will tell you how much you should expect to pay for specific repairs on your car in your geographic area.

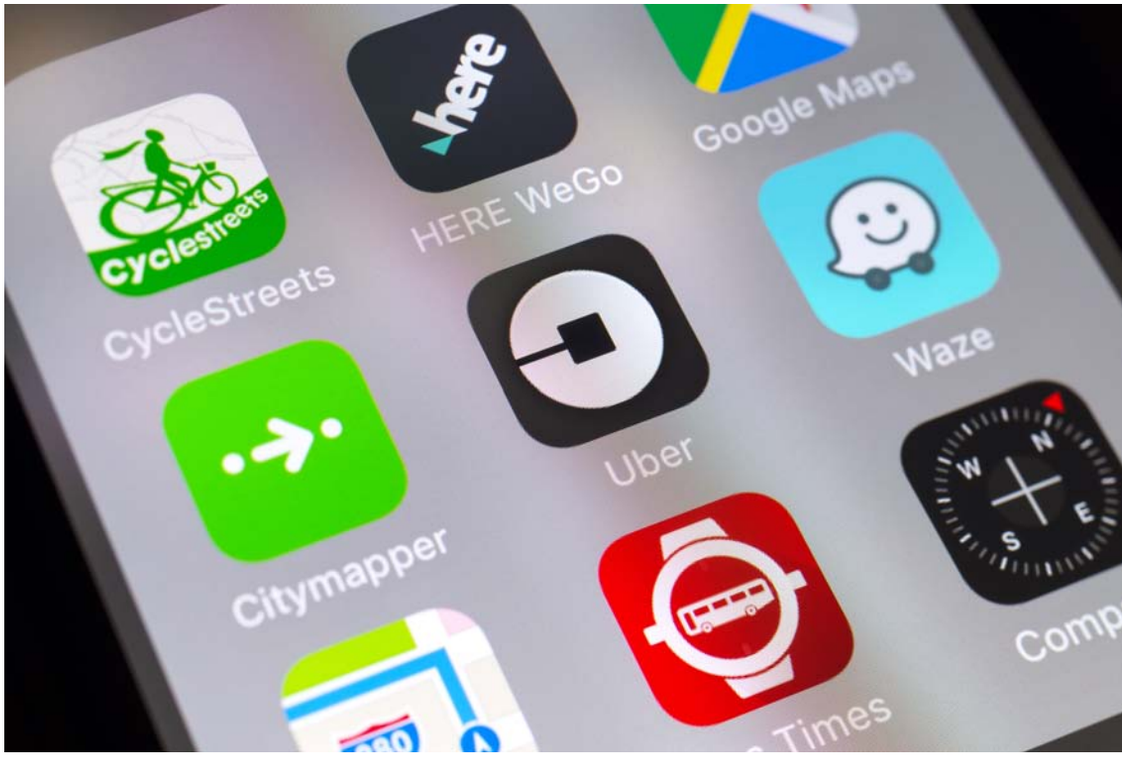
If you're beyond needing road service, Johnston suggests you try the **KBB** app (Kelly Blue Book) for new and used vehicle pricing or **CARFAX** which gives you used car location and reports on the cars.

Caleb Jenkins, EA, CQP, leader of client accounting services at RLJ Financial Services, Inc., recommends KBB as well, and in addition he suggests **Craigslist** if you find it's time to purchase a vehicle.

And as long as you're looking for a car, try **TrueCar**. This app is a good way to find out how much your car is worth or how much to pay for a new car, according to accounting technology thought leader **Doug Sleeter**.

If you think you would rather lease than buy, take a look at the **Honcker** app. Reviewed earlier this year in *Forbes*, Honcker shows you vehicles that are available for lease in your area, calculates monthly lease prices (with no additional fees), sets up the lease agreement, and even lets you order a car and arrange for delivery through the app. Honcker is currently available in 32 states.

Electric vehicle owners will want to download **PlugShare**, the app that lets you know where the nearest charging stations can be located. Recommended by Edmunds.com, PlugShare allows you to filter by stations that are home, public, quick-charge, and in-use.



Most if not all of the vehicle insurance companies have their own websites and apps. But here's something a little different. **Metromile** is the go-to car related app for **Matt Donaldson**, head of channel sales for Expensify. "Living in San Francisco means I don't actually use my car to commute, so I don't want to pay exorbitant amounts for insurance when I don't use it every day. Metromile does a per mile fee that's incredibly affordable and also has a bonus of warning me about street sweeping...the joys of driving and parking in SF."

Have you checked out your automobile manufacturer's app? **Sandra Wiley**, president of Boomer Consulting, gave us a heads up about **Audi Connect** – "It gives me everything I need to manage my Audi Q5, including letting me open the car from my phone." It turns out many of the manufacturers have apps. **Cartelligent.com** has a list.

One of my personal favorites is **Gas Buddy**, the app that helps you find nearby filling stations no matter where in the country you are, and it also lets you compare gas prices. Gas Buddy has a new points program that gives you opportunities to get discounts. I'm also a fan of **Rest Stops**, which not only shows where the nearest rest stops are on the highway but lets visitors provide reviews of the facilities. Also, there's **iExit** which offers a rundown of the services and businesses at exits along the major highways.

Earlier this year we reviewed **MileIQ**, the app that helps you track your mileage. The program works in the background, tracking your miles, and then you can swipe to indicate if your trip was business or personal. ■

ICE and Your Small Business Clients - *Be Prepared*

RICHARD D. ALANIZ
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THE ROAR OF churning helicopter blades, the flashing of lights on the vehicles of armed local and federal law enforcement agents, blocked roads surrounding the plant, and panicked employees running in all directions, this was the scene recently at the Southern Provision meat packing plant in Bean Station, Tennessee. Almost 100 unauthorized workers were rounded up for processing and deportation. Their devastated families struggled to get information about their loved-ones. Mothers in custody worried about who would care for their children when they were unable to return home. Somewhat similar scenes have been repeated at several other workplaces in the past several months. Why? The short answer is that aggressive enforcement against illegal immigration is the order of the day.

It has been several years since U.S. Immigration and Customs Enforcement (ICE) conducted surprise raids on unsuspecting workplaces. It is one of the tools ICE has once again begun to use to address the illegal immigrant issue that so dominates today's news cycle. This division of the Department of Homeland Security (DHS), which has some on the left calling for its elimination, has been much more assertive in conducting workplace monitoring in 2018 than in any prior year. Considerably more! That is to be expected given the laser-like focus on illegal immigration of the Trump administration.

Attempting to dry up the jobs magnet that is the ultimate attraction for most illegal immigrants is one of the highest priorities of the administration. In the first seven months of this year, there have been over 5,000 I-9 audits of U.S. workplaces. That is more than four times the number of Notices of Inspection (NOIs) (audits) that were issued in all of 2017. In addition, ICE agents have arrested an average of over 4,000 illegal immigrants per month compared to the slightly more than 1700 per month during the Obama administration. The practice of conducting workplace raids, largely unused during the last administration, has returned with vigor as seen in the Southern Provision case and several others. In another recent high profile case involving a large mid-western flower and garden center, ICE agents working undercover went to the employee breakroom and began passing out donuts shortly before the raid. Over 100 undocumented workers were taken into custody, many of them while they were enjoying their government-issued donuts. These employees were then processed for deportation.

Does all of this increased focus on workplace enforcement mean that you are likely to receive an NOI in the near future? That may depend upon your particular industry. While ICE does not reveal which industries are being targeted, it is apparent that the recent focus has been on businesses that have a heavy concentration of Latino/Hispanic employees, such as meat packing, horticulture and similar labor intensive industries. Businesses in other industries that have received an NOI generally drew scrutiny because of specific complaints or incidents, often involving identity theft or rejected job applicants. But this does not mean that if you are not in one of these targeted industries you should have no concerns. The ICE focus on workplaces is not likely to diminish any time soon.

WHAT CAN YOU DO?

There are pro-active steps that a judicious employer may want to consider. One of the most simple and cost-effective measures that an employer can take is to conduct a self-audit of their I-9s. The most common result of an ICE audit is fines for technical recordkeeping violations. Employers are always free to correct some of the more common, correctable errors before a formal audit occurs. In fact, since an employer has three days in which to submit the I-9s pursuant to an NOI many employers use that three day period to attempt to correct these types of mistakes. Some of the more common errors made in completing the I-9s that can trigger fines are:

- Failure to re-verify the work authorization of employees with an Employment Authorization Document (EAD card);
- Re-verifying the documents of U.S.

citizens or permanent residents (green card holders);

- Failure to complete the I-9 in a timely manner. Section 1 must be signed by the end of the first workday of the employee. Section 2 must be completed by the employer no later than 3 business days after the employee begins work;
- Failure to record information in every section, even if it is only N/A;
- Failure to discard 1-9s that are no longer required to be maintained. I-9s must be kept for 3 years past the date of hire or 1 year after the end of the employment, whichever is later.

One of the most common reasons for incomplete I-9s is the lack of proper training for the individual(s) responsible for the completion of the I-9s. It is a document that requires time and attention to detail. A sincere effort to assure adequate training will help minimize costly recordkeeping errors. An additional reason for sloppy I-9s is a failure of the employer to emphasize the significance of the document. It is too often viewed as just one more piece of paper that goes into the personnel file. That attitude can be costly.

SHOULD YOU USE E-VERIFY?

Another step that some employers have taken as a way to minimize the effects of an ICE audit is to enroll in E-Verify. Federal contractors are obligated to utilize E-Verify. In addition, some states make it mandatory. It is an Internet-based system offered by DHS in conjunction with the Social Security Administration (SSA). By using E-Verify, employers are able to electronically verify the employment eligibility of newly hired employees. When an employer submits information from Sections 1 and 2 of the completed I-9, it is compared to information in the DHS and SSA data bases.

The information must be submitted within three business days of the employee's start date. The employer will receive a response confirming that the person is authorized to work or a tentative non-confirmation of the right to work. The latter response requires the employer to take certain action, but it may not at that point terminate the employee. While E-Verify is not a safe harbor against workplace enforcement, employers who utilize the system are entitled to a presumption that they did not knowingly hire unauthorized workers. This presumption can be significant because it also shields them from potential criminal prosecution.

Before deciding to enroll in E-Verify, it is critical that an employer fully explores the pros and cons of the program. Serious consideration of the potential consequences is definitely in order. Let us first consider some of the more significant "pros" of enrolling in E-Verify":

- By utilizing the system, an employer is able to promptly electronically verify the employment eligibility of the new employee;
- It permits the "rebuttable presumption" that the employer did not knowingly hire an unauthorized employee;
- Use of E-Verify dramatically reduces the likelihood of receiving a Social Security mismatch letter;
- Its use helps reduce the costs of training by avoiding the hiring of persons who are later found ineligible to work;
- Since E-Verify is likely to become mandatory at some future date, the employer would be ahead of the curve and experienced in its use when it is mandated.

Some of the more commonly cited "cons" of adopting E-Verify include:

- All employers enrolling in E-Verify must sign and comply with a Memorandum of Understanding (MOU) that permits automatic government access to the employer's workplace for periodic audits of compliance;
- E-Verify cannot detect identity fraud;
- E-Verify will require additional administrative costs to train employees on proper use and the actions required in the event of tentative or final non-confirmation;
- Exposure to increased government security by other enforcement agencies comes with participation in E-Verify since information is shared between agencies;
- E-Verify is not perfect and mistakes may be made with tentative or final non-confirmation of persons who are actually authorized to work.

CONCLUSION

Whether to enroll in E-Verify is a significant decision that many employers are unwilling to make for a variety of reasons, only some of which have been identified above. One thing however is clear, continued and even increased ICE enforcement activity, especially focusing on the workplace, will continue at least through the remainder of the current administration. Any steps that an employer takes to be prepared for when an NOI is received will substantially reduce the potential for costly fines. ■

What Businesses Need to Know About the FMLA Tax Credit

By Ashley Mascari

THE FAMILY MEDICAL Leave Act (FMLA) has been around for a quarter of a century. In this article, I answer some of the most common questions employers have about this aged labor law.

FMLA requires large employers (averaging 50 or more employees for 20 or more weeks in the current or prior calendar year) to provide up to 12 weeks of protected leave to qualified employees for specified, family-related reasons, such as the birth or adoption of a child, to care for a family member with a serious medical condition, or to care for oneself when the employee has a serious medical illness. You can find all those details at https://bit.ly/2FdruA6.

While large employers must provide protected leave, FMLA does not require that FMLA leave be paid, although most employers coordinate FMLA leave with their paid-time off policies.

The recent tax reform provisions have created a potential silver lining for some employers subject to the law.

ENTER THE FMLA TAX CREDIT

Introduced through the Tax Cuts and Jobs Act in December 2017 (Tax Reform), the IRS released new guidance for employers seeking the credit.

The FMLA tax credit offers reimbursement of a percentage of employee wages in the form of a general business credit for employers who provide paid FMLA leave to qualifying employees, for example, individuals who have been employed by the employer for at least one year and earn less than a specified amount.

In order to be a qualified employee under the tax credit in 2018, an employee must not have earned more than $72,000 in 2017. The tax credit applies to all FMLA leave wages paid after Dec. 31, 2017 and the credit is currently set to expire at the end of 2019.

HOW TO QUALIFY FOR THE TAX CREDIT

To be eligible for the credit, here are a few things employers must do:

- Employers must have a written FMLA paid leave policy in place.
- Employers must provide at least two weeks of paid leave annually for all qualifying full-time employees and a proportionate amount of time for all qualifying part time employees (those employed fewer than 30 hours/week).
- Wages paid on qualifying leave must be at least 50% of an employee's normal wages.
- Any leave paid by a state or local government or required by state or local laws is not taken into account.
- Wages paid through an employer's short term disability program for family/medical leave are taken into account in determining the credit so long as the employer's program meets the paid leave requirements.

Employers meeting these requirements can claim 12.5% of the wages paid to qualifying employees on FMLA leave as a general business tax credit. This credit may increase by 0.25% for every percentage point that the paid leave wages exceed 50% of the employee's regular pay, up to a maximum credit of 25%. In calculating the credit, the max amount of leave that can be taken into account is 12 weeks.

If you are subject to FMLA (50 or more employees) don't lose out on the potential for a tax credit. PrimePay and other payroll service providers offer solutions to take advantage of the credit. ■

Ashley Mascari is the Regulatory Compliance Manager for PrimePay. This article first appeared on the PrimePay blog (www.PrimePay.com/blog).

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The 10 Types of PTO

By Rachel Blakely-Gray

ACCORDING TO THE Bureau of Labor Statistics, more than 70% of employees have access to paid days off from work for sick or vacation time. Although these are common paid time off programs, sick and vacation days aren't the only time off work you can offer.

1. VACATION DAYS

Vacation pay is paid time off you give employees to travel, spend time with family or friends, or take a break from work. Seventy-seven percent of employees receive paid vacation days. The number of vacation days that businesses offer varies. A typical vacation policy should explain rules relating to when and how employees can take off for vacation. For example, you may require employees to give you ample notification before using vacation days.

2. SICK LEAVE

Paid sick leave is time off that an employee can use when they are sick or injured. Offering sick pay can reduce the chances of illnesses going around your small business by encouraging sick employees to stay home. Depending on where your business is, you may be required to offer sick pay. Check with your state and follow mandatory sick leave laws.

3. PERSONAL TIME

Employees can use personal time off to handle things like doctor's appointments, car checkups, attending events (e.g., parent-teacher conferences), and anything else that doesn't fall under sick or vacation time. Personal time doesn't have to be used for anything specific. Employees can use personal time without having to dip into their vacation days.

4. HOLIDAYS

Holiday pay compensates employees for time off during holidays. According to the BLS, employees who earn holiday pay receive an average of eight paid holidays per year. You might follow the federal holiday schedule when determining which days employees have off. Examples of federal holidays include Memorial Day, Thanksgiving Day, and Christmas Day. You may also offer floating holidays to employees, which are days off they can use at any point in the year.

5. BEREAVEMENT

Paid bereavement leave is time off employees receive when a family member or friend passes away. Employees can use bereavement to cope with their loss, make arrangements, and attend funeral services. Some businesses give different amounts of bereavement time off, depending on the employee's relationship to the deceased. Be explicit when creating your bereavement time off policy. And, you may require employees to provide proof, such as an obituary or funeral program.

6. PARENTAL LEAVE

Paid parental leave is time away from work that employees can use for maternity leave, paternity leave, or adoption. Under federal law, you might be required to offer unpaid parental leave, depending on your business size. And, your state might have more restrictive parental leave laws.

7. JURY DUTY

If an employee gets called to serve on a jury, you might offer jury duty pay for the time they are away. You must offer paid jury duty if your state has jury duty pay laws. A federal, state, or local court will send your employee written notice summoning them for jury duty. You might require that employees show you their jury duty summons letter before offering them paid jury duty.

8. VOTING TIME

Paid voting time is time off employees can use to vote in presidential and local elections. Generally, paid voting time is limited, as employees only need a few hours to vote. According to one SHRM study, 44% of employers offer employees paid time off to vote. Your state might require you to offer paid or unpaid time off to vote.

9. MILITARY LEAVE

You might also provide paid military leave to employees for active duty, active duty training, or inactive duty training. All employers must follow USERRA (Uniformed Services Employment and Reemployment Rights Act). USERRA requires you to offer an unpaid leave of absence to employees in the military for up to five cumulative years.

10. COMPENSATORY TIME

Comp time is paid time off that employees receive in lieu of receiving overtime pay. But in many cases, offering compensatory time is illegal. You cannot give comp time to nonexempt employees if you own a private, nongovernmental business. Follow compensatory time off rules to avoid violating FLSA laws. ■

Rachel Blakely-Gray is a writer for Patriot Software. This article first appeared on the Patriot Software blog (www.PatriotSoftware.com/blog).

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4 Strategies for Lease Accounting Transition

By Imran Mia

New rules more than a decade in the making will "bring leases to the balance sheet," marking a major change in how companies have historically accounted for leases.

While leases have remained off-balance sheet in the footnotes of financial statements, the new rules will require companies to recognize and report almost all leases – with the exception of low-value asset leases and short-term leases lasting less than 12 months – as right-of-use assets and lease liabilities before IFRS 16 and ASC 842 come into force in January 2019.

With less than three months to comply for a calendar year company, most accounting teams are far from the finish line. According to Deloitte, 79% of U.S. companies "do not feel very prepared" to achieve full compliance, leaving an overwhelming majority of organizations currently at risk of facing heavy fines when the new standards take effect next year.

Organizations lagging in their lease accounting transition should consider these strategies to expedite the transition as the deadline looms:

1. DON'T SPEND TIME ANSWERING THE WRONG QUESTIONS

Whether accounting is at the start or in the midst of transition, it will pay to critically evaluate the compliance process. Asking the following questions will help to ensure that processes are streamlined and efficient:

Will the system shorten timelines? Effective leasing administration systems should speed up, rather than slow down the compliance process due to complex implementation or integration processes.

Does the system reduce risk? Consolidating extensive leasing data and identifying embedded leases is a complicated undertaking with lots of room for error. Lease accounting systems should reduce the chance for error—not add to it.

Does the system eliminate dependencies? Integration with ERP and other systems take time and effort, and customized systems can create unnecessary complexity. Effective lease accounting solutions should provide the options for quick, standalone deployment and the flexibility to have the solution integrated with other modules once the compliance has been achieved.

Will the system achieve compliance with minimal effort? Effective lease management systems should allow accounting teams to comply with the new standards, while limiting the amount of manpower and resources needed.

2. KEEP DATA COLLECTION AND ABSTRACTION LEAN

Data collection, the important step in achieving compliance, can be the most burdensome. To comply, accounting will require tools that are able to identify, gather, and organize leasing data. This does not necessarily need to happen from scratch.

One method is a data dictionary that lists all data elements required for compliance and identify required stakeholder information. In most cases, this can be provided by or created with a lease accounting solution vendor. Another method is creating upload templates to collect information from contractors and upload leases en masse. Once data elements and stakeholder information are centralized, tagging tools and elastic search capabilities enable the indexing and searching of data, allowing organizations to track, manage, and organize an expanding leasing database.

3. KNOW THE TRANSITION METHODS AND PRACTICAL EXPEDIENTS THAT APPLY TO NEW LAW

Identify which shortcuts are within your reach to execute a concise rapid deployment strategy. ■

Imran Mia is a lease accounting expert at Nakisa Lease Administration, an enterprise software provider that works with world-leading organizations to plan, transition, and comply with new leasing standards and financial regulations.

Continued online at
www.cpapracticeadvisor.com/12432791

THIS MONTH'S TOP ACCOUNTING & AUDITING SOCIAL MEDIA POSTS

- Remaining Relevant: The Auditor of the Future. **Tom Hood via LinkedIn.** https://bit.ly/2ofNPBL
- A Cool, New Path for Analytical CPAs. **AICPA Insights.** https://bit.ly/2Sw93cD
- People are the Foundation of the Auditing Profession. **CAQ** https://bit.ly/2Ro77kO
- Audit Technology: Key to Firm Expansion and Survival. **Wolters Kluwer blog.** https://bit.ly/2Azs8Ue
- The Most Useful Types of Data Analytics. **Sageworks blog.** https://bit.ly/2EMfbdM

LATEST A & A NEWS

AICPA Awards Scholarships to 5 Nontraditional Accounting Students. The recipients have backgrounds in areas such as history and mechanical engineering.
www.cpapracticeadvisor.com/12433695

Does Misreporting Financials Pay Off for CEOs and CFOs? Deterring improper behavior starts with implementing consequences that outweigh the risks.
www.cpapracticeadvisor.com/12434810

The Role of CPAs in Sustainability Grows More Important. A new toolkit from the AICPA provides resources to help prepare CPAs to meet growing sustainability-related demands.
www.cpapracticeadvisor.com/12432617

AICPA Calls for Coordination on Digital Economy. The purpose of the paper is to "educate, enlighten and stimulate the discussion" about taxation of the digitalized economy.
www.cpapracticeadvisor.com/12434157

Accounting Blockchain Coalition Announces 35 New Members. The ABC is a non-profit, industry association that serves as a forum for businesses and organizations to develop and share information on blockchain issues.
www.cpapracticeadvisor.com/12433691

6 TIPS for a Smoother Hiring Process

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THE RESUME YOU'VE dreamed of comes across your desk. This accountant has all the right credentials, the ideal work history and technical skills you like to see. The candidate checks all the boxes. Too good to be true? Do unicorns exist?

The reality is that many people shine on paper but fall short in person. In a Robert Half survey, nearly two in every three senior managers (64 percent) said it was common for candidates to not live up to expectations during an interview.

Nobody said recruiting was easy, but it could also be you're making the process harder than it has to be. Follow these six tips to get better results, reduce stress and avoid failed hires.

1. GET THE JOB DESCRIPTION RIGHT.

Write a job post that's brief and to the point but long enough to accurately reflect the core duties, required and preferred skills, and desired accounting certifications.

One reason new hires don't live up to expectations is a poor fit with the workplace culture. Don't forget to add a description of yours. For example, a firm that values environmental stewardship might highlight its efforts toward organizing environmentally focused volunteer service projects. Others might emphasize their collaborative work environment or how they help employees maintain work-life balance. At interview time, look for attributes in candidates that are a reasonable match with your organizational culture.

2. TAKE A CLOSER LOOK AT RESUMES.

Being aware of common resume red flags can save you from interviewing nonstarters and wasting everyone's time. Alarm bells should go off if you encounter inconsistencies, vague language, mysterious employment gaps, grammatical mistakes or overuse of buzzy phrases that don't reveal anything about the candidate.

And, of course, be suspicious of claims that aren't substantiated. According to another Robert Half survey, resume lies are becoming more common.

3. FOCUS ON SOFT SKILLS.

This one is strongly related to No. 1 where we discuss workplace culture. Many great-on-paper job candidates don't have the nontechnical abilities to fit well with your team. Maybe their communication skills are lacking, or their ethics or sense of humor raise eyebrows. Any number of crucial factors could be missing, and it's impossible to judge that from a resume alone. Ask open-ended behavioral interview questions, in person or by video.

To make doubly sure they would play well with others, have candidates interact with your staff. For example, invite individual short-listed candidates to have lunch or coffee with key employees who embody your organizational culture.

4. TEST FOR TECHNICAL SKILLS.

Proficiency means different things to different people, and some job candidates overestimate their abilities in accounting software. When candidates say they're proficient in this or that system, quiz them on more advanced functions.

5. WORK WITH A SPECIALIZED RECRUITER.

Managers review an average of 40 resumes per open position and spend about 12 minutes reading each one, according to our research. That's the equivalent of a full workday on just one area of the multi-step hiring process.

You can save time and hassle by partnering with a staffing firm that specializes in placing accounting professionals. Their recruiters have the bandwidth, experience and contacts to get you a short list of vetted job candidates and to handle salary negotiations, leaving you more time for other priorities.

6. SPEED THINGS UP.

Highly skilled accountants have choices when it comes to employers. If your hiring process drags, top candidates are likely to lose interest in working with your group, or to turn you down because another accounting firm made a winning offer a week ago. Both situations are frustrating, leaving you without many good options but to start all over again. Smart hiring is at the foundation of building a strong accounting team, and the process doesn't have to be stressful. You can ease many of the pain points by taking another look at your current practices — and adapting your hiring practices for today's realities. ■

Business Meals are Deductible Again, But Not Entertainment

By Ken Berry, CPA Practice Advisor Tax Correspondent

Ending months of speculation, the IRS has issued new guidance that allows business deductions for certain business meals, despite restrictions imposed by the new Tax Cuts and Jobs Act (TCJA) on entertainment expenses (IRS Notice 2018-76, 10/3/18). **The new notice preserves deductions that many tax commentators thought were in doubt.**

Previously, a business taxpayer could deduct 50% of the cost of qualified entertainment expenses, if those expenses were properly substantiated. This included entertainment that was "directly-related" to or "associated with" the business. For instance, deductions were allowed for meals in a clear business setting as well as meals directly following or preceding a substantial business discussion.

The 50% deduction for food and beverages was limited to costs that were not lavish or extravagant. Also, the business taxpayer, or a representative of the business such as an employee, had to be present when the food and beverages were served.

However, the TCJA eliminated deductions for business entertainment expenses, effective in 2018. It was surmised that 50% of the cost of meals while traveling away from home on business remained deductible. But the tax treatment of other business meals wasn't as clear.

Now the IRS has clarified the rules in the new guidance. Under Notice 2018-76, taxpayers may deduct 50% of the cost of business meals if:

- The expense is an ordinary and necessary business expense under Section 162(a) that are paid or incurred during the tax year when carrying on any trade or business;
- The expense is not lavish or extravagant under the circumstances;
- The taxpayer, or an employee of the taxpayer, is present when the food or beverages are furnished;
- The food and beverages are provided to a current or potential business customer, client, consultant or similar business contact; and
- For food and beverages provided during or at an entertainment activity, they are purchased separately from the entertainment, or the cost of the food and beverages is stated separately from the cost of the entertainment on one or more bills, invoices or receipts.

The IRS won't permit the prohibition on entertainment deductions to be circumvented by inflating the amount charged for food and beverages.

To illustrate these rules, the IRS provided three examples when taxpayers attend sporting events with customers. These examples assume that the requirements stated above are met.

EXAMPLE 1: The taxpayer takes a customer to a baseball game and buys the hot dogs and drinks. The tickets are nondeductible entertainment, but the taxpayer can deduct 50% of the cost of the hot dogs and drinks purchased separately.

EXAMPLE 2: The taxpayer takes a customer to a basketball game in a luxury suite. During the game, they have access to food and beverages, which are included in the cost of the tickets. Both the cost of the tickets and the food and beverages are nondeductible entertainment.

EXAMPLE 3: The facts are the same as in Example 2, except that the invoice for the basketball game tickets separately states the cost of the food and beverages. In this case, the taxpayer can deduct 50% of the cost of the food and beverages.

The IRS expects to publish proposed regulations clarifying when business meal expenses are deductible and what constitutes nondeductible entertainment. Until these proposed regulations take effect, taxpayers can rely on the guidance provided in Notice 2018-76. ■

Ken Berry, Esq., is a nationally-known writer and editor specializing in tax and financial planning matters.

THIS MONTH'S TOP TAX SOCIAL MEDIA POSTS

- How to Reconstruct Tax Records After a Disaster. **Wolters Kluwer blog.** https://bit.ly/2qiD3LW
- 3 Key Business Tax Reform Changes. **The Income Tax School.** https://bit.ly/2zgWwRc
- Finalists for Taxologist Awards Announced. **Thomson Reuters blog.** https://tmsnrt.rs/2qkGIck
- H&R Block Is Closing 400 Locations. **Forbes.** https://for.tn/2Jub8li
- IRS Impersonators Sentenced to Prison. **Taxing Subjects.** https://bit.ly/2P0d6zu

LATEST TAX NEWS

PTIN Renewal Period Opens for Tax Preparers. The ID numbers expire at the end of each calendar year, Dec. 31. www.cpapracticeadvisor.com/12434395

IRS Approves 401(k) Student Loan Payment Program. With a 401(k) plan, employees can salt away money for retirement without any current tax erosion, within generous limits for salary deferrals. www.cpapracticeadvisor.com/12434807

IRS Issues New Pub. 5307 on Tax Reform. The new publication focuses on the changes affecting 2018 federal income tax returns that must be filed in 2019. www.cpapracticeadvisor.com/12435689

IRS Issues Proposed Regs on New Opportunity Zone Tax Credit. The proposed regulations clarify that almost all capital gains qualify for deferral www.cpapracticeadvisor.com/12434397

TaxSlayer Plans Gator Bowl Party on New Year's Eve. TaxSlayer Gator Bowl game day will kick off at 2:00 p.m. with the VyStar 5K Run presented by the TaxSlayer Gator Bowl at the Jacksonville Landing. www.cpapracticeadvisor.com/12433711

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Note: This is part three of a series. The first column discussed practical methods to encrypt data "at rest" (www.cpapracticeadvisor.com/12423152), while the second one details encrypting data while it is "in transit" with secure portals and encrypted messages (www.cpapracticeadvisor.com/12423261).

A USER'S GUIDE TO ENCRYPTION PART THREE: ENCRYPTING WI-FI

I WAS AT the barber shop recently, waiting for my appointment, and another patron asked the barber, "Do you have Wi-Fi?", and the barber pointed at a sign on the wall with the name of the wireless network, which was an "open" wireless network that had no security. While we have all used public wireless networks, whether in barber shops, coffee shops, hotels, libraries, schools, or airports, there are risks associated with using public networks which can be mitigated, but not eliminated, by scrambling your data transmissions using encryption.

Two major methods of accomplishing this are using **Wireless Network Encryption** or creating a **Virtual Private Network (VPN)** with another computer, perhaps using the internet to connect a device to a server at your office. We will discuss Wireless Network Encryption this month and will cover Virtual Private Networks next month.

The shocking reality is that unless you use one of these technologies, some of the data you transmit over an open wireless network can be intercepted on a nearby computer and read by someone else – think of this as "digital eavesdropping." When you connect to Wi-Fi at a coffee shop, use wireless internet on an airplane, or connect at a hotel or restaurant, you should assume that everything you do can be watched by your neighbors.

In the early days of Wi-Fi, many users I know had their e-mail credentials and messages stolen out of thin air over the wireless network in hotels, and over 10 years ago we adopted VPNs or use our own cellular internet connection devices instead of the unencrypted hotel internet. The standard rule became "no public Wi-Fi" use permitted, and this rule is likely to change as noted below.

WIRELESS NETWORK ENCRYPTION

While no current wireless security standard is perfect, Wi-Fi Protected Access (WPA2) is one of the most secure protocol] available in current networking hardware used to encrypt data while it is being transmitted over the radios used in a wireless network. When you connect to a wireless network with WPA2, you must have the name of the network (SSID) as well as enter a shared "network security key" which is used to identify you as an authorized user of the network. The network security key also facilitates your computer and the wireless access point hardware exchanging encryption keys (strings of data used like passwords) with each other.

Your Wi-Fi radio then uses the encryption keys to scramble data it transmits over the wireless network and descramble radio signals received from the access point's radio over the wireless network. Since the encryption keys on each computer are unique to your device, and only the wireless access point can decrypt each individual conversation, you can't snoop on the radio traffic of other devices even though you're using the same network, secured with the same network security key.

A new standard called WPA3 has been approved and when implemented, it will provide encryption on all wireless networks – even open networks like those available in hotels, airports, and coffee shops. Unfortunately, very few devices available in the market as I write this (in September 2018) can use this standard. It will be years before all devices are required to meet this standard, so we will have to wait for everyone to replace their devices and upgrade their wireless networking hardware before we can take advantage of the new standard and its security enhancements.

In our final installment in this series, we will conclude our discussion of encryption with virtual private networks. ■

ADJUSTING YOUR Technology Expectations

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HAS YOUR FIRM utilized technology to its fullest capacity to provide the highest quality service to your clients? Is your firm able to successfully attract, retain, and engage top talent due to your strength with technology? If so, you can stop reading now, but for every firm in the country that is being honest with themselves, let's keep reading to understand why the way we view technology inside our firms is part of the problem and how your millennials really feel about your technology.

But before we dive into the issue, we need to understand and accept that technology touches all aspects of today's firms regardless of their size or client focus. We also need to understand just how much technology has changed overall in the recent future. Not long ago, firms were focused on going paperless as a major accomplishment and artificial intelligence (AI) was still something we would only see in the movies and no one had heard of blockchain. Now both AI and blockchain are here in the accounting profession, coming to our firms, and coming to our personal lives as well, and the idea of being paperless has faded from our discussions.

Given this rapid rate of technology advancement and how the accounting profession has been slow to keep up, it should come as no surprise that weak technology inside firms is one of the major reasons for the turnover of millennial staff at firms of all sizes.

When we examine the cause and look to the solution to this issue, we can see the answer rooted in our high school psychology course, but we will get to that. First, chances are more likely than not, that you view the technology in place at your firm as above average, and wonder why anyone would disagree with your view.

These differences in technology expectations have been magnified in recent years due to the generational differences with how technology is viewed and the rapid rate of technological advancements. To make matters worse most firms don't realize they have this problem, since perception is in the eye of the beholder.

First, do you remember high school psychology, more specifically, Maslow's hierarchy of needs where the basic needs, food and shelter are on the bottom and self actualization is at the top of the pyramid? Maslow's theory was that people could not move to the higher levels, the top of the pyramid, without having their basic needs meet first. We can apply Maslow's hierarchy to technology expectations inside our firms. Partners feel that technology should be at the top of the pyramid, which is a bonus, because during most of their lives technology wasn't mandatory and only a minor role in their professional workplace. Technology overall and our industry have seen tremendous growth in the past five years, and firms have struggled to keep up as the rate of change has drastically accelerated.

Contrast this view to millennials who view technology at the bottom, because for them technology is a necessity like food or water. They grew up with technology and a rapid rate of advancement. Millennials are naturally comfortable with technology and expect it in their personal and professional lives. Consider this, how often do you see a millennial question their GPS? They know and accept that while the GPS isn't perfect, it will get them to their destination easier than if they were trying to read a map while driving.

For millennials, before they ever set foot into a firm as a first year staff accountant, they are exposed to technology at a level far above what exists in most CPA firms today. They expect technology to be present in all aspects of their lives, and this is often a sharp awakening when they set foot inside a CPA firm. For today's firms, that means today's staff have a higher expectation of technology than ever before they walk inside your doors, unlike in the past, when technology in the workplace was years ahead of anything we would see in our personal lives.

The second, is that the current partners, will rate their technology as outstanding, while millennials might rate it at the bottom or inadequate. In the same firm, people will have drastically different views on the strength of the technology currently in place.

Depending on which side you are on, you probably feel that you are right. But, which side is correct?

When looking at firms across the country, partners constantly rate their technology solutions in place as much stronger than they actually are, because that is their perception based on their experiences, and the inverse holds true for those technology integrated millennials.

As a leader at your firm, you need to view your technology not through your own eyes, but through the eyes of your team, and, if you do, you will be surprised by the results. This can be done quickly by just asking your staff to rate your firm's technology on a scale of 1 (not existent) to 10 (cutting edge), and ask them for their honest input.

Firms need to take an **honest** look at the technology they have in place, as weak technology is a major factor impacting the firm's ability to attract talent and service their clients. Here is where some of the common technology expectations fall under Maslow's hierarchy of needs:

Basic Needs:

- Document management program - the whole paperless trend, you can't use what you can't find
- Video conferencing - communication in the 21st century
- Three monitors or more - more screen space is mandatory

Psychological Needs:

- Workflow software - you need to be able to track your projects and due dates
- Zero IT footprint - people can work anywhere, anytime, embrace the cloud
- Scan and autoflow - few people really want to manually enter data anymore

Self-Fulfillment Needs:

- Artificial intelligence and machine learning
- Blockchain and cryptocurrencies
- Big data and data analytics

Firms today need technology, not just to have technology or just to be efficient, but they need technology to evolve and move past being technicians and be able to attract, retain, and engage top talent. Spend the time and take a honest look at your technology expectations inside your firm and how they are viewed by your people. If you do, you will be surprised to find a large discrepancy which is holding your firm back and driving your millennial talent away. Invest in your firm and its technology to achieve the future success you deserve. ■

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5 Keys to Success in VALUE PRICING

More accounting firms are changing the way they value their services. For those firms, the shift to value pricing is here, yet we still talk to many firms who are either unconvinced or unsure of how to implement it.

Value pricing is a way of billing a client for services provided based on the value of the service (or advice) instead of the number of hours spent. Consider one of your clients calls for tax advice on how to structure a real estate transaction. In a 20-minute phone call, you provide guidance that saves the company $40,000 in taxes that year. Is that advice only worth one-third of your hourly billing rate? I believe even the client would agree it's worth much more. How much more? That's the question many firms struggle with. But we've identified five keys to success in value pricing.

1 MENU OF SERVICES

Many firms hesitate to make the leap from billing by the hour to value pricing because they are worried about pricing their services effectively. But chances are you already have the information needed to get started.

Start with your current client base. Say you have a client for which you provide monthly accounting services and prepare tax returns for an S corporation and two owners. Between the monthly write-ups and three tax returns, this client pays your firm $10,000 per year. But this client is also not taking advantage of many additional services that your firm offers and would benefit them greatly. What services could you add (i.e., payroll, benchmarking, business advisory, strategic planning, succession planning, etc.) to take them to a higher level? What services could you subtract to bring them to a lower level? Going through this exercise will help you develop a menu of services and give you an idea of how to price them.

2 BETTER CLIENT CONVERSATIONS

Once you've developed your menu, it's time to have a discussion with your clients about the scope of services. With hourly billing, you may have waited until the project was done, calculated the hours multiplied by dollars, and then invoiced the client. But value pricing requires upfront conversations to determine exactly what is and is not included.

Sit down with your client and go through your menu of services. Your clients will tell you what they need and want. The client that is currently paying you $10,000 per year for a monthly write-up and tax returns may realize that what they really want is not just a financial statement and tax return. They want their advisor to help them make decisions for the future, that $10,000 client suddenly jumps to $15,000, $20,000 or more.

After one year, you can review the menu of services and pricing to decide whether the cost of providing those services was reasonable and make adjustments for next year.

3 FIXED PRICE AGREEMENTS AND ENGAGEMENT LETTERS

Your firm should already have engagement letters that outline what happens when the firm and the client have a dispute. This is separate from a fixed price agreement. The FPA simply spells out what services the firm will provide and the price the client will pay for such services. One FPA can cover multiple engagement letters. You just need to remove all references to hourly rates in your engagement letter. Where the engagement letter mentions price, refer back to the FPA. For example, it might say, "The price for these services as agreed to in our fixed price agreement dated November 1, 20XX."

4 CHANGE ORDER CLAUSES

What happens if a client agrees on a menu of services and fixed price, but then acquires another business or needs more services? Your fixed price agreement should include a change order clause, so when that happens, you can adjust your fee accordingly.

You will need to train your staff to identify scope creep early in a project. This requires a change in mindset if your firm has traditionally relied on hourly billing. However, if change orders become the norm, they can become a great tool, allowing you to cross-sell more services to your clients.

5 CONFIDENCE AND COURAGE

Any type of change in a firm requires confidence and courage, but perhaps none more so than changing the way you price your services. Having a practical and steady strategy for valuing your services will create confidence. As a leader in your firm, you are being watched closely by your clients and your staff. If your words and actions display an attitude of confidence in the value you provide, your team and clients will feel it, too. Remember, time is not a measure of value, and in most cases, your clients will be happier with the change because they will know what their costs will be and won't be surprised by invoices.

Value pricing is about putting yourself in the client's shoes and understanding the value you and your skills bring to them. Rates multiplied by hours doesn't fit with higher-level advisory and consulting services where the value is based on client perceptions rather than the amount of time or effort they take to perform. As your firm and the profession undergo a transformation, knowing the value of the services you provide is key. Your mindset must change to truly create services that your clients want and value rather than those they have to have. ■

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