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PRODUCT REVIEWS:
— Client Portals
— Hosting Providers

HOW TO RETAIN TOP ACCOUNTING PROFESSIONALS

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What is Your Purpose?

By Gail Perry, CPA, Editor-in-Chief

The profession of accounting is one that provides a service. But service to what end? You like to work with numbers and make things balance – you get to do that full time in your job. Is that why you work? You want to take care of yourself and your loved ones by earning a nice living. Is that your goal? You share your profits with your co-workers in the form of salaries, bonuses, and benefits. Is that why you do what you do? I know in my public accounting career, I didn't hear anything more than these descriptions when my colleagues would discuss why we were doing what we were doing.

More and more we hear younger workers in all professions talking about *why* they work, and while compensation, benefits, and enjoying what they do are all valued, just as important is how the work is done and why it is done. The value of having a purpose for what you are doing is difficult to quantify, but its importance cannot be overlooked.

How much better do you feel when you have set a goal and can see that goal being accomplished, as opposed going through the motions of trudging to work, sitting at a desk, moving papers around, entering numbers on screens, footing and checking, making sure numbers balance, going home at the end of the day, and planning to come back to work and do it all over again. And again. And again.

Considering the bigger picture can be difficult when those seemingly mundane items still do need to get done. But if you are convinced you are making a difference, helping others succeed, changing even one small part of the world for the better, isn't that going to be a bigger motivator than a paycheck or a balanced column of numbers?

A fascinating article in *Harvard Business Review* last year, "How an Accounting Firm Convinced Its Employees They Could Change the World," explained a transformation at Big Four firm KPMG as the firm considered its purpose. After much research and interviews, the firm created its purpose statement: "Inspire confidence. Empower Change." A campaign to explain the meaning of the statement and to inspire workers ensued, and all 27,000 partners and employees were encouraged to participate. Asked to share stories of how their work is making a difference, employees accepted the challenge of coming up with 10,000 stories and the firm offered an incentive of extra days off if the goal was met. 42,000 stories were shared.

Employee enthusiasm has increased as has pride in the company, job stability has risen, the firm climbed to the highest of the Big Four in the FORTUNE magazine 100 Best Companies to Work Four list and has remained there. And the positive statistics span the generations at KPMG.

KPMG is just one example, but changing the culture of one of the largest accounting firms in the world has to be significantly more difficult than changing the culture of your own firm. What is your purpose? What makes you want to continue doing what you do? And how to you communicate that purpose with your colleagues and your clients?

What story will you tell potential new hires? How will you continue to attract and retain clients? How do the services you offer fit with the purpose you are trying to achieve? How do the staffing choices you make fit with your goals? These are questions you should be considering, and as we wrap up the end of the year, there is no better time than now to take a breath and map out a purposeful game plan for the future. You and everyone around you will be thankful for that. ●

— Gail Perry, Editor-in-Chief
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Gail is the Editor-in-Chief of CPA Practice Advisor and a CPA. She is the author of over 30 books (including "Mint.com for Dummies" and "Idiot's Guide to Introductory Accounting") and she maintains a small tax practice. She earned a bachelor's degree in journalism from Indiana University and studied accounting at Illinois State University before starting her professional career at Deloitte. Gail is the former publisher and editor-in-chief at AccountingWEB and is a former columnist for the Indianapolis Star newspaper.

Just Done? Here We Go Again!

Hosting Solutions for Accounting Firms

'm so glad *CPA Practice Advisor* lets me pick my topics. At this time last year, I wrote a very comprehensive review of hosting companies. It took a ton of work, and I hope you found that information useful then. If you need it now, I looked at the content, and it's still pretty accurate. The best value for hosting companies include CETROM, Cloud 9 and Insynq. While many of you don't use hosting, and won't, it's important you understand the options.

I had the privilege almost ten years ago to review some of the first 1040 workpaper automation products. Greg LaFollette, a former executive editor of *CPA Practice Advisor* and I came up with the name of Scan, Organize and Populate to describe what these products can do. Today there are a half dozen or so options, and it is clear that the three leading products have features the others don't. More important, the technology is so much better now than it was just three or five years ago. Additionally, a former technical editor for this publication, Brian Tankersley and I just drafted a very extensive checklist on 1040 workpaper automation that we'll present in

webinars this month and next, and will make available for your use, too. Our check list will help you ask all the right questions.

What Works Best?

A simple reminder to get you started: All of these products scan, incorporate from a portal or from pictures snapped on client's cell phones all of the documents for a 1040 tax return. They tend to sort them in tax preparer/IRS form order in a PDF document ("scan"), bookmark the various sections to make navigation faster and easier ("organize"), and a few products will perform optical character recognition (OCR) and extract the data for entry into one or more tax preparation systems ("populate"). One of my favorite new phrases learned in the past year is: "It sounds easy if you say it real fast." With these products, this has become more and more true over time. Our simple guidance is that if you and your firm file more than 300 returns annually, you can certainly justify spending money on the technology. Further, as tax professionals become harder and harder to find, this technology, or some future successor technology may be the only way to complete the work required.

Let's cut to the chase. Which products are currently working the best? My list is short: SurePrep, CCH Scan with AutoFlow and Copanion Gruntworx. IF you happen to own the document management system Doc-It, there is a 1040 workpaper scan and organize function built into the product that works well enough that you won't have

a lot of motivation to purchase one of the three leading products. However, there is no "populate" function.

As you can tell, I like the Scan, Organize and Populate capabilities, but some of you have tried these products and failed. I'd encourage you to try again. You need the technology and it works. However, there are two main reasons for failure of 1040 workpaper products: 1) the technology is not set up correctly and 2) no cultural/procedural workflow processes are modified by the firm, eliminating the technology benefit and ROI. The technology setup is not particularly complex. However, it is clear that you will get better results with a production scanner, not a personal scanner like a Fujitsu ScanSnap or a copier like some vendors claim will work. Something like a Fujitsu fi-7160 or a Canon DR-M160II should do just fine. Follow the vendor's configuration instructions for DPI and other factors. Make sure to include the image clean-up software like Kofax VRS, ScandAll or CapturePerfect during your setup and configuration of these scanners.

On the procedural side of the formula, firms have found several approaches that are successful, but all involve front end scan to gain the most efficiency. Have an intern or long term clerical person do the scanning and map the results to a tax return. In effect, these people are serving as a front line tax preparer assisted by technology. Your preparers really assume the role of a first line reviewer. Alternatively, you can have a tax preparer pre-sort documentation to only include relevant documents, setting all other documents provided by the client aside. At that point, a less skilled person can do the scanning because it is largely a mechanical operation. The exception here is that if you are using the "populate" function, most firms have found that it is more efficient to have a clerical person do this initial mapping. Another complication is how late arriving documents are handled, but the three products listed above

do a good job of replacing or adding forms that are requested of the client and arrive later.

And What Works Best for my Firm?

Vendors whose products don't work as well will tout the features of their solutions. What they claim will generally be true, but the competitors don't have a complete set of capabilities and typically are not as powerful. The number of forms supported will be fewer. SurePrep, for example, has more forms than any of their competitors. They handle Schedule C clients better than the other products and have more various options from Scan and Organize with SPBinder to populate functions with 1040Scan and 1040Trades, and they have technology assist options such as 1040Verify. You can apply the amount of technology needed for your situation from full off-shore or on-shore outsourcing to full use of technology. They also interface with more tax software than their competition.

On the other hand, CCH Scan can be used for Scan and Organize only with any software product. You can choose to add AutoFlow to enter data into CCH Axcess Tax or Foundation Tax. The product is reliable, is your only option for a premise based 1040 workpaper solution, and their cloud based option is very stable and fast. The expansion of forms supported in this past year was very impressive. Plus this product creates a clean, bookmarked 1040 workpaper for every product in the market.

Drake Software's GruntWorx handles Schedule D clients well and uses a more general forms recognition engine. This product also interfaces with a wide variety of tax software products.

Net, net to this article: Try one of the top three 1040 workpaper products to improve your firm's productivity, accuracy and realization on personal tax returns. You'll be pleased with how far these products have come. ●

Randy Johnston is executive vice president and partner of K2 Enterprises and CEO of Network Management Group, Inc. He is a nationally recognized educator, consultant and writer with over 30 years' experience. He can be contacted at randy.johnston@cpapracticeadvisor.com.

CLIENT PORTALS FOR ACCOUNTING FIRMS

Portals Offer Increased Productivity & Secure Collaboration for Firms and Clients
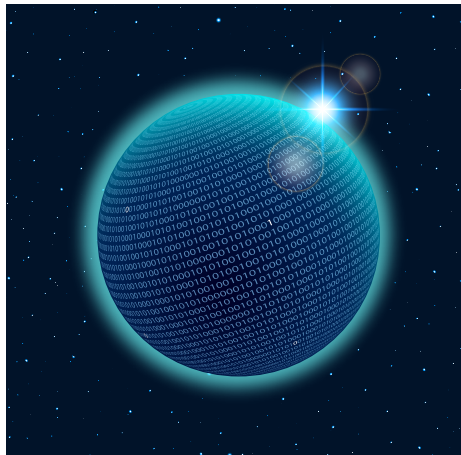
By Mary Girsch-Bock

According to the 3rd Annual Accounting Firm Operations and Technology Survey, accountants and tax professionals are using portals more than ever before. The survey notes a significant jump in portal usage: from 52 percent in 2014 to 74 percent using portals today. Although accounting firms have typically used email to send files to their clients, stricter confidentiality requirements and difficulty in transmitting large files have made email usage difficult, if not impossible in most situations.

If you're part of the 75 percent, that's great. But if you're looking to start using a portal in your practice, or maybe you're already using one but would like to explore other options, this review is for you.

If you need further convincing, consider this:
- The use of a portal can increase firm flexibility, allowing users to easily share documents, not just with clients, but with colleagues as well.
- Portals can allow your firm to easily create a better customer service environment. Clients can easily download confidential documents at their leisure, review, sign, and upload the signed document to the portal – all without cumbersome emails, or worse, printed documents that need to be mailed.
- Using portals helps to guard sensitive information. Web portals securely encrypt all data, so accounting firms can be assured that client information is handled in a secure manner, while clients don't have to worry about unauthorized access to lost documents in the mail.
- Portals can handle large files just as easily as smaller ones.
- Portals are not reserved for large accounting firms. Even firms with a staff of five will reap the benefits of using a portal, while also remaining competitive with larger firms.
- Client portals can also be useful for firms offering payroll and other related services to their clients; providing both clients and client employees with the ability to access payroll information such as paystubs and W-2's online.

When examining various portals, it's important to keep some things in mind, such as the product's **ease of use**, which we examine in the review. Remember, your employees and your client's will be loath to use the portal if it requires specialized knowledge, or something more complicated than a simple login. Another area that we take a look at is **support**. Firm owners will want to be sure that adequate training and support options are available for the product that they choose, including product setup and initial training.

Aside from the ability to exchange documents safely and securely, many client portals offer additional features and functionality, such as integration with document management systems, the ability to email a client when a document has been placed in the portal, and the ability to offer seamless integration with numerous tax and accounting applications.

The Client Portals reviewed in this issue include:
- AccountantsWorld
- CCH Axcess Portal
- Citrix Share File
- SmartVault
- Thomson Reuters NetClient CS

All of the products reviewed in this issue offer a free trial, so users can try the products out at their leisure.

If continuing to offer your clients the best customer service possible is one of your firm's goals, a client portal can go a long way towards helping you reach that goal.
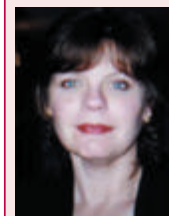
Mary Girsch-Bock

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

	BASIC SYSTEM FUNCTIONS	ADVANCED FEATURES	INTEGRATION OPTIONS	HELP/ SUPPORT	OVERALL RATING
AccountantsWorld Client Portals	★★★★½	★★★★½	★★★★½	★★★★½	★★★★½
Wolters Kluwer CCH Axcess Portals	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Citrix ShareFile	★★★★½	★★★★½	★★★★★	★★★★½	★★★★★
SmartVault	★★★★½	★★★★½	★★★★½	★★★★½	★★★★½
Thomson Reuters NetClient CS Portals	★★★★½	★★★★★	★★★★½	★★★★½	★★★★½

CLIENT PORTALS

AccountantsWorld Client Portals

2016 OVERALL RATING

4.5

BEST FIT

AccountantsWorld Client Portals are part of AccountantsWorld's suite of products making it a good fit for firms looking for a comprehensive accounting or payroll management system, or those already using AccountantsWorld applications.

PRODUCT STRENGTHS

- Product offers an unlimited number of portals which can be fully customized for clients
- Portals are included in product pricing
- Portals can support files of any size

POTENTIAL LIMITATIONS

- Portals are part of the AccountantsWorld product and cannot be purchased separately
- Limited integration with outside products

SUMMARY & PRICING

AccountantsWorld Client Portals are only available as part of the AccountantsWorld suite of products and are available in both the Cloud Cabinet and Payroll Relief modules. Both portals are available at no cost, so firms can create an unlimited number of portals which can be fully customized for each client.

Pricing for AccountantsWorld Power Practice System is $2,195.00 annually, or users can pay $220.00 per month. The complete system includes Accounting Power, Cloud Cabinet, Website Relief, Practice Relief, and After-the-Fact Payroll. Payroll Relief is priced separately at $1,495.00 for first-year unlimited payroll processing.

www.AccountantsWorld.com

Wolters Kluwer CCH Axcess Portal

2016 OVERALL RATING

5

BEST FIT

Accounting firms of all sizes that are currently using or considering other systems in the CCH Axcess suite will benefit the most from the Axcess Portals.

PRODUCT STRENGTHS

- Axxess Portals offer seamless integration with other Wolters Kluwer systems for tax professionals
- Allows sharing of a wide variety

of file types
- Offers excellent search capabilities using multiple filters
- Available web app that works with iOS and Android devices

POTENTIAL LIMITATIONS

- Does not offer integration with CCH Small Firm Services programs

SUMMARY & PRICING

CCH Axcess Portal offers bi-directional capability, making

it easy to both send and receive files, including Word, Excel, PDF, PowerPoint, QuickBooks, images and other files. . Portal pricing varies, generally running around $700 per year, with pricing customized for each accounting firm.

www.CCHgroup.com

Citrix ShareFile

2016 OVERALL RATING

5

BEST FIT

Citrix ShareFile is a good fit for either accounting firms or businesses that want a scalable file sharing system with document storage tools and additional management features.

PRODUCT STRENGTHS

- Offers four different plans that can be customized to fit firms of any size
- Portals can be custom branded to match firm websites and logos
- Offers 24/7 technical support

- Firms can automatically sync files across all connected devices

POTENTIAL LIMITATIONS

- The less expensive plans have data limits that may restrict functionality

SUMMARY & PRICING

Citrix ShareFile is a scalable file collaboration system available in four versions. The $16 per month Personal version offers one employee account, and storage of 100 GB with a maximum file size of 10GB. The Team version is

$60.00 per month and offers five employee accounts, with 1 TB of storage, and maximum file size of 10 GB. The $100 per month Business Plan is billed as the most popular, and offers five employee accounts, unlimited storage and a maximum file size of 100 GB. The $295 per month Virtual Data Room offers all of the features found in the Business Plan plus advanced security options. A free trial of the system is available.

www.ShareFile.com

SmartVault

2016 OVERALL RATING

4.5

BEST FIT
Ideal for QuickBooks users, Smart-Vault offers accounting firms of just about any size a bi-directional portal as well as document storage capability that offers a QuickBooks plug-in to facilitate easy file sharing capability.

PRODUCT STRENGTHS
- Offers both portal and document storage functionality
- Accounting firms can brand portals as desired
- Offers seamless integration with QuickBooks and other programs
- Product supports a variety of file formats

POTENTIAL LIMITATIONS
- Can be expensive for larger firms

SUMMARY & PRICING
A QuickBooks plug-in is available that allows users to scan a document into the system and sync the document to corresponding QuickBooks customer.

SmartVault offers a free product trial, so users can try the product out prior to purchasing. The product is available in three versions: Tax Prep, which is for tax use only, and runs $20.00 per user per month if billed annually - $30.00 per user per month if billed monthly. The Accounting Pro version is the most popular edition of the product, and offers 500 GB of storage. The Accounting Pro edition is available for $35.00 per user per month, if billed annually, and $45.00 per user per month if billed monthly. An Enterprise edition is also available with pricing available upon request from SmartVault.

www.SmartVault.com

Thomson Reuters NetClient CS Portals

2016 OVERALL RATING

4.75

BEST FIT
NetClient CS Portals, part of the CS Professional Suite from Thomson Reuters, is a good fit for firms using other Thomson Reuters applications.

PRODUCT STRENGTHS
- Product offers solid integration with popular CS Professional Suite of applications as well as other Thomson Reuters products, such as GoFileRoom
- Product also integrates with Microsoft Office, and can upload and share any type of file
- Monthly pricing includes up to 1,000 portals
- Offers a mobile app at no additional charge
- Portals can be customized to display firm branding

POTENTIAL LIMITATIONS
- Product offers limited integration capability outside of Thomson Reuters programs

SUMMARY & PRICING
The product supports electronic signatures, so tax returns can be processed and easily filed electronically. A bill payment option is also available, so clients can receive invoices through the portal, and then pay online with a debit or credit card if they desire. Pricing includes up to 1,000 base portals in the monthly fee, with monthly plans starting at $195.00 per month, with all add-on modules extra.

tax.thomsonreuters.com

Tech for the Holidays!

By Gail Perry, CPA, Editor-in-Chief

t's the holiday season, and whether you are celebrating family, religion, tradition, or just counting on some time off before busy season, these apps will help you through the days ahead. Get organized, plan menus, stay on top of your gift giving, decorate the home or office, and most of all, skip the stress that often accompanies holiday events.

HAPPY THANKSGIVING HOLIDAY DECORATION IDEAS 2016 – You're on your own for figuring out how to make this magic happen, but the app provides over 20,000 pictures to inspire you and transform your abode into a Thanksgiving paradise. The extra good news is that all the pictures are downloadable as iPhone/iPad backgrounds so when decorating for the holiday, remember to decorate your mobile devices too!

The same company that brings you the Thanksgiving decoration ideas also has a **CHRISTMAS WALLPAPERS**, **XMAS TREES & LIGHTING IDEAS** app, and a **THANKSGIVING ECARDS**, **CRAFT & GREETING CARDS** app, so be prepared to settle in with some mulled wine and search for your perfect décor.

Gizmodo gave its Gold Medal award for Thanksgiving apps to **CHOW THANKSGIVING DINNER COACH**, so you know it must be great. CHOW provides a selection of Thanksgiving recipes, but that's just the start. Choose the recipes you want to make and CHOW provides the shopping guide and also a step-by-step game plan to help you get all your dishes on the table at the same time!

Nothing says Thanksgiving like Butterball, and West Wing devotees will remember President Bartlet's call to the Butterball hotline to discuss the safe temperature for stuffing. You can download the complete **BUTTERBALL COOKBOOK PLUS** app and find recipes, how-to videos, information on special cooking tools, and, yes, the ability to click and call the official Butterball Hotline.

Not sure which wine to serve with which course? Let the **FOOD & WINE PAIRING GUIDE WITH COOKING RECIPES** relieve the stress. You enter information about your food selection, method of preparation, and the seasonings you'll be using, enter your choice of red, white, rose, sparkling, or dessert wine and preferred price range, and the app

gives you suggestions. On top of that, there's a store locator to find where you can make your purchase.

Expecting holiday guests with special food requirements? **YUMMLY** scours the food blogs for best recipes based on your taste preferences – you can search for recipes and get a full ingredient list, calorie count, and instructions. You can use search filters to seek out recipes that are gluten-free, vegan, and low-sugar. There are how-to cooking videos and daily recommendations as well. Save recipes for later use. Click ingredients from any recipe to add to your shopping list.

Sometimes it seems there is an app for everything. If you're trying to juggle multiple items in the kitchen, remember when to leave to pick up family at the airport, schedule an exercise break, check on the elderly neighbor, water the plants – you can set multiple simultaneous timers and stopwatches with **TIMER+**. Times can be set by the hour, minute, or second, and you can set up repeating timers for recurring events. So put that casserole in the oven, run an errand, do your yoga, pay the bills, and get the kids to practice without missing a beat.

For those of you with children who will be curious about Santa's activities leading up to Christmas, take a look at the official (North American Aerospace Defense Command) **NORAD TRACKS SANTA** app which has been tracking Santa since 1955. Starting on December 1, you'll see a countdown to Santa's flight along with his progress around the world. Particularly interesting is the information about holiday traditions around the world.

Do you need a little background music for your holiday celebrations? Download **CHRISTMAS RADIO** or **CHRISTMAS RADIO+** for nearly 100 channels streaming Christmas music. We guarantee you'll be tired of The Little Drummer Boy by the time the holidays are over.

Whether you're celebrating Kwanzaa or curious about the celebration, download **KWANZAA 2016** for quotes, wallpaper, images, information and history. The app is heavily saturated with ads, but the information is solid.

The Jewish Museum has created **LIGHT MY FIRE: A HANUKKAH GUIDE** which contains history, dates, blessings for each night of the celebration in both English and Hebrew, and a menorah which you can light virtually. **CHANUKAH GUIDE** from Saber Design provides prayers in six languages, social networking capabilities, and a timer features with alerts. You can even play a virtual version of the Dreidel game.

Finally, many of these holidays entail gift giving, so take a look at **GIFTPLANNER**, an app that helps you store names of recipients, gift ideas, shopping status updates, shipping and tracking information, photos, and links to your favorite online shopping sites. This is a year-round app, so keep track of birthdays, anniversaries, and any other gift-giving events all in one place. ●

ONE OF THE TOPICS MOST DISCUSSED DURING ELECTION SEASON IS TAXATION. JOHN OLSON, WRITING FOR THE TAX FOUNDATION, PRESENTS THE FACTS ALONG WITH SOME POTENTIAL ALTERNATIVES TO OUR PAYROLL TAX SYSTEM.

The Pros and Cons of Payroll Taxes

By John Olson

Tax Foundation recently began reviewing some of the most prominent taxes on employee paystubs: FICA and MEDFICA. We discussed what these payroll taxes, as they are commonly known, are and who exactly pays for them.

How Effective Are Payroll Taxes?

Payroll taxes are a highly effective way to raise revenue, for three main reasons:

First of all, the payroll tax base is very broad. Payroll taxes apply to all wages and salaries up to a cap of $118,500, which nearly 83% of wages and salaries fall under. Furthermore, unlike the personal income tax, payroll taxes do not include dozens of deductions, exemptions, and credits that narrow the tax base. This means that payroll taxes can raise a large amount of revenue at a relatively low rate, to the tune of over $1 trillion a year.

Second, due to the inelasticity of the supply of labor, payroll taxes generate a comparatively small amount of deadweight loss compared to other forms of taxation. This means that payroll taxes lead to a relatively small amount of economic inefficiency, since the quantity of labor in the market does not dramatically decline as a result. Overall, payroll taxes do much less economic harm than taxes on capital. This is evidenced by our analysis of Senator Bernie Sanders' tax proposals, whose payroll tax rate increase raised nearly four times as much revenue as his proposed increases on capital gains and dividends, but with a fourth less of the impact on GDP.

Finally, payroll taxes are very hard to evade. According to the IRS' criminal enforcement data, investigations into payroll tax abuse make up less than 3 percent of all tax investigations, despite payroll taxes generating about a third of all federal tax revenue.

Problems and Potential Solutions

A common argument regarding federal payroll taxes is that they are regressive. That is, above a certain amount, the more income one earns, the smaller the share of one's income goes to payroll taxes. This is because, as mentioned previously, only the first $118,500 of wages are subject to Social Security payroll taxes. For example, a worker making $50,000 annually in wages pays 6.2 percent in direct employee-side Social Security payroll taxes (0.062 x $50,000 / $50,000), but a worker making $250,000 annually in wages pays about 2.94 percent in direct employee-side taxes (0.062 x $118,500 / $250,000). While the federal tax system as a whole is quite progressive, payroll taxes run contrary to this trend.

However, there are options to reduce this regressivity. According to a 2015 Tax Foundation paper, "Options for Broadening the U.S. Tax Base", removing the payroll tax cap entirely would lead to $1.8 trillion in additional federal revenue over ten years on a static basis, and primarily impact high-earners. Furthermore, this additional revenue could be used to lower marginal rates on corporate and personal income, growing both wages and GDP by 2.2%, while still raising revenue.

In a perhaps more dramatic reform, the Tax Policy Center (TPC) has recently released a report on the effects of replacing the employer-side payroll tax with a value-added tax, or VAT. This would increase the progressivity of payroll taxes for two main reasons: first, unlike the current employer-side payroll tax, the tax base of a VAT includes not only labor income but also supernormal returns to capital. Second, a VAT would not include a payroll cap. The TPC estimates that this change would lower average effective tax rates for almost all taxpayers except the top 5 percent of income earners. In addition, the broader payroll tax base would allow for a lower rate to raise the same amount of revenue (4.1 percent instead of 7.65 percent), which would shrink the effect of employer-side payroll taxes on individuals' work decisions.

Conclusion

Overall, payroll taxes are a significant source of federal revenue, thanks to their broad base, the low elasticity of labor, and low rates of evasion. Although the payroll tax is regressive, there exist reform proposals to increase the tax's progressivity.

When it comes to what should be the primary role of taxation, to raise revenue, the payroll tax does an excellent job. However, as is the case with almost the entirety of our tax system, there is room for improvement. ●

[This article first appeared on the Tax Foundation blog: www.taxfoundation.org/blog]

John Olson is an economics and mathematics student at Kansas University, and writer and analyst for the Tax Foundation.

Year-End Payroll and Tax Reporting Tips

By Isaac M. O'Bannon, Managing Editor

As the end of 2016 inches near, there are many things that employers or their financial service providers must do to stay in compliance with state and federal reporting regulations. These tips serve as a reminder, and can also help streamline tax filing processes for small business owners, and their accountants or advisors.

- **Verify Tax IDs -** Work with your accountant or payroll service provider to confirm that all tax ID numbers on payroll reports are up-to-date and correct. Be sure to correct all discrepancies before processing the company's last payroll for 2016.
- **Confirm W-2 and 1099 Information with Employees -** Ask your employees to review and confirm their W-2 and 1099 information before the end of the year. Provide your accountant or payroll provider with any updated employee W-2 information prior to the last payroll report in 2016. If you need to file a W-2c form with the IRS to correct an employee's W-2, immediately notify your accountant or payroll provider of the updated information.
- **Know Your Filing Responsibilities -** Typically, either the small business owner or the company's accountant is responsible for filing the company's taxes. Verify your responsibilities with your accountant or tax advisor.
- **Submit Payroll Adjustments -** Submit any payroll adjustments for employees, such as voided or manually issued employee checks, to your accountant or payroll service provider before your final 2016 payroll report. You must complete this before Dec. 31, 2016.
- **Report All Missing Wages or Miscellaneous Income/Tax**

Credits - You are required to report items such as fringe benefits, tips, COBRA payments, employee moving expenses, unsubstantiated employee expense reimbursements and others to your accountant or payroll service provider before the company's final payroll report of 2016.

- **Set Up a Qualified Retirement Plan -** If you have not already done so, consider creating a retirement savings plan.
- **Provide Year-End Bonuses to Employees -** Bonuses and associated payroll taxes are deductible.

Even if you miss the Dec. 31 deadline, for tax purposes, you may be able to pay bonuses up to March 15, 2017, if your business uses an accrual-based accounting system. This is something you may want to check with your tax advisor.

- **Understand How the Affordable Care Act (ACA) Can Impact Your Business -** The legislative changes enacted by the federal government can seem complicated and daunting. It's important to understand their impact on your business.
- **Set Up a Meeting With Your Accountant -** Your tax advisor knows what's best for your business and can offer specific strategies to minimize tax liability.

"With the enormous amount of responsibility small business owners bear, keeping up to date with and adhering to complex tax regulations can be difficult," said John Ayala, president of ADP's Small Business Services division. "That's why it's especially important at year end for small business owners to consult with their most trusted business advisor: their CPA. CPAs follow tax law changes all year and can help small businesses stay in compliance and reduce risk."

For additional resources, please visit ADP's accountant portal (adp.com/accountant), which includes many accounting resources and tools. In addition, ADP Small Business Services' Year-End Central provides guides and other resources to help with year-end tax preparation and filings.

These tips are not intended to take the place of advice from a licensed accountant or tax advisor. All small business owners should consult with their accountant or tax advisor to ensure they are filing their taxes as required by law under the specific facts related to their business. ●

New Rules Make Many More Eligible for OT

Starting December 1, millions more American workers will be eligible for overtime, thanks to a new U.S. Department of Labor rule that takes effect on December 1st. Under the previous guidelines, certain salaried workers who made less than $23,660 per year were entitled to receive overtime when they worked more than 40 hours a week, even if they weren't hourly. Under the new rule, most salaried workers who earn less than $47,476 annually will be eligible for time-and-a-half when they work more than 40 hours each week. And the estimated 4 million workers who become eligible on December 1st represent just the beginning—every three years, the pay levels will automatically update.

Although the Obama Administration and Labor Department Secretary Thomas E. Perez are hailing the change as a benefit to workers, the implications could be extremely negative for many employers. In fact, the U.S. House of Representatives has voted to postpone the date the new regulations take effect by six months, and several lawsuits have been filed to postpone it. A delay would provide "breathing room for retailers large and small struggling to comply with the changes during their busiest time of year," said National Retail Federation (NRF) Senior Vice President for Government Relations David French in a statement.

Whether the action takes effect on December 1st or is delayed by a few months, it will have a significant effect on employers, workers, and the U.S. economy. Employers should prepare now for whatever happens, in order to minimize the financial cost of complying and the legal risks of failing to comply.

The New Rule

The federal Fair Labor Standards Act (FLSA), passed in 1938, guarantees a minimum wage to almost all employees in the United States, and requires employers to pay overtime when employees work more than 40 hours in any workweek. There are, however, several exemptions to the overtime requirements. Employees who are exempt from overtime requirements under federal law most often fall under one (or more) of five exemptions (the so-called "white collar" exemptions): executive, administrative, professional, computer employees, and outside sales.

Under the FLSA, in order to classify a position as exempt, generally that position must pass both a salary test and a duties test. Currently, the salary test requires a weekly salary of $455 per week (or $23,660 per year). The duties test depends upon the exemption, but typical duties to look for include: directing and supervising the work of others; the authority to hire, fire, and promote; non-manual work; exercising independent judgment and discretion; advanced knowledge in a field of sci-
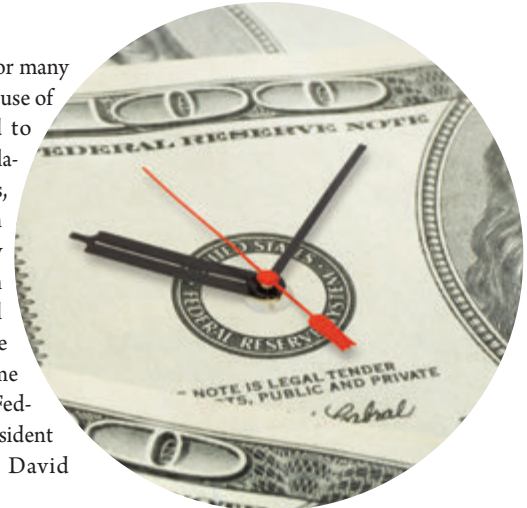
> "THIS LONG-AWAITED UPDATE WILL RESULT IN A MEANINGFUL BOOST TO MANY WORKERS' WALLETS, AND WILL GO A LONG WAY TOWARD REALIZING PRESIDENT OBAMA'S COMMITMENT TO ENSURING EVERY WORKER IS COMPENSATED FAIRLY FOR THEIR HARD WORK."

HOW TO RETAIN TOP ACCOUNTING PROFESSIONALS IN A COMPETITIVE ENVIRONMENT

By Chandra Bhansali, PhD

For all accounting firms, whether up-and-coming or well-established, building and keeping a talented team is just as important as growing the client roster. According to a survey from the International Federation of Accountants, more than 60 percent of small- and mid-sized accounting firms cite attracting and retaining talent as a challenge. High turnover rates significantly cut into a company's bottom line as it requires a heavy investment – both in cost and effort – to identify and onboard new team members.

Although some of today's most publicized startups use elaborate ploys like a wall of candy or weekly happy hours, most employees of all ages aren't looking for these perks during their job search. Deloitte's recent study found that providing an authentic sense of purpose and values that reflect their own is the best way to truly nurture stronger loyalty among employees. The long-term retention of key employees maintains process continuity and develops more effective teamwork and coordination. So how can accounting firms keep their employees engaged and excited about their contributions?

Keep up with the times

As young professionals continue to assume more responsibility in today's workplace, it is essential for companies to use technology that is as advanced as what accountants are using in their personal lives. Firms still operating on desktop systems could risk losing top talent to companies that make it easier for employees to work remotely with integrated, collaborative cloud solutions.

With smarter, more intuitive cloud-based systems for professional accounting, bookkeeping and payroll, employees can work more efficiently and collaboratively with their clients. These advanced solutions also minimize manual data entry, providing more opportunities to deliver strategic client advice. This, in turn, assigns more value to their work and instills a greater sense of trust and pride in employees.

Clearly express the mission

Many employees today want to develop a deeper connection to their organization and have a sense of purpose. According to the Deloitte study, millennials are more likely to remain at a company that shares its values and are more satisfied with its sense of purpose and support of professional development.

For accounting firms, having a well-defined mission engages employees emotionally and provides them with a deeper link with the company. Above and beyond compliance work, companies need to offer services that add value to clients' businesses and individual clients' personal financial needs. Then it is important for leaders to help their team understand what important role the firm plays in clients' businesses or personal life. When team members believe in their work, both the job and the workplace

HOSTING PROVIDERS

Application Hosting Simplifies Accounting Firm IT

By Mary Girsch-Bock

A short twenty years ago, when a business decided to implement new software, a variety of things had to happen prior to that software being installed. First, IT staff needed to determine if the current system in place had enough memory available to run the program. If the hardware checked out, IT could proceed with purchasing the product. If it didn't, additional memory would need to be installed, or worse yet, the hardware would need to be upgraded, or replaced.

Once the software was received, IT staff would proceed to install the product from the discs that were sent in the mail. The installation process always varied, with some products taking minutes - others taking upwards of several hours. Once this process was completed, IT would then need to install the product on each of the users' desktop computers, mapping a drive to the installed product on the server.

Over time, the process became a little easier. Software companies, responding to the demands of their customers, strived to simplify this process, with many beginning to deploy their product in the software-as-a-service (SaaS) model. This simplified the process considerably, with users able to simply subscribe to the software rather than spend valuable time and resources to install and manage the product locally.

Shortly thereafter, some software vendors began offering online versions of their product, where users would purchase a subscription and simply login to the product. Unfortunately, many of these early online products were pared down versions of the desktop product.

The growth of the application hosting industry has changed all that. No longer do business owners have to choose between an online version and a desktop version of a product. Using an application hosting service, users can access their favorite products remotely. The use of virtual private servers has taken this capability to a new level, allowing users to create a custom server with all of the applications they need – managed by an application host.

The benefits of using an application host in your office can be tremendous and include:

- **Ease of Access** – Employees can access the product from anywhere with an Internet connection; a must in today's mobile society.
- **Simple Product Integration** – For business owners using multiple software products, integrating multiple software systems has always been a logistical nightmare. Not so when the products are hosted on a single server.
- **Reduced IT and System Maintenance Costs** – Remember the example above? How many times did you find the perfect software for your business or your firm, but had to spend significant amounts of money to upgrade your system in order for that software product to work effectively? Or your IT person is on vacation when the software crashes? Using an application hosting service, all of those problems go away. The software and the maintenance are the responsibility of the hosting service, while you can concentrate on the important things, like keeping your clients happy.
- **Automatic Updates** – Users will always have the latest version of the product available to them when they log into the system.
- **Easy, One-Stop Support** – No longer do you need to keep multiple support numbers handy in case of an issue. All support is handled by the hosting application.

In this issue, we looked at six application hosting products. The services available range from simple QuickBooks hosting, to the ability to create a custom server with the applications you desire. The products include:

Cloudnine Realtime, Cloudvara, Insynq, Right Networks, Xcentric and Centrom.

So whether you're looking for a host for one or a half dozen applications, taking a look at the products in this review is a great place to begin.
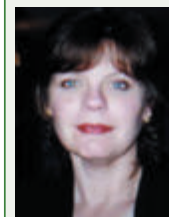
Mary Girsch-Bock

Mary Girsch-Bock began her career as an accountant in the property management and healthcare industries. She is now a freelance writer specializing in business and technology issues and is the author of her first book, several HR handbooks, training manuals, and other in-house publications. She can be reached at mary.girschbock@cpapracticeadvisor.com*.*

	BASIC SYSTEM FUNCTIONS	ADVANCED FEATURES	PROGRAMS HOSTED	HELP/ SUPPORT	OVERALL RATING
Cetrom CPA Cloud	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Cloudnine Realtime	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Cloudvara	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Insynq	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Right Networks	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Xcentric	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

HOSTING PROVIDERS

Cetrom CPA Cloud

2016 OVERALL RATING

★ 5

BEST FIT
Cetrom is a good fit for CPAs and accounting firms of all sizes that are looking for flexible, customized application hosting and IT management.

PRODUCT STRENGTHS
• The product includes a number of premium features at no additional cost
• Data migration is completed by Cetrom staff
• Product support is available 24/7, year round
• Cetrom guarantees a 99.9% uptime and "better than bank" level data encryption

POTENTIAL LIMITATIONS
• Pricing could be prohibitive for firms with less than 10 internal users

SUMMARY & PRICING
Cetrom offers a six-month guarantee with its product, so users can try the product out at their leisure, and cancel their purchase agreement at any time during the trial period, with Cetrom switching the customer back to their previous environment at no charge. Although tailored to accounting firms, Cetrom is also well-suited to nonprofits, associations, and travel industry businesses. Pricing for Cetrom starts at $125.00 per user per month, with Virtual Desktop, the Cetrom Hybrid solution, and all product support included. Pricing also includes 10 GB of storage, a 4GB mailbox, and Microsoft Office Standard hosting.

www.Cetrom.net

Cloudnine Realtime Hosting Services

2016 OVERALL RATING

★ 4.75

BEST FIT
Cloudnine Realtime is primarily designed for use by accounting firms, as well as other professional firms such as law firms and consulting groups. With four editions, the system is scalable and thus suitable for the very small firm (1-2 users) to firms with 500 + users.

PRODUCT STRENGTHS
• The vendor is a licensed commercial host for all Intuit products
• 24/7 system support is offered for all levels of the Cloudnine Realtime Solution
• Product can currently host more than 400 commonly used accounting and business management applications

POTENTIAL LIMITATIONS
• Implementation process may be more difficult for smaller firms with limited IT expertise

SUMMARY & PRICING
The four editions of Cloudnine Realtime are: Pro, which supports 1-2 users and will host 1 to 3 applications; Pro Plus, which supports up to 25 users and can host between 3 and 7 applications, Premier, which supports up to 500 users, and can host between 8 and 15 applications, and Enterprise, which supports 500+ users and unlimited applications. Pricing for the Pro version starts at $39.99 per user per month. Those that pay annually will receive two free months of service and waived setup fees ($50.00 per user).

www.CloudnineRealtime. com

Cloudvara Cloud Hosting

2016 OVERALL RATING

★ 4.75

BEST FIT
Cloudvara is a custom application hosting service that currently offers a number of applications for hosting. The product is well suited for small businesses including accounting firms that need only a small number of applications hosted.

PRODUCT STRENGTHS
• Cloudvara switched from various plans to one simple user plan that is suitable for most small accounting firms
• The product is affordably priced, with a number of popular applications available for hosting
• Product support is available 24/7, year-round
• No contracts are needed, with users paying monthly

POTENTIAL LIMITATIONS
• Ideal for mid-sized and smaller firms, but does have larger-scale clients

SUMMARY AND PRICING
The Essentials Pack, which includes a fully dedicated server and fully redundant business data, is $49.00 per user per month. An add-on pack for Microsoft Office Standard is an additional $5.00 per user per month, with Microsoft Office Pro Plus an additional $10.00 per user per month. Volume discounts are offered, as is an annual pre-pay discount. Users can also add a Bill.com sync, SmartVault sync and Tallie sync at no additional cost.

www.Cloudvara.com

Insynq Cloud Hosting

2016 OVERALL RATING

★ 4.75

BEST FIT
Insynq is a good fit for accounting firms wanting to host a variety of applications, including QuickBooks.

PRODUCT STRENGTHS
• Insynq is designed specifically for accountants and CPA firms
• The product comes with 24/7 technical support year round
• The system can host a variety of popular applications such as QuickBooks, Sage Accounting, Microsoft Office, Microsoft Dynamics, and a variety of tax programs
• Firms using Insynq will receive a custom quote and a system designed specifically for their own particular needs

POTENTIAL LIMITATIONS
• Product may not be suitable for very small firms

SUMMARY & PRICING
In business since 1997, Insynq can host nearly any programs needed by firms or businesses. Insynq pricing is based on specific firm needs, and as such, the company does not offer general pricing information. pricing Pricing is based on the applications hosted and the number of users that will be accessing the system. Insynq also offers potential customers a free, 14-day trial.

www.Insynq.com

Right Networks Hosting

2016 OVERALL RATING

5

BEST FIT

Right Networks Hosting offers a variety of hosting options for accounting firms and other businesses seeking to simplify their IT by hosting their applications in the cloud.

PRODUCT STRENGTHS

- Right Networks is scalable, with three hosting options available to choose from
- Product support is available 24/7

- Right Networks guarantees 99.999% user uptime
- The hosting packages include excellent system security
- Users can access applications from a variety of devices including tablets and smartphones

POTENTIAL LIMITATIONS

- Does not offer a custom server to host applications

SUMMARY & PRICING

Right Networks's three hosting plans include: Bronze, which includes QuickBooks hosting and is available for $50.00 per user per month; Silver, which includes QuickBooks hosting along with Microsoft Office Standard hosting, which is available for $60.00 per user per month; and Gold, which offers all Silver level options, along with an upgrade to Microsoft Office Pro. The Gold level also includes Bill.com, SmartVault.com, and Tallie hosting, and is available for $80.00 per user per month. An additional $5.00 fee per month applies for QuickBooks hosting.

www.RightNetworks.com

Xcentric Cloud Hosted Solutions

2016 OVERALL RATING

5

BEST FIT

Xcentric is designed for use by accountanting firms serving multiple business clients, and provides strong tools for firms of virtually any size.

PRODUCT STRENGTHS

- Product is designed specifically for accounting firms
- More than 1,300 applications can be hosted on Xcentric
- 24/7 support is available and

included in product pricing
- Scalable hosting options
- Automated redundant data and system backups

POTENTIAL LIMITATIONS

- Xcentric offers QuickBooks hosting to professional accounting firms

SUMMARY & PRICING

Xcentric offers three cloud hosting plans: Cloud Core, which starts at $139.00 per user per month and includes hosting for up to 25 applications. The plan also includes 5GB of storage per user, and a 1GB mailbox. Those that need additional applications hosted can move to either Cloud Pro or Cloud Premier, which offer hosting for an unlimited number of applications. Additional storage space – 10 GB for the Pro version and 20 GB for the Premier version is also available as well as increased mailbox size. All versions include unlimited product support, along with Microsoft Office and Exchange Server. Those purchasing the Cloud Core edition of Xcentric can also purchase additional features and functions found in the other product versions at an additional cost.

www.Xcentric.com

FEATURE

become more meaningful. This fuels their passion to help the company succeed. Leaders and executives can work with each employee to support and drum up excitement about their visions for the company. This genuine enthusiasm can foster more loyalty than financial compensation or perks alone.

Maintain a work-life balance

A common issue many organizations face is helping employees maintain a balanced workload. In fact, the International Federation of Accountants found that 62 percent of small- and mid-sized accounting practices have a challenge enabling work-life balance for their team.

Accountants have a lot on their plate, whether it's tax season or not. Unfortunately, it's becoming a common practice for employees to work more than 55 hours per week. This laborious schedule can increase burnout and employee attrition.

Executive leaders can help reduce this by minimizing the time spent on tedious tasks that consume a majority of their team's day, like data entry or fixing client errors, with smarter workflow solutions. A professional, accountant-centric solution enables firms to reduce client mistakes by granting them access to the specific features they're comfortable performing. Cloud-based systems also automate many data entry tasks, like updating financial transactions. This helps minimize the team's workload

and enables them to achieve a better life balance.

Value the individual

While revenue numbers are important for any organization across the industry, companies that value an employee's individuality and contributions have a higher satisfaction and talent retention rate. Cloud-based tools that automate basic tasks allow accountants to be more efficient and better demonstrate their value to both employers and their clients. With a professional system that offers a full view of their client's financial standing, accountants can deliver high-impact guidance rather than just financial documents.

Accountants today are searching for meaningful employment, not a company that invests in foosball tables and well-stocked fridges. Accounting firms should work to offer an environment with the right tools, a shared vision, balanced workload and individual recognition to keep team members satisfied and proud of their company. ●

Dr. Chandra Bhansali is CEO of AccountantsWorld, a pioneer in cloud-based software solutions designed exclusively for accountants. He has been a thought leader on how technology can improve accounting firms, and has been named one of the "Top 100 Most Influential People in Accounting" by Accounting Today for over 10 years.

ONE-STOP ACCOUNTING

Imagine the time accounting professionals could save if every system they or their clients used all communicated with each other. Now, picture accountants being able to access one single solution to handle all of their clients' accounting needs. Thanks to Intuit, QuickBooks ProAdvisors and their clients no longer have to rely on their daydreams. Over time, Intuit has worked hard to lift QuickBooks Online Accountant to the next level so that it is the single place to manage all clients as an accountant. As such, the financial solutions developer recently announced two new integrations into QuickBooks Online: ProConnect Tax Online and QuickBooks Self-Employed. Announced at this year's QuickBooks Connect conference, both integrations will be rolled out before year's end.

ProConnect Tax Online

The ProConnect Tax Online integration builds upon last year's Trial Balance feature. When Intuit rolled out Trial Balance, accountants spent an average of five and a half hours finalizing books, and preparing and filing tax returns for one client, much of which is manual data entry. The goal was to help eliminate the time spent on manual data entry and while that goal was accomplished, Intuit continues to see more ways it can help solve pain points for accountants, particularly around tax season.

With the new integration between QuickBooks Online Accountant and ProConnect Tax Online, users can view, manage and access their tax clients in QuickBooks Online Accountant. Users will see a new Tax column in QuickBooks Online Accountant: if they have ProConnect Tax Online clients, they will now see those clients in the QuickBooks Online Accountant Client Dashboard for the first time. The tax column will also display statuses selected in ProConnect Tax Online, including e-file status and user-selected statuses.

For business tax returns, the Trial Balance feature inside QuickBooks Online Accountant accelerates the year-end process of finishing the books and completing a tax return. Using Trial Balance, accountants can view changes year-over-year, drill down to transaction detail and make adjustments directly in QuickBooks Online. While reviewing, users can make and save notes and attachments, and also see alerts whenever there is any client activity. Trial Balance auto-maps to ProConnect Tax Online, making it easier for users to prepare a tax return using clients' QuickBooks Online information. Once the information has auto-populated, users can edit mappings, save mappings year-over-year and carry over the previous year's balances.

"Accountants are huge influencers, so it's important that Intuit works to create products that will help them flourish," said Tom Palfreyman, product manager, Intuit. "Everything we do is in service of saving accountants time so they can actually do their work and add their unique value to clients."
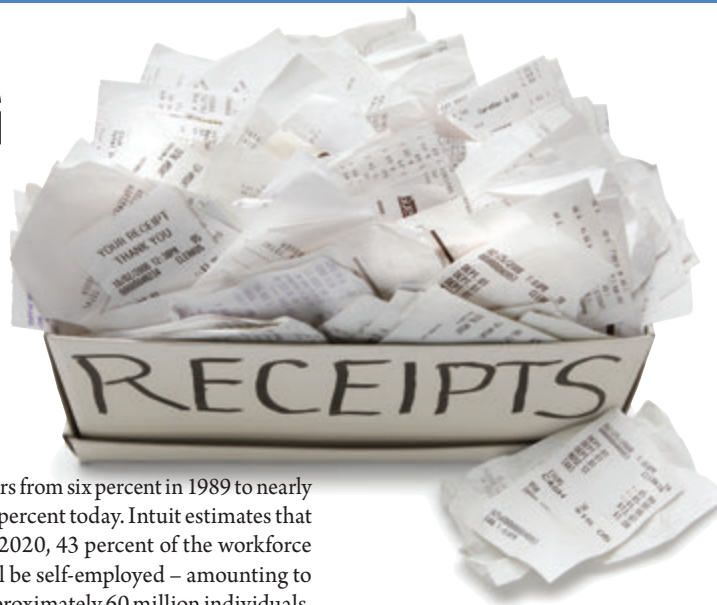
QuickBooks Self-Employed

The QuickBooks Self-Employed and QuickBooks Online Accountant integration makes it easier for QuickBooks ProAdvisors to connect with and serve the self-employed workforce, which has more than quadrupled in the past 27 years from six percent in 1989 to nearly 34 percent today. Intuit estimates that by 2020, 43 percent of the workforce will be self-employed – amounting to approximately 60 million individuals. These 60 million potential clients will need software and professionals to manage their accounting needs in a world where many self-employed workers use their personal finance accounts for both personal and business-related transactions. Accounting professionals who serve this workforce may find themselves sifting through boxes of receipts to separate clients' personal and business expenses in order to prepare their tax returns and find potential tax savings.

"When clients have a shoebox of receipts that have been stored all year, it's not always easy for them and their accounting professional to navigate through their transactions efficiently and error-free," said Harsha Jagadish, Product Manager, QuickBooks Accountant. "We've also found that most of the self-employed workforce are mainly "Do-It-For-Me" clients, and want their accountants to handle expense classification and cleanup in preparation for tax season. This integration between QuickBooks Self-Employed and QuickBooks Online Accountant helps to eliminate a lot of barriers that prevented accounting professionals from serving their self-employed clients to the fullest. Now, accounting professionals can work seamlessly within their clients' QuickBooks Self-Employed file to help them realize true time and tax savings."

QuickBooks Self-Employed users can invite their accountants to access their QuickBooks Self-Employed file – a feature already present for QuickBooks Online users. Once the accountant accepts the invitation, they will be able to see their QuickBooks Self-Employed clients inside QuickBooks Online Accountant, right along with the rest of their clients. Inside QuickBooks Online Accountant, professionals can directly access and manage clients' books, and view key reports and uncategorized transactions, as well as quarterly and annual tax information. Since launching in January 2015, QuickBooks Self-Employed has helped over 100,000 self-employed customers identify an average of more than $4,000 in potential tax savings.

The integrations with ProConnect Tax Online and QuickBooks Self-Employed are just the latest proof that Intuit is working to help accounting professionals become Firms of the Future by taking very concrete steps to make the QuickBooks Online ecosystem the one place where accountants can manage their clients without having to access various systems.

"It all comes down to the fact that every day we want to continue to deliver as much customer benefit as we can," said Palfreyman. "The less time accounting professionals spend performing data entry, the more time they have to really embrace their role as a trusted advisor."

Current QuickBooks Online Accountant, QuickBooks Self-Employed and ProConnect Tax Online users will receive more information as the integrations are rolled out. ●

The Basics of Sales Tax Filing for Small Businesses

By Scott Peterson

Congratulations! You, or your small business client, have received a sales tax permit, have registered with the state, and have collected taxes on sales. So what's next?

Now it's time to file with the state that you've done business in, reporting the amount of taxes you've collected and handing those funds over to the state. It seems like a simple enough task, but, as with anything sales tax-related, it can be surprisingly complex and not always easy to figure out how to get it right. Here's how to get started and what to watch out for so that you can file your sales taxes confidently and correctly.

One size does not fit all

The rules and procedures for filing sales taxes are completely individual to each state. So it's imperative to find out what the rules and processes are for each state where you are collecting sales taxes. For those specifics, you can turn to our state sales tax guides or the individual websites of each state. That said, here are some common things you need to know.

Filing format

Each state has a sales tax return form that you are required to fill out and send in. For a long time, filing taxes involved filling out a paper form and mailing or delivering it to the appropriate tax authority. That's still an option in many states, but technology now offers other methods.

Every state offers some online option so that you can file and send with the touch of a button. Many states also offer the choice to file using a touch-tone phone (telefiling).

Some states have done away with paper forms altogether, requiring all sales tax filers to use electronic options. Others require electronic filing only for some taxpayers, most commonly if they are over a certain threshold for the amount of tax they are remitting.
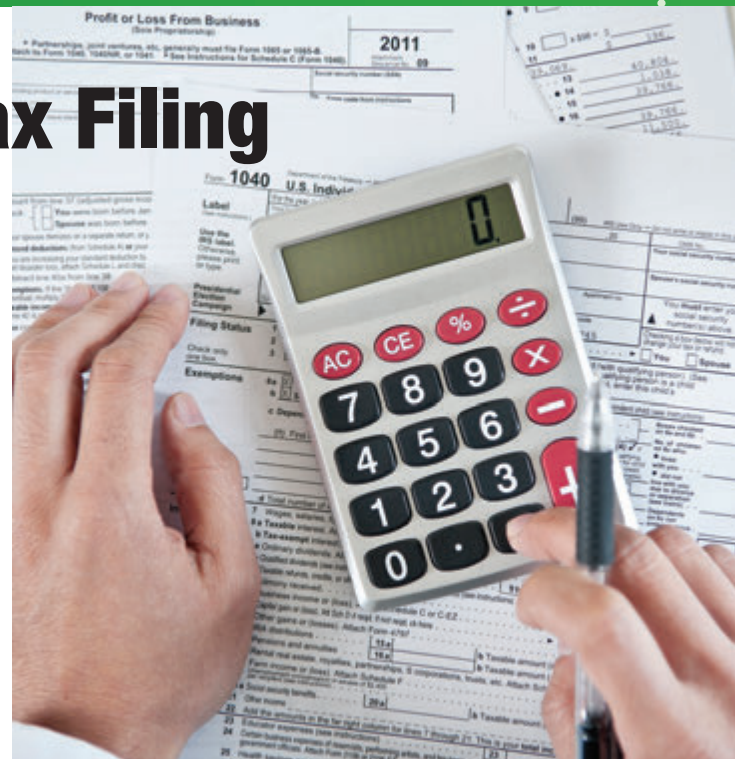
Due dates

When you register with the state, you should be assigned a filing frequency. This may be monthly, quarterly, annually or other and applies for both filing and payment. Businesses with more tax to pay are commonly required to file more often. Your due dates for filing taxes will be determined by your frequency.

Businesses with a lot of tax to remit may be required to prepay, meaning they may have several filing/payment deadlines for a reporting period.

Due dates will often fall on the same day of the month every reporting period, but they can vary due to holidays, weekend, etc. So it's important to know the exact due dates. For example, the 20th of the month after the previous month's collection period is a common filing deadline. But if the 20th falls on a Sunday, the 21st may be the actual deadline for that month.

If you are filing and paying electronically, pay careful attention to when you actually need to initiate your payment in order to meet the deadline. The payment might not be credited on the same day as you electronically submitted it.

Payments

If you are filing a paper form, then you can send a check or money order in with your return to remit payment. There are also many options for electronic payment. Some states have an option for paying with a touch-tone phone, and all offer online payment. All states allow you to pay through direct debit from your bank account, and most also offer an option to pay via credit card. Credit-card payments usually incur a small convenience fee.

Late penalties

All states penalize businesses for missing filing and payment due dates. Penalties can be compounded by interest, so fees can add up quickly. Even if you can't pay right away, it's important to at least file as soon as you can to avoid paying more in fees than you have to.

Timely discounts

Many states offer incentives to taxpayers who file and pay early or on time by offering discounts on the amount of tax that must be paid. These can range from 0.5% to 5% with various maximum amounts. In some cases, businesses must pay electronically to qualify for the timely discount.

Zero-tax filing

In most states, you must file sales tax returns even if you didn't collect any tax for the reporting period. This is called zero-tax filing.

Streamline sales tax filing

Automation can help make the reporting, filing and remittance process much easier. With software solutions like Avalara TrustFile, you can import transaction data from your ecommerce or accounting platform and prepare your sales tax returns in minutes, whether you are filing in one state or several. ●

Scott Peterson is the Director of Government Affairs for Avalara, Inc. In his role, Scott leads Avalara's effort to be the first name in sales tax automation.

Several States Allow Sales Tax Payments Via Credit Card

By Scott Peterson

For small businesses, credit cards can be an important tool, offering financial management benefits and the opportunity to earn valuable rewards. You can put just about anything on a credit card these days, including your sales taxes — in most states. Out of the 45 states that charge sales tax, all but 7 (Alabama, Arizona, Arkansas, Illinois, Maine, Nevada and Virginia) allow businesses to pay via credit card.

However, in those states that do allow you to pay sales taxes with plastic, the convenience comes with a price, usually in the form of a small fee that is charged by a third-party payments processor.

Here's a rundown of which states let you remit sales taxes via credit card and how much using that option will cost you. "Fee unspecified" means there is no information on the amount of the fee until you actually initiate a credit card payment.

November SALT Checklist

☐ Engagement letters - review your SALT engagement letters and update where necessary

☐ Open Items - Work with clients to resolve any deficiencies and penalties for past due state and local taxes

☐ Payments - Help clients set up budgeting plans for monthly and quarterly SALT payments

☐ Online Businesses - Discuss online selling activities with clients and make sure they are aware of sales tax responsibilities

☐ Planning - Start talking with your clients about 2017 SALT requirements now and determine if they need software support to stay current with their obligations in various states

STATE	CREDIT CARDS ACCEPTED?	FEE
Alabama	No	
Alaska	No sales tax	
Arizona	No	
Arkansas	No	
California	Yes	2.3%, minimum $1
Colorado	Yes	Unspecified
Connecticut	Yes	2.35%
Delaware	No sales tax	
Florida	Yes	1.85%, minimum $1
Georgia	Yes	2.50%
Hawaii	Yes	Unspecified
Idaho	Yes	Unspecified
Illinois	No	
Indiana	Yes	Unspecified
Iowa	Yes	2.45%, minimum $3.95
Kansas	Yes	2.50%
Kentucky	Yes	2.45%
Louisiana	Yes	2.45%
Maine	No	
Maryland	Yes	2.49%
Massachusetts	Yes	2.30%
Michigan	Yes	2.75%
Minnesota	Yes	2.25%, minimum $3.75
Mississippi	Yes	2.50%
Missouri	Yes	Unspecified
Montana	No sales tax	
Nebraska	Yes	2.35%
Nevada	No	
New Hampshire	No sales tax	
New Jersey	Yes	Unspecified
New Mexico	Yes	Unspecified
New York	Yes	2.25%
North Carolina	Yes	$2.00 for every $100.00 increment of tax payment
North Dakota	Yes	2.49%
Ohio	Yes	2.50%
Oklahoma	Yes	2.50%
Oregon	No sales tax	
Pennsylvania	Yes	2.49%, minimum $1
Rhode Island	Yes	2.50%
South Carolina	Yes	Unspecified
South Dakota	Yes	2.45%
Tennessee	Yes	2.49%
Texas	Yes	$1 up to $100 payment; 2.25% plus $0.25 processing fee for payments over $100
Utah	Yes	Tiered according to amount of tax payment
Vermont	Yes	3%
Virginia	No	
Washington	Yes	2.5%, $1 minimum
West Virginia	Yes	2.5%, $1 minimum<
Wisconsin	Yes	$1 for payments less than $40; 2.5% for payments greater than $40
Wyoming	Yes	2.50%

Getting help with sales taxes

Keeping up with sales tax filing requirements can be a big burden for a small business. Programs that automate the process, like Avalara's TrustFile, can help. TrustFile automatically generates reports for each state based on your sales data, broken down according to each state's requirements. It can also support electronic payment of sales tax returns in some states. TrustFile is constantly updated on the latest requirements for each state, so you will always have the right information on when and how to file. ●

ence and learning through prolonged course of instruction; or sales performed away from the employer's place of business.

Under the new rule, the salary test will more than double from $455 per week to $913 per week (or from $23,660 per year to $47,476 per year). There is no salary test for outside sales.

The new rule was announced in May by President Obama and Labor Secretary Perez. According to the Labor Department, "This long-awaited update will result in a meaningful boost to many workers' wallets, and will go a long way toward realizing President Obama's commitment to ensuring every worker is compensated fairly for their hard work." The DOL also estimated that the initial change to the income threshold will make 4.2 million salaried workers newly eligible for overtime pay.

Challenges to the Rule

Several groups, including the U.S. House of Representatives, have sought to delay the scheduled December 1st implementation. On September 28th, Congress passed the Regulatory Relief for Small Businesses, Schools and Nonprofits Act by a vote of 246-177, mostly along party lines. Under the bill, the new overtime pay rules would be postponed until June 1, 2017. A similar bill has been introduced in the Senate, but its chances of passing are questionable. Even if the bill is passed, Obama has said he will veto it.

Two lawsuits have also been filed against the new rule. Twenty-one states—Alabama, Arizona, Arkansas, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Mississippi, Nebraska, Nevada, New Mexico, Ohio, Oklahoma, South Carolina, Texas, Utah and Wisconsin—have filed a lawsuit in the Eastern District of Texas against the Labor Department, Secretary Perez, and other federal officials to stop the new overtime rules.

In a separate lawsuit filed in the same court, more than 50 business groups have banded together to try to stop the rule. The groups include the NRF, the National Federal of Independent Business, and the National Association of Manufacturers. According to the lawsuit, the Labor Department exceeded its statutory authority in issuing the regulation and violated the Administrative Procedure Act.

"The DOL went too far in the new overtime regulation," said Randy Johnson, senior vice president of Labor, Immigration, and Employee Benefits for the U.S. Chamber of Commerce, which is part of one of the lawsuits, in a statement. "We have heard from our members, small businesses, nonprofits, and other employers that the salary threshold is going to result in significant new labor costs and cause many disruptions in how work gets done. Furthermore, the automatic escalator provision means that employers will have to go through their reclassification analysis every three years. In combination, the new overtime rule will result in salaried professional employees being converted to hourly wages, and it will reduce workplace flexibility, remote electronic access to work, and opportunities for career advancement." ●

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8 Rules for Effective Technology Management

The ongoing war for talent, coupled with the rapid advancement of technology, is fueling exponential growth in the importance of technology. It creates a challenge and an opportunity. From the challenge side, we are already being forced to do more with less while increasing production to counter the persistent rise in costs. On the flip side, technology allows us to automate many of the manual tasks that have increased our headcount in the past while also providing better client service. Focusing on the right processes and technology to serve the right clients is critical to your firm's success and future readiness.

These eight rules of technology management will help your firm develop a technology strategy that is aligned with overarching firm strategy and set you up for success today and into the future.

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1 View technology as a strategic asset

When firms manage technology as overhead, they usually experience frustration as expectations are always greater than the results based upon the resources committed. The better approach is to manage technology strategically and allocate resources by priorities. Technology is an accelerator for planning, people and processes.

2 Invest in your technology leader

Don't expect to get extraordinary results if you are not willing to invest in technology leadership. Too often, firms insist on hiring someone who knows accounting to manage their technology and many times they want a CPA. They end up with a person who knows a little about accounting and little about technology but is an expert in neither.

3 Expect technology to change and require ongoing investment

Technology change is occurring more rapidly than ever before. To keep up, firms must invest more in process improvement and training. If you simply invest in maintenance projects (keep the lights on) rather than innovation (move the firm forward), you'll end up spending more to catch up in the long run than you would to stay ahead of the curve. Successful firms spend about six to seven percent of net revenue annually for technology and support, including labor and bandwidth.

4 Invest in training at all levels

The best way to increase your return on investment in technology and people is through training. It is also key to both retention and attraction of top talent. The Boomer Technology Circle™ metrics of member firms show that revenue per full-time equivalent increases considerably in firms with excellent training programs. The attitude and confidence level in those firms also exceeds those of peer firms.

5 Join a peer network

Joining a peer network offers access to experience, expertise and personal development outside your own firm. You don't have to reinvent the wheel. Peer groups provide insight, new perspectives, research and development, benchmarking and confidence that can save your firm time and money. Firms cannot operate in a vacuum, and the value of trusted, vetted peers to call on is priceless. Developing a network of peers and utilizing that network is a professional strength and competitive advantage. After all, it's what you don't know you don't know that costs you a lot of time and money.

6 Commit to a process for managing technology

Other than the cost of labor, technology is the second largest expenditure in most firms. It only makes sense to adopt sound management practices in order to ensure a return on the technology investment. There are several components to the management system we utilize and teach. It comes down to people, planning and processes with technology acting as the accelerator.

7 Assign a leader to focus on technology

Technology leadership and vision are an integral part of today's firm management team. The requirements for a CIO or Technology Partner are similar to those of a Managing Partner. The skills include leadership, finance, marketing, human resources, business savvy, project management and technical skills. IT must have a seat at the management table if the firm expects to remain successful and future ready.

8 Operate from a written technology plan

Follow the planning advice you give clients. Firms should operate from a technology plan that integrates with overall firm vision and strategy. If you don't have these plans in place, invest the resources and get them in place. Without a plan, it is easy for firms to lose focus on the most important and highest impact projects and strategies.

Value is added when you provide leadership, relationship and creativity. Leadership provides direction, relationship provides confidence and creativity provides new capabilities. All are necessary to effectively manage technology and your firm. ●