

# CPA Practice Advisor

Today's Technology for Tomorrow's Firm

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# BLOCKCHAIN

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BRIDGING THE GAP  
Got Bots?

THE MILLENNIAL ADVISOR  
Are Your People Lost?

BUILDING YOUR NICHE PRACTICE  
How to Market to Childcare Businesses



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**GAIL PERRY, CPA**

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## Your Business Resolutions for the New Year

YOU'VE PROBABLY MADE a New Year's resolution a time or two in your life, and, because you are an accountant, you might even have the mindset required to follow through and get your resolution(s) accomplished. But sometimes the list of life changes we would like to make gets a bit unwieldy, and even the most task-oriented practitioner can reach a point where the list of things you want to do becomes overwhelming.

Based on the chatter in the accounting profession that I hear/read/see in blogs, articles, conference presentations, podcasts, webinars, and so on, I've been able to draw the following astute conclusions:

- Accountants are really busy.
- Accountants would love to take better advantage of technology but it's all pretty overwhelming and seems potentially time consuming.
- Accountants have staffing issues: attracting, training, retaining.
- The laws and regulations keep changing and that's annoying.
- There are good clients and there are bad clients and most accountants have plenty of each type.
- Accountants can never retire or die because they haven't figured out their succession plans.



### ■ Work/Life/What?

With all of that in mind, I've compiled a list of resolutions and related follow-through suggestions that might help you begin to tackle at least some of these issues in your firm. And please try to start small. Don't take on so much that you'll never be able to get it all done.

- Resolve to do one item on your

(seemingly never-ending) list of items you would like to change. Visualize what that change will actually look like. Lay out the blueprint for making the change, set up a timetable, break it down into small steps, decide who is going to do what and when, add the steps to everyone's calendars, and hold all involved parties accountable. Revisit your timetable monthly until the item is completed.

- Go public with your resolution. If you let others know what you are planning to accomplish, you not only will feel more responsible for getting it done, you'll have a built-in cheering section as the pieces of the goal come into place. If you keep your goal secret, it's easier to ignore the goal or procrastinate.
- Try goal sharing. If you team up

with someone else who is attempting to achieve a goal, you can help each other, encourage each other, monitor each other's progress, and even make the process of meeting your respective goals more enjoyable.

- Offer yourself a reward for achieving your goal. If the completion of the goal is a long way off, then create a reward program to honor each part of the goal as it is finished. One more thing – don't beat yourself up if you don't accomplish everything you set out to change in 2019. Instead, keep in mind anything that's not working the way you planned, and realign your goals for the following year to ensure success. ■

— Gail Perry, Editor-in-Chief

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## WHY AND HOW: EMERGING TECHNOLOGY

# Strategies

WE'VE BEEN THROUGH a year together learning about Emerging Technologies. While there will always be new technology, we are not likely to go through a period of time again anytime soon where the algorithms are changing so rapidly and the new opportunities to leverage technology are so numerous. As the emerging technologies we have discussed become mainstream, you'll be better prepared to understand what they are, to determine the merits, applicability and return on investments in these various approaches. Let's start with a simple reminder of the technologies we have discussed in this year's columns:

- Big Data / Data Science
- Machine Learning (ML)
- Artificial Intelligence (AI)
- Blockchain
- Cryptocurrency
- Cognitive Computing (CC)
- Bots
- Quantum Computing (QC)

You might also recall that we believe these technologies are related with the two big categories being Big Data and Cognitive Computing.

There are almost as many more emerging technologies to consider that don't apply directly to the practice of public accounting. While we believe that each of these technologies merit just as much coverage as the topics covered in this year's columns, I'm guessing you may not be as interested in these areas. It's now time to turn our attention back to solving issues for clients, your team members and the partners in your organizations.

Again, we believe these emerging technologies will have a direct impact on our lives and our clients' businesses now and within the next five years, and each of these show just as much promise as the emerging technologies we have discussed:

- Hardware & Technology
  - > Quantum dots
  - > 5G
  - > Lidar
- 3D printing / Additive Manufacturing (AM)
- Voice user interface (VUI) – Audio Intelligence (AI)
- Virtual Reality (VR) and Augmented Reality (AR)
- Robotics
- Drones and self-driving vehicles (AVs)

### SO, HOW DO I APPLY MY KNOWLEDGE OF EMERGING TECHNOLOGIES?

Each year at this time, other colum-

nists and I have predicted the future and what to watch for in technology, I'll do that and remind you that wise people make their own future. To help you make your own future now that you have learned about various emerging technologies, try this: grab your favorite beverage, go to a quiet, enjoyable place, turn off all distractions (TV/music/smartphone), pull out some paper (yes, paper is better! If you have them available get some fine tip colored markers, too) and begin listing issues you'd like to solve for clients. Do this as quickly as the ideas will come. Don't worry about organizing your thoughts, just focus on issues that you want to solve for clients. Any time that I do/teach/facilitate this exercise, I get excited because of all the opportunities to make clients' lives and businesses better. Once you've exhausted every issue you can think of, get up, walk around,

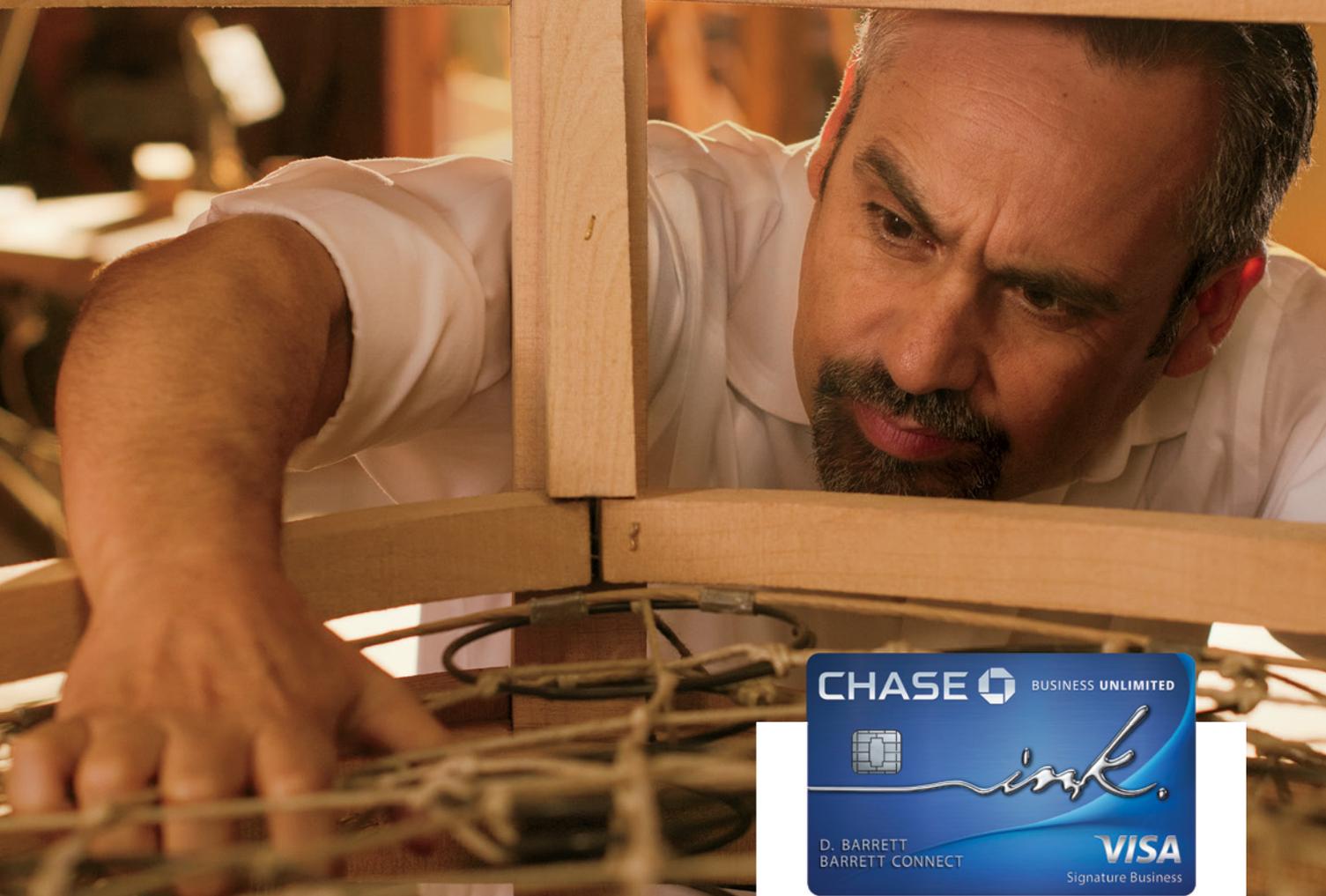
clear your head, and reflect on the lists you've created. When your mind is clear/refreshed, pull out some more paper and list as many services as you can that you'd like to provide to clients. Think about requests that have been made in the past that you weren't able to do. Consider the conversations you've had at meetings, restaurants, the country club, etc. Focus on requests for services that weren't in your main offerings of tax, audit, business advisory, client accounting, wealth management, litigation support, etc. What services do your clients want?

Now, these two lists will be somewhat disorganized when you are done but look at each set of lists and try to see how they are related. Mark related items by using a similar shape (circle, square, triangle) or using those fine tip colored markers mentioned earlier to highlight similar concepts with the same color. Usually you see a pattern evolve quickly that can be labelled with a category, but not always. Do this first for your services list, and then for your issues list.

Once you have organized these items as best you can, set them aside

**CONTINUED ON PAGE 12**

THINK ABOUT A MILLION  
THINGS AT ONCE  
**WITH A CARD YOU DON'T  
HAVE TO THINK ABOUT TWICE.**



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NO NEED TO FEAR  
BLOCKCHAIN

# WHAT CPAS NEED TO KNOW

*By David Deputy*

EIGHTY-FOUR PERCENT OF executives say their companies have at least some involvement in a blockchain project, according to PwC's 2018 Global Blockchain Survey.

Blockchain has evolved beyond the distributed ledger for cryptocurrency transactions alone. It has become a powerful, coveted technology that maintains assets and property rights, and disrupts operational frameworks across industries.

Large enterprises are incorporating it into their infrastructures to secure and store digital assets, accept and process direct payments, gain greater visibility into the supply chain and execute contracts faster, at a lower cost and without intermediaries. Though moving slower, smaller companies are beginning to turn to blockchain-based solutions for investment in digital assets and for operations where blockchain can improve transparency and security.

What does this mean for accounting and finance professionals supporting these smaller companies?

Double-entry accounting has revolutionized and become the standard of bookkeeping. By definition, it recognizes the interplay between organizational assets as well as liabilities and equity to create an accurate fiscal view of an entity. Blockchain builds on fundamental accounting principles so financial assets are shared and transmitted to counterparties quickly via a shared, trusted ledger. All transactions are recorded in a distributed, public or private ledger that cannot be altered, resulting in a trustworthy audit trail. Also, multiple participants can validate all transactions against the digital identities and rules in a blockchain network, which eliminates challenges around validity and multi-party reconciliation.

This doesn't mean blockchain will eliminate the need for CPA services. However, the nature of their work will change. CPAs will have to master blockchain to get their work done, like spreadsheets before it.

Accounting and tax advisor knowledge remains critical, but will require an

understanding of the software networks that attest to the integrity of transactions. Accountants must focus on valuation, market volatility and regulatory compliance to help clients investing in digital assets stored on blockchain-based systems. They will also need to prove the existence of the account and test the client's ability to access and control the asset.

For example, if a business maintains custody of its digital assets, issues may arise with internal controls, as well as proof of existence and access. By holding private keys, which are sentence-long strings of random digits, the business can initiate transactions from an account or send the balance elsewhere. To safeguard these keys, accountants can recommend risk mitigating approaches such as they split the string up and segregate access, using wallets that require multi-party signoff and using encrypted hardware to put them into physical "cold" storage. These are fundamental changes from traditional approaches to account control and signature authorization. CPAs will need to understand the meaning, strengths and weaknesses of digital asset key custody approaches as they emerge.

Similar to when companies transitioned from local servers to the cloud, partially relying on the systems and security of a third party, intermediary custodians for private keys are now emerging. In this case, CPA work won't be as severely impacted, as custody companies are usually highly regulated and responsible, but it may take time before these offerings reach the smaller end of the market.

The discussion is more complex for those seeking to take advantage of operational efficiencies, either through joining a network sponsored by others or creating their own blockchain network. CPAs must review the rules in the form of smart contract code, evaluate the risks and governance around network

participation and assess the internal controls of the client organization's interactions with blockchain networks. This means that the traditional work of many CPAs will begin to be supplemented with software that assures, monitors and manages internal controls and that is distributed among multiple parties.

Finally, as with any technology, flaws are likely to be found in blockchains. Bugs in smart contracts, and software like wallets that leverage and interact with them, might result

in incorrect or unexpected results. Therefore, CPAs need to err on the side of caution.

The initial blockchain inquiries CPAs see today likely focus on accepting, holding or investing in bitcoin and other cryptocurrencies, and the tax principles that apply. Per 2014 IRS guidance, virtual currencies should be treated as property so capital gains are taxable and losses are deductible. This means those using alternative currencies need to keep a detailed transaction trail that notes when

and at what value the currency was bought and sold.

To avoid compliance headaches, businesses should keep and trade digital assets on reputable exchanges with strong verification requirements, as challenges might arise with offshore platforms or for taxpayers that fail to report foreign bank and financial accounts.

As blockchain permeates the SMB market, customers will begin to seek advice on how to properly govern their fiduciary responsibilities while taking

advantage of frictionless trusted transactions. How CPAs answer these questions will vary depending upon client industry, which makes it critical for accounting professionals and tax advisors to understand the basics of the technology, its influence and the risks it presents. ■

*David Deputy is director of strategic development and emerging markets at Vertex Inc., and president of the Accounting Blockchain Coalition.*



## Blockchain Can't Hide Cryptocurrency Revenues from the IRS *By Paul Banker*

**B**lockchain technology and cryptocurrencies are natural partners, with decentralized control mechanisms and distributed models that emphasize secrecy as much as they offer privacy or security.

For the IRS, secrecy is a problem. More precisely, it's a missed revenue opportunity. In an effort to collect tax on the booming crypto trade, the agency has already shown a willingness to enforce taxation of crypto trading platforms. How exactly the IRS will do that, however, remains a question only the agency itself can answer. And it hasn't — yet.

### Cryptocurrencies: From tax haven to mainstream business

Cryptocurrencies, in large part, got their start when some investors wanted to create money no central bank could control—and no government agency could tax. Blockchain has, for the most part, enabled crypto investors to fly under the regulatory radar. With virtual coins counted in the blockchain all over the world and no overarching authority to control their value or monitor transactions, cryptocurrencies have looked like a potential tax haven.

Or they did, at least, until the IRS forced a major crypto trading platform last year to disclose users with high-volume transactions via a "John Doe" summons. The move demonstrated a desire on the part of the IRS to derive revenue from previously shrouded crypto transactions. Then, the Securities and Exchange Commission required

platforms trading in digital assets that meet the definition of a security—including cryptocurrencies—to register as national security exchanges. The move has put further pressure on the market to comply with current IRS regulations and make informed predictions about future guidance.

### Murky regulations for 1099 crypto reporting—for now

One method the IRS uses to enforce taxation is to require businesses to report taxable transactions or face financial penalties. The Tax Cuts and Jobs Act (TCJA), passed in early 2018, opened the door for the IRS to broaden taxation on crypto assets. In the TCJA, like-kind exchanges are now clearly restricted to real property only, thus closing off cryptocurrency exchanges from like-kind treatment.

But regulations surrounding tax information reporting for crypto transactions are still a bit of a mess. Language is ambiguous, and specific reporting requirements are unclear. The IRS promises to offer clarity, but the timing of any new information is still uncertain. IRS Notice 2014-21, now four years old, is still the only guidance on crypto taxation the agency has ever released, and the document is neither comprehensive nor final.

The new head of the agency says there is more to come on crypto. Charles Rettig, IRS commissioner, promised in mid-November that "the IRS will have more information about [crypto] than you could ever imagine,"

Tax Notes reported, and suggested crypto followers "pay attention to informal guidance as though it's formal guidance."

However, Rettig did not offer a date for when the IRS might release guidance of any kind, and the 2018-2019 Priority Guidance Plan, set forth by the Department of the Treasury and the IRS, doesn't mention crypto at all.

### Murky regulations and quirky laws lead to missed tax revenue

So, while the IRS has demonstrated it intends to enforce existing 1099 reporting rules, it has not followed up by providing clarity regarding those rules. For instance, trading platforms might have to send 1099-B forms to users who exchange one type of coin for another, but they're not explicitly required to send the forms the way brokers are for stock trades. Generally, requirements surrounding the 1099-B remain unclear for cryptocurrencies.

The IRS has already forced a cryptocurrency exchange to report users on form 1099-K, the same form home-share and ride-share companies use to report transactions with homeowners and drivers. However, the federal reporting threshold for the 1099-K is currently set at \$20,000 and 200 transactions per year. That would leave crypto platforms off the hook for reporting the vast majority of their investors' transactions. The 1099-K also lacks the cost basis details required to capture the capital gain/loss calculation that would ultimately

determine taxable income and tax revenue for the IRS.

### Crypto platforms still need to prepare for IRS rule changes

For now, all crypto platforms can do is heed Notice 2014-21, which remains as close to regulation on taxation as the industry has, and prepare as much as possible for the expected regulations to come. That means setting up some sort of system to automate 1099 reporting and ensure compliance now and in the future.

Doing nothing is not an option. IRS financial penalties for noncompliance are steep, with a maximum fine of nearly \$3.3 million for late or incorrectly filed forms. For "intentional disregard" of reporting regulations, there is no maximum fine, and the penalty is a whopping \$530 per form, compared to \$270 per late or incorrect form. The IRS is not shy about levying fines and sent a warning to crypto platforms with last year's subpoena.

Blockchain and crypto might go together well, but they can't escape the IRS. Although nobody outside of IRS headquarters is quite sure exactly how, one sure thing is that the IRS is coming for crypto tax revenue. Platforms and investors have nowhere to hide. ■

*Paul Banker is general manager at Sovos, a provider of software that safeguards businesses from the burden and risk of modern tax.*



## Wasted Time on Misplaced Documents

OFFICE WORKERS ON average, spend more than six hours each week looking for misplaced documents. Improperly managing documents not only is frustrating for everyone, it's now estimated that nearly \$2.5 million per year is wasted looking for those lost or misplaced documents.

If you're tired of searching for documents, consider implementing a Document Management System (DMS). Managing files electronically helps accounting firms in numerous ways: cutting down on the massive amounts of paper accumulated, eliminating time consuming tasks such as photocopying and filing, significantly reducing the amount of paper used in a firm throughout the year, while also enabling accounting firms to be more responsive to clients, by providing them with access to completed documents, which they can e-sign and upload to the client portal.

While many larger firms already use a DMS, just about any size or type

of business would benefit from implementing a DMS in their office. Let's face it, we lose things. Then we spend a lot of time looking for those things. When we can't find them, we have to request them from clients again, which does nothing to gain someone's trust.

But it's not just us. We can be the most organized, meticulous person in the world, but the document can get lost once it leaves our hands. It can get misfiled. It can be left on the printer and tossed out. It can be put on someone else's desk and subsequently buried under all of the other papers, never to be seen again.

File access is easy with a DMS, with files stored electronically, typically

mimicking a standard filing system. Management can password protect files to guard against unauthorized access, and write-protection is available to prevent document edits or other changes. Electronic storage also allows employees to access documents from home, from a hotel room, or from a client's office. And storing files electronically means that your documents will be safe should flooding, fire, or other natural disasters hit.

If you want to be more organized, spend less time frantically looking for lost documents, save on paper costs, toner costs, and support staff costs, you'll strongly consider getting a DMS implemented in your firm or your client's business.

There are typically two types of document management applications available: Document Storage, which offers a way to organize and store documents electronically, while Document Management systems typically

offer more management features such as version control, archiving, and annotation capability. In this issue we reviewed both document storage and complete document management systems, with a separate chart available for both.

The Document Storage products reviewed include:

- Cloud Cabinet by AccountantsWorld
- Drake Documents
- FileCabinet CS by Thomson Reuters
- OfficeTools Workspace DMS
- SmartVault Document Storage

The Document Management products reviewed in this issue include:

- CCH Access Document
- CCH ProSystem fx Document
- PSISafe
- Doc-It Suite
- eFileCabinet
- GoFileRoom by Thomson Reuters
- iChannel by Conarc
- Onvio by Thomson Reuters

Several of the products reviewed offer a demo, so you can try them out prior to purchasing. Like any software, document management system setup can take some time, but it's time well spent when you find it takes seconds to locate a document.

If you're tired of looking at stacks of paper on your desk and everyone else's, if you want to stop buying cartons and cartons of paper and toner for your copier, take the time to learn about and implement a DMS in your office. You will not miss the paper. I promise. ■

Mary Girsch-Bock is a writer specializing in business and technology issues and is the author of several HR handbooks, training manuals, and other publications. She can be reached at [mary.girschbock@cpapracticeadvisor.com](mailto:mary.girschbock@cpapracticeadvisor.com)

### DOCUMENT STORAGE

	DESKTOP/SERVER INSTALLATION	CLOUD ACCESSIBILITY	SUPPORTS MULTIPLE FILE STRUCTURES	DEFAULT FOLDER STRUCTURE	MULTIPLE DOCUMENT UPLOAD	SCANNER INTEGRATION	DOCUMENT MANAGEMENT & ARCHIVING	CLIENT PORTALS	SECURITY	INTEGRATION	SUPPORT OPTIONS
ACCOUNTANTSWORLD CLOUD CABINET		X	X	X	X	X		X	X	X	X
DRAKE DOCUMENTS	X	X		X		X		*X	X	X	X
FILECABINET CS	X	X	X	X	X	X	X	*X	X	X	X
OFFICETOOLS WORKSPACE DMS	X	X	X		X	X	X	*X	X	X	X
SMARTVAULT DOCUMENT STORAGE		X	X	X	X	X		X	X	X	X

\*X WITH PURCHASE OF ADDITIONAL PRODUCT

### DOCUMENT MANAGEMENT

	DESKTOP/SERVER INSTALLATION	CLOUD ACCESSIBILITY	SUPPORTS MULTIPLE FILE STRUCTURES	DEFAULT FOLDER STRUCTURE	MULTIPLE DOCUMENT UPLOAD	MANAGEMENT FEATURES	SCANNER INTEGRATION	DOCUMENT MANAGEMENT & ARCHIVING	CLIENT PORTALS	SECURITY	INTEGRATION	SUPPORT OPTIONS
CCH ACCESS DOCUMENT		X	X	X	X	X		X	*X	X	X	X
CCH PROSYSTEM FX DOCUMENT	X		X	X	X	X	*X	X	*X	X	**X	X
DOC.IT SUITE	X	X	X	X	X	X	X	X	X	X	X	X
EFILECABINET	X	X	X	X	X	X	X	X	X	X	X	X
GOFILEROOM		X	X	X	X	X	X	*X	X	X	X	X
ICHANNEL	X	X	X	X	X	X	X	X	X	X	X	X
ONVIO		X	X	X	X	X	X	X	X	X	X	X
PSISAFE	X	X	X	X	X	X	X	X	X	X	X	X

\*X WITH ADDITIONAL PRODUCT \*\*LIMITED TO VENDOR APPLICATIONS

## AccountantsWorld Cloud Cabinet

[www.accountantsworld.com](http://www.accountantsworld.com)  
Cloud Cabinet from AccountantsWorld offers solid document management and storage capabilities, as well as a robust client portal, where accountants can share confidential information with clients. Ideal for accounting professionals that are already using

other AccountantsWorld applications, Cloud Cabinet can also be used as a stand-alone document management application.

Cloud Cabinet offers a flexible folder structure, with the option to modify the folder's structure to better suit the needs of their firm. The system

offers flexible storage and management functions and is well suited for small to mid-sized firms.

Cloud Cabinet is available for \$595 per year for any number of users. The system includes 5GB of storage, with users able to purchase an additional 5GB of storage for \$25 per year. A

★ **4.75** 2018 OVERALL RATING

money-back guarantee is available for those that cancel within the first 30 days.

Read the full review for this product online at: [www.CPAPracticeAdvisor.com/12437698](http://www.CPAPracticeAdvisor.com/12437698)

## Drake Documents

[www.drakesoftware.com](http://www.drakesoftware.com)  
Drake Documents, part of Drake Tax, is best suited for small to mid-sized accounting firms that use the Drake professional tax preparation system. Drake Documents is not sold as a separate application, but instead, is

included as the tax system's practice management and document management solution, with total integration between it and all Drake Tax modules, as well as the Drake Accounting system.

The desktop edition of Drake Tax is currently available for \$1,595 per year

with unlimited users, and includes Drake Tax, Drake Accounting, and Drake Documents in the price. For professionals who prefer an online system, Drake Hosted starts at \$70 per month for a single station. Users can also add Microsoft Office or additional

★ **4.5** 2018 OVERALL RATING

storage, with pricing dependent on the number of stations purchased.

Read the full review for this product online at: [www.CPAPracticeAdvisor.com/12437692](http://www.CPAPracticeAdvisor.com/12437692)

## FileCabinet CS

[www.csthomsonreuters.com](http://www.csthomsonreuters.com)  
FileCabinet CS is a document storage application from Thomson Reuters. Designed for firms of just about any size, FileCabinet CS can be used as a stand-alone application, but offers greater functionality when used with other programs in the Thomson Reuters

CS Professional Suite. FileCabinet CS is offered as an on-premise application, a hosted application, and as a SaaS application.

FileCabinet CS offers a default folder structure that users can use immediately. Templates are available that can be utilized when setting up a

client, and a global filing structure can be implemented firm-wide to ensure that all users utilize the proper format when creating a new cabinet and folder structure. Users can also add sub-folders at any time for extra document organization or create multiple file cabinets for different types of data.

★ **4.5** 2018 OVERALL RATING

Pricing varies depending on the licensing option (on-premise or hosted) and on the number of users.

Read the full review for this product online at: [www.CPAPracticeAdvisor.com/12437708](http://www.CPAPracticeAdvisor.com/12437708)

## OfficeTools Workspace

[www.officetools.com](http://www.officetools.com)  
OfficeTools Workspace Document Management System (DMS) is part of OfficeTools Workspace, a practice management solution designed for accounting professionals. Office Tools Workspace DMS is well suited for small to mid-sized firms that are looking for a

comprehensive practice management/document management solution.

The system offers a variety of deployment options including onsite installation on a desktop system, installed on a local server, or hosted in the cloud. OfficeTools Workspace DMS supports multiple file formats, with all

documents automatically saved in their native format.

OfficeTools Workspace DMS is not available as a stand-alone application, but is coupled with a comprehensive practice management application. Those interested in OfficeTools Workspace DMS can contact the vendor

★ **4.75** 2018 OVERALL RATING

directly to request a demo or inquire about pricing.

Read the full review for this product online at: [www.CPAPracticeAdvisor.com/12437700](http://www.CPAPracticeAdvisor.com/12437700)

## SmartVault Document Storage

[www.smartvault.com](http://www.smartvault.com)  
SmartVault Document Storage is a good fit for mid-sized accounting firms and other businesses that have large quantities of documents they wish to store online. In addition to document storage, a branded client portal is avail-

able, and the Team and Professional versions of SmartVault offer eSignature integration for quick, secure electronic document signing.

SmartVault is an excellent document storage solution, and can be particularly helpful to accounting

firms or businesses using QuickBooks Online, QuickBooks Desktop, Xero, or Freshbooks. SmartVault is available for Business and for Accountants, with the Accounting Pro version \$40 per user per month. A Tax Prep version is also available for \$30 per user per month,

★ **5** 2018 OVERALL RATING

with all plans offering a free 30-day trial.

Read the full review for this product online at: [www.CPAPracticeAdvisor.com/12437699](http://www.CPAPracticeAdvisor.com/12437699)

# REVIEW: DOCUMENT MANAGEMENT

## CCH Access Document

[www.cchgroup.com](http://www.cchgroup.com)

CCH Access Document from Wolters Kluwer is a good fit for accounting firms of any size. Optimally used with other CCH Access applications, CCH Access Document can be used as a

stand-alone document management solution as well.

A cloud-based system, CCH Access Document also includes a mobile app for convenient document access and management from a smart phone

or tablet. The application offers a user-friendly interface that users can customize for streamlined system navigation.

Pricing for CCH Access Document is available directly from the vendor,

★ **5** 2018  
OVERALL  
RATING

with all integrated applications priced separately.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12437697](http://www.CPAPracticeAdvisor.com/12437697)

## CCH ProSystem fx Document

[www.cchgroup.com](http://www.cchgroup.com)

CCH ProSystem fx Document from Wolters Kluwer is an on-premise server installed document management system that can be used by accounting firms of all sizes. The system is optimized when used integrated with other

applications in the CCH ProSystem fx Suite, but it can also be used as a stand-alone document management solution.

The system includes document locking, checkout features, and advanced archiving functions. Firm admins can add permissions to all

documents, restricting access.

Pricing for CCH ProSystem fx Document starts at \$2,780, with users able to obtain additional pricing details from Wolters Kluwer. Add-on modules such as CCH Access Portal and CCH ProSystem fx Scan are priced separately.

★ **5** 2018  
OVERALL  
RATING

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12437694](http://www.CPAPracticeAdvisor.com/12437694)

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- Live and After-the-Fact Payroll
- Payroll Forms for all 50 States plus DC
- Electronic/Magnetic Forms Filing
- Imports Quickbooks, Excel & Competitors
- Free Technical Support

**AMS**

ADVANCED MICRO SOLUTIONS

## Doc.It Suite

[www.Doc-It.com](http://www.Doc-It.com)

Doc.It Suite is a powerful, scalable document management and storage product that also includes a full suite of additional tools and resources designed for accounting firms, including a web

portal, workflow tools, work binders, and a PDF editor. Doc.It offers three deployment options, which include an on-premise cloud option, a hosted cloud option, and a hosted (virtual desktop) cloud option and is well suited

for accounting firms of just about any size. Doc.It also offers an optional mobile app.

Doc.It pricing varies, depending on the deployment option chosen, with complete pricing available from Doc.It.

★ **5** 2018  
OVERALL  
RATING

Read the full review  
for this product online at:

[www.CPAPracticeAdvisor.com/  
12437705](http://www.CPAPracticeAdvisor.com/12437705)

## eFileCabinet

[www.efilecabinet.com](http://www.efilecabinet.com)

eFileCabinet is a powerful document management solution that is well-suited for accounting firms of any size, though the product can also be used in a variety of office settings, including real estate, property management, law

offices, and health care organizations. eFileCabinet offers both onsite and online deployment options, and the product is extremely scalable, with four versions available, though the Basic version only offers file sharing capability. The Advantage, Business,

and Enterprise editions offer complete document management, file sharing, and Microsoft Office integration.

Pricing starts at \$15 per user, per month for the Basic edition. The Advantage edition is designed for 3 or more users and runs \$30 per user, per

★ **5** 2018  
OVERALL  
RATING

month, while the Business version is \$55 per user, per month, with all add-on applications billed separately.

Read the full review  
for this product online at:

[www.CPAPracticeAdvisor.com/  
12437706](http://www.CPAPracticeAdvisor.com/12437706)

## GoFileRoom

[www.gofileroom.com](http://www.gofileroom.com)

GoFileRoom from Thomson Reuters is part of the CS Professional Suite. GoFileRoom is best suited for larger accounting firms that are currently using or plan to

use other CS Professional Suite products. GoFileRoom is completely cloud-based, making it easy for both onsite and remote employees to manage and access documents from any location.

Available as an online application delivered via monthly subscription, the most accurate pricing information for GoFileRoom is available only through Thomson Reuters

★ **4.75** 2018  
OVERALL  
RATING

Read the full review  
for this product online at:

[www.CPAPracticeAdvisor.com/  
12437701](http://www.CPAPracticeAdvisor.com/12437701)

## iChannel by Conarc

[www.conarc.com](http://www.conarc.com)

iChannel from Conarc is well suited for a variety of businesses including accounting and legal firms, construction companies, contractors, and commercial real estate.

iChannel supports and archives a variety of file formats, with all files stored in their native format. Users can easily view a list of all stored documents from the iChannel dashboard, which is fully customizable.

iChannel offers complete document management capability plus CRM, Workflow Management, and a Client Portal. iChannel in the Cloud costs about \$50 per user, per month, based on the number of seats

★ **5** 2018  
OVERALL  
RATING

Read the full review  
for this product online at:

[www.CPAPracticeAdvisor.com/  
12437703](http://www.CPAPracticeAdvisor.com/12437703)

## Onvio Documents

<https://tax.thomsonreuters.com/onvio/documents/>

Onvio Documents is part of Onvio Firm Management from Thomson Reuters. Onvio Firm Management includes document management, time and billing, and online client collaboration

capability. Completely cloud-based, Onvio also offers seamless integration with UltraTax CS. Well-suited for firms of any size, Onvio Documents is a great choice for those looking for the flex-

ibility of a completely online document management application.

Onvio pricing is subscription-based, with pricing dependent on the number of users. All product support is included in Onvio's pricing, with users able to

★ **4.75** 2018  
OVERALL  
RATING

contact Thomson Reuters directly for a quote.

Read the full review  
for this product online at:

[www.CPAPracticeAdvisor.com/  
12437689](http://www.CPAPracticeAdvisor.com/12437689)

## PSIsafe

[www.psisgen.com](http://www.psisgen.com)

After acquiring both Cabinet SAFE and Cabinet SAFE Cloud in early 2017, Psigen totally rebranded the products, introducing PSIsafe in early 2017. PSIsafe offers excellent document management capability and is best suited

for mid-sized to large accounting firms, as well as other industries including Legal, HR, and Manufacturing. PSIsafe offers users a variety of deployment methods including both on-premise and cloud-based, with a mobile app available as well.

Those interested in PSIsafe should be aware that the product will require a significant amount of time in order to be fully functional. PSIsafe offers a demo for those interested in the application. PSIsafe recently restructured their pricing levels, so it's best to

★ **4.75** 2018  
OVERALL  
RATING

contact them directly to obtain pricing information or a quote.

Read the full review  
for this product online at:

[www.CPAPracticeAdvisor.com/  
12437691](http://www.CPAPracticeAdvisor.com/12437691)

## CONTINUED FROM PAGE 4

for today. Try doing this again a few days later and keep repeating until you can't generate any new ideas for issues and services. You can do this a third or fourth time if the ideas are still coming quickly. When no more ideas are coming, have this typed into a format that is more readable, most likely in a word processing document, possibly as nothing more than an outline or a grid. You may have time around the holidays to reflect on your blessings of the past year and your opportunities of the new year AND generate these lists. BTW, this technique is called idea clustering and used by organizations like Disney to solve problems. What you will have created is a roadmap to solve client issues via new services that may be supported by emerging technologies or simply by using the tools you have differently.

Look at these ideas you have created and see if you can pick one or two for execution. However, you may

want to get some help. If you have a strong team around you, consider asking for a bit of time to do a similar exercise with other people. It is better if you don't show your ideas and models to anyone else at this time. If you do, that will limit people's thinking too much. Let them develop their own ideas and service offerings in the same way that you did. This will help with team member buy-in and you'll be amazed at the good ideas they generate. There will be plenty of time to add your ideas to their lists, too. Once you have working documents completed for the firm, and you have a list of issues and services you want to solve for, watch for the tools needed to make the service work.

For example, if you are tired of the shoebox of receipts that business clients bring you, how can you solve that? Today, we have the machine learning tool of Receipt Bank 1Tap. We also have the document gathering tools of Xero Hubdoc, Receipt Bank Extract, and FileThis. We can

use the Client Request List feature of Citrix ShareFile. The point I'm trying to make is that if we know the services and issues we need to solve for, there are manual methods as well as automated tools to produce a repeatable process and service that can generate revenue for the firm and reduce time needed to solve the issues for both the client and all of your team members.

What got me started on helping you understand emerging technologies was simple: too much artificial intelligence or "fake" AI. While you are selecting tools, you'll still need to be cautious about things that work and things that don't, but we can solve problems that were almost impossible to solve in the past. This is a great time to be an accountant!

## SO, WHAT SHOULD I EXPECT IN 2019?

There are a few items to watch for in this coming year:

■ More vendors will convert your

software subscriptions to recurring monthly charges

- > Microsoft Office
- > Adobe DC
- > Anti-virus
- > Voice Over IP subscriptions
- > Hosting and managed services vendors
- > And yes, our professional applications providers, too

■ Even hardware will have more options to be paid for monthly, sometimes known as Hardware as a Service or HaaS

- > Cell phones may be cheaper to lease monthly than to own
- > Firewalls will be able to be leased monthly
- > BTW, if you intend to buy hardware, buy it now since the new 25% tariffs are scheduled to go into effect January 1 affecting the price all hardware technologies except the Apple iWatch

■ Voice recognition and commands via Alexa, Google, and Cortana will appear in more applications - Acumatica is an example today

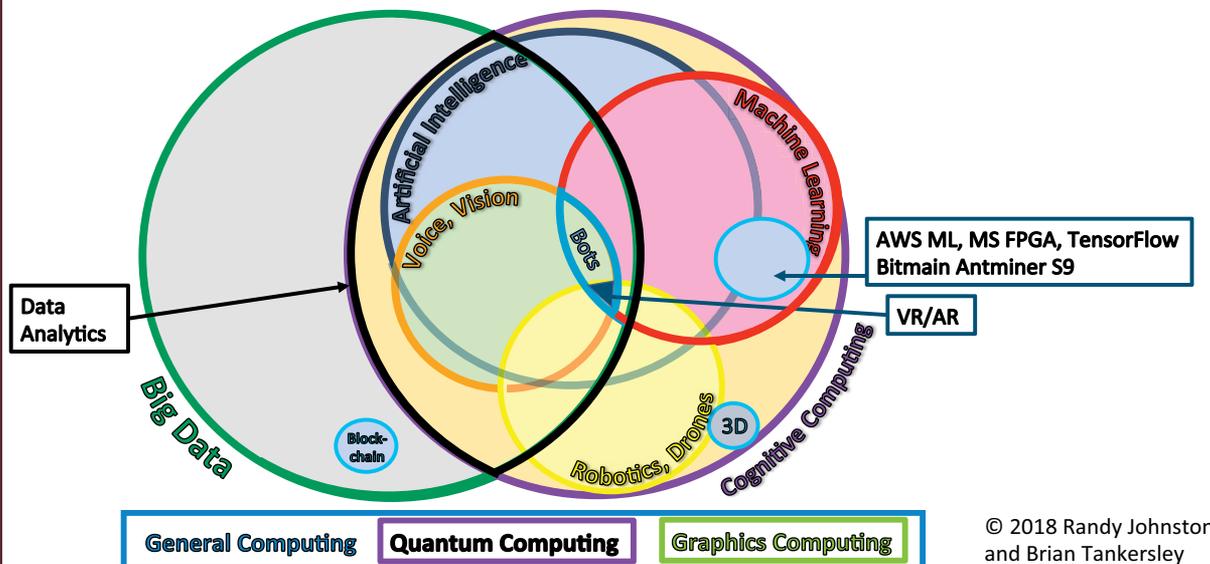
■ Augmented and virtual reality apps like Houzz today will become easier to use and more common

■ Emerging Technologies will land and expand

- > The first practical blockchain application for accounting will arrive
- > 5G cellular phones will arrive to be used on the new 5G cell systems
- > New artificial intelligence and machine learning applications will appear
- > Applications using deep learning and neural networks will begin to write themselves and non-technical people will be able to use them
- > Robotic Process Automation tools will become easier to use

I wish you, your family, your friends and associates a safe and happy new year! ■

## The Relationships Of Emerging Technologies



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**RICHARD D. ALANIZ**

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## Lewd Language in The Age of #MeToo

THE OLD AXIOM that “words can never harm me” may have been true at some point, but that is certainly no longer the case in this age of #MeToo. Words spoken today, especially if they are lewd, profane, sexually explicit, or sexual innuendo can and often do result in claims of sexual harassment. The potential legal liability for sex discrimination that attaches to such words has been a reality for a number of years. Most commonly it has been the creation or tolerance of a hostile work environment based upon sex that has led to charges and lawsuits. Today, however, it is the intense attention that has been focused on sexual assault and sexual misconduct in the workplace that has brought anything related to sex, including lewd or sexually explicit comments to the forefront of employer’s legal concerns.

Virtually the entire world has been riveted by the almost daily account of some high-profile CEO, executive, Hollywood star, television talking head or politician being accused of sexual assault, or at a minimum unwanted sexual advances, by women who had the misfortune to interact with them. The fallout from the continuing revelations of sexual misconduct by persons that have long been admired has been to make the workplace ultra-sensitive to comments or remarks that have explicit or even implicit sexual content.

### PROFANITY AND THE NEW GENERATION

Profanity of varying stripes has been a reality in some workplaces for as long as anyone can remember. For Gen Xers, millennials, and even post-millennials, profanity is part of their everyday conversation. In fact, today’s younger workers sometimes struggle to form a sentence that doesn’t contain the “F” word. Some celebrities, see the use of such language as a badge of honor. The lyrics to many songs are replete with sexual references and obscene words. Since calling people out over vulgar language in lyrics is seen as being out of the question, the conduct is perpetuated. That attitude may help explain, at least to some limited degree, why until the #MeToo movement brought the treatment of women in the workplace front and center, obscene, coarse and even vulgar language has been generally tolerated in most cases.

### WHAT OFFENDS ONE PERSON MAY NOT OFFEND ANOTHER

One of the challenges with managing potentially offensive language in the workplace, including that involving sexual content, is its subjectivity. What one person may find objectionable or obscene, might not pose a problem for someone else. But with the new-found attention on comments or conduct that explicitly or even implicitly, portrays women as sex objects, no employer can afford to tolerate it in their workplace. The fallout from the intense focus on sexual misconduct generated by the #MeToo wave has been to empower and embolden women in the workplace to report any hint of such mistreatment. Words or conduct that previously might have just been shrugged off could now form the basis for a claim that they have been subjected to a sexually hostile working environment or worse yet, sexual assault. The potential damage that such a claim even unproven, could cause to the firm’s reputation, customer relations and employee morale is incalculable. If the alleged misconduct involves any physical aspects, as we have seen in almost every publicized incident, the only choice is the forced resignation or outright termination of the offending party.

### WHAT SHOULD YOU DO?

All companies must be even more prepared today to address sexual harassment in the workplace than at

any time in the past. Employers that do not have a plan may be unable to appropriately address problems in a timely manner with resulting negative consequences.

Here is what you should do to be prepared:

- In today’s multicultural, multigenerational, and multilingual workforce employers must be especially aware of how cultures may clash and cause hostile work environments. Cultural groups may have different norms regarding profanity, appropriate jokes and stories in the workplace, and displays of friendship. Companies need to be aware of what cultures are represented in the workforce and set a common standard that all employees can know and follow.
- Employers must have a policy addressing what language is appropriate in the workplace. Employees that do not know the rules will break them and some employees may take advantage of the fact that a rule is “not written in the employee handbook” to engage in misconduct. It is imperative that employers have a policy in their handbook that defines harassment and gives examples of inappropriate language.
- All companies need to retrain their supervisors as well as their employees. Supervisors need to understand the seriousness of any allegations of harassment and the need for prompt action. They must know the procedure to address any instances of

inappropriate language that could be harassment. Managers must be aware of the circumstances involving crude language that could make employees uncomfortable. Even if the use of that language is not found to be an example of sexual harassment, an employee that is uncomfortable will be unproductive.

- Companies must investigate any claims of sexual harassment promptly and thoroughly. Companies must act when an employee complains that fellow employees are harassing them, telling sexual jokes or stories in their presence, or engaging in any other form of lewd behavior. A quick investigation into the problem with appropriate corrective action can reduce the chance of a lawsuit and help the employee feel safe and comfortable working again.

### CONCLUSION

There is no question that some employees will say inappropriate things at work. Companies must be ready to promptly and effectively address it. With a little preparation, they can minimize the risk of sexual harassment claims against the company and protect their employees. Every employee deserves to work in an environment where they are free from sexual harassment. All companies must do their part to make it a reality. ■

## Why Most Firms Don't Make It to the Second Generation

By Marc Rosenberg, CPA

The short answer is that CPA firms stink at succession planning. Firms' entire operations are geared to maximizing short-term profits, focusing on today at the expense of tomorrow. Evidence of this is the following: A 60 year-old sole practitioner wants to sell her firm and work eight more years. She has revenue of \$1M and takes home \$600,000. She meets with several buyers, all of whom are interested in her practice. But none are willing to continue her compensation at \$600,000 because the profitability of her practice can't be sustained in the buyers' operating model. Why?

Because the solo doesn't invest in the future of her firm the way buyers do. She hires low level people. Little training. Below-grade offices. Technology that is behind the times. No marketing. Short-cuts on quality control. All of these cut corners enable the solo to pocket a hefty salary.

Tim Christen, former MP of Baker Tilly and former chairman of the AICPA, says it well: "The most important thing you can do for your own success is make the people below you successful."

*"The most important thing you can do for your own success is make the people below you successful."*

— Tim Christen

### HERE ARE THE PRACTICES THAT PREVENT FIRMS FROM BEING AROUND TOMORROW.

**AFFLUENCE.** A good place to start because money explains a lot of things in life. Partners in local, multi-partner Chicago firms earn, on average, \$460,000. That's higher than what 99% of all people in the country earn. Proper succession planning requires partners to (a) shift a substantial amount of their time from client work to

mentoring staff, thus helping them grow and (b) invest a substantial amount of money to ensure the firm's tomorrow. Many firms aren't willing to make this kind of investment. They reason: "I work hard, enjoy my work

and my clients love me. Add to that mix the \$460,000 of annual income I earn. Our firm may not be perfect, but we're doing a lot of things right." And who can blame them? Affluence is a corrupting influence on succession planning.

### BUYER'S MERGER MARKET.

We all know about the frenetic pace of CPA firm mergers in the past 5-10 years. Until the past couple of years, countless numbers of firms rested easy when it came to an exit strategy. They reasoned that if they failed at succession planning, they could always execute a reliable fallback plan: sell to a larger firm. Well, things have changed dramatically in the past two years. A huge volume of sellers has flooded buyers with options, enabling them to cherry-pick the best and the brightest. More firms than ever before are being turned away by buyers. Exuberant confidence in being able to sell your firm as an exit strategy is today, often misguided. ■

[This article first appeared on the Rosenberg blog.]

Continued online at  
[www.CPAPracticeAdvisor.com/12435952](http://www.CPAPracticeAdvisor.com/12435952)

Marc Rosenberg, CPA, is a nationally known consultant, author and speaker on CPA firm management, strategy and partner issues.

### THIS MONTH'S TOP FIRM MANAGEMENT SOCIAL MEDIA POSTS

- 3 Ways Innovative Firms Can Prepare for the Future. **Wolters Kluwer blog.** <https://bit.ly/2TcJ22o>
- 5 Items You Need in Your Firm's Owners' Agreement. **AICPA Insights.** <https://bit.ly/2zaDpt8>
- How to Get Referrals to Build Better Clientele. **Canopy blog.** <https://bit.ly/2OH2rEZ>
- How to Redefine Your Firm's IT Strategy. **Firm of the Future.** <https://bit.ly/2Fohi7Y>
- 3 Tips for Teamwork in the Gig Economy. **ADP Spark.** <https://bit.ly/2RWz3wF>

## LATEST FIRM MANAGEMENT NEWS

**Program Propels Women Toward Partner Track.** Armanino has announced a new Executive Access Program that pairs high-potential female managers with firm executive committee members. [www.cpapracticeadvisor.com/12436529](http://www.cpapracticeadvisor.com/12436529)

**CPAs Urged to Embrace Continuous Transformation.** The proliferation of cloud, mobile, and new and converging technologies, is leading to collection of massive amounts of data. [www.cpapracticeadvisor.com/12436190](http://www.cpapracticeadvisor.com/12436190)

**CLA Acquires Texas Accounting Firm MWA.** The Dallas-Fort Worth firm is one of the area's leading business advisory firms. [www.cpapracticeadvisor.com/12435959](http://www.cpapracticeadvisor.com/12435959)

**How to Increase the Odds of a Successful Accounting Firm M&A.** Managing the transition of clients will require extra effort. Poor communication can result in missed details, mistakes, billing disputes, loss of clients, and even malpractice claims. [www.cpapracticeadvisor.com/12435377](http://www.cpapracticeadvisor.com/12435377)

**EY Adds Digital Learning Organization to Firm.** The team expands EY's resources providing digital learning and training services to clients. [www.cpapracticeadvisor.com/12435523](http://www.cpapracticeadvisor.com/12435523)

# Welcome to the Redesigned QuickBooks Global ProAdvisor Program

**FINDING WAYS TO differentiate your firm in a crowded, competitive marketplace and discovering innovative ways to market your services can be challenging. After all, your focus is usually on staying up-to-date on the latest technologies, managing deadlines, and serving your clients as trusted advisors, rather than spending more time on marketing and sales.**

Welcome to the redesigned Intuit Global QuickBooks ProAdvisor® Program. For more than two decades, the ProAdvisor Program has provided training, support, and discounts to accounting professionals to help them grow their firms and expertise. As of November, there were more than 400,000 ProAdvisors around the world, with more being added every day.

“Our goal is to create a partner program that recognizes and supports our accountants so they can accelerate

their growth within Intuit’s ecosystem,” says Julie Chen, Global Leader for the QuickBooks ProAdvisor Program, Intuit QuickBooks. “We recognize the value accountants bring to their clients and to the profession – and want to make it even easier and more rewarding to participate in the ProAdvisor Program.”

Over the past year, Intuit has actively sought feedback from ProAdvisors via one-on-one interviews, surveys, focus groups and in-person events to learn how the program can help them face the challenges of today’s ever-changing global accounting landscape. As a result, the ProAdvisor team has made some dynamic changes in order to better partner with accounting pros to help further their success and growth:

## NEW POINT STRUCTURE

Now, there are more ways to move up the tiers, and unlock new and better benefits. The program was recently revamped to a points structure that recognizes more of the work you already do. Moving from just counting QuickBooks Online clients and certifications to climb up the tiers, you’ll now be granted points for all your current and new QuickBooks accounting, self-employed and payroll clients, plus active certifications. If you are part of a team under the same QuickBooks Accountant firm, all your points will be

aggregated together to help you move up the tiers more quickly. Over time, the program will add even more ways to earn points.

Based on your firm’s total points balance, you will be placed in one of the four tiers: Silver, Gold, Platinum (previously known as Diamond) and the newest tier, “Elite.” The Elite tier recognizes and rewards the most engaged firms by offering all the benefits of the previous tiers, and then some.

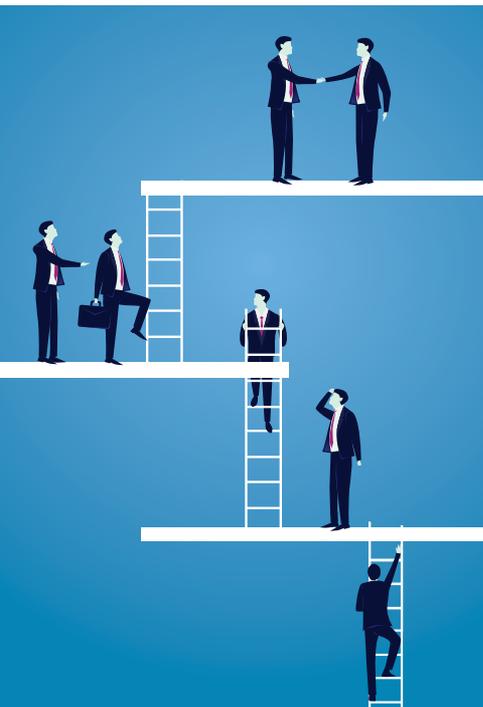
## ADDITIONAL BENEFITS

As a result of the redesigned program, you will not lose any of your existing benefits you had prior to the new program change, and these changes will not impact your Find-a-ProAdvisor listing. In fact, Intuit has actually added more benefits across all the tiers.

- Special ProAdvisor discounts for Constant Contact™ to help you develop deeper connections with your clients through regular email campaigns.
- Access to the new ProAdvisor Merchandise Store so that you can showcase your expertise with QuickBooks gear, including jackets, hats, drinkware and more.
- Access to the new Intuit Marketing Hub (<https://intuit.me/hub>) to tap into Intuit’s expansive library of marketing resources, guides and templates.
- Expand your online presence and attract new clients with award-winning Square Space web page builders, available at a discount.
- In addition, Intuit is also adding more training offerings, including access to Master Classes and Grow Your Practice workshops.

For more information, go to [www.firmofthefuture.com/content/proadvisor-benefit-launch-faqs](http://www.firmofthefuture.com/content/proadvisor-benefit-launch-faqs). ■

The ProAdvisor  
Spotlight is sponsored  
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# 2019 EXECUTIVE PREDICTIONS & YEAR IN REVIEW 2018

# intuit®

## Q&A with Ariege Misherghi

### HOW ARE THE EXPECTATIONS FOR ACCOUNTANTS CURRENTLY EVOLVING?

With the mass adoption of cloud technologies and the emergence of a generation of business owners who grew up in the Internet age, comes a shift in expectations for bookkeepers and accountants. We live in an era where the answer to any question is at our fingertips. It follows that small business owners increasingly expect instant answers about the state of their business from their accountants. Clients now expect accounting professionals to help them make sense of their business's data in real-time. They are looking for concrete guidance and want their accountant or bookkeeper to give them targeted advice to help them grow. No longer are accountants just the stewards of data. They must understand, analyze and interpret the data to deliver actionable insights. More and more, small businesses expect instant answers and for accountants to help them make sense of the numbers, so they can make informed decisions.

To do this, accountants must embrace technology innovations including the cloud, automation and third party apps – eliminating low-level tasks such as data entry – to free up more time for strategic counsel.

### HOW DO ACCOUNTANTS FEEL THEY ARE RESPONDING TO THE SHIFTING EXPECTATIONS OF SMALL BUSINESSES?

Nearly half of accountants are concerned with their ability to adapt to their clients evolving needs, and more than half are concerned about keeping

up with new technology developments. Additionally, many small businesses agree with this sentiment – half think their accountant is more reactive than proactive, and one third say their accountant doesn't provide advice on how to grow.

Accountants know in order to thrive in the future, they need to embrace technology and become strategic advisors to their clients – proactively providing the guidance that will empower their small business clients to grow and succeed.

### HOW IS INTUIT EMPOWERING ACCOUNTANTS TO DELIVER INSIGHTS TO THEIR SMALL BUSINESS CLIENTS?

Machine Learning, Artificial Intelligence, natural language processing and seamless data integration enable us to develop and deliver capabilities within QuickBooks that can help accountants proactively provide insights and strategic advice to their small business clients. One example is Project Profitability – a new offering that integrates QuickBooks Online, TSheets and QuickBooks Online Payroll data and allows project-based businesses to view each job's profitability. With a breakdown of income, costs and payroll, accountants can analyze data in QuickBooks to identify opportunities to increase profitability and work with their clients to implement solutions.

Other solutions, in development, include using natural language processing to transform emails from clients into tasks within QuickBooks Online Accountant Practice Management to help accountants and book-

keepers manage all their work and all their tasks in one place.

### HOW WILL INTUIT CONTINUE TO BUILD ON THIS IN THE FUTURE?

With the largest small business ecosystem in the world, Intuit is uniquely positioned to help elevate accountants to the role of strategic advisor. One way we see that happening is by leveraging aggregate data of the 3.6M small businesses in our ecosystem for the prosperity of every SMB client through benchmarking.

Imagine a world where an accountant can log in to a client's account and not only see how the client is performing, but also understand how they are performing relative to other businesses like them. By leveraging this information in aggregate, accountants have access to data that will give clients a leg up, data they can't get anywhere else. Data like – how receivables and payables are performing relative to other similar companies – which are defined by the accountants based on the factors he or she selects as most relevant.

Not only can Intuit show accountants these benchmarks, but it can also let accountants generate emails with their own advice, or recommended actions from QuickBooks, to share with clients.

Experiences like this position accountants firmly in that role of advisor and enable them to expand the range of services offered – evolving to meet the shifting expectations of small business clients. ■



**Ariege Misherghi**

Leader, Accountant Segment, Intuit

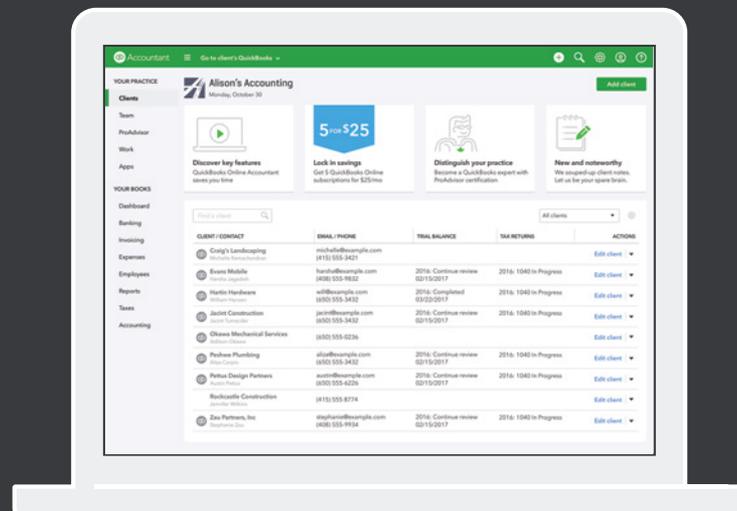
Ariege Misherghi is the leader of the Accountant Segment within Intuit's Small Business Self-Employed Group. As Accountant Segment leader, Ariege is responsible for accountant-facing products and services, including QuickBooks Online Accountant and the Global QuickBooks ProAdvisor Program. She is a customer-focused, creative product leader who is committed to the customer experience and has a passion for solving the tough and unique challenges accountants face. During her time at Intuit, Ariege has been instrumental in driving product innovation within QuickBooks Online Accountant used by accounting professionals worldwide to help grow their firms and better manage their practices, allowing them to focus on being strategic advisors to their clients.

# QuickBooks Online Accountant



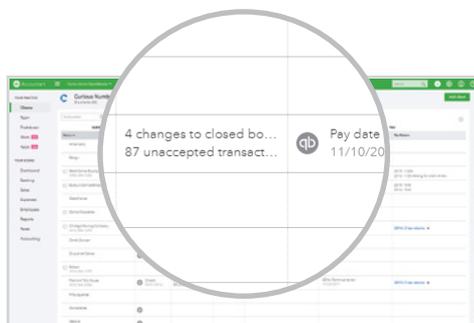
## Save time and help your clients succeed!

Sign up for **QuickBooks Online Accountant** at [quickbooks.com/QBOA](https://quickbooks.com/QBOA) to get started.



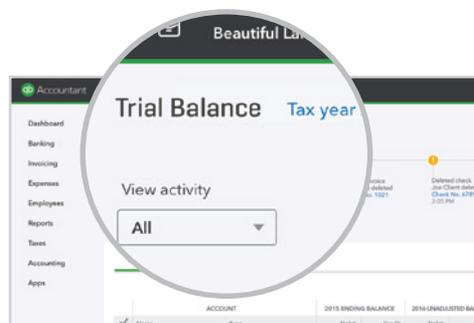
## The most efficient way for accountants to manage their clients' books

See at a glance what you need to do each day, jump into the most important tasks with a single click, request and review documents, and access your most-used tools—all in one place.



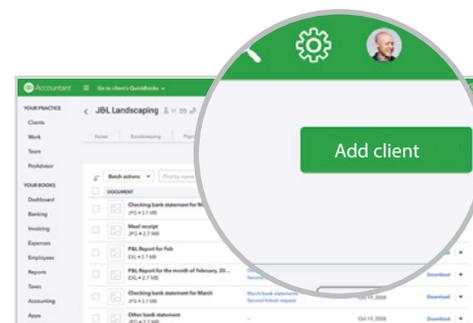
### Work more efficiently

See exactly what you need to do for all of your clients, all in one place, with the Client Dashboard. Then complete your tasks—fast—with one-click access to each of your clients' books.



### Deliver faster service

Access your most-used tools including batch reconciliation, reclassify transactions and complete trial balance from inside any client's books, with a single click in the **Accountant Toolbox**.



### Offer even more value

You and your clients benefit from accountant-exclusive savings of 50% off the MSRP of QuickBooks Online for the life of the subscriptions with wholesale pricing.<sup>1</sup>

1. 50% off the then-current MSRP for QuickBooks Online Essentials or Plus for the life of the subscription when you sign up for wholesale pricing. Full terms and conditions available in QuickBooks Online Accountant.

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# 2019 EXECUTIVE PREDICTIONS & YEAR IN REVIEW 2018



## Q&A with Ben Richmond

### HOW WELL DO YOU THINK THE ACCOUNTING INDUSTRY IS ADAPTING TO CHANGES IN TECHNOLOGY?

Overall, the industry is doing a good job of integrating new tech in a way that helps accountants deliver more value to clients, and helps practices become more efficient. For the past year, we've seen a constant drumbeat of headlines about how tools like artificial intelligence and machine learning are going to rapidly transform the industry. Some of these headlines are negative — they suggest that somehow technology will replace the work done by accountants. Others are incredibly positive, describing how firms will be instantly capable of transitioning from compliance to advisory services. I believe that the best way to think about new technology sits somewhere between these two extremes. There are very positive ways firms can leverage technology, but it's absolutely essential to think through all of the implications before jumping in.

### HOW DOES NEW TECHNOLOGY IMPACT THE WAY ACCOUNTANTS WORK WITH THEIR CLIENTS?

In order to have a positive impact, technology must help accountants collaborate more closely with their clients. At Xero, we have a guiding principle that everything we build must put people first. We want to enable accountants and their clients to work more seamlessly together by making it easier to share data, uncover insights, and plan for the future. So, we're working hard to make sure Xero can automate the flow of data across a small business, but we

also know that true value is created only when an accountant helps the small business make sense of that data. Small businesses understand this better than anyone — we recently conducted research that found that 72 percent of small businesses would still use an accountant even if they had an app using AI that could automate all of their accounting needs.

### WHAT WAS THE MOST OVERRATED TREND OF 2018?

The most overrated trend is what I like to call the “compliance apocalypse” — the idea that the rise of cloud accounting means the end of compliance. This couldn't be further from the truth. Most cloud firms looking at their P&L will see their compliance revenue continuing to grow. Cloud platforms like Xero help make firms more profitable, regardless of whether they are still primarily focused on compliance, or have moved toward advisory. So, instead of the “compliance apocalypse,” I think people should be talking about “connected compliance,” where firms continue to deliver tax services, and then take the opportunity to show their clients all of the additional, value-add advisory services they can provide.

### WHAT'S THE MOST IMPORTANT TREND EVERYONE NEEDS TO PAY ATTENTION TO IN 2019?

One of the biggest trends we're going to see in the coming year is consolidation across the industry. This will play out on the practice level, where traditional firms will increasingly look to partner with the upstart cloud-based firms that have emerged over the last few years. This is a positive example

We recently conducted research that found that 72 percent of small businesses would still use an accountant even if they had an app using AI that could automate all of their accounting needs.

of how the industry is gradually absorbing the best thinking and most innovative business models that cloud technology enables. There will also be consolidation on the tech front, where big institutions, such as banks, will increasingly look to partner with innovative financial technology companies. Of course, Xero is already doing this, through our Financial Web strategy where we partner with banks to open up banking, lending, and growth opportunities to small businesses by making it easier to leverage their financial data. On both fronts, this shows that the industry is integrating new technology in a responsible, measured way. We have every reason to believe that 2019 will be an exciting year full of new possibilities for our industry. ■



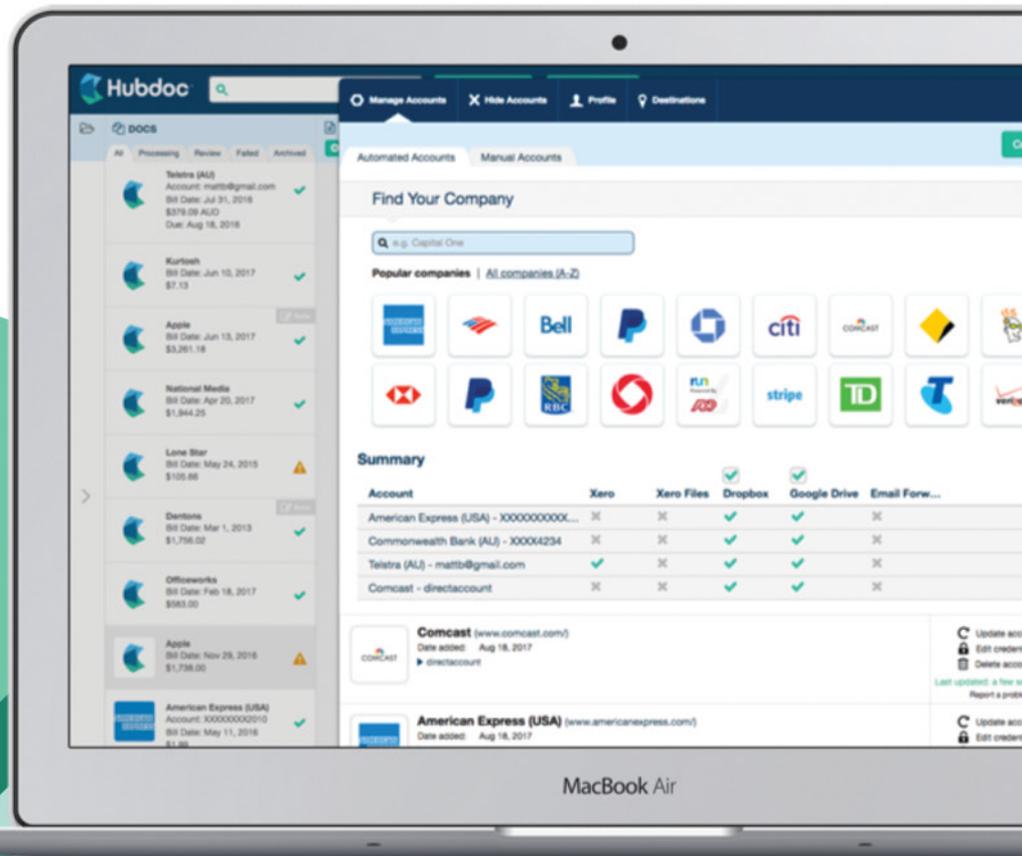
**Ben Richmond**

Vice President of Partner Sales, Xero

Ben is a chartered accountant and vice president of partner sales for Xero. He started his career in a large regional accounting practice before joining New Zealand's largest telecommunications company working on SEC compliance and investor reporting. Ben joined Xero in New Zealand in 2013, and is currently a member of the Americas leadership team leading Xero's growth channels across the US and Canada.

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## What's Next for **Online Sales Tax** and How to Prepare Your Small Business Clients *By Frank Fiorille*

**THIS SUMMER THE Supreme Court ruled that states have the authority to require businesses to collect online sales tax on purchases even if the business does not have a physical presence in the state. This decision has the potential to impact the way your small business clients conduct business online, but so far they may be unsure of how they need to adapt their e-commerce operations. If they come to you for advice on the topic, here's what to know:**

### WHAT DOES THE COURT'S SALES TAX RULING MEAN?

Previously, businesses were only required to collect sales tax in states where they operate physically. Some major online retailers like Amazon were already collecting sales tax nationwide, but many small- to mid-sized businesses were not to maintain a competitive edge.

A recent survey of retail businesses with fewer than 500 employees by Paychex reveals that small business retailers are largely split on how difficult it will be for their businesses to accommodate the pending changes to online sales tax, with 47 percent saying it will be difficult or very difficult and 53 percent indicating it will not be difficult at all.

For small businesses with an e-commerce presence, their compliance obligation may increase with every state that now chooses to collect online sales tax. But businesses with a brick-and-mortar only operation have always been required to collect sales tax and may be grateful that this decision levels the playing field between them and their online competitors.

The good news for online retailers is that it takes time for states to react to rulings like this one and make the necessary changes to enable the collection of a new tax. While some states have been readying their processes in anticipation of the ruling, most will have work to do before enacting any major changes.

### WHAT TYPES OF REGULATORY CHANGES SHOULD YOU AND YOUR CLIENTS LOOK OUT FOR?

Here are five areas accountants and small business owners should keep an eye on in the months to come:

- **Thresholds:** Some states already have, or will likely enact, thresholds above which the tax will be triggered; so, if a business' activity in a particular location is below an ordained dollar or transaction level, they may be exempt.
- **The Streamlined Sales Tax Agreement:** Twenty-four states currently participate in this agreement, which in addition to standardizing some of the supporting tax calculation and submission protocols also provides for free sales tax compliance software for retailers under certain circumstances.
- **Retroactivity:** Some states may be tempted to look to collect these taxes not only going forward, but retroactively.
- **Federal standardization:** Policy makers grasp how challenging it will be to stay on top of the multitude of state and local sales tax rules. As such, the Supreme Court ruling may prompt Congress to finally enact a standardized federal policy – though this may be politically unlikely for now.
- **Potential impact on general business taxes:** Some states don't levy income taxes on businesses without a brick-and-mortar location within their borders. This decision may spur these states

to reconsider that stance given the opportunity for incremental revenue.

### HOW CAN YOU HELP YOUR CLIENTS PREPARE?

Though some effects of this ruling are unknown at this time, you can help your clients take steps to prepare. First, assess impact, evaluating where the business' main out-of-state sales come from. This will give you and your client a sense of where to focus your compliance attention.

Your clients already have a head start by soliciting your guidance on this unfamiliar issue based on their specific business situation. An established software solutions provider may also be able to help in providing a comprehensive, easy-to-use, reasonably priced product and offering the resources needed to stay abreast of the wide, complex, fluid array of state and local sales tax requirements.

E-commerce allows businesses to reach corners of the U.S. that never would have been possible with a brick-and-mortar presence, but now that online channels are a major way – and in some cases the primary way – business is done, online sales tax is just one way federal and state legislators will work to regulate the industry. We can expect to see much more of this in the future as unique issues of e-commerce rise to the forefront. ■

*Frank Fiorille is VP of Risk Management, Compliance, and Data Analytics at Paychex, Inc.*



# States Are Hunting for **Sales Tax Avoiders**

By Gail Cole

**CLOSE TO 30 states have passed laws requiring out-of-state sellers to tax their sales into the state. How do state tax authorities know whether such businesses are collecting and remitting tax as they should?**

The onus is always on taxpayers to understand their tax obligations and pay the taxes they owe, in full and on time. Like the Internal Revenue Service, state tax authorities have teams of auditors devoted to enforcing sales tax compliance. Yet how do they find out-of-state companies that should have a sales tax permit, but don't? They go looking for them.

## DATA ANALYSIS

Data mining software is the newest, and perhaps most effective, tool states are using to uncover non-compliant taxpayers. For example, the New York State Department of Taxation and Finance uses in-house compliance data mining to select businesses for scrutiny. It scores, ranks, and classifies taxpayers "based on behavior, discovering new patterns of non-compliance [through] interactive access to and analysis of tax data." Data analysis doesn't do all the work, but it does help auditors target potentially non-compliant businesses.

States are increasingly turning to data analysis to uncover non-collecting remote sellers in the wake of

the Supreme Court's decision in *South Dakota v. Wayfair Inc.*, which overruled a long-standing rule that a state can impose a sales tax collection obligation only on businesses with a physical presence in the state.

Some states are even hiring third parties to unearth relevant data (e.g., credit card information) and generate leads. A data analytics company working with the Indiana Department of Revenue has identified at least 1,000 companies with potential sales tax collection obligations in the Hoosier State.

Connecticut, Illinois, Indiana, New York, Ohio, Oklahoma, and Pennsylvania have data mining systems in place; each is "using analyt-

ics to find out-of-state sellers that either aren't aware they owe tax or are shirking collection and remittance." Alabama, Nevada, South Carolina, Utah, and Wyoming are among the states striving "to make analytics a bigger part of their plans."

## AUDITORS ON THE MOVE

Although states have only recently gained the right to tax remote sales, they've long looked beyond their borders for businesses that could be shirking a tax obligation. State tax authorities routinely send auditors to other states, or hire auditors in other states, to find unreported sales and use tax revenue owed to them. Some even have their own offices in other states.

Auditors don't merely focus on businesses known to have nexus with the state. They frequently contact unregistered businesses — both in and out of state — suspected of having a tax obligation. They may start with companies known to have a high volume of sales nationwide, or they may simply select companies at random. Within a state's borders, auditors may even go door to door to educate taxpayers and identify scofflaws.

Tax authorities also obtain leads from their counterparts in other states. Regional information-sharing agreements can provide a fountain of information: For example, if the Massachusetts Department of Revenue learns Illinois-based Company X has substantial sales in Massachusetts, it's likely to pass that information on to tax officials in neighboring northeastern states. Auditors in those states would then investigate Company X.

Once a company has been identified as having a high volume of sales into the state, it's not difficult to determine whether it's collecting sales tax: Tax authorities can simply place an order and see if tax is charged as it should be.

## ECONOMIC NEXUS AND SALES THRESHOLDS

In *South Dakota v. Wayfair, Inc.*, the Supreme

Court found a remote seller's "economic and virtual contacts" with a state to be a sufficient basis for a sales tax collection obligation. Basing a sales tax collection on economic activity in a state rather than physical presence is known as economic nexus.

However, the court didn't give states carte blanche to tax remote sales as they please. It praised South Dakota's law for providing a safe harbor for small sellers: South Dakota's remote sales tax law applies to sellers with more than \$100,000 in sales or at least 200 sales in the state in the current or previous calendar year. All other states that have adopted economic nexus in the wake of *Wayfair* also provide an exception for small sellers, though not all mirror South Dakota's.

Businesses that sell across state lines need to know which states have remote seller sales tax laws like economic nexus, and when those laws take effect: Some are already being enforced, while others will take effect in December, January, or February. Sales into these states must be closely monitored: If/when they surpass the threshold, businesses need to register with the appropriate tax authority and start collecting and remitting sales tax according to state and local laws.

This can be challenging. Not only do states have different thresholds, but they include different sales in the threshold test. Some include all sales into the state, both taxable and exempt. Some include only taxable sales of tangible personal property; others include intangible property, and/or services.

Small and mid-sized businesses where employees frequently wear many hats may find it particularly challenging to know where and when they have a new obligation to collect sales tax. They may also be unaccustomed to coming under the scrutiny of tax authorities in distant states. Yet like it or not, that's the new reality in the post-*Wayfair* world. ■

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



## Should Employees Share Their Salary Information With Peers?

By Isaac M. O'Bannon, Managing Editor

Millennials (ages 18-37) are more likely than other generations to share their salary information with others, including coworkers, friends outside of work, romantic partners who they don't live with, and family members other than their spouse, according to a new Bankrate.com report.

The contrast is especially stark when compared to Baby Boomers (ages 54-72):

- One in three Millennials have shared their salary information with a coworker, compared to 18% of Baby Boomers.
- Nearly half (48%) of Millennials have told their salary to a romantic partner who they didn't live with, versus 29% of Baby Boomers.
- Fifty-eight percent of 18- to 37-year-olds have told a friend how much they make, compared to 33% of Baby Boomers.
- Almost two-thirds (64%) of Millennials have told a family member other than their spouse their salary, compared to 43% of Baby Boomers.

"Sharing your salary information has long been

to others can be helpful."

Overall, just under 1 in 4 Americans (24%) has divulged his or her pay to a coworker. Men are more likely than women to have done so (29% vs. 20%), as well as those with higher income and education levels.

Shockingly, 31% have never told a live-in romantic partner how much money they make. This includes nearly 1 in 5 (19%) who are currently married or living with a partner. Lower earners and the less educated are the most likely to have withheld this information in a serious relationship.

Meanwhile, 38% have disclosed their salary to a non-live-in romantic partner, 44% have told a friend and 54% have shared with a family member who is not their spouse.

"Not telling your friends how much you make is one thing, but failing to share that information with a significant other could be a bad idea," added Dixon. "When you're setting short-term or long-term financial goals, it's impossible to be on the same page if you're not open and honest about how much money is coming in."

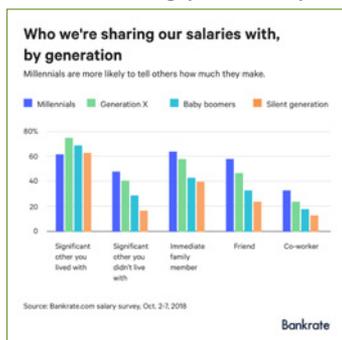
This study was conducted for Bankrate via landline and cell phone by SSRS on its Omnibus survey platform. Interviews were conducted from October 2-7 among a sample of 1,017 respondents. The margin of error is +/- 3.72% at the 95% confidence level. SSRS Omnibus is a national, weekly, dual-frame bilingual telephone survey. All SSRS Omnibus data are weighted to represent the target population. ■

Continued online at

[www.cpapracticeadvisor.com/12435378](http://www.cpapracticeadvisor.com/12435378)

### THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- How to Negotiate Salary Without Sounding Entitled. **AFWA blog.** <https://bit.ly/2T6ldrP>
- 101 Ways to Make More Money. **Forbes.** <https://bit.ly/2DkRjeY>
- Why Gender Pay Inequality is Holding Businesses Back. **ADP Spark.** <https://bit.ly/2z7Q4wY>
- 7 Ways to Improve Employee Relations. **SwipeClock blog.** <https://bit.ly/2DGnxCD>
- 7 Ways Women Can Advance Their Careers. **AFWA blog.** <https://bit.ly/2qQAamh>



considered taboo, but that notion could be changing, especially among young adults," said Bankrate.com analyst Amanda Dixon. "When you're ready to ask for a raise or negotiate your salary at a new job, knowing how much you're earning relative

## LATEST PAYROLL NEWS

### Why Tech Needs More Women Leaders.

Women hold more than half of the accounting and auditing positions in the U.S., but just 12.5 percent of CFO positions in Fortune 500 companies.

[www.cpapracticeadvisor.com/12435664](http://www.cpapracticeadvisor.com/12435664)

### ADP Enhances Integration with QuickBooks.

The new feature also enhances the interface with many other popular accounting software platforms.

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### 401(k) Limit Increases to \$19,000.

In 2019, the limits increase for participants in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan.

[www.cpapracticeadvisor.com/12435437](http://www.cpapracticeadvisor.com/12435437)

### Square Payroll Adds Benefits Offerings for SMBs.

Allows small businesses to integrate health insurance, retirement savings and other benefits into payroll system.

[www.cpapracticeadvisor.com/12436708](http://www.cpapracticeadvisor.com/12436708)

### ScaleFactor Partners with Gusto for Payroll and HR.

The partnership delivers an integrated and automated accounting experience, enabling businesses to sync Gusto payroll and benefits data.

[www.cpapracticeadvisor.com/12435517](http://www.cpapracticeadvisor.com/12435517)

# Food & Drink

THIS MONTH'S APPS We Love takes us into the holiday season with favorite apps that focus on food and drink. We surveyed members of the *CPA Practice Advisor* community along with scouring the Internet to learn which apps you can rely on to keep the social planning headaches at bay. Here's what we found out.

Let's start classy with **Modern Classics of the Cocktail Renaissance** (iOS only – and it costs \$9.99). Yes, there's a charge for this app, but if you want to wow your party attendees with the finest cocktail recipes of the ages, compiled by *New York Times* drinks writer Robert Simonson, you can't get more authoritative than this. The app is searchable by cocktail or by spirit (indicate what you've got in your cabinet and the app will find you the drinks you can make), you can annotate with your own thoughts and experiences, and the app syncs to other food and drink apps operated by Martin Doudoroff, one of the leaders of the classic cocktail renaissance.



Turning to food, when looking for anything food related, **Christine Boeckel**, deputy editorial director for state tax at Bloomberg Tax, turns first to **Wegmans** via their mobile/tablet-friendly website or their app. "I love that Wegmans has beautiful and delicious recipes that are focused on nutrition. Their seasonal recipes and a wealth of other recipes are easily accessed and breathe new life into traditional dishes. All food products and recipes include nutritional information, a shopping list, and easy-to-follow directions for preparation." Note also that you can click on an ingredient in any recipe and you will have the opportunity to add that item to your shopping list. Even if you don't have a Wegman's store near you, you can use the list anywhere.



**Kacee Johnson**, founder/CEO of Blue Ocean Principles, recommends **Paprika** (\$2.99) to manager her food and drink recipes. Not to be confused with the Paprika payment app, Paprika for Food and Drink, "allows me to pull in any website or Pinterest recipe and OCRs the data to be in a better cooking format as well as categorizes recipes for me."



**Mark Brooks**, associate director of innovation and strategic partnerships at the AICPA, has three recommendations for us. "**OurGroceries** is a super easy grocery shopping list that synchronizes with other devices. I use this with my wife to maintain one universal grocery list for our family. **Vivino** is a wine app that helps keep track of favorites. A nifty feature is that it can scan a restaurant menu to help you pick a great wine! And **StreetFoodFinder** – If you love food trucks, this app helps find where and when your favorites are open locally."



Several members of our community turn to **OpenTable** when they're heading out for a dining experience. "I like the brief info and ability to look at multiple choices, and ability to feel comfortable about last minute reservations," said **Will Hill**, manager, training consulting & implementation services, Thomson Reuters.

**Matt Donaldson**, head of channel sales at Expensify, is also a fan of OpenTable. "Living in San Francisco means I will probably never be able to try all of the various options for food. I use OpenTable to make reservations and try to do it at a new place each time."

"I'm a huge fan of OpenTable for making reservations and **Yelp** for reading reviews. For nutrition I usually stick to **MyFitnessPal** for calories and estimates at restaurants," said **Melisa Galasso**, director in the audit professional practices group at Cherry Bekaert LLP and owner of Galasso Learning Solutions.



**Damien Greathead**, vice president – global accountants' programs at Receipt Bank, also

likes **MyFitnessPal** – "Because it helps me make better decisions before I bite into that 1,000+ calorie salad." In addition, he recommends **Joule: Sous Vide**, "For perfect medium rare steak guaranteed," and **Vivino**, "To keep track of great bottles of wine so I can order from the wine shop later."



**Sandra Wiley**, president of Boomer Consulting, recommends **OpenTable**, the **WW – Weight Watchers** app, ("It's a killer app!"), and **Eat This, Not That!** – the gaming app. "It's a fun game that teaches you about smart choices."



**Richard Roppa**, intellectual handyman at Quasar Cowboy Consulting, told us, "As a self-proclaimed idiot in the kitchen, and who has recently taken on a more natural approach to eating (I am eating nothing I cannot pronounce, and trying very hard to stick to only organic options), I have found **BigOven** to be extremely helpful in the creation of exciting dishes that leave people amazed at my new found love of cooking. What I really love more than that is the easy organizational flow. I can file recipes, work with a leftover tool (aka "what the heck can I make with these things I found in the fridge?"), and manage my grocery lists. I am so happy to have found this app and recommend it highly. Almost immediately I paid the premium membership of \$20 which extended my ability to sort recipes by dietary restrictions and, more important, dietary favorites."



Finally, **Jackie Meyer**, CPA, owner of Meyer Tax Consulting, recommends **Find Me GF**. "Even if I'm not on an official gluten free diet, it helps to see what restaurants around me offer those items and presumably healthier stuff." ■



Each month we explore the advantages and challenges of developing and growing a niche practice. This month we're examining what it takes to serve the niche of childcare businesses.

## How to Market to Childcare Businesses

By Becky Livingston

WHILE WORD OF MOUTH and referrals are still the best marketing tools for you, here are some additional tactics you can use to market your firm to in-home day care clients.

Before you consider the tools you're going to use in your marketing plan, it's important to think about the five "w's" and the "h."

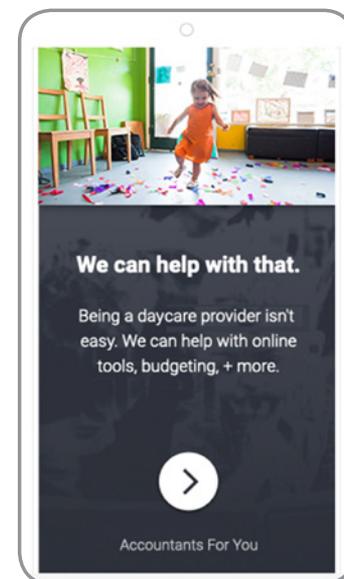
- Who is your target market?
- What services are you going to market?
- Where is the target market located?
- When should you send marketing messages to them?
- Why are you sending them information in the first place?
- How do you plan to engage with them?

While you're developing answers to the above, also consider your competition. What are they doing in the space? How are they doing it? What easily-accessible tools are they offering that

you can also offer or can you provide better solutions?

If you are finding it difficult to locate a good resource of in-home care providers, consider speaking with one of these groups to help get your message distributed:

- Child Care Resource and Referral Agencies (<https://bit.ly/2PSwV8L>), which helps parents find child-care programs. There are service providers in many cities across the U.S. that host workshops, send out newsletters, and often share a list of tax preparers with their email list when requested.
- Child and Adult Care Food Program (<https://bit.ly/2nsurQc>) sponsors



in this organization host a number of workshops and publish several newsletters each year.

### ADDITIONAL EFFORTS

In addition to the above, consider the following plan of attack as well.

### RESOURCES FOR THE CHILDCARE SERVICES ACCOUNTANT

- How to Run a Daycare: 10 Tips for Long-Term Success. <https://bit.ly/2ztJEbk>
- Home Daycare Tax Deductions. <https://bit.ly/2SgjOPa>
- Tax Guide from the National Association of Family Childcare. [www.nafcc.org/taxes](http://www.nafcc.org/taxes)
- Risk Management Tips for Child Daycare Centers. <https://bit.ly/2BBRLnJ>



## Benefits of Enhancing Daycare Record Keeping

TIME-CONSUMING ADMINISTRATIVE TASKS like staffing, daily planning, and payment collection can slow a daycare down and, at times, even grind the operation to a halt. Keeping physical records is likely the norm for no other reason than that it is how the business has always done it. But, there are valuable daycare solutions available that make digitizing business records a breeze.

Making sure that the daycare's record keeping strategy is simple, efficient, and accurate is an essential part of every center, simply because it has a ripple effect. With a more organized record keeping system in place, everything else that comes with the territory of operating the business will become a little easier.

Helping your daycare clients improve their organizational capabilities can be a challenge. In this article, I will explore what makes improving

these capabilities so valuable, and what the organizational benefits can be.

### DIGITIZING DAYCARE RECORD KEEPING

Going paperless is a direct route to simplifying business processes, and it's the environmentally conscious route as well. Over time, the daycare will become more complex. This may be due to handling more students and families, expanding staff, and/

or becoming more entrenched in the business of child care. Committing to moving records to a digital format with record keeping software will improve efficiency and compliance while accounting for all students.

On a day-to-day basis, the main focus of your client's daycare center is to provide the best care for the kids. However, keeping your daycare organized from top to bottom gives the owner more time to focus on what matters. For this reason, we've outlined the major ways that better organization of records can improve the business.

### 8 BENEFITS OF ENHANCING DAYCARE RECORD KEEPING CAPABILITIES

By using record keeping software, management can effortlessly keep

Building Your Niche Practice is sponsored by Intuit QuickBooks.



- Conduct workshops or seminars at local meetings or regional/state conferences.
- Write and submit articles in local papers, magazines, and online resources. Help A Reporter Out ([www.helpareporter.com](http://www.helpareporter.com)) is a great place to start. By subscribing to a variety of their news feeds, you will receive notices from reporters looking to fill a void in their story. You may be quoted, interviewed, and/or published.
- Offer to be a local resource on tax and small business matters through your chamber of commerce, hospitals, physicians offices, and more.
- Get involved with the local chapters or groups of members to learn more about their business, their pain points, and their concerns.
- Create content for your website that is easily consumable on a mobile phone, such as tip sheets,

monthly tax due date calendars, tax tips, budgeting, software tips, and more. The goal is to keep it short and simple. Once created, also share the content on social media and in your emails. Remember to add hashtags on social media profiles to draw in readers, such as #daycare, #familydaycare, #childcare, #accountant, #taxpro, and #business.

- Facebook and Instagram are your best social media platforms for this industry's demographics.

△ On Facebook, consider creating a group page within your firm's business page to provide this audience with access to content related only to their industry, needs, and circumstances.

△ On Instagram, connect with healthcare and daycare agencies, as well as individuals, and share important tips, downloadable

content, and information. Create a unique account for your firm's Day Care service line that will allow you to link directly to their content on your website versus a generic account with a link to your site's home page.

- Online advertising is also a good option, whether on a search engine's display ad network or on social media. Avoid wasting time and money on text ads. Rather go for the display network with managed placement that allow you to put graphic ads on relevant websites your target market is viewing. Find the research using Google's or Bing's Ads network.

- Need more time in your day? We can help with that.

- Being a daycare provider isn't easy. We can help with online tools, budgeting, + more. Make an evening appointment with us. 1-555-555-1212. [www.YourAccountingFirm.com](http://www.YourAccountingFirm.com)

Do you want to learn more about what child-care demographics and data look like in your state?

View the Child Care Aware "2018 State Fact Sheet (<https://bit.ly/2PSwV8L>) or the interactive map [www.childcareaware.org/resources/map/](http://www.childcareaware.org/resources/map/).

Now that you have a start, keep your notepad handy to help you formulate the plan. ■

*Becky Livingston has over twenty-five years' experience in marketing and technology in financial services and engineering firms. She is the President and CEO of Penheel Marketing.*

## SAMPLE ONLINE AD

Creating ads that will resonate with your clients will be key. Here is sample text to help grab their attention.

track of staff, the children, and their parents, but the benefits go beyond that. We have identified eight benefits daycare centers should consider when thinking about making the switch to digital.

### 1 ADAPT TO CHANGES

Situations for parents and children change all of the time. By centralizing this information, the center can prevent things from slipping through the cracks. As a result, management will be more in-tune with the needs of both the parents and their children.

### 2 KEEP EVERYTHING SAFE & SECURE

Not only does keeping paper files take up space, but it also leaves all of the records vulnerable to being misplaced or other outside forces that could put them at risk. Keeping these records backed up with software ensures that everything is safe and secure.

### 3 GET EASY ACCESS TO RECORDS

Record keeping software allows for multiple users at once, meaning authorized staff can access records simultaneously. It will be easier than ever to comb through enrollment, schedules, and other notes.

### 4 INCREASE PRODUCTIVITY ACROSS YOUR CENTER

By spending less time on keeping your records in order and avoiding having to dig through paperwork to find what you're looking for., productivity increases. With the right record keeping software, there will be less of a strain on staff, and noticeably improved workflow.

### 5 SAVE SPACE & REDUCE CLUTTER

This is one of the simplest and most obvious benefits of going digital with business records. It can open up space for more activities and as

a whole, the daycare will be more organized and easier to manage.

### 6 TAKE AN ENVIRONMENTALLY FRIENDLY APPROACH

Not only is going paperless a direct route to simplifying business processes, it's also the environmentally conscious route as well. Did you know that the average office worker uses ten thousand sheets of paper each year? A daycare can do its part to limit its environmental footprint by adopting record keeping software.

### 7 KEEP UP WITH THE COMPETITION

Child care is a competitive space and centers are constantly looking for ways to improve their operations. Adjusting business processes for record keeping is something that can make a child care center more desirable, and everyone involved will benefit from this.

### 8 MAKE PLANNING EASIER

Historical records around current class size, child/teacher ratios, etc. will provide management with the information they need to more effectively plan both short term and long term strategies. Record keeping software allows for a bird's eye view of the daycare, which helps make the appropriate decisions to ensure that it continues growing.

## FINAL THOUGHTS

Renewing emphasis on record keeping will make a daycare run smoother, and help it grow as a provider. I hope that these benefits are taken into consideration, so that daycare centers can have more time to focus on developing the children in their care while effectively managing the paperwork that comes along with it. ■

*This article first appeared on the Procare Software blog. Procare offers technology solutions for more effectively managing childcare businesses. [www.procaresoftware.com](http://www.procaresoftware.com)*



**PAUL McDONALD**

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## 2018 Hiring and Compensation Trends for Accounting Firms

THE HIRING MARKET continues evolving, including with new skills in demand and positions being transformed. Unless public accounting leaders stay on top of current and emerging trends, they'll see their recruiting and retention efforts suffer.

Following are six trends hiring managers in public accounting need to know, as identified by research for the 2019 Robert Half Salary Guide for Accounting and Finance Professionals.

**1. Competition for candidates is fierce.** According to the U.S. Bureau of Labor Statistics, the unemployment rate is currently at 3.7 percent, the lowest level since December 1969. For accountants and auditors, unemployment is under 2 percent, which means accounting firms are fishing for candidates in an extremely small and shallow pool.

In this research, more than nine in 10 finance executives (91 percent) reported challenges finding skilled professionals to fill open positions. In response, managers are adapting hiring practices to new realities.

**2. Salary expectations are rising.** One of the effects of a competitive hiring market is skilled staff expect higher wages. Forty-six percent of U.S. workers responding to a Robert Half survey say they're underpaid in their position. Given the shortage of candidates in accounting, top performers who feel unfairly compensated won't have much trouble landing a new position at a firm that will pay them what they're worth. Smart managers make it a habit to benchmark salaries so 1) top performers won't be tempted to look elsewhere and 2) they can attract more highly skilled staff. Consult industry resources such as professional association reports and the Salary Guide for trends affecting your hiring.

**3. Organizations use extras as a retention tool.** Salaries aren't the only item you need to benchmark. As important as money is, it's typically not enough to attract and keep top performers. Leading public accounting firms not only offer attractive salaries, they also give their teams bonuses and more vacation days, as well

as perks ranging from flexible work schedules to social events.

Central to an effective perks package is including the ones people want, but the Salary Guide research found a disconnect between what professionals value and what organizations provide. For instance, compressed workweeks and telecommuting ranked second and third for workers but are offered by fewer than one in five employers.

Regularly check in with team members, whether one-on-one, in staff meetings or in employee surveys, about what they seek. Delivering on the most desired perks will help you both retain current top performers and hire new ones.

**4. Job descriptions have become more flexible.** In today's environment, you'll be waiting a long time if you expect to find a candidate who can meet all of your hiring criteria. Accounting firms help themselves by instead looking for candidates possessing the most critical skills and then providing new employees the training needed to succeed on the job. This strategy results in a larger pool of candidates and serves as a valuable recruiting tool. Your future employees, especially top accounting students, look for businesses that are generous with professional development.

**5. Accounting firms embrace a flexible staffing model.** A company can better control costs when its managers can quickly staff up and down as demands change. That's why so many businesses use a mix of full-time and interim staff. Core

team members take care of day-to-day tasks, while specialized consultants and temporary professionals handle the extra load and work on critical projects when in-house staff lack the requisite skills or capacity.

**6. Technology takes center stage.** Accounting firms will always need accountants well-versed in the latest tax laws and compliance requirements. But with the digital transformation of accounting, the need for technological proficiency continues to rise.

Firms seek candidates equally comfortable examining a client's financial records and advising on business systems. With the increasing need for IT expertise in accounting, get ahead of the challenge by providing employees with training and exposure to technology projects.

No matter how much the hiring market changes, one thing remains constant for public accounting firms: They need talented accountants, auditors and analysts. Building a strong team depends on first understanding the latest hiring and compensation trends, and then using that information to constantly improve your recruiting and retention. ■

*Paul McDonald is senior executive director at Robert Half, the world's first and largest specialized staffing firm. He writes and speaks frequently on hiring, workplace and career-management topics. Over the course of more than 30 years in the recruiting field, McDonald has advised thousands of company leaders and job seekers on how to hire and get hired.*



## How Businesses Can Combine Data and Systems Into a **Winning Strategy**

By Greta Guest

Most managers want to base their business decisions on solid information, but that's not always easy. It can be challenging to figure out exactly what data you should compile and how you can best use it.

Michigan Ross Professors Gwen Yu and Christopher Williams say that managers should focus on using data to establish a system that promotes long-term value creation.

"What you measure changes people's incentives. Companies cannot, and should not, measure every activity inside the firm," Yu said. "When deciding what to measure, the first thought they should have in mind is, 'Will this create long term value? How will this change human behavior? And what will be the consequences?' We want to provide a framework for how to think about that specific problem."

Too often, managers fail to ask the right questions and end up using data they shouldn't. "I could be incentivizing my employees to do the wrong things, because I'm tracking the wrong measurements. For example, if I focus too much on compensation contracts, it might kill creativity. So I might not even want to use the data that I've got," Williams said.

To that end, Williams and Yu have developed a new Michigan Ross Executive Education program, "Leading in the Age of Data: Analytics for Strategic Decisions". The intensive five-day course provides managers with

a framework for how to effectively use data, hands-on experience in putting the theory into practice, and specific guidance to put the principles in action back at work.

"Providing the framework is important, because I think now you've just got a data frenzy," Williams said. "People often think more data is better, but too often they really haven't thought about how to use it."

The program helps managers decide what they should be measuring to produce desired outcomes, then challenges them to go through the process so they emerge with a plan to implement what they've learned once they return to work.

"You get to practice a little bit, try it out in a controlled setting, and then you go into a simulation, where you're actually going to implement these things in a market setting," Yu said.

The program is unique among top executive education programs, Williams said: "No other school goes through the same process of, 'Let's show you, lead you in practice, and then help you implement.' No one else offers this kind of cohesive program." ■



*Greta Guest is a writer at the Univ. of Michigan Ross School of Business.*

### THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

- **Motivating Your Most Creative Employees.** **Harvard Business Review.** <https://bit.ly/2OzAuit>
- **5 Simple Tweaks to Become a More Successful Manager.** **Forbes Small Business.** <https://bit.ly/2qOapTn>
- **Keeping Your Small Business Safe.** **SurePayroll blog.** <https://bit.ly/2RWC3sZ>
- **Why It's Important to do a Year-End Inventory.** **Paychex Worx.** <https://bit.ly/2zVB4S7>
- **Fostering Wellness in the Workplace.** **Xero blog.** <https://bit.ly/2z8uDL6>

## LATEST SMALL BUSINESS NEWS

**What Small Businesses Want From Accountants.** Small businesses want help from accountants on strategic planning and financial forecasting. [www.cpapracticeadvisor.com/12435474](http://www.cpapracticeadvisor.com/12435474)

**Small Business Owners Optimistic on Economy.** Among business owners, their overall business outlook and view of the U.S. economy is trending up since the last report. [www.cpapracticeadvisor.com/12435380](http://www.cpapracticeadvisor.com/12435380)

**Third of Businesses Suffer Supply Chain Crime.** We're seeing a growing awareness among executives that blockchain could be worth exploring as it can offer a new way to mitigate the possibility of supply chain fraud. [www.cpapracticeadvisor.com/12435728](http://www.cpapracticeadvisor.com/12435728)

**Holiday Retail Spending Expected to Increase 4.1%.** Consumers say they will spend an average of \$1,007.24 during the holiday season this year. [www.cpapracticeadvisor.com/12436378](http://www.cpapracticeadvisor.com/12436378)

**Retail Imports See Drop Ahead of Increase in Tariffs.** Imports at the nation's major retail container ports have slowed down from their pre-holiday peak. [www.cpapracticeadvisor.com/12436376](http://www.cpapracticeadvisor.com/12436376)

# 2018 Year-End Payroll Checklist *By Mike Kappel*

ONE YEAR IS ending and another is beginning. It's a time for wrapping tasks up and starting new things. This includes your payroll. At the end and beginning of each year, there are certain payroll requirements you must complete. Use this end-of-year payroll checklist to complete all your payroll tasks on time. The first section lists payroll year-end procedures you should finish before the year ends. The second section lists things you should do at the beginning of the next year.

## BEFORE THE END OF THE YEAR

Complete the following tasks before the year ends.

- Confirm identifying information for all employees. This includes each employee's full legal name, Social Security number, and current address of residence. You should already use this information when you run payroll. It's especially important to have this information correct on each employee's Form W-2. A missing or incorrect name or Social Security number can lead to penalties.

- Make sure all paychecks from the year are correctly recorded. Be sure to include all payments for commissions, bonus pay, or anything run outside of the normal payroll. All handwritten checks must be included. Also, make sure you accurately recorded any voided paychecks.

- Verify that employee wages, benefits, and deductions are correct. Make sure you have the correct pay rate listed for each employee. Double check each employee's benefits and their deductions. Check other employee deductions, such as child support withholding, to make sure you are withholding the right amounts.

- Look up sick days, vacation time, and any other permitted time off. For each employee, see how many days are used and how many remain. Find out if employees want to roll over the time to next year or cash it out. Or, if you

have a use-it-or-lose-it policy, notify employees of how much time they have left and when they need to use it by. What employees can do will depend on your business's policies.

- Order Forms W-2 and W-3 as part of your payroll end-of-year checklist. You can buy these forms from the IRS or another authorized provider. You will distribute Form W-2 to your employees and federal and state governments at the beginning of the new year. Form W-3 is the transmittal form that gives a summary of all your Forms W-2. You will send Form W-3 to federal and state governments.

- Get updated labor law posters to hang up next year. You must meet both federal and state labor law posting requirements. You might need posters for the Employee Polygraph Protection Act, the Fair Labor Standards Act (FLSA), the Occupational Safety and Health Act, and more. The U.S. Department of Labor poster advisor can help you determine which federal posters you need. Be sure to also check state and local laws.

- Check your tax rates for federal, state, and local taxes. Tax rates are typically updated on an annual basis. You should check your rates for the following taxes:

### Federal income tax

- Federal unemployment tax (FUTA tax)
- FICA taxes (Social Security and Medicare taxes)

### State income tax

- State unemployment tax (SUTA tax)
- Local income tax

- Have your employees review their withholding allowances for federal and state income tax withholdings. For federal income tax, employees will indicate their withholding allowances on Form W-4. For state income tax withholding, employees might need to fill out an additional state withholding allowances form.

- Determine your next year's deposit schedule for federal income tax and FICA taxes. You must pay these taxes on a monthly or semiweekly basis. Your deposit schedule is based on a lookback period. Your deposit schedule can change every year, so make sure you determine your schedule before the beginning of the new year.

## AFTER THE NEW YEAR

Your payroll year-end checklist doesn't finish when one year ends. Some tasks carry over into the next year.

- Update your payroll to reflect any new wage rates, withholding allowances, and other deductions. This information should be correct when you run the first payroll of the new year.

- Give a Form W-2 to each employee by January 31. Employees will use this to file their individual tax returns.

- You must file a Form W-2 for each employee with the Social Security Administration. You might also need to send Forms W-2 to state and local governments. You must also file Form W-3, the transmittal form. File these forms by January 31.

- Some taxes from the previous year are filed in the new year. You need to file your FUTA taxes on Form 940 by January 31. Your fourth quarter FUTA taxes are also due by January 31.

- You must also file your federal income taxes and FICA taxes in the new year. Both the quarterly Form 941 and the annual Form 944 are due by January 31. ■

*Mike Kappel, serial entrepreneur and CEO of Patriot Software, offers payroll advice from more than 20 years of experience to small business owners.*



A Year in the Life of a PAYROLL Accountant is sponsored by ADP

## Are Your Clients Responsible for Household Employment Taxes? *By Laurie Savage*

IN TODAY'S BUSY world it's not uncommon to outsource some household tasks to hired staff, including cleaning persons, nannies, home-health aides and more. Many people employ household assistance, but many don't know that these workers may qualify as their employees and that, as an employer, they may be legally obligated to pay federal and state payroll taxes.

As a trusted financial advisor, you can help your clients meet their tax obligations as it relates to household employees, but first you must understand whether their household workers qualify as employees. The IRS defines a household employee as an individual hired to work in or around your home and who works under your direction. Essentially, if your client can control what work is done and how it is done, the worker is their employee. This includes both full-time or part-time workers, workers hired through an agency or from a list provided by an agency or association, and workers on any pay schedule (whether it's hourly, daily, weekly, or by the job).

Once a person is identified as a household employee there are further considerations to determine if employment taxes must be paid:

- If, in 2018, a household compensated any one employee cash wages of \$2,100 or more, they must pay household employment taxes. This does not include wages paid to a spouse, any children younger than 21, parents in certain circumstances, or any employee younger than 18 at any time in 2018 (certain exceptions apply).
- The household must withhold and pay Social Security (SS) and Medicare taxes at 15.3 percent (12.4 percent SS and 2.9 percent Medicare) of cash wages (including check, money order, etc.). The employee's share is half the amount or 7.65 percent. The IRS notes that the employer can choose to pay it themselves and not withhold it, but then these amounts paid on behalf of the employee must be included in wages for income tax reported on the W-2 in box 1. The employer's share of Social Security and Medicare taxes is 7.65 percent. Any employee wages in 2018 over \$128,400 are not subject to Social Security. Keep in mind, if a household pays an employee in excess of \$200,000, they must withhold an additional 0.9 percent Medicare tax for wages in excess of \$200,000.
- The household must also pay a six percent federal unemployment tax if household employees earned total cash wages of \$1,000 or more in any calendar quarter of

2018. However, like other employers, they may be able to take a credit of up to 5.4 percent, percent resulting in a net tax rate of 0.6 percent. Wages over \$7,000 a year per employee aren't taxed. The household may also owe state unemployment tax.

### INCOME TAX:

- In general, taxable non-cash wages are not subject to employment taxes, but the value must be included with cash wages in W-2 box 1 (wages subject to federal income tax) of the household employee.
- Some wages are tax-deductible for the household employer. For example, wages paid to a nanny may be deducted as part of the dependent care expense deduction. The employer portion of Social Security and Medicare taxes and any federal and state unemployment taxes paid on behalf of in-home workers may also be deducted.

In addition to tax responsibilities, household employers have other obligations as well. Household employers may be required to have an employer identification number (EIN), which can be obtained by completing federal form SS-4, Application for Employer Identification Number. Household employees must be eligible to work in the United States and the employer must verify each worker's identity and work authorization by completing a Form I-9. The employee must complete Section 1 of the form no later than the first day of employment and the employer must complete Section 2 within three business days of the employee's first day of work.

You should also encourage your clients to maintain comprehensive records. This includes recording cash and non-cash wages, any federal income tax, Social Security tax, and/or employee Medicare tax withheld (or paid to the employee), and any state employment taxes withheld each and every payday, as well as Schedule H (reporting household employment taxes paid) and Form W-2 (stating the worker's annual wages, the taxes paid, and other related information). Some household employers may have the time and expertise to handle all the paperwork and requirements of the IRS tax code, but many don't. For those who may struggle, consider advising them to work with a reputable payroll outsourcing company to help make the process easier. Complete records will help you help your clients understand obligations and pay household employees to meet specific tax requirements. ■

*Laurie Savage is a compliance professional and subject matter expert on the Affordable Care Act (ACA) for Paychex Inc.*

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## Predictions for 2019: THE FUTURE IS NOW

DECEMBER HAS COME again, and it's time to predict the big stories for 2019. Here are the seven trends I think will have transformational impact on practitioners and their firms in the coming year:

■ **Automated document retrieval, data extraction, and data import will drive productivity in the 1040 and client accounting space in 2019.** Tools like SurePrep Tax Caddy, Entryless, CCH Engagement Organizer, Citrix ShareFile Request List, FileThis Pro, Hubdoc, Receipt Bank Fetch, and Intuit Link currently set the standard for client online interaction, automated data retrieval, data extraction, and efficiency for both accountant and client. The OCR tools are significantly more accurate when importing data from native PDF files (e.g. documents which are printed to PDF by the originator, not scanned). The increased competitiveness for client accounting and 1040 clients means that it will be more important than ever to work

with clients digitally and provide service as efficiently as possible, making these tools essential.

■ **Analytics will become much more important when managing firms,** and multi-client dashboards like those created by CCH Axxess Data Insights, X C M , a n d Accountants World will be adopted in greater numbers. Many firms will also use business intelligence (BI) tools like Microsoft Power BI, Qlik Sense, and Tableau to create dashboards for themselves and clients, The BI

tools make it much easier for clients to understand their numbers, and their use will also make it easier

for firms to sell client accounting outsourcing engagements to prospects.

■ **Accounting firms will see more competition from corporate bookkeeping shops** like Bench.co and AccountingDepartment.com, which use

automation and offshore labor to provide outsourced client bookkeeping to clients. During 2019, these operations will also become serious competitors for the emerging "advisory services" business that so many CPA firms see as their future. The firm who assembles the numbers will see the advisory opportunities first, and that firm will likely be the most trusted business advisor in the long term.

■ **State departments of revenue will become much more sophisticated in its enforcement of sales tax laws** in the wake of the US Supreme Court's South Dakota vs. Wayfair decision in 2018, increasing the adoption of automated sales tax calculation tools. We will see a significant increase in the tax enforcement spending by some states which have implemented economic activity definitions of nexus.

■ **Business process and cloud integration tools** (the low-code, no-code process automation tools that require no programming) will make it possible for accountants to have distributed workflow processes across multiple clients. Tools like Zoho Apps,

Microsoft PowerApps, Microsoft Flow, and Zapier will create opportunities for accountants to be the "digital plumbers" for their clients, creating coherent workflows to replace the existing paper processes used in so many small businesses. These tools will help CPAs discover a new role as the digital transformation change agents for small and mid-sized businesses.

■ **We will see continued consolidation from our software vendors,** and I expect some legacy applications will be spun off to private equity in 2019, as companies realign their operations to focus on the applications of the future instead of the applications of the past. The major players in the market will continue to acquire startups that strategically fit their needs, as the startups are willing to take more risk and be more nimble than is possible in a global enterprise.

■ **Blockchain** will start to be used in production for some edge cases in 2019 (primarily in logistics, supply chain, financial, and retail). Most of the innovation in business blockchain will occur in global enterprises and large conglomerates, and not small business. Local and mid-sized CPA firms will not see much action here until their clients are affected by the adoption efforts of multi-national companies and software vendors, in 2020 or later.

I wish you all a very happy holiday season, and I look forward to seeing many of you at seminars and conferences around the US and Canada in 2019. ■



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# No More Itemized Deductions for Work Expenses & Mileage

By Ken Berry, J.D., CPA Practice Advisor Tax Correspondent

Notably, the new Tax Cuts and Jobs Act (TCJA) scales back deductions for certain itemized deductions, including state and local tax (SALT) payments and mortgage interest. But another lesser-noticed crackdown may be just as significant. Effective for 2018 through 2025, the TCJA completely eliminates the Schedule A deduction for miscellaneous expenses. This change can be especially harmful to employees who pay job-related expenses out of their own pocket.

The repeal amounts to more than just mere chump change. Millions of taxpayers who have deducted miscellaneous expenses in the past won't be entitled to a write-off on their 2018 returns. It's another reason why more taxpayers will be claiming the increase standard deduction instead of itemizing. For the same time period, the TCJA essentially doubles the standard deduction to \$12,000 for single filers and \$24,000 for joint filers.

Under prior law, you could deduct the amount of your miscellaneous expenses exceeding 2% of your adjusted gross income (AGI) for the year. For instance, if you had an AGI of \$100,000 and you incurred \$3,000 in deductible miscellaneous during the year, you could write off \$1,000.

Perhaps the biggest losers in this new scenario are employees who pay certain expenses without being reimbursed by their employers. This includes costs ranging from travel expenses for salespeople to tools for construction workers to scrub tops for nurses. It also applies to certain home office expenses, hobby losses, union dues and job-hunting expenses, just to name a few more.

Conversely, self-employed individuals generally don't

have to contend with this problem. They still may be able to deduct these expenses on Schedule C.

In addition, a taxpayer could add to their miscellaneous expense deduction other costs relating to the production or preservation of income, such as custodial fees for investments and IRAs, legal fees in a divorce, appraisal fees required for charitable contributions of property and even the cost of tax advice and tax return preparation services you provide to clients.

There's not much that taxpayers can do about the loss of income production and preservation expenses. But they might arrange, when possible, to have their employers reimburse them for

their job-related expenses. For example, an employer may decide to provide a flat allowance for routine expenses. In this case, the employees don't have to keep records on how much they've spent or for what purpose. The caveat: Unless other requirements are met, the reimbursements are fully taxable to the employees, without any corresponding deduction.

Practical solution: An employer may establish an "accountable plan" for expenses like travel expenses. With this type of setup, employees must provide detailed records that are supported by contemporaneous documentary evidence. But the extra hassle may be well worth it to avoid the additional tax liability and this can offset the loss of miscellaneous expense deductions. Of course, the employer has to go along with the deal.

And what if an employer won't budge on this issue? Your clients who are employees might try asking for a raise to help close the gap. ■



## THIS MONTH'S TOP TAX SOCIAL MEDIA POSTS

- Companies Seek Help on Repatriation Taxes. **Bloomberg Tax blog.** <https://bit.ly/2OJaUYu>
- Eliminate Manual Data Entry from Tax Prep. **Thomson Reuters blog.** <https://tmsnrt.rs/2FyN07E>
- Planning Could Have Saved Aretha Franklin's Heirs \$20 Million. **AICPA Insights.** <https://bit.ly/2qMjdZL>
- What to Know About the New Tax Transcript. **Canopy blog.** <https://bit.ly/2RQAE75>
- Tax Changes Pose Risk of Delayed Tax Season. **Taxing Subjects.** <https://bit.ly/2B4FM1Y>

## LATEST TAX NEWS

**IRS Issues New Publication 5307 on Tax Reform.** The TCJA has resulted in the biggest overhaul of the tax code in decades.

[www.cpapracticeadvisor.com/12435689](http://www.cpapracticeadvisor.com/12435689)

**Taxes Often Overlooked When Planning for Retirement.** Over half of future retirees report being somewhat or not at all knowledgeable on how tax brackets work.

[www.cpapracticeadvisor.com/12435777](http://www.cpapracticeadvisor.com/12435777)

**IRS Adds Head of Household to Due Diligence Checklist.** The due diligence requirement was originally designed to reduce errors on returns claiming the Earned Income Tax Credit.

[www.cpapracticeadvisor.com/12436074](http://www.cpapracticeadvisor.com/12436074)

**IRS Investigated 2,886 Criminal Cases in 2018.** The number of CI special agents dipped below 2,100 by the end of fiscal 2018, which is the lowest level since the early 1970's.

[www.cpapracticeadvisor.com/12436644](http://www.cpapracticeadvisor.com/12436644)

**Tax Reform Eliminates Deductions for Work Expenses & Mileage.** Under prior law, you could deduct the amount of your miscellaneous expenses exceeding 2% of your adjusted gross income.

[www.cpapracticeadvisor.com/12436274](http://www.cpapracticeadvisor.com/12436274)

## Top 5 Skills Modern Accountants Need in 2019

*Kurt Avarell, Founder & CEO, Canopy*

To achieve success, accountants must understand the importance of investing in themselves. This means building up their skills beyond crunching numbers and preparing tax returns. It's important for modern accountants to improve valuable skills and build on their strengths in areas outside of accounting to ensure their firm will thrive.

Investing in personal skills is always going to pay off, personally and professionally. As they work to improve existing strengths and build new skills, accountants will contribute to growth, tackle obstacles, improve workflow, and strategize to achieve short-term and long-term goals at their firm.

Here are five of the most important abilities and skills that differentiate successful accountants from others.

### 1. BUSINESS INSIGHT

For an accounting firm to thrive, its leaders must be business-savvy and able to see the big picture. In many ways, a managing partner or owner must be an expert in many different aspects of running a business, from hiring and human resources to marketing and customer service. Being wise about running a successful business also requires the ability to be adaptable and make changes for the betterment of the company. Without an understanding of basic economics and good business practices, accountants won't be able to exercise strategic thinking and grow the firm as desired.

### 2. ANALYTICAL ABILITIES

Analytical skills encompass a range of abilities that help with problem-solving and analysis. They are especially valuable when managing an accounting firm. Analytical skills are important in providing solutions for productivity issues and in making decisions. Key analytical skills include critical thinking, data analysis, communication, and creativity. Using analytical skills, accountants can identify errors and problems, then figure out resolutions.

### 3. TECHNOLOGICALLY SAVVY

Technology is transforming nearly every aspect of accounting, from interacting with clients to workflow management

software programs. Today's accountants must be comfortable in discussing new technology and figuring out the best way for it to integrate into the firm. Of course, the technology should be upgraded every few years to keep up with inevitable changes and advancements. Accounting firms that don't embrace the world of information technology will soon be left behind by their competition.

### 4. REGULATORY KNOWLEDGE

This skill set is often overlooked, but accountants that have a firm understanding of regulatory knowledge for the industry will always be a step ahead. Accounting regulations are the standards and procedures that uphold the country's accounting practices. Accountants should also know what tax regulations and laws affect an accounting firm. This also includes tax laws and how they affect the current accounting industry and by extension, each client's financial interests.

### 5. CUSTOMER SERVICE

Customer service skills require more than just being nice to the clients. It includes maintaining professional relationships, anticipating the client's needs and doing whatever it takes to retain existing clients. Customer service is also related to marketing, including learning how to reach the target market for the accounting firm and building the brand. From baby boomers to millennials, clients will respond positively to the accounting firm that consistently demonstrates that it can meet all their financial needs.

More than ever, accounting firms need leaders who can do more than calculate numbers and create spreadsheets. Even the most talented accountants won't be as successful if they don't possess other skills that help their accounting firms stand out from the competition. ■

*Kurt Avarell is the Founder & CEO of Canopy.*

## THIS MONTH'S TOP ACCOUNTING & AUDITING SOCIAL MEDIA POSTS

- 5 Habits of Highly Exceptional Accountants. **MACPA blog.** <https://bit.ly/2EKDd92>
- How to Tie Executive Compensation to Sustainability. **Harvard Business Review.** <https://bit.ly/2OFHREX>
- 5 Cybersecurity Frameworks Accountants Should Know. **AICPA Insights.** <https://bit.ly/2OJ8JEe>
- FASB Improves the Accounting for Collaborative Arrangements. **Wolters Kluwer blog.** <https://bit.ly/2B5AKSR>
- Lack of Consensus Reigns with Blockchain. **Bloomberg blog.** <https://bit.ly/2NDhr1h>

## LATEST A & A NEWS

**AICPA Honors 26 Young CPAs for Forensic and Valuation Work.** The recipients were recognized for assisting government agencies in a child trafficking and money laundering investigation. [www.cpapracticeadvisor.com/12436004](http://www.cpapracticeadvisor.com/12436004)

**University of Florida Names Philanthropy Award for Accountant.** The university recently honored two advisors with the inaugural "Gary Gerson Award for Advisor Excellence." [www.cpapracticeadvisor.com/12435527](http://www.cpapracticeadvisor.com/12435527)

**Special Accounting Guidelines Apply to Movies and TV Shows.** For films, production costs are capitalized. For episodic content, costs are capitalized subject to a constraint based on contracted revenues. [www.cpapracticeadvisor.com/12436385](http://www.cpapracticeadvisor.com/12436385)

**How to Reduce Fraud in Cross-Border Payments.** Varied, unique workflows to handle cross-border transactions create detours adding

operational costs related to transaction fees, time, and manual labor. [www.cpapracticeadvisor.com/12435734](http://www.cpapracticeadvisor.com/12435734)

**5 Ways CEOs Can be More Efficient.** Green lists five ways for CEOs to change behaviors that obstruct them from leading their company efficiently and effectively. [www.cpapracticeadvisor.com/12436196](http://www.cpapracticeadvisor.com/12436196)



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Imagine this, next Monday you arrive at the office and are told you need to go visit a client and that you need to start driving north and the firm will call you shortly with directions. At first you get in the car and head north, but after a few days, you begin to wonder if you are still going the right way. You repeat this process day after day, heading further north, but you wonder if you are still on course and if this is what you want to do with your life.

While you may think the above story isn't applicable to your firm, you might be surprised. Most firms today, regardless of size are failing to provide a clear direction to their staff. This may have worked for firms in the past, but now the millennial mindset has changed and as a generation they have a stronger need to understand the direction in which their career and lives are headed. So before another busy season rolls around, let's take a deeper dive into how you can provide actual GPS coordinates to retain your people for the long haul.

Let's start with how these technology integrated millennials approach a road trip. They spend a good deal of time researching reviews online, on their favorite travel websites and apps to understand the destination. They not only read reviews, but look at pictures, compare prices, scour social media for any insight they can find to make the right choice. They tend not to just take a random trip, they are use to being able to access a vast amount of free and open information that is all available at their fingertips. Once they pick a destination and put the coordinates into the GPS in their car, they are accustomed to

## Are Your People Lost?

**UNDERSTANDING THE MIND** of the new millennial generation is one of the growing challenges firms of all sizes are faced with today, and this challenge often results in firms feeling that these new millennials are entitled and lazy, but are they really entitled or are they lost at work with no clear destination?

constant updates on the estimated arrival time, any hazards in the road, construction, and even ads for places to stop along the journey.

To better understand how to motivate the millennial mind at your firm, follow the approach they are used to with their GPS when they plan a road trip.

### DESTINATION

Start at the beginning, just like when they put the destination into their GPS, millennials need to know exactly where they are headed and why they choose to reach that destination. All your employees and not just millennials need to know the direction in which the firm is headed. This includes not just the overall vision of the firm, but how each employee fits into the plan to reach the destination and the role they have. When it comes to millennials they have a higher desire to understand the vision and direction of a company they are working for. You need to get them connected to your vision and their role in reaching that vision. Allow them to buy into the value of going on the journey of working at your firm and becoming a part of that vision.

### INFORMATION

We live in a world that is infinitely more connected than it was ten years ago. While other generations are getting use to this new connected world, millennials only know this new connected world, full of tweets and status updates. Feed this desire for information with your millennial staff to engage them better in the firm vision and destination you have communicated to them. Don't assume

that anyone inside your firm can read minds and knows what you are thinking and want them to do. Just like the GPS provides turn-by-turn directions and road hazards, communicate with your people on the progress the firm is making moving towards its vision. Each month communicate within the firm at least three key aspects of how the firm is doing in moving towards its destination. These could be aspects updating everyone in the firm on the progress of tax returns heading towards a tax deadline, or what new clients the firm has on board, or the partners top concern for the next 30 days. The opportunities to communicate more within your firm are endless and won't cost the firm anything.

### ETA

One of the appeals of GPS systems is you can see in real time how much longer you have until you reach your destination. Adding onto the concept, providing millennials information as to how the firm is doing is equally important. It is necessary to provide feedback on how millennials are doing in their role helping the firm reach the destination. This doesn't mean creating a complex comprehensive feedback program either. The time to tell a millennial that you see them as a future partner is not when they have already taken another job. Don't assume your people know how they are doing and what their future holds within the firm. Keep your people informed along the journey, if they provide outstanding service to a client, recognize them for that fact. If they take full ownership of an engagement which results in a satisfied client, let them know they did



a great job. The opposite holds true, if they had a misstep on an engagement, show them how that misstep works against the vision and direction of the firm. If you can tie any constructive feedback to the vision and direction of the firm vs. what the individual did wrong, you are more likely to see them take that feedback to heart.

You wouldn't get in your car for a road trip with your friends without knowing where you are going. Understand how millennials connect with technology today, in this case their GPS, and engage them at your firm. If you can provide a destination, keep your team informed, and provide them with an ETA on the journey. You will take a step forward in turning your millennials into engaged members of your firm. At the end of the day we are all better when we work together towards a common goal. Take a positive step to take control of the wheel at your firm and drive it to greater success. ■

## Got Bots?

IN FIRMS ACROSS the country, managing partners are returning from national conferences and other professional events and asking, “Why don’t we have a bot?” But what exactly does having a bot mean for an accounting firm? And what should firms be doing?

When we talk about AI, the image that comes to mind for most people is robots doing many of the jobs we’re doing today. But AI is not just a futuristic vision for accounting firms. In proactive firms, the future is already here.

Robotic process automation (RPA) is the use of a software robot or “bot” that replicates the actions of a human to execute tasks across multiple computer systems. A bot operates just like a human would: extracting information from various applications, manipulating and reconciling data, performing calculations, completing forms and communicating with other systems. Think of it as an assistant that can take over time-consuming and tedious tasks. The primary difference between a human and a bot is that while a bot, like humans, may make a mistake, all you have to do is teach it the correct way to handle something once and it won’t repeat the error again. And unlike humans, bots can be copied multiple times since they are simply software programs.

You may not realize how extensively software bots are already being used to automate previously manual business processes and functions. Here’s a look at how they are being put to use in accounting firms.

### BOTS IN AUDIT ANALYTICS

Using traditional methods, it’s neither practical nor feasible for auditors to examine every transaction included in an entity’s financial statements each year. Instead, auditors sample transactions and make assumptions based on what they find. These methods can fail spectacularly if the wrong sample is selected or irregularity is missed, leaving both the client and their accounting firm exposed to the risk that fraud or errors

exist but were not identified.

With AI, that risk is no longer necessary. A bot can quickly and accurately examine every transaction and focus the auditor’s attention on areas where the potential issues might be.

### BOTS IN TAX

In 2017, EY announced it has already implemented over 250+ bots in the firm’s tax practice and planned to be at 500+ by the end of the year. The bots are used to gather and process data needed to complete returns. The firm estimated they’d freed up 1,300,000 annual hours of capacity and realized a return on their investment in just six to nine months.

PwC is also taking advantage of bots to streamline income tax provision calculations. Its report *Robotic Process Automation (RPA) – What Tax Needs to Know Now* explains how RPA improved the income tax provision calculation and reporting process for a client with more than 100 legal entities using various financial systems. The client previously calculated the provision on spreadsheets extracted from the various financial systems, so gathering and reconciling data was a manual and time-consuming process.

Now, the firm uses bots to pull raw information from ERP systems, clean up and reconcile various accounts, organize data by legal entity, analyze account changes and flag significant account differences for a follow-up review. According to the report, manual effort on these reconciliations was reduced by 10-25% while accuracy increased.

### BOTS IN ACCOUNTING SERVICES

Using AI and machine learning, bots can eliminate the inefficiencies, complexities and prohibitive costs inherent in

traditional client accounting services. There are already AI-powered systems that can streamline invoice processing, vet and onboard new suppliers, categorize and post transactions from a number of sources and reconcile it, review and approve expenses and read receipts. Accenture predicts that bots will automate or eliminate up to 40% of transactional accounting work by 2020.

### BOTS IN CUSTOMER SERVICE

Chatbots are being used to efficiently respond to common questions or queries from clients, including providing account balances, when invoices are due, the status of their account and more.

### BOTS IN ADMIN

Bots can automate administrative tasks that are prone to human error, including HR onboarding, accounts payable invoicing, report generation and distribution, inbound lead processing, data and web retrieval and more.

In almost every case, the tasks being handled by bots are not the value-added services that accountants love performing. It’s the type of work that had traditionally tied accountants to their desks, staring at a computer. It’s process-type work that, when handled by technology, can free you up to help your clients with more complicated planning and decision making. Plus, bots work 24/7, don’t take vacations and don’t get burnt out on doing the same tedious steps over and over again.

If you’re ready to test the waters, here’s a look at how to begin implementing bot technology in your firm.

- Recognize the opportunity. Don’t fear bots making your job obsolete. Instead, consider how they can benefit your practice and expand your capabilities.



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Your expertise is more important than ever before.

- Become tech savvy. The future of accounting will require tech-savvy accountants who understand how automation works. If technology isn’t your area of expertise, at least work toward getting a basic grasp of the most important developments and ensure IT has a seat at the table.
- Expand your service offerings. When bots are performing many of the tedious routine tasks for you, it will open the door for your firm to expand its service offerings. Talk to your clients and ask questions about the challenges they face to get ideas on the directions in which you can develop.

It’s time to stop thinking about working ‘on’ machines but rather working with them – integrating them into our workflows to provide higher quality, more efficient and cost-effective compliance services and exceptional client service. Instead of spending a lot of time wrangling data and performing routine tasks, the highly educated professionals in your firm will focus more on adding value, providing insightful advice and building relationships with clients.

We haven’t yet seen the one tool or event that will officially disrupt the way accounting firms work, but new and innovative tools are popping up every day. It’s up to us to try them out until they become the standard. The firms that wait for disruption to propel them forward will fall too far behind to catch up. ■

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Top 100 Firms like Hill, Barth and King, CPAs and Consultants (HBK) have also done extremely well with payroll services. According to Martin Gargano, CPA, Principal at HBK, his firm has expanded its payroll practice through 14 of their offices.

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