

CPA Practice Advisor

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VOLUME 27
NUMBER 9

Today's Technology for Tomorrow's Firm

CLOUD ACCOUNTING

PRODUCT REVIEWS:
Accounting Firm Portals
Hosting Providers
Website Builders

FEATURE

Combating Tax-Related
ID Theft

**BUILDING YOUR
NICHE PRACTICE**

Real Estate Clients

FROM THE TRENCHES

You've Been Breached:
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Pay to Fail: Is There Benefit in Rewarding Failure?

HAVE YOU EVER made a mistake and then tried to cover it up, hoping no one would notice, hoping you could fix the problem on your own, or counting on it not being an issue relevant enough to worry about? Put yourself in the shoes of the person most likely to want to know about this problem. That might be your boss who is ultimately responsible for your work and is relying on you to do it right, it might be a client who would want to know if there are problems with the work he or she is paying you to perform, it might be a co-worker who conceivably could get mistakenly blamed for the problem.

When that moment occurs, when you do something that didn't go the way it was supposed to or the way you hoped it would go, your first reaction might be to try to avoid getting into hot water. And maybe

you'll be successful at dodging the proverbial bullet. But thinking about the bigger picture, what if the stigma were removed from making mistakes? The truth is, everyone makes mistakes here and there, we all wish there was a do-over clause in life. So let's embrace the fact that life - and work - aren't perfect, but we can actually all learn and benefit from errors.

I read an interesting article recently about a company that offers a monthly monetary reward for the biggest failure of the month. Members of the company are encouraged to report their mistakes with the lure of a cash prize. At first glance, this seems, not just strange, but outright dangerous - are we

going to encourage a culture of failure? "Hey, I'll bet I can screw this up worse than you can - I'll be the one to win the award this month, just wait and see!" "No wait! I want to win the award! I'll mess things up so bad NO ONE will be able to fix them!"

Luckily, encouraging failure is not the idea behind this contest. As part of the failure reporting process, the person who caused the problem or made the mistake must email the CEO, document the issue, indicate what was learned from the failure, and set out a plan or procedure to help others avoid making the same mistake in the future.

Rather than creating an environment where co-workers

are likely to hide behind an invisible curtain when something goes wrong, be willing to accept the mistakes and even embrace those who are willing to come forward and admit their errors by opening the How-Can-We-Make-This-Better conversation.

You don't have to go the route of a monetary reward. Maybe those who admit something went wrong or could have been done better get to have a small retreat or a long planning lunch at a nice restaurant where solutions are brainstormed. By finding a way to create the atmosphere where failure represents an opportunity for improvement, your firm is likely to be a better place and the quality of work can only improve. ■

— Gail Perry, CPA - Editor-in-Chief



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has a lot more
money.*

*And a lot more
questions.*

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Combating Tax-Related Identity Theft

By Dave DuVal, EA

MILLIONS OF AMERICANS have their identities stolen each year, with 15.4 million victims in 2016, according to Javelin Strategy & Research. This year's Equifax breach may have exposed ten times that number: 143 million. Tax-related identity theft remains one of the most common forms of identity theft. This occurs when a person files a fraudulent tax return using a legitimate social security number belonging to someone else for the purpose of getting a cash refund.

COMBATING TAX-RELATED IDENTITY THEFT

The IRS has been cracking down on this problem over the past several years by implementing new policies and procedures to help stop identity theft before it happens, and steps to take after the theft has occurred. Just this year, the IRS introduced provisions from the Protecting Americans from Tax Hikes Act (PATH Act) of 2015 which mandates that refunds claiming the Earned Income Tax Credit or Additional Child Tax Credit must be held until mid-February.

Thus far the crackdown has worked. The IRS prevented \$1.1 billion in fraudulent refunds in 2016 on 171,000 tax returns, and that number could look even better once the 2017 numbers are released. However, cyberattacks are still on the rise, compromising taxpayers' information on a daily basis, and the cyber criminals behind the attacks are becoming more sophisticated in the ways they are using the stolen information. It's likely we'll never see tax-related identity thefts completely eradicated, and it's our job as tax professionals to ease the concerns of our clients and secure the information they give us in order to prepare their taxes.

WHAT THE IRS HAS DONE TO PREVENT THE FILING OF FRAUDULENT RETURNS

The IRS uses a number of different programs and features to prevent the filing of fraudulent returns. These programs and features are continuously updated each year to combat new issues as they arise.

One of the longest standing programs is the Questionable Refund Program (QRP) which has been in use since January 1977 and is designed to identify fraudulent returns and help reduce payment of fraudulent refunds. More recently, the IRS introduced the Taxpayer Protection Program (TPP) which authenticates the identities of suspicious tax return filers and prevents identity theft. While the TPP has detected and stopped millions of suspicious tax returns, it has also produced false-positives on legitimate returns causing extreme delays on some refunds that honest taxpayers are waiting for.

The IRS has also implemented the Identity Protection PIN (IP PIN), a unique six-digit number that is assigned to identity theft victims which they use when filing their federal tax return. The number is used to

identify the person filing the tax return as the rightful filer. But generally this IP PIN is only issued after a known incident.

In addition to a multitude of programs, the IRS also utilizes the Security Summit Initiative which is a partnership between the IRS, state revenue departments and private tax industry leaders such as Intuit TurboTax and H&R Block. Each year the Security Summit Initiative utilizes new and innovative defenses to help protect taxpayers' information, as well as the integrity of the federal and state tax systems.

The IRS also sends notices to taxpayers whose returns have been flagged and requires that they call to verify information. This information may be regarding income, jobs listed and more.

PREVENTING A CLIENT'S INFORMATION FROM BEING STOLEN

While you can never fully safeguard yourself or clients from potentially having their identity stolen, there are a few steps and measures that can be used to make the stealing of personal information harder for thieves.

If your client has ever been in a situation in which their personally identifiable information was used fraudulently (e.g., a data breach or someone using their information to obtain credit), advise them to submit IRS Form 14039, Identity Theft Affidavit. This will flag their account to identify any questionable activity.

When providing physical copies of tax returns or support documents to your clients, make a habit of marking out the Social Security number, direct deposit bank account information, and other sensitive information. You should also direct your client to be extremely careful with the financial and personal information they share and to make sure they never ignore a notice they receive in the mail. However, if they receive a notice that they suspect is not real, they should contact you as the tax professional first.

WHAT HAPPENS WHEN A CLIENT'S INFORMATION HAS BEEN STOLEN

Unfortunately, there's really no way of being able to tell that your client has fallen victim to identity theft until you've attempted to file their tax return and it is rejected. Your client might be a victim of identity theft if they (1) receive a notice from the IRS indicating that more than one tax return was filed with the same name; (2) receive a notice for a year that a tax return was not filed; or (3) receive a notice stating that the income and payment information the IRS has on file does not match what was reported on the tax return.

The first thing you and your client should do is to follow the IRS procedures for reporting a fraudulent return. Be advised, the IRS often will not talk to the tax professional, even with a POA in hand, as they want to hear directly from the taxpayer. Afterwards, fraud alerts should be added to your client's credit records with Equifax, Experian and TransUnion, and financial institutions should be notified of the fraud.

If your client receives a notice stating a fraudulent return has been

CONTINUED ON PAGE 33

Hosting Providers

WHEN I BEGAN reviewing software products many years ago, the majority of products I received for review were sent to my home in the form of a CD. One of the earliest issues I remember dealing with was the inadequacy of my hardware when attempting to install the software on my computer.

As software companies began to change from CD installation to a simpler product download, the issue lessened but still didn't disappear. After all, I was still using my hardware to install the software.

As deployment methods continued to change, I found that accessing the software online using Software as a Service (SaaS) for accessibility made reviewing software a much easier process, as I could access the product at any time, as long as I had Internet connectivity.

Today, business owners and employees use a variety of methods to access software, including iOS and Android smartphones. IT staff has been pared down or eliminated as the need to install and maintain multiple software products on a local desktop or application server has slowly begun to disappear.

Of course, the option to install and maintain software on local servers still exists, and many business owners have faithfully stuck to this model, not comfortable with having confidential documents stored on the cloud, rather than in their office.

But with state of the art security, solid product support options, and the ability to eliminate the tedious process of installing and configuring software, even small business owners are turning to application hosting as a viable solution for their software needs.

There are tremendous benefits of employing an application hosting provider, including the following:

- Reduced expenses. A significant reduction in hardware and related IT expenses. Chances are that your current IT people can be much more effectively deployed in your



office. As a bonus, the amount of money spent on hardware peripherals will drop tremendously as the need for powerful machines with powerful price tags attached disappears.

- Instant gratification. Imagine having immediate access to your applications, rather than spending time installing and configuring the product.
- Convenient access. I still work with businesses and organizations that do not offer remote access to their applications. While this may not be an issue for some smaller businesses, even the smallest business

may need to access its files from a location other than its office. This issue is immediately eliminated with application hosting.

- Reliability. For those who need to have access to their software at all times, application hosting can offer the perfect solution. Most application hosting software vendors offer a guaranteed uptime for their product to ensure that the product is accessible at all times.
- Your data is secure. Data is guaranteed secure, using bank-level security and encryption to ensure that data is safe whether in transit or simply residing on the server.

	HIGH UPTIME GUARANTEE	SECURITY OPTIONS	MULTIPLE DATA CENTERS	MOBILE CAPABILITY	MULTIPLE APPLICATIONS HOSTED	HOSTS CPA/ACCOUNTING APPLICATIONS	SUPPORTS MULTIPLE SYSTEM USERS	ADDITIONAL SERVICES OFFERED	SUPPORT OPTIONS
ABACUS PRIVATE CLOUD	X	X	X	X	X	X	X	X	X
CETROM	X	X	X	X	X	X	X	X	X
CLOUDNINE REALTIME	*	X	X	X	X	X	X	X	X
CLOUDVARA	X	X		X	X	X	X		X
INSYNO	X	X	X	X	X	X	X	X	X
RIGHT NETWORKS	X	X	X	X	X	X	X	X	X
XCENTRIC	X	X		X	X	X	X	X	X

*NOT SPECIFIED

REVIEW: HOSTING PROVIDERS

- Automatic updates and robust support options are available. No longer do you have to worry about whether you have the most up to date version of the software. All updates are provided automatically. And you'll no longer have to hunt around for the telephone number for support. All support inquiries are handled from a single location.
- Easy product integration. No longer will you have to worry about the intricacies of managing multiple software products. With all products hosted on a single server, users can concentrate on

their work, rather than keeping the software products running smoothly.

- Scalability. One of the biggest risks business owners make is purchasing the software that they need today with the knowledge that, depending on the growth or expansion of the business, the software may be relatively useless in five years. This issue is also eliminated with the use of application hosting, as users can add applications when necessary.

In this issue, we took a look at six application hosting products.

The products range from simple QuickBooks hosting, to the ability for business owners to create a custom server with the applications they need. The products include:

- AbacusNext
- Cloudnine Realtime
- Cloudvara
- InsynQ
- Right Networks
- Xcentric
- Centrom

Our included chart displays the common features found in each of these products, making it easier to find the application hosting solution

that would work best for the needs of your firm or your client's business. Whether you're interested in having a single application hosted, or a dozen, the application hosting providers here can be a good starting point for your search. ■

Abacus Private Cloud

www.AbacusNext.com

Abacus Private Cloud (APC) is a good fit for accounting firms of 10+ employees that are looking for a private hosting solution with top of the line security offered. Traditionally offered to legal offices, AbacusNext has expanded its market to include accounting and professional service

firms, primarily due to its recent acquisition of Office Tools, Results CRM and Cloudnine Realtime. AbacusNext offers a variety of services including Desktop as a Service (Daas), which is a virtual desktop. Also available are hybrid clouds, along with practice management software, email hosting, and security services.

For larger accounting firms that are concerned about security and data breaches, a private cloud server is a good option, and Abacus Private Cloud fits the bill perfectly.

Monthly subscription costs are generally less than \$150.00 per user, with a price guarantee of up to 60 months.

★ **5** 2017
OVERALL
RATING

Firms can pay month to month, with no long-term contract required.

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12371662](http://www.CPAPracticeAdvisor.com/12371662)

Cetrom CPA Cloud

www.cetrom.net

Cetrom is a complete application hosting provider that is well suited for CPA and accounting firms, as well as businesses looking to outsource their IT to a cloud provider.

Designed for accounting and

CPA firms, as well as nonprofits, associations and travel management businesses, Cetrom pricing is customized for each user. For application hosting for CPA and business software, services include hosting for more than 150 applications, hosted

email services, Virtual Desktop Remote Desktop Services, Cetrom FS file sharing and the Hybrid Cloud computing option.

★ **5** 2017
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12371161](http://www.CPAPracticeAdvisor.com/12371161)

Cloudnine Realtime

www.cloudninerealttime.com

Acquired in early 2017 by AbacusNext, a solutions provider for legal professionals, Cloudnine Realtime offers scalable application hosting, and is suitable for accounting firms and other professional services firms of any size. Cloudnine Realtime was the winner of The CPA Practice

Advisor's Reader's Choice Award for Outsourced Technology Services in 2017.

The Pro edition of Cloudnine is suitable for 1-2 users and can host 1-3 applications. Pro Plus is suitable for 3-25 users and can host between 3-7 applications. The Premier edition is suitable for 25-500 users that wish

to have between 8-15 applications hosted, and the Enterprise edition is for 500+ users that wish to have an unlimited number of applications hosted. Cloudnine Realtime offers a 7-day free trial, with pricing options available to potential users after the trial expires.

★ **4.75** 2017
OVERALL
RATING

Read the full review
for this product online at:
[www.CPAPracticeAdvisor.com/
12371162](http://www.CPAPracticeAdvisor.com/12371162)

Cloudvara

www.Cloudvara.com

Cloudvara is best suited for small businesses and accounting firms that only have a few applications that they wish to have hosted. Though Cloudvara specializes in QuickBooks hosting, it also offers legal, accounting, and tax software

hosting as well. Cloudvara offers QuickBooks and other application hosting to businesses world-wide. The company currently guarantees a 99.5 % uptime, with company servers located in a major data center in the U.S. The product offers state of the art security, with multiple data

centers built to conform to industry standards, including SOC reporting, ISO certifications, along with both HIPAA and PCI compliance. For additional protection, Cloudvara also offers daily system backups, hardware firewalls, and anti-virus protection.

★ **4.5** 2017
OVERALL
RATING

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FIRST HAND
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Taking a Small Firm to the Cloud

When Steven Brewer started his firm, the competitive landscape was quite a bit different for accounting professionals. The small town of Salem, Indiana, which has a population of about 6,200, provided a fairly traditional client base of individual and business tax clients, and business accounting engagements.

With only a couple other firms in the town, which is about 35 miles north of Louisville, Kentucky, the business was steady, but heavily based on tax services. As the years went by, and the invasion of national tax chain stores invaded even small towns, tax services became a lower profit service. If he wanted his firm, Steven Brewer CPA (www.stevenbrewerpcpa.com), to not only survive, but thrive, it would have to evolve with technology and changing client needs.

To do this, he focused on providing services that clients really value, and on which the retail tax stores can't compete. As a CPA, he is uniquely qualified to offer strategic advisory services to businesses, not just after-the-fact reporting and analysis. With technology enabling more interactive client relationships, Steve started providing client accounting services. Sometimes called virtual CFO services, this is where his accounting firm provides business clients with varying levels of functions, depending on their need.

For some clients, his staff of three full-time bookkeepers, an office manager and a part time tax preparer handles almost everything, from processing sales trans-

actions, to paying vendors, utilities, and other bills, as well as inventory management, AR, payroll, job costing, sales taxes and other functions. For other clients, the firm may only provide reporting, or some combination of a few of the functions.

To successfully implement cloud accounting services, Steve had to find the right cloud software. While the international software brands say they do everything for small business, Steve wanted technology that was built around the needs of accounting firms, and that would let him maintain his client relationships. That's when he found AccountantsWorld, which offers a variety of cloud-based systems that help accountants better serve their clients, and better manage their own firm.

Steve's practice uses AccountantsWorld's Accounting Power system, which makes it easy to collaborate with clients to share data, includes strong financial reporting and write-up functions, has trial balance, and includes a full bookkeeping system for the client to use, but the accounting firm gets to keep control over. Clients have a customized dashboard that shows what they need to know, but only lets them access and use the functions the firm wants, so there's less opportunity for the clients, or their employees, to make mistakes. The system's virtual CFO functions also give the firm quick access to financial snapshots of multiple clients.

"Most of my clients love it," Steve said. "Clients don't need to know accounting and it takes all of the hassle of management away from them. Also, my staff bookkeepers can see what they're doing when they're

doing it and walk them through issues if they need it."

The firm also uses AccountantsWorld's Payroll Relief and Cloud Cabinet systems. These cloud programs make it easier for clients to run their business, because the accounting firm is always there to provide guidance. This strengthens the client-firm relationship, while also balancing firm revenue. Steve's practice went from 60% tax services, but now has grown the accounting, payroll and advisory services to the larger share.

And the firm continues to grow, now providing virtual accounting and payroll services to nearly 60 business clients with reporting in 12 states. The businesses range in size from micro businesses to as many as 45 employees with revenue in the millions. Tax is still an important service, and the firm prepares about 450 individual and 125 business entity returns each year. Steve has also developed a niche market serving home inspection companies.

Since Accounting Power is a cloud-based system that uses bank-level encryption, he and his staff can also check in on client accounts whenever they need to, which gives them more flexibility and work-life balance.

"Power Practice has given my firm a lot of value, and it lets me be more engaged with and provide better service to my customers instantly. With AccountantsWorld, my firm can be proactive for my clients, working with data in the here and now, instead of in the past."

Read the 2017 review of Accounting Power at www.cpapracticeadvisor.com/12308383

REVIEW: HOSTING PROVIDERS

InsynQ Cloud Hosting / CPAASP

www.insynq.com

InsynQ is well suited for small to mid-sized accounting firms that are looking for QuickBooks hosting capability, as well as the ability to host tax and related programs. CPAASP is the accounting solutions branch of InsynQ, which offers hosting for a variety of accounting, tax, and

audit applications. InsynQ/CPAASP offers a hosting package specifically for accountants and CPAs which includes virtual desktop capability, QuickBooks Pro, Premier or Enterprise hosting, and Microsoft Office hosting.

Custom servers are also available that can host just about any application that is available. Hosting

services for both Bill.com and SmartVault are also included in the hosting package. This special package starts at \$55.00 per user per month, with users able to add both SpringAhead and BigTime for an additional \$6.00 per application per month. Pricing for custom servers is available upon request from InsynQ and users can

★ **4.75** 2017
OVERALL
RATING

sign up for a 14-day free trial of the software if they desire.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12371165](http://www.CPAPracticeAdvisor.com/12371165)

Right Networks Hosting

www.rightnetworks.com

Right Networks Hosting is a good fit for accounting firms and small businesses that are interested in having QuickBooks and other applications hosted on the cloud. Right Networks Hosting is scalable, with three versions of the product available from which users can choose.

The Bronze package offers QuickBooks Desktop hosting in the cloud with the ability to purchase or lease QuickBooks directly from Right Networks and is priced at \$50.00 per user per month. The Silver package is considered the most popular and also offers Microsoft Office Standard hosting as well as QuickBooks, and is

currently \$60.00 per user per month. The Gold package includes the features found in both the Bronze and Silver packages as well as the ability to host Microsoft Office Pro Plus, Bill.com, SmartVault, and Tallie, and is currently \$80.00 per user per month. All packages offer a complete 30-day money back guarantee, and include

★ **5** 2017
OVERALL
RATING

24-7-365 chat, email, and telephone support. A \$5.00 per user/per month hosting fee is also imposed on the user from Intuit.

**Read the full review
for this product online at:**
[www.CPAPracticeAdvisor.com/
12371166](http://www.CPAPracticeAdvisor.com/12371166)

Xcentric

www.xcentric.com

Xcentric is designed specifically for CPA firms and is a good option for accounting firms of all sizes. The product is available in three versions. Cloud Core will run \$139.00 per user per month and includes hosting for up to 25 applications as well as up to 5GB of storage per user,

and a 1GB mailbox. For firms that need to more than 25 applications hosted, both Cloud Pro and Cloud Premier are available, with 10 GB of storage available per user in Pro and 20 GB of storage available in the Premier version.

Pricing for both the Pro and the Premier version of Xcentric are available

directly from Xcentric upon request. All versions include unlimited product support, an assigned project manager, and chat support, as well as Microsoft Office applications and Microsoft Exchange Hosting, with mailbox size varying depending on the version purchased. Features not initially included in the Core version

★ **5** 2017
OVERALL
RATING

of Xcentric are all available to add on at an additional cost.

**Read the full review
for this product online at:**
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Trump Tax Plan Repeals Most Itemized Deductions, AMT, Estate Tax

By Ken Berry, J.D.

On September 27, 2017, President Trump and his handpicked "Big Six" group of Republican leaders finally released the latest version of their long-awaited tax reform package. As with previous proposals, the new plan promises to cut taxes for individuals and businesses, while wiping out deductions and repealing other controversial tax provisions.

Notably, absent some window dressing, the new plan doesn't provide much detail on how the tax cuts will be paid for and who exactly will benefit. It also throws some important decisions back into Congress' lap.

The Big Six — Treasury Secretary Steven Mnuchin, National Economic Council Director Gary Cohn, Senate Majority Leader Mitch McConnell, Senate Finance Committee Chair Orrin Hatch, House Speaker Paul Ryan and House Ways and Means Committee Chair Kevin Brady — have been meeting for months behind closed doors. Here are some of the highlights of the tax plan they've crafted in conjunction with the president.

Individual tax rates: Similar to prior proposals by Trump, the new plan replaces the graduated seven-rate structure with a three-bracket system of 12%, 25% and 35%. Currently, the lowest rate is 10% and the top tax rate is 39.6%. It's not yet clear where all the income cut-offs would occur.

Corporate tax rates: Previously, President Trump had called for a top 15% corporate tax rate, down from its current 35%. Conceding that the math didn't work, this version settles for a 20% rate as an "opening bid."

Pass-through businesses: As opposed to the current rules where entrepreneurs who own their own business are taxed as individuals, the plan imposes an across-the-board 25% rate for pass-through businesses. The plan also includes a prohibition against "personal income" being taxed at this rate.

Standard deduction and personal exemptions: The plan would nearly double — but not quite — the current standard deduction of \$6,350 for single filers to \$12,000 and the \$12,700 standard deduction for joint filers from \$12,700 to \$24,000. This standard deduction

would be claimed by more taxpayers in conjunction with other changes. Meanwhile the personal exemptions would be eliminated.

Itemized deductions: Following through on previous pledges, the new plan eliminates most itemized deductions, but retains the "sacred cows" of write-offs for mortgage interest and charitable donations. This could result in lot of handwringing from residents of states with high income and property taxes.

Alternative minimum tax: Echoing calls over the years to eliminate the convoluted alternative minimum tax (AMT), the new plan would repeal the AMT. Taxpayers would only have to deal with one tax system.

Estate tax: If the new plan is adopted, the death of the federal estate tax, or "death tax," would finally become reality. Currently, the estate tax only affects the wealthiest taxpayers, due mainly to the availability of a \$5.49 million exemption.

Family tax breaks: Without offering many specifics, the plan would consolidate existing tax breaks for families. A few notable changes would increase the child tax credit from \$1,000 to an unspecified amount and create a new \$500 tax credit for dependents, such as the elderly, who aren't children.

Repatriation tax: A one-time repatriation tax would be imposed to have companies bring back profits from overseas. Trump administration officials have indicated the rate would probably be around 10%.

Some of the key elements of the tax reform plan were missing from the nine-page report released by the GOP leadership. The plan also leaves some decisions up to Congress, such as imposing restraints on wealthy individuals benefitting from the 25% rate for pas-through businesses and the possibility of a fourth individual tax rate, higher than 35%, to ensure that the rich pay their fair share of tax.

The Trump administration hopes to push through these tax reforms before the end of the year, but most pundits believe that to be overly optimistic. If sweeping tax reforms are, in fact, enacted, the conventional wisdom is that legislation isn't likely to be signed until 2018. ■

THIS MONTH'S TOP TAX SOCIAL MEDIA POSTS

- Tax Return Pricing for Sole Proprietors. **Firm of the Future Blog.** <http://bit.ly/2fxkXR8>
- How to Fail in Your Tax Practice. **AICPA Insights.** <http://bit.ly/2xMmm0h>
- BitCoin Tax Implications. **Peter Horadan via LinkedIn.** <http://bit.ly/2fEwOAm>
- California Expands Voluntary Disclosure Program. **Wolters Kluwer Blog.** <http://bit.ly/2xHSXlY>
- IRS Plans W-2 Change to Fight Identity Theft. **Taxing Subjects Blog.** <http://bit.ly/2hBDXCf>

LATEST TAX NEWS

NAEA's Efforts Help Build Awareness of Enrolled Agents. In recent years, the NAEA has been pivotal in protecting those who hold the EA designation, especially in states that previously did not allow an EA to advertise his or her credential. <http://cpapracticeadvisor.com/12371065>

Tax Tips for Teachers - 2018. Educators can take advantage of tax deductions for qualified expenses related to their profession. The costs many educators incur out-of-pocket include items

such as classroom supplies, training and travel. <http://cpapracticeadvisor.com/12371064>

Tax Relief Options for 2017 Hurricane Victims. With three major hurricanes, there are several tax relief programs available to businesses and individuals who were affected by Hurricanes Harvey, Irma and Maria. <http://cpapracticeadvisor.com/12370491>

IRS Issues Guidance on Research Tax Credit. Independently determining the correct

amount of Research Credit claimed by LB&I taxpayers can be resource intensive for those taxpayers and LB&I examiners. <http://cpapracticeadvisor.com/12369933>

Projected 2018 Tax Brackets and Deductions. The new information includes estimated ranges for each 2018 tax bracket as well as projections for a growing number of inflation-sensitive tax figures. <http://cpapracticeadvisor.com/12368876>

Accounting Firm Portals

AS LARGE ACCOUNTING firms continue to adapt the use of client portals, it's estimated that the number of small and mid-sized firms using portals will continue to rise as well.

A paper-driven industry, there is no shortage of documents that need to be shared between accountants and their clients. And with more stringent confidentiality requirements in place in the accounting industry, smaller firms in particular can quickly become overwhelmed with the amount of paperwork, including work papers, completed tax returns, bank statements, and other data that need to be shared between the two offices. Clients don't have the time to gather up their paperwork and take it to their accountant's office, and smaller CPA firms in particular often lack available personnel to make copies of those documents and file them away to ensure their safety, and that they remain confidential.

Enter the portal. While portal functions can vary between a simple vehicle designed for document sharing, many portals today offer a variety of features such as document storage and management, e-signature capability, email notifications when a document has been uploaded or downloaded from the portal, to a place where files can reside for years, providing accountants with easy access to the files in the months and years to come.

Although some firms continue to share files via email, and there are several email programs on the market to encrypt emails for security purposes, other issues such as file size and transmission limits have meant that larger files had to be shared via another method.

Wouldn't it be great to simply retrieve client documents in the portal, process their tax returns,

upload the return to the portal for the client to access and sign, and simply efile the signed return? Wouldn't it be great to have a repository of files that are easily accessible to clients, and in some cases, client employees? And wouldn't it be great if you didn't have to worry if the documents were too large, or that they were vulnerable to security breaches if sent via email?

If you're still undecided about using a portal in your firm, consider these benefits:

- Portals can effectively increase productivity at your firm. While the client may experience the benefits of easy access to confidential documents, firm employees will reap some of those benefits as well including reduced or eliminated need to copy documents, erroneous or untimely mailings by an overworked staff, and the ability of colleagues to access documents via the portal as well. No more lost work papers, no more missing receipts, no more misfiled returns. Who doesn't need more time? A client portal, when implemented properly can give your firm and your employees more time.

- An improved client relationship. We all want things immediately, and your clients are no different. Today, nobody wants to wait. They want to be able to log onto their laptop or their smartphone and get what they want when they want it. Do you suppose your client would be happier coming into the office to sign a return or would the client rather access it online, take a minute to download it, sign it, and quickly upload it back to the portal? Today we often equate speed with efficiency and effectiveness. It's likely your client will do so as well.
 - Security is more important today than ever before. No one wants to expose sensitive financial data or risk identity theft or worse if that information gets into the wrong hands. A secure, encrypted portal provides accountants with a safe, secure way to share documents of any size with their clients, without risk.
 - For firms that offer services such as payroll processing, a client portal is a necessity, as both clients and their employees will want to have access to payroll data on a regular basis.
- In this issue, we looked at several client portals, many designed specifically for the needs of accounting firms. The products include:

- AccountantsWorld
- CCH Axxess Portal
- Citrix Share File
- SmartVault
- Thomson Reuters NetClient CS

We've also included a handy chart that displays some of the more important features you may be looking for when searching for a client portal. Conveniently, all of the products reviewed offer a free trial, so if you're interested, you can just go to the vendor website and download a demo version to try out.

Before looking, you may want to decide what features you're looking for in a portal. Do you just want to share documents, or do you want a program that will manage those documents as well? Do you want a portal that's part of your tax preparation program for easy integration? Do you want the portal to integrate with QuickBooks or another financial software product? By answering those questions, your search will be better focused, and likely a lot quicker.

No longer for large firms only, client portals are the organizational tool that even the smallest accounting firm can utilize to their benefit and to their clients' benefit as well. ■

	MOBILE APPS AVAILABLE	CUSTOMIZATION/ BRANDING CAPABILITY	USER INTERFACE OPTIONS	SUPPORTS LARGE FILES-10+GB	SUPPORTS MULTIPLE FILE TYPES	BI-DIRECTIONAL CAPABILITY	SECURITY AND ENCRYPTION	INTEGRATION WITH VENDOR MODULES	INTEGRATION WITH OTHER APPLICATIONS	SUPPORTS ELECTRONIC SIGNATURES	TRAINING AND SUPPORT
ACCOUNTANTS WORLD		x	x	x	x	x	x	x	x	x	x
CCH AXCESS PORTAL	x	x	x	x	x	x	x	x	x	x	x
CITRIX SHARE FILE	x	x	x	x	x	x	x	x	x	x	x
NETCLIENT CS	x	x	x	x	x	x	x	x	x	x	x
SMARTVAULT	x	x	x	x	x	x	x	x	x	x	x

AccountantsWorld Cloud Cabinet

www.accountantsworld.com

AccountantsWorld solutions provide a number of portals that make it easy to share documents and information with clients and client employees. AccountantsWorld uses SAS70 Type

IOI audited, ISO 27001 certified servers from Amazon.com secure data centers. All data is encrypted during transmission. Cloud Cabinet can be purchased for \$595.00 per year per firm. Pricing for AccountantsWorld

Power Practice System is \$2,195.00 annually, or users can pay \$220.00 per month, and includes Accounting Power, Cloud Cabinet, Website Relief, Practice Relief, and After-the-Fact Payroll.

★ **4.5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12371175

CCH Axxess Portal

www.cchgroup.com

CCH Axxess Portal is suitable for firms of any size. The product can be used as a stand-alone portal solution, or integrated with other Wolters Kluwer applications for greater functionality

and a more integrated solution.

CCH Axxess Portal can be an asset to accounting firms of any size. While suitable as a stand-alone application, CCH Axxess Portal can be particularly beneficial to those already using other

Wolters Kluwer applications. CCH Axxess Portal pricing varies, starting at around \$700 per year, with custom pricing provided for each accounting firm.

★ **5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12371173

Citrix ShareFile

www.sharefile.com

Citrix ShareFile works well with both accounting firms and other businesses that are looking for a secure way to share files. ShareFile also includes excellent document storage capability.

Available in four plans: The

Personal plan of ShareFile is \$16.00 per month, billed annually, and is suitable for a single employee account. The Team plan is \$60.00 per month, billed annually and offers 5 employee accounts and 1 TB of storage. The Business Plan, considered the most popular is \$100.00 per month, billed

annually and offers five employee accounts along with unlimited storage and a 100 GB limit on file size. The Virtual Data Room, which offers advanced security for sensitive data is available for \$295.00 per month, billed annually. A free trial is available for any of the plans offered.

★ **5** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12371174

NetClient CS Portals

cs.thomsonreuters.com

NetClient CS Portals are part of the CS Professional Suite from Thomson Reuters. NetClient CS Portals is a good fit for accounting firms of any size that are using or planning to use

other Thomson Reuters applications. NetClient CS Portals uses 128-bit encryption for all documents during exchange or while stored. Thomson Reuters utilizes multiple data centers for added security.

The product includes 1,000 base portals in the monthly fee, with plans starting at \$200 per month. NetClient CS also offers a series of add-on modules that are priced separately.

★ **4.75** 2017 OVERALL RATING

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12371179

SmartVault

www.smartvault.com

Best suited for firms using QuickBooks or Xero, SmartVault offers bi-directional portal capability that can be easily branded as desired. SmartVault offers easy integration with QuickBooks and QuickBooks Online products, Xero, and Intuit ProSeries and Lacerte. The product

also contains excellent document storage and file sharing capability.

A free 30-day trial is available from the SmartVault website, so those interested can try out the product prior to purchasing. SmartVault currently offers three plans: Tax Prep, designed for tax user only, Accounting Pro, which is the most popular plan

offered, as well as an Enterprise level plan, which is designed for firms with a high number of users. Tax Prep currently runs \$30.00 per month, paid annually, or \$37.50 per month billed monthly. Accounting Pro is \$40.00 a month when billed annually, or \$50.00 per month billed monthly. Those interested in the Enterprise plan can

★ **5** 2017 OVERALL RATING

contact SmartVault directly for pricing information.

Read the full review for this product online at: www.CPAPracticeAdvisor.com/12371176

Read all reviews for PORTALS online at: www.CPAPracticeAdvisor.com/12371171

Password Managers

HAVE YOU EVER been asked to change your password on a website? I'm sure you're laughing at that question. More appropriately – how many password-protected websites have you visited in the past two years where you haven't been asked to change your password? It seems to be a constant request. Your password isn't long enough. You don't have enough unique characters/numbers/uppercase/lowercase letters, and so on. Nope, you've already used that password here, try again.

It can be frustrating, to say the least. I've long ago run out of the traditional passwords that incorporated my name and street address or phone number or birthdate or something I could vaguely remember. And then what about passwords for client files? Trying to create and change and store passwords is too hard to do on your own, you're likely to be prone to errors, and the security of your data will be at risk.

So what's the answer? There was a time when I wanted all my passwords to be the same, but that was way way back when we weren't so worried about identity theft and hackers. So it's time to move into the 21st century and learn about options for password management. We surveyed members of the CPA Practice Advisor community about their favorite password managers, and here's what we learned.

Rick Richardson, CPA, CITP, CGMA, managing partner at Richardson Media & Technologies, uses **1Password** for his password manager. "It is THE MOST IMPORTANT app I have on all my devices. I currently have it holding 422 log ins (all with different 20+ character passwords), all my credit cards, personal and business and other sensitive private notes. My only wish for the software is a reminder to change passwords on a regular basis."

Arline Welty, partner at DataQuest, agrees with Richardson. "1Password is the final word in password management! I use the browser extension. It comes up with crazy strong passwords for your sites, prompts to store passwords that you've created, and is searchable for when you don't even remember the name of the site for which you need a password. Great for people who value security and want to keep things all in one place."

Daniel Vidal, head of business development at Expensify, chimed in with another recommendation for 1password. "It works incredibly well to manage both personal and business passwords

on the go. For business, a central, mobile place to find secure passwords is essential for productivity."

Dawn Brolin, CPA, CFE, managing member of Powerful Accounting says her favorite app for passwords is **Password Keeper**. "I have it on my phone and literally use it every day because I can't remember anything LOL! It syncs your phone even if you are not connected to the internet for whatever reason and will sync it once you are online. It rocks!"

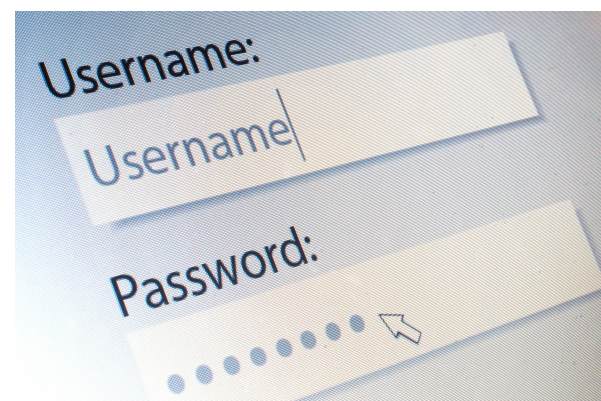
David Cieslak, CPA.CITP, GSEC, principal at Arxis Technology, says. "I'm guessing I might be an outlier on this one, but I use/love **SplashID**. Works/syncs across all devices (laptop, tablet & phone) and I share with my spouse as well."

Elizabeth Pittelkow, CPA.CITP, CGMA, DTM, director of accounting and compliance at Arrow-Stream, suggests we consider using **Dashlane**. "It is a free app that offers local password encryption and password tracking. It is intuitive and easy to use."

The most popular among those we polled seems to be **LastPass**. **Blake Oliver**, manager, consulting at Armanino LLP, uses LastPass Enterprise. "It's essential for any firm looking to securely store and share client passwords and confidential information that needs to be encrypted at all times. Employees only have to remember one password, plus you get the security of multifactor authentication protecting the password vault."

Danielle Supkis Cheek, president, D. Supkis Cheek, PLLC, also uses LastPass. "We got the business LastPass account for our firm. We had Password Safe before, but we could not share folders. It makes it much easier to pull down client's files that we have read-only access to with the shared folder."

Scott Hoppe, CPA, principal at Hoppe Tax, and **Garret Wagner**, CPA.CITP, business therapist at Thaney & Associates, CPAs, agree. "For password



managers I'm a huge fan of LastPass," said Wagner. "It has a desktop add-in and an amazing phone app that syncs passwords across multiple devices. Never forget another password."

Gary Boomer, who describes himself as visionary and dot connector at Boomer Consulting, also recommends LastPass, as does **David Gosselin**, partner at DBBMcKennon. "With the need to sign onto more SaaS websites each day to service our clients, LastPass lets me navigate logins with quickness and ease while only having to remember one complex password," said Gosselin.

Leslie Shiner, owner of The ShinerGroup, uses Password Safe. "It's free and connects to DropBox."

And finally, we can always rely on our intrepid columnist and technology guru **Randy Johnston**, executive vice president and owner at K2 Enterprises and CEO/founder of NMGI, to provide us with a list of multiple options that we can consider:

- **LastPass (free)/LastPass Premium(\$12/yr)**
- **RoboForm Everywhere /Desktop**
- **Password Depot**
- **Citrix Password Manager**
- **1Password**
- **Dashlane**
- **Keeper**
- **MyLOK Personal**
- **Norton Identity Safe (free)**
- **PasswordBox**
- **KeePass (free)**

Not only is there no excuse for not using a password manager, doing so will relieve you of the stress connected with creating, storing, and recalling your passwords. ■

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Digital Badges Are Here. Will You Earn Yours?

By Clar Rosso

Have you ever met an accountant who didn't display their professional certificate in a place of honor in their office? Neither have I. Throughout the accounting profession, CPAs, Chartered Global Management Accountants (CGMAs) and holders of specialty credentials are proud of acing exams that require deep knowledge and ability.

Hanging a certificate on a wall is no longer enough, though. It doesn't showcase your expertise to a wide breadth of clients, prospects or potential employers in a location where they are most likely to view it: online, in digital format.

And it doesn't demonstrate the commitment to lifelong learning that today's knowledge economy demands. Although CPAs, CGMAs and other accounting professionals are required to refresh and expand their expertise with continuing education, a certificate earned years ago doesn't give the public specific assurance that you've stayed current on the important skills valued now.

That's why professionals are turning to digital badges. Still in their infancy, digital badges recognize professional accomplishments, such as the completion of a project or the mastery of a skill.

A VISIBLE WAY TO SHOWCASE YOUR EXPERTISE

Digital badges appear as an icon or a logo online. Clicking on the badge takes you to a website that validates and explains the certificate. Badges can be used with any online communication like websites, email signatures, resumes and LinkedIn profiles.

Most importantly, digital badges are a way to verify the validity of a claim of skills and knowledge. For certifications that must be renewed every few years to remain in effect, digital badges assure the public that you are up to date. If a badge holder doesn't fulfill the requirements to maintain the badge, it disappears.

Many organizations issue digital badges as a way to recognize less formal education and skills gathering. They

also gamify the learning process.

Khan Academy, the global online learning platform, for example, offers a digital badging program in various educational subjects. Students watch a series of videos that collectively make up a course, and answer questions along the way to identify strengths and gaps in knowledge. Learners must demonstrate a specific level of understanding and competency in a subject before a badge is awarded, and different badges are issued based on varying levels of mastery.

On a lesser scale, the Google News program offers participants a chance to earn badges if they read a certain number of articles in a particular content area. Participants can raise the level of their badge from bronze to silver to gold if they do more reading. It's a bit like earning scouting badges, just in digital form.

NUMEROUS APPLICATIONS

As you can imagine, the American Institute of CPAs' digital badge program is quite a bit more involved. Now available for the Single Audit, Employee Benefit Plans Audit and Not-for-Profit certificate programs, digital badges highlight relevant skills and the effort it takes to acquire them.

For example, managers and partners of Heinfeld Meech – a CPA consultancy in Tucson, Ariz., known for governmental single audits – recently received their advanced single audit certification. After passing the rigorous exam, these CPAs are using their digital badges in email signatures, website resumes and even when submitting requests for proposals.

"It definitely shows that you've gone above and beyond what your profession requires and gives you extra credibility," said Brittny Williams, an audit partner at Heinfeld Meech.

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THIS MONTH'S TOP ACCOUNTING & AUDITING SOCIAL MEDIA POSTS

■ Financial Statement changes: 5 Steps for Boards. **AICPA Insights.**
<http://bit.ly/2yhqE2>

■ Today's CFO Deals with Dizzying Array of Tasks. **Grant Thornton Blog.**
<http://gt-us.co/2x7I00e>

■ A Look Ahead at the Audit Profession. **Cathy Engelbert.**
<http://bit.ly/2yBgF2G>

■ Top 7 Financial Skills for Financial Planning & Analysis. **Tom Hood.**
<http://bit.ly/2wrosiI>

■ 3 Keys to Recruiting and Retaining Millennials in Accounting. **Accountingfly Blog.**
<http://bit.ly/2yQrhLQ>

LATEST A & A NEWS

8 Factors Affecting Innovation for Financial Firms. The rise of customer choice will have profound implications on the design and distribution of products, and will likely force companies to shift roles.
<http://cpapracticeadvisor.com/12368518>

Accountants Optimistic on Economy. 75% of the respondents using cloud storage and application technology indicated they are "very confident" about the future of accounting and their respective role in the industry.
<http://cpapracticeadvisor.com/12370486>

FASB Proposes Changes to Lease Guidance on Land Easements. Land easements (also commonly referred to as rights of way) represent the right to use, access, or cross another entity's land for a specified purpose.
<http://cpapracticeadvisor.com/12371336>

AICPA-Accountemps Scholarship Winners Announced. The award provides financial assistance to four undergraduate and graduate-level

accounting students who demonstrate potential to become leaders in the CPA profession.
<http://cpapracticeadvisor.com/12371069>

Outsourced CFO Services Get Boost from MACPA. That community now includes the MACPA's new Outsourced CFO Task Force, a group of forward-thinking MACPA members who are interested in promoting outsourced CFO services.
<http://cpapracticeadvisor.com/12371063>

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The Gig Effect?

Companies Hiring More White Collar Contractors Instead of FTEs

By Isaac M. O'Bannon, Managing Editor

A new study shows significant trends in enterprise use of external contractors; growing enterprise demand for on-demand support, influx of highly skilled contractors into the workforce, business challenges, and increased individual interest in flexible work structures. Together, the findings point to a universal movement toward an on-demand white collar workforce.

The research study, "On the Verge of a White Collar Gig Economy: On-Demand Workforce Trends According to Today's Business Leaders," was commissioned by Mavenlink, a provider of cloud-based software for the modern services organization and a Gartner Cool Vendor.

Top findings include:

- 94% of business leaders plan to continue using or expand their use of skilled contractors for specialized roles in the next year.
- 79% of executives state leveraging contractors is a competitive advantage, citing an increase in agility as the primary benefit.
- 47% state they are looking to hire contractors to fill management and senior executive roles, including c-suite contractors.
- 69% of organizations have inadequate support structures and policies for managing on-demand talent, and 77% state they do not understand what changes are required to better manage contractors.
- 63% of executives would switch to a contract model, given the opportunity.
- Job security—not benefits—is the number one reason full time employees remain in their role. 62% of white collar workers prioritize security, while only 23% rate benefits as the most important.

TREND ONE: ON-DEMAND WORKERS: A COMPETITIVE ADVANTAGE
Business landscapes are changing at an unprecedented rate, and the accelerated pace of work has made rapid adaptability crucial for success. Traditionally, enterprises have heavily valued in-house resources, but those structures no longer function as effectively. Companies need to evolve, expand, and change direction faster than they can hire and train, or implement new processes. As a result, they've turned to third-party contractors for on-demand support.

According to the research found in "On the Verge of a White Collar Gig Economy," 61% of business leaders consider agility

critical to success, and 79% consider the use of contractors to be a competitive advantage. All of these also intend to increase their utilization of contractors over the next year. This will allow them to scale at will, accessing a broader pool of talent and workers with more specialized skills, without heavy financial or time investments.

TREND TWO: EXPERT-LEVEL WORKERS IN DEMAND

Demand for contractors is not limited to low-level positions. 47% of executives are seeking temporary hires for management, senior executive, and even c-suite roles. The two qualities leaders value most in potential candidates are specialized degrees (35%) and a decade or more of experience (29%). These highly skilled upper-level workers add immediate value in strategic areas, without requiring lengthy onboarding. The most heavily demanded specialty is IT expertise.

TREND THREE: EMPLOYERS GRAPPLING WITH A CHANGING WORKFORCE

Business strategy has outpaced business structure, and companies frequently engage contractors without a clear system for managing them. Business leaders are tasked with overseeing a disparate and rapidly changing workforce, coordinating strategy and ensuring consistent performance. This requires insight and control, and articulated policies to stabilize work. However, 69% of participants in the study considered their current processes for managing contractors inadequate, and 34% had no relevant policies at all.

TREND FOUR: EXECUTIVES WANT IN

Employees also stand to benefit from a contract structure, gaining both lifestyle benefits such as schedule flexibility and professional benefits like exposure to a wide array of job experiences. These advantages have prompted high interest in temporary roles: 63% of study participants stated that they would leave their current full time position for consistent contract work.

The primary motivation that business leaders listed for maintaining a full-time job was a sense of security (62%), while only 23% cited benefits and only 10% said salary. 56% of executives had already contracted in the past—a number that is likely to increase in the coming years. ■

THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- The Small Business Beginners Guide to Payroll. **SurePayroll Blog.** <http://bit.ly/2f00DuT>
- The EFTPS Email System is Live. **Thomson Reuters Blog.** <http://tmsnrt.rs/2k9Peun>
- Top 3 Millennial Money Woes. **AICPA Insights.** <http://bit.ly/2ydk07c>
- Half of Millennials Haven't Started Saving for Retirement. **MoneyTips Blog.** <http://bit.ly/2xRi7WM>
- Understanding W-2s and 1099s in the Gig Economy. **SurePayroll Blog.** <http://bit.ly/2yeiWEU>

LATEST PAYROLL NEWS

Baby Boomers Optimistic on Retirement.

Although most Americans still share concerns about retirement, Baby Boomers are finally showing signs of optimism about their retirement readiness. <http://cpapracticeadvisor.com/12371274>

Top Tech Incentives for Tech Workers.

Aside from high salaries, what incentives do tech workers find most appealing? According to a recent survey, the ability to learn and grow tops

the list, followed by the opportunity to work on interesting projects.

<http://cpapracticeadvisor.com/12371144>

Study Looks at Traits of Millennials.

For a deeper understanding of Millennials, Deloitte's research explored whether there are pronounced behavioral traits that are shared among Millennials that inform their approach to work.

<http://cpapracticeadvisor.com/12371142>

Payroll and the Restaurant Industry.

Among all of the industries employing people in the United States, few have a tougher time with payroll than the restaurant industry.

<http://cpapracticeadvisor.com/12369936>

Workers Have Confidence in Company Leaders.

About eight in 10 professionals polled feel at least somewhat confident in the ability of senior management to grow the business.

<http://cpapracticeadvisor.com/12368453>

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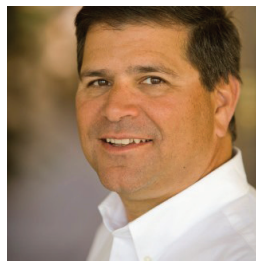
Keynote Speakers:



Molly Fletcher
Leading the Way:
Inspiring Go-Getters
and Game Changers



Marcus Buckingham
Unlocking the Potential
of Your Best Business
Asset - Your Talent



Ray Barlow
Outsourcing:
A Catalyst
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Conference Registration: winning-is-everything.com

Website Builders for Accounting Firms

YEARS AGO, WHEN client interaction typically included frequent visits to your office, one of your main concerns was ensuring that your office maintained a professional appearance at all times. Today, some clients may still visit your office, but the typical point of entry for new clients, particularly younger clients, is likely your firm's website.

Which leads us to this question: When potential clients visit your website, what do they see? Will they see a website that is professionally designed, easily navigated, with easily accessible information about you, your firm and the services you offer? Or will they experience a slow loading dinosaur with a lot of moving parts but little substance? What do you want potential clients to see when they visit your website for the first time? Remember, in many cases, their first impression of your firm and your services will be your firm's website. You only get one shot to make a first impression. Make sure it's a good one.

And while first impressions are important, your website needs to do more than simply look professional. It needs to be compelling enough that a web visitor will remain on the site longer than a minute or two. It needs to load quickly, because web visitors aren't going to wait longer than 30 seconds in order to see just how compelling your website is. And if you're lucky enough that they do stick around, you better be sure that the site

is easy to navigate and that the content is easily accessible.

Social media is another area that cannot be overlooked. Your website has to be able to integrate with popular social media platforms such as Facebook, Twitter, YouTube, Instagram, and others. Compatibility with mobile devices is also imperative. Your website must be configured so that potential clients using smart phones and tablets can access your site as readily as those using a standard web browser from their desktop or laptop.

Your website should also offer an easily accessible list of services that your firm offers. You'll also want to provide a convenient way for potential clients to get in touch with you regarding those services so a Contact Us page or an online appointment form are important as well. Other good options for your website include a portal for current clients to access and upload

documents, financial calculators that your clients can utilize, and a regularly updated blog will go a long way towards retaining those clients.

While your clients may also be in the market for a website, the products reviewed in this issue are designed specifically for accounting firms. The do-it-yourself products reviewed in this issue include:

- Integer from Tenenz
- Web Builder CS from Thomson Reuters
- AccountantsWorld Website Relief from AccountantsWorld
- CCH Site Builder from CCH-Wolters Kluwer
- CPA Site Solutions

We also took a look at some custom website builders that design websites specifically for accountants and CPA firms. While these products are included in the chart, they're definitely worth a look for firms that want a new website without the additional work or responsibility of creating the website and keeping it looking fresh and updated. These products include:

- GetNetSet for Accounting Firms from GetNetSet LLC
- CPAsites from CPAsites.com
- Build Your Firm Accounting Website Packages from Build Your Firm

You'll need to ask yourself a few

questions prior to deciding which web builder application would be right for your firm's needs. Questions like how much of the work can you or your staff do? If the answer is little, if, any, you'll want to make sure to utilize a software vendor that can handle most of the work for you. Do you make frequent changes to your website? If so, you'll want the ability to make those changes in-house. Are you willing to pay extra to have a custom site designed, or will your needs be met with a template that can be customized for your firm?

For those unsure of what they're looking for, many of the website building vendors offer a free trial that can be utilized prior to purchase.

Many of the products reviewed in this issue have been on the market for years, but have made a great effort to continue to update their product so that the latest features are available. So, whether you're looking to update your current website, or are in the market for a whole new look, the products reviewed in this issue are a great place to start. While no one ever said that creating a professional website was easy, you may be surprised at just how quickly you can have a sleek new website up and running. ■

	MULTIPLE TEMPLATES AVAILABLE	DEFAULT PAGES INCLUDED	AUTOMATED CONTENT AVAILABLE	DOMAIN MANAGEMENT & BRANDED EMAILS	MAKE-IN-HOUSE CHANGES	ADD BANNERS, SLIDES & ANIMATION	CUSTOM DESIGN OPTIONS	SEO & MARKETING	ADDITIONAL FUNCTIONS (PORTALS, BLOGS)	SOCIAL MEDIA OPTIONS	SUPPORT OPTIONS
ACCOUNTANTSWORLD WEBSITE RELIEF	X	X	X	X	X	X	X	X	X	X	X
CCH SITE BUILDER	X	X	X	X	X	X	X	X	*X	X	X
CPA SITE SOLUTIONS	X	X	X	X	X	X	X	X	X	X	X
INTEGER (FORMERLY AFSB)	X	X	X	X	X		X	**X	X	X	X
WEB BUILDERS CS	X	X	X	X	X	X	X	X	X	X	X
WEB BUILDING SERVICES											
BUILD YOUR FIRM			X	X		X	X	X	X	X	X
CPA SITES			X	X	***X	X	X	X	X	X	X
GETNETSET	X		X	X	***X	X	X	X	X	X	X

*ADDITIONAL MODULE REQUIRED
 **LIMITED
 ***MINOR CHANGES ONLY

AccountantsWorld Website Relief

www.accountantsworld.com

Website Relief is well suited to accounting firms of all sizes that currently utilize other AccountantsWorld applications, though the product can also be used as a stand-alone application if desired. Website Relief uses professionally designed themes, with users able to choose

★ **4.75** 2017 OVERALL RATING

the theme that best fits their needs. All websites are optimized for use with a variety of devices, including smart phones and tablets.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12371147

Build Your Firm Accounting Websites

www.websites.buildyourfirm.com

Build Your Firm Accounting Website Packages offers accounting firms a variety of custom website options. Designed exclusively for accountants, Build Your Firm is well suited to firms of any size.

A good solution for firms that don't have a lot of website changes, Build Your Firm allows firms to have

★ **4.5** 2017 OVERALL RATING

a custom website in a very short amount of time. A variety of other marketing tools are also available from the vendor, with prices varying.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12371153

CCH Site Builder

www.cchwebsites.com

Offering seamless integration with other CCH Axxess applications, CCH Site Builder is best suited for accounting firms that currently or plan to use Wolters Kluwer applications. In addition, integration with CCH Axxess Portal allows firms to embed portal functionality directly into their website. A 30-day trial is available for those interested in try-

★ **4.75** 2017 OVERALL RATING

ing the application prior to purchasing. CCH Site Builder is available for \$995 annually, with users able to subscribe to additional services from Wolters Kluwer at an additional cost.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12371154

CPA Site Solutions

www.cpasitesolutions.com

CPA Site Solutions is a good fit for accounting firms of all sizes that are looking for a variety of website design options as well as an excellent selection of website content that can be utilized as desired. CPA Site Solutions is available in three versions, so firms can also scale up to the next version if needed. CPA Site Solutions offers 67 pages of default

★ **5** 2017 OVERALL RATING

content that be used when creating a new website, with any content fully customizable.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12371155

www.CPASites.com

www.CPASites.com

CPAsites is well suited for accounting firms of just about any size that are looking to outsource both website design and maintenance.

CPAsites offers four subscriptions levels for users to choose from. Platinum level provides complete website management services, and is available for \$150 per month. Gold level subscription is \$85 per month, Silver level is \$50 per

★ **4.75** 2017 OVERALL RATING

month, and bronze level is \$300 per year. With flexible subscription options, and a custom design for every website created, CPAsites is an excellent solution for the firm that wants to stand out from the crowd at a reasonable price.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12371156

GetNetSet Websites for Accounting Firms

www.getnetset.com

GetNetSet is well suited for small to mid-sized accounting firms. GetNetSet is available in three editions. Representative, which is a good fit for even the smallest firm, and is available for \$29.00 per month. Larger firms with more robust needs can choose between the Retainer and the Recruiter versions, which are available at \$49.00 and \$99.00 respectively. All versions of

★ **5** 2017 OVERALL RATING

GetNetSet offer a free 30-day trial, so those interested in the product can try it out prior to purchasing. No contract or setup fees are required.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12371157

Integer Accounting & Tax Websites

www.getinteger.net

Designed with the small to mid-sized firm in mind, the newly branded Integer (formerly Accounting and Financial Site Builder) from Tenez offers a variety of options sure to suit accounting firms. A Starter version of Integer is available for \$4.99 per month and offers limited capability. The Professional version of Integer is \$25.99 per month, billed

★ **4.5** 2017 OVERALL RATING

annually, or \$32.99 billed monthly. Integer offers a free, 60-day trial, so users can try out the system prior to purchasing.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12371158

Web Builder CS

www.cs.thomsonreuters.com/web-builder

Web Builder CS, part of the CS Professional Suite of applications from Thomson Reuters is an excellent fit for firms already using or planning to use other Thomson Reuters products. Web Builder CS provides users with the option to create their own website or use Web Builder CS designers to create a custom website for their firm. Standard website designs are included in the

★ **5** 2017 OVERALL RATING

cost of the subscription, which is \$70.00 per month. Options also available for purchase: an enhanced template for \$450.00, custom web design for \$1,500, and custom design with animation for \$2,500. A custom logo can also be designed for \$800 if needed. Domain registration is extra as well.

Read the full review for this product online at:
www.CPAPracticeAdvisor.com/12371159

**OCTOBER
Payroll
Accountant's
Checklist**

- Get updated employment information from clients.
- Have clients confirm employees' addresses, Social Security Numbers, and other contact information.
- Confirm year-end payroll deadlines and final federal/state deposit dates.
- Check deduction codes for any employees making charitable donations through payroll deductions. This information will be reported in Box 14 of their Forms W-2.
- Remind clients to have employees update their consents for electronic Forms W-2.
- Order Forms W-2 and W-3 from the IRS for the current tax year.

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



How to Help Employees Understand and Fill Out Form W-4

By Kaylee Riley

WHEN YOU HIRE employees, you should have them complete Form W-4 when they start work. The form lets you know how much federal income tax to withhold from employees' wages.

Form W-4 is a short form, but it can still be confusing. If your employees have questions while filling it out, would you be able to answer them?

This article will give you the information you need to have a basic understanding of the form and to give your employees Form W-4 help.

WHEN TO FILL OUT FORM W-4?

There are three main times when employees might need to fill out a Form W-4.

1. Upon hire

Employees should fill out Form W-4 when they first begin work for your business. You will then use each employee's claimed allowances to calculate how much federal income tax withholding to deduct from wages, beginning with the next payroll you run.

2. Withholding adjustments

Your employees need to give you a new Form W-4 whenever they need to adjust their withholding. Employees should give you a new form within 10 days of experiencing a life event that changes the number of allowances they can claim on the personal allowances worksheet. For example, an employee should give you a new Form W-4 when their marital status changes.

Employees can also give you a new form anytime during the year if they find too much or too little tax is being withheld. You are required to implement the new form as soon as possible. The longest you can wait to change withholding is the start of the first payroll period that ends 30 days after an employee turns in the form.

3. Exemption from withholding expiration

If any employees fill out an exemption from withholding, they will need to fill

out a new Form W-4 every year before the Form W-4 deadline for exemptions on February 16 to keep the exemption.

WHAT ARE ALLOWANCES?

Employees can claim allowances on Form W-4. For each claimed allowance, the employee's federal income tax withholding decreases. Employees can claim allowances for a few things, including dependents and spouses.

Page 2 of Form W-4 has worksheets that employees can use if they plan to itemize their deductions, claim certain credits, or make income adjustments. If employees use the worksheets for W-4 form help, they will still record their allowances on line 5 of page 1.

You will use the allowances that employees claim to calculate their federal income tax withholding. You can use the withholding charts in IRS Publication 15 or payroll software to calculate income tax withholding.

WHAT IS AN EXEMPTION?

What does exempt mean on W-4? Some employees might be able to claim an exemption from withholding, meaning they do not have to pay federal income tax. Employees can claim an exemption from withholding if they meet these two conditions:

- The employee had a right to a refund of all federal income tax withheld last year because the employee had no tax liability.
- The employee expects a refund of all federal income tax withheld this year because the employee will have no tax liability.

If an employee wants to claim an exemption from withholding, the employee only needs to fill out lines 1, 2, 3, 4, and 7 on Form W-4.

DO NONRESIDENT ALIENS FILL OUT FORM W-4?

If you hire a nonresident alien (NRA), that employee must fill out a Form W-4 if he or she is subject to income tax withholding. NRA employees should follow these instructions when filling out Form W-4:

- Select "Single" on line 3, regardless of marital status.
- Claim only 1 allowance on line 5, unless the employee is from Canada, Mexico, South Korea, a U.S. national, or is a student or apprentice from India.
- Do not claim exempt status on line 7.
- Write "Nonresident Alien" or "NRA" above the dotted line on line 6.

For more information on Form W-4 or about withholding federal income tax from NRA employees, see IRS Notice 1392.

WHAT DO YOU DO WITH COMPLETED FORMS?

Once employees complete their forms, you do not send them to the IRS. You will only send Form W-4 to the IRS if the IRS requests you to do so.

GIVING EMPLOYEES MUCH NEEDED FORM W-4 HELP

You are a small business owner. You shouldn't be expected to be a Form W-4 expert. But if employees ask questions, this article should give you some of the information you need to give employees W-4 form help.

If you need more information on Form W-4, search the IRS website. It has many resources, including withholding information for employees and a withholding calculator to help employees determine their allowances.

Kaylee Riley is a writer for Patriot Software Inc.



ACA Road to Repeal: What's Next?

By Vic Saliterman

THE LATEST SENATE legislation to repeal and replace the Affordable Care Act (ACA), known as Graham-Cassidy, was not put to a vote before the September 30th budget reconciliation deadline. While Republican leaders have signaled that they are not giving up on ACA repeal/replacement efforts, it is unlikely that the Graham-Cassidy bill would have been the legislative vehicle since 51 Senators, including all 48 Democrats and 3 Republicans, are publicly on record as opposing the revised version of the bill. The Senate was on a tight timeframe to pass the Graham-Cassidy Health Care Reform legislation (H.R. 1628), proposed by Senators. Bill Cassidy (R-LA) and Lindsey Graham (R-SC), with a simple majority before the clock runs out on 2017 budget reconciliation.

*This article first appeared on the ADP Boost blog:
<http://bit.ly/2zaLex1>.*

WASHINGTON OUTLOOK

What's next? Bipartisan negotiations led by Republican Senator Lamar Alexander and Democratic Senator Patty Murray are restarting after being paused last week as focus shifted to the Graham-Cassidy proposal. Senator John McCain (R-AZ), one of the Republicans who had voiced opposition to Graham-Cassidy, tweeted "Now let's return to regular order – hearings, open debate, and amendments." It's important to remember, too, that the 2017 budget reconciliation 'instructions' allowing an ACA-related bill to pass in the Senate with 51 votes v. the usual 60 votes expired on September 30, 2017 at the conclusion of the government's fiscal year. If no ACA provisions are included in the fiscal 2018 budget reconciliation instructions, any ACA legislation will need to proceed using regular order and require at least 60 votes to pass in the Senate.

There will continue to be Health Care Reform activity in the form of regulations, additional legislation, and executive action. For example, on September 27th, President Trump stated, "I'll probably be signing a very major executive order where people can go out, cross state lines, do lots of things and buy their own health care, and that will probably be signed next week." The President continued, "It's being finished now. It's going to cover a lot of territory and a lot of people. Millions of people." President Trump seems to be supporting a move to allow insurers to sell policies across state lines and for people to be able to join a group or association to buy health coverage. Once the Executive Order is publicly released, the specifics will be clarified.

EMPLOYER OUTLOOK

With Graham-Cassidy off the table for now and Congressional attention redirected to tax reform, the ACA and all its employer obligations remain in place. Employers need to continue making sure that their health plans follow ACA requirements and that all full-time employees, as defined by the ACA, are offered affordable health benefits (once again, as defined by the ACA) or face penalties. Applicable large employers (employers with 50 or more full-time and full-time equivalent employees) should be continuing their preparations for 2017 ACA annual reporting, as the reporting requirements for employers are unchanged, and IRS deadlines are fast approaching. As a reminder, the due dates to file 2017 Forms 1094-C and 1095-C with the IRS are February 28, 2018 for paper filers and April 2, for electronic filers. Electronic filing is required for any applicable large employer filing 250 or more such forms with the IRS. Employers must furnish the employee statement (Form 1095-C) on or before January 31, 2018.

While the Administration and Congress will be turning their primary focus to tax reform in the coming months, there is likely to be both behind the scenes and out front actions affecting the ACA. ADP will, as always, continue to closely monitor key activities in Washington, D.C. and any state-related Health Care Reform efforts affecting employers to keep you apprised of changes. We will post future blogs as significant developments arise and you may also subscribe to receive Eye on Washington email updates by subscribing at <http://www.adp.com/eyeonwashington>.

For additional articles like this one, please visit www.adp.com/boost. ■

Vic Saliterman is SVP and General Manager for Health Care Reform at ADP.

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There's a QuickBooks App for That!

APPS, WHILE A wonderful thing, can be a bit daunting, especially when there are dozens for every task of running a business. It can make it hard for small business owners to know the best apps for their business, and quite tedious for their accountants to get them set up. Now you can insert the brand-new Apps tab within QuickBooks Online Accountant, which allows accounting professionals to easily connect apps to their clients' QuickBooks Online, as well as their own firm. All of this can be done directly from QuickBooks Online Accountant – the one place where accountants can manage their practice and clients across all the services they offer.

tab, accountants can see all the apps connected to a client in one view, enabling them to help clients find the right mix of apps for their particular needs and use the same apps across clients," said Garg.

The new Apps tab will enable accountants to truly become trusted advisors to their clients, which is one of Intuit's ongoing goals. Accounting pros no longer need to toggle back and forth between clients, going to an app's website to sign up a client and then taking the steps to integrate the data between their client and the app. This is yet another example of QuickBooks Online Accountant being the one place for accountants to manage their clients and their businesses.

"With the new Apps tab, accountants will be able to see how they can help simplify some work processes for their clients by connecting the right apps. This new functionality also drives firm-level efficiencies by standardizing the way a firm's clients' businesses operate, which ultimately helps accountants better serve clients of the same niche," said Garg.

The beauty of the new Apps tab is that while it presents no new experience for clients, it allows their accountants to better serve them by simply being able to add the best apps on their behalf.

The new Apps tab was rolled out to all QuickBooks Online Accountant users in the U.S., UK, Australia and Canada last month at no additional cost. Users can reference help articles within QuickBooks Online Accountant or visit <http://intuit.me/NewAppsTab> (case sensitive) for more information and resources. ■

Connecting apps is easy and can be done right from the "Apps" tab on the left-hand side of the QuickBooks Online Accountant dashboard. From the Apps tab, users can also browse apps by categories without leaving QuickBooks Online Accountant. Once an app is selected, simply click "Get App Now" and choose to install the app for the firm or for the client. New users can even create an account from the same screen.

The Apps tab also shows which apps are used by clients and which are used by the firm. The app details include an overview of the app, reviews, pricing and support information. Whenever an accountant or their client connects an app, the clients' books are synced to the app within a few minutes.

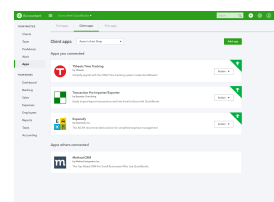
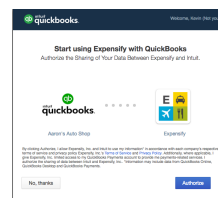
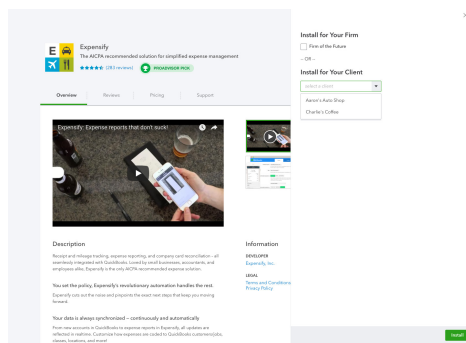
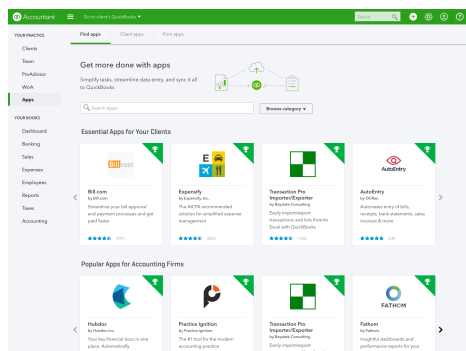
"Our goal is to get as much drudgery out of the way as possible for

accountants so they can spend less time on day-to-day tasks and more time with their clients being a trusted advisor," said Nitin Garg, product manager, QuickBooks, Intuit.

The introduction of the new Apps tab is very timely, considering the fact that app usage is on the rise among small businesses. According to Intuit's research, 68 percent of small businesses use an average of four apps to help manage their business.

Previously, managing apps for clients took a lot of time. Accountants had to discover which third-party app they wanted to use with clients and find out if it would work with QuickBooks Online. They then had to sign up for the app and find a link, which was usually buried in the third-party app, before they were able to connect it to QuickBooks Online.

"The previous process created a gap for accountants – it wasn't easy to know which apps were recommended by Intuit and it didn't lend a lot of visibility to the apps connected to their clients. With the new Apps



The ProAdvisor Spotlight is sponsored by Intuit QuickBooks.

What Accountants Need to Know About Professional Liability Insurance

By Charong Chow

It's ironic that a profession dedicated to minimizing financial risks is so fraught with risk. While many business owners worry about liability and property risk — especially in the immediate wake of recent hurricanes — insurance for accountants usually means professional liability insurance, which is sometimes called errors and omissions (E&O) insurance.

There are a great many choices when it comes to accounting insurance. Sometimes, wading through the choices is such a chore that many busy professionals are tempted to simply go without insurance and chance a lawsuit.

A good insurance broker, who knows both you and the industry, is invaluable here. Individual shopping is very time-consuming, mostly because with each new contact, one must start over from the beginning. On the other hand, a broker who deals in professional liability insurance for accountants does all the legwork, so you can focus on adding to your clients' bottom lines.

THE RISKS

CPA lawsuits are nearly always expensive and protracted. In fact, the average weak claim costs \$3.7 million in legal defense fees and requires 3.7 years to conclude. These financial and temporal costs may well be debilitating even for larger firms, so just imagine what they mean to solo or small-firm CPAs. In this context, a "weak claim" is one that either the judge throws out of court on procedural or evidentiary grounds, or one that results in a legal fees-only settlement (no money to the plaintiff). If the quintessential Pyrrhic victory is the best possible outcome in these matters, one hesitates to think about what the worst possible outcome looks like.

In addition to the expense, the likelihood of a lawsuit is the second significant risk that E&O insurance can help minimize or eliminate. Lawsuits can come from a myriad of sources, such as:

- Alleged errors,
- Professional negligence,
- Breach of professional duty,
- Misleading or misinterpreted statements, and
- Performance-related claims.

In civil court, the burden of proof is very low, especially at the pretrial phase. As a result, almost any claim that has any evidentiary support whatsoever will survive the summary judgement phase, a result which makes a lucrative financial settlement (lucrative for the plaintiff, that is) almost inevitable.

PROFESSIONAL DUTY

The low evidentiary threshold is even lower in many accounting insurance cases, if the accountant has a fiduciary duty to the client. Basically, this duty applies if there is a high degree of trust in the accountant-client relationship. Some examples include:

- Estate trustee, administrator, or personal representative,
- ERISA plan adviser, and
- Investment adviser or stockbroker.

In other accounting insurance cases, the "reasonable professional" standard applies. So for example, if most of the other accountants in that area give separate EITC questionnaires to their tax preparation clients, a failure to do so may be negligence.

Continue online at
www.CPAPracticeAdvisor.com/12371070

Charong Chow is Head of Content at Embroker, which empowers businesses to take the risks that will help them grow.



THIS MONTH'S TOP FIRM MANAGEMENT SOCIAL MEDIA POSTS

- Evaluating Your Firm's Customer Service. **Thomson Reuters Blog.**
<http://tmsnr.rs/2x7ZPr3>
- Grow Your Practice with Micro Business Clients. **Firm of the Future.**
<http://bit.ly/2fBp9PT>
- 9 Facts that Can Make or Break Your Firm. **AICPA Insights.**
<http://bit.ly/2yPPxOn>
- Marketing Your Firm: The Art of the Call to Action. **Wolters Kluwer Blog.**
<http://bit.ly/2yhKN74>
- How to Educate Your Niche Clients. **Firm of the Future.**
<http://bit.ly/2g2DV2T>

LATEST FIRM MANAGEMENT NEWS

2018 Annual MOVE Project Survey Now Open.

Focus is on how firms are adopting insights gained from advancing women to firm wide efforts, and how they are renewing and refreshing women's initiatives
<http://cpapracticeadvisor.com/12370480>

E-Books Offer Steps to Future-Readiness for CPAs.

One of the most important skills accounting and finance professionals is future-readiness: The ability to be aware, predictive of,

and adaptive to emerging trends and technological innovations.

<http://cpapracticeadvisor.com/12368943>

Study Looks at Traits of Millennials.

For a deeper understanding of millennials, Deloitte's research explored whether there are pronounced behavioral traits that are shared regardless of Business Chemistry type.

<http://cpapracticeadvisor.com/12371142>

National Society of Accountants Elects New Officers.

The National Society of Accountants (NSA) elected a slate of new officers, District Governors, and State Directors at its 72nd Annual Convention in Reno.

<http://cpapracticeadvisor.com/12370508>

AICPA to Continue Mission and Name of AWSCPA.

The AICPA and the American Woman's Society of CPAs have agreed to continue the name and ideals of the AWSCPA through the Women's Initiatives Executive Committee.

<http://cpapracticeadvisor.com/12370295>



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Cloud Accounting *Way of the Future or a Tool for Now?*

DO YOU KNOW how sometimes you are just in the right place at the right time? Synchronicity has produced more good fortune and opportunity for my own career than deserved. Hopefully the outcome of work with vendors and publishers producing many of the Software as a Service (SaaS) accounting products in the market has benefited you already. If not, I'm betting this will be true in the future.

The concept of cloud computing that we were discussing 20 years ago around products like QuickBooks Online, Intacct and NetSuite, followed shortly thereafter by Accounting Power, SAP Business by Design, Acumatica, Financial Force, Zoho, Sage One, FreshBooks, Wave and others was that: 1) the internet was beginning to run fast enough and reliably enough that we could centralize the software and data for accounting purposes, 2) the software could be updated more frequently than once every year or two, eliminating distribution costs, while providing for more innovation, 3) overall costs could be reduced since there would be less server and disk/Storage Area Network infrastructure required as well as conversion and upgrade costs to keep the accounting products current, and 4) cloud based services should be able to talk to other cloud based services to provide specialized functions. We have seen this with CRM, expense reporting, sales tax, bill payment, payroll, and a

plethora of other services.

Although progress has been slower than expected, many pure SaaS products are successful and have been adopted by businesses, replacing their legacy systems. On the other hand, vendors with legacy products have discovered that they can move the infrastructure needed to support their systems into Amazon Web Services, Microsoft Azure, or other co-location facilities where they host their own hardware. In effect, they took a product that was typically deployed on-premise and made it available as a hosted, subscription based service, eliminating the upfront capital costs. Today, every accounting software vendor has a cloud story.

CAN CLOUD ACCOUNTING SOFTWARE WORK FOR MY COMPANY?

The short answer is yes. We recommend that you consider many factors before selecting one product over another, and we still recommend

selection strategies outlined in prior columns. Simply put, there are steps in the selection process you can review at: www.accountingsoftwareworld.com/selection. You should make a simple list of 10-15 things you intend to gain with a new system and 5-7 things you don't expect to lose. To do selection correctly, you will do need to do the following:

- 1) List your needs
- 2) Map your existing processes (as is) and convert them to your desired processes (to be)
- 3) Identify candidate products
- 4) Perform a gap analysis to assure product fit
- 5) Develop a demonstration checklist and scoresheet which includes elements of fit, viability of the supplying company and implementation
- 6) Schedule demonstrations of the software
- 7) Identify a top solution for your business
- 8) Negotiate terms
- 9) Review contracts internally and with external legal help
- 10) Schedule implementation
- 11) Manage implementation using project management techniques, preferably under the guidance of a certified PMP
- 12) Configure the system properly
- 13) Convert data as needed
- 14) Train your team on the use of the new system
- 15) Set a go live date and convert

This simple list is not comprehensive, but should give you an overview of the process. You should limit your search to six products with three or so as your primary candidates. But how can we pick the best options out of the many products available in the market? How can we determine our needs when vendor's web sites don't have enough factual information to help us filter our search? How can we separate the promotion from the facts? In some



FROM THE TRENCHES

cases, consultants can help, but you must watch for product biases, commissions or finder's fees. Reputable installers will know their own product(s) well, but it is rare that they have knowledge on more than two or three products. Your best options will be to use consultants, other knowledgeable people in your industry, trade organizations, or organizations that maintain some level of independence.

SO ARE THERE PRODUCTS TO INCLUDE IN OUR SEARCH?

The short answer is yes. We try to track the best of the best and write summary reviews of key suppliers at our K2 continuing professional education (CPE) sites. We follow the Grandma rule: "if you don't have something nice to say, don't say anything at all." If you are looking for products, consider using our resource at: www.accountingsoftwareworld.com/products. Since this article is about SaaS based products, included below are all the key SaaS offerings alphabetically. Remember though, all vendors have a cloud message and all products can be hosted.

Consider:

- 1) Accounting Power – www.accountantsworld.com/solutions/accounting-power
- 2) Acumatica – www.acumatica.com/
- 3) BQE Core – www.bqe.com/products/core
- 4) Dynamics 365 – www.microsoft.com/en-us/dynamics365/home
- 5) Financial Force – www.financialforce.com/
- 6) FreshBooks – www.freshbooks.com/
- 7) Infor – www.infor.com/
- 8) Kashoo – www.kashoo.com/home
- 9) NetSuite – www.netsuite.com/portal/home.shtml
- 10) Sage Intacct – us.intacct.com/
- 11) Sage Live – www.sage.com/company/solutions/sage-live
- 12) Sage One – www.sage.com/company/solutions/sage-one
- 13) Sage X3 – www.sage.com/company/solutions/sage-x3
- 14) SAP Business By Design – www.sap.com/products/business-bydesign.html
- 15) QuickBooks Online – www.quickbooks.intuit.com/
- 16) Wave – www.waveapps.com/
- 17) Workday – www.workday.com/en-us/homepage.html
- 18) Xero – www.xero.com/us/
- 19) Zoho Books – <https://www.zoho.com/us/books/>

Products that have a refined hosted offering that are not SaaS include:

- 1) Epicor – <http://www.epicor.com/default.aspx>
- 2) Open Systems TRAVERSE – <https://www.osas.com/traverse>
- 3) Sage 100c – <https://www.sage.com/en-us/products/sage-100/>

- 4) Sage 300c – <https://www.sage.com/en-us/products/sage-300/>

By our best estimates, the U.S. accounting software market has around 300 different products that are offered for sale. Many of the products are for specific vertical industries. These vertical products may solve operational issues beautifully, but are notorious for having poor financial systems on the back end. In fact, a number of publishers no longer try to maintain core GL, AR, AP, PO, IV, SO, PR and so on functionality. They simply suggest one of the mainstream products to cover financials, while they focus on the operational systems. While this approach may solve your day-to-day operational problems, you are likely to fight financial system integration for years.

OTHER KEY THINGS TO LOOK FOR?

We always caution our consulting clients and CPE attendees to understand your consultant's or presenter's bias. We prefer real-time systems, with dashboards that can include KPIs, that are drillable to the transactions, that frequently have supporting documentation attached. We caution you if you have more complex needs: consolidations, multi-lingual, multi-currency, revenue recognition, manufacturing, distribution, inventory, costing, grant tracking, Point of Sale (POS), and other "harder" capabilities needed.

Make sure that you have confirmed all the capabilities are needed, or know the costs of the supplemental products needed to provide a complete solution. Licensing costs vary widely by role – full user vs. reporting user vs. team member, etc. Understand the needs of your users so that vendors can provide you appropriate licensing costs. Ask about implementation expenses. Vendors frequently use flat fee, first phase engagements to get you started, but you need to know the total implementation fees across all phases. It should be clear how much your recurring costs and cost of special support, integrations or upgrades will be in your new system.

Most vendor's jobs are to sell you on the benefits of their system so you will sign a contract, implement the system and pay. Your job is to select an appropriate system, negotiate fair terms, oversee the complete implementation, help define and modify processes to take advantage of the systems and update and live with the system for 10-12 years.

Are you ready for the hard work of making the marriage of your company and a new SaaS accounting software product work? Is this option better than your current solution? Run the numbers, assess the risks and be careful out there! ■

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intuit.com

Q: How can accounting and tax professionals make the transition to the cloud?

A: Making the transition to the cloud and embracing the evolution of becoming a Firm of the Future can be daunting. However, this transition must happen as 80% of small businesses expect to be using online accounting software by 2020. But moving to the cloud is not going to happen overnight. It is a gradual process over time. Understanding the strengths of your firm, the goals of your clients, and setting clear expectations and guidelines about the process will ease the transition process.

Q: There's a lot of talk about Machine Learning and Artificial Intelligence as it relates to the cloud. How can these technologies help accountants better serve clients?

A: Some accountants and their clients view Machine Learning and Artificial Intelligence with apprehension because they access client data. However, these technologies increase productivity and efficiencies, empowering accountants to have conversations with their clients that will propel their businesses forward. These technologies eliminate your low value, data-entry work so you can spend more time being the trusted advisor your clients expect you to be.

Q: How can accountants manage their practices more efficiently in the cloud?

A: Accountants share the same tales when it comes to managing their practice: anecdotes of missed deadlines and the fear that something will fall through the cracks. Using online technologies can eliminate this fear of missed deadlines with anytime, anywhere access from any Internet-connected device, from a laptop to a phone to a tablet. Whether in line at the grocery store or at your child's soccer game, online access to the tools you need to manage all your firm's and clients' tasks can bring significant efficiencies and time savings.

Intuit understands the tremendous benefit accountants can experience by using online tools to manage their firm. This is why we arm accounting professionals with QuickBooks Online Accountant at no cost. QuickBooks Online Accountant is a cloud-based solution designed to be the one place for accountants to manage their workflow and tasks across their firm and on behalf of all their clients to ensure nothing falls through the cracks. Within QuickBooks Online Accountant are powerful Practice Management features that accounting professionals can use to easily create and assign tasks to their staff and have insight into due dates and deadlines, several weeks in advance.

In addition, Practice Management capabilities include the ability to communicate with clients and request and attach source documents, all within QuickBooks Online Accountant. This is a huge time-saver as accounting professionals estimate they spend 65 percent of their time tracking down source documents from clients.

Q: There's a lot of information about apps. What are the benefits of using cloud-based apps and how can accounting pros choose what is right for their clients?

A: According to our research, 68% of small businesses use an average of four apps to help manage their business. Apps can help small businesses and accountants streamline data and expand the capabilities of QuickBooks, doing everything from helping your clients manage inventory, to tracking their employees' time to expense management.

With app usage growth rising among small businesses, Intuit QuickBooks recently launched the new Apps tab within QuickBooks Online Accountant. As a result, accountants can now continue to expand their role as trusted advisors by easily identifying relevant apps for their clients and adding them directly to their clients' QuickBooks Online, as well as their own firm.

With the new tab, accountants save time by avoiding toggling back and forth between clients, going to an apps website to sign a client up, and then taking the steps to integrate the data between the clients' books and the app. Through the Apps tab, books are synced to the app, ready to use, all within just a few minutes. When adding apps on behalf of clients, accountants are able to ensure the collected data is organized and in the correct place within QuickBooks, right from the start. This eliminates time spent fixing data, freeing up time to take on more clients. When adding apps on behalf of their firm, they can customize settings and optimize performance to ensure they're getting the most out of each app.

Q: How can accountants use cloud technology to take advantage of global market opportunities?

A: Accounting Firms of the Future are no longer competing for clients locally, but globally, and with 89% of small businesses being more successful when they work with an accountant, making it easier for small businesses to find an accountant is a priority. This is why Intuit completely redesigned the Find-a-ProAdvisor website, where more than 1M small businesses look for an account-

ing professional each year. The new marketplace, available to small businesses both directly within QuickBooks Online and through the standalone Find-a-ProAdvisor global websites, better presents the information small businesses most want to see, in a mobile-responsive design, that allows them to find their perfect QuickBooks ProAdvisor match, anytime and anywhere.

The redesigned search filters and search results page clearly showcases QuickBooks Certifications, elevates reviews to demonstrate social proof to prospective clients and allows prospects to send a message right from the search results page.

Additionally, the updated profile pages include new content fields such as social page links, years in business, and languages spoken. All QuickBooks ProAdvisors with an active QuickBooks Certification are eligible for a free listing on the Find-a-ProAdvisor marketplace. They also get direct access to insights into their profile's performance, including tips to improve their profile pages without ever leaving QuickBooks Online Accountant.

Q: Where can they get more information on how accounting and tax pros can better serve their clients in the cloud with QuickBooks Online Accountant?

A: Visit <http://quickbooks.com/CPAadvisors> for more information.



Rich Preece

Rich Preece is the global Accountant Segment leader for Intuit QuickBooks. His priority is to create more connections between small businesses and accounting professionals so both can achieve long-term profitability and growth.

Previously, he was the VP and Managing Director of Intuit QuickBooks UK, where he helped small businesses and accountants move to the cloud to manage their finances more effectively with QuickBooks. Since joining Intuit in 2002, Rich has played a critical role in growing the business and bringing products to market in different regions including the US, UK, France and India for both small businesses and accountants.

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The screenshot displays the QuickBooks Online Accountant interface. At the top, it shows the user's practice name 'Curious Numbers Accounting' and the date 'Monday, October 30'. Below this, there are filters for 'All clients', 'Everyone', and 'All'. The main dashboard is organized into columns for 'DUE TODAY: 5', 'THIS WEEK: 5', 'NEXT WEEK: 4', and 'NEXT 30 DAYS: 2'. Each column contains task cards with dates, client names, and project details. For example, under 'DUE TODAY', there are tasks for 'HARTIN HARDWARE' (Prepare and submit 1040 tax) and 'PESHWE PLUMBING INC.' (Run payroll). A sidebar on the left lists various categories like 'YOUR PRACTICE', 'YOUR BOOKS', and 'Accounting'. A 'Sent' notification bubble is visible in the center of the dashboard.

OCT 30 JACINT CONSTRUCTION
Prep & send management reports
Project: Month-end
In progress
7 of 8

Each month we explore the advantages and intricacies of developing and growing a niche practice. This month we're examining what it takes to serve the niche of real estate.

EXPERT COMMENTARY:

The area of real estate accounting is vast. As an accountant, you might be serving real estate agents, landlords, real estate investors, real estate investment trusts, and so on. It's important you understand the tax and accounting rules for the area of your specialty. We've provided some preliminary resources and articles here to point you in the right direction, but once you decide on your area of specialization, you'll want to dig deeper.

Additional information including education and certification programs can be found at: <http://bit.ly/2yV5IsK>

RESOURCES FOR THE REAL ESTATE ACCOUNTANT

- Real Estate Marketing Tips - by Becky Livingston - www.CPAPracticeAdvisor.com/12372425
- The Evolving Role of Commercial Real Estate Firms <http://bit.ly/2goWRsv>
- How to Set Up Chart of Accounts in QBO for Real Estate Agents <http://bit.ly/2xtDG0a>
- Real Estate Professionals: Avoiding the Passive Activity Loss Rules <http://bit.ly/2fXEURn>

Building Your Niche Practice is sponsored by Intuit QuickBooks.



The Most Overlooked Tax Deduction by Real Estate Owners

By Joseph Mecagni

THE IRS HAS provided real estate owners with a juicy tax deduction. The de minimis safe harbor election is an annual tax return election that permits a taxpayer to deduct, as ordinary and necessary business expenses, purchases of items that would normally have to be capitalized. Yet this advantageous election is often overlooked by taxpayers. This article will discuss the de minimis safe harbor election and its requirements.

For years the question has been: expense or capitalize? Many taxpayers would capitalize an item based on cost: the larger the cost, the more likely capitalization. Under the finalized tangible property regulations issued in 2015, the rules now permit taxpayers to apply facts and circumstances to purchases.

The final tangible property regulations are complex and provide a framework for taxpayers. The de minimis safe harbor election

is a provision in the final tangible property regulations that is elective, prospective, and intended to ease a taxpayer's compliance with regulations and administrative burdens. For taxpayers, the election eliminates the burden of determining whether every small-dollar expenditure for the acquisition or production of property is properly deductible or capitalizable. If the taxpayer elects the de minimis safe harbor election, the cost of the acquisition or improvement does not

have to be capitalized.

These small-dollar expenditures can add up to a substantial deduction. For example, a taxpayer that owns a residential real estate property with 1000 residential units replaces 200 refrigerators in 200 units at a cost of \$1,000/refrigerator. This taxpayer can deduct \$200,000 immediately (200 x \$1,000) and does not have to capitalize and depreciate the costs.

The election covers two different de minimis amounts, depending on whether or not the taxpayer has an applicable financial statement ("AFS"). An AFS includes a financial statement required to be filed with the Securities and Exchange Commission ("SEC") or a certified audited financial statement accompanied by the report of an independent certified public accountant for credit purposes, reporting to shareholders, or for other non-tax

As If It Couldn't Get Any Better for Real Estate

By Craig Smalley, MST, EA

A REIT IS a type of company that lets investors pool their money to invest in a collection of properties or other real estate assets.

REITs happen to have a special tax status which requires them to pay out at least 90% of their income as dividends. When they do so, they aren't taxed at the corporate level like most other types of businesses. To qualify as a REIT, the following conditions must be met:

- There must be at least 100 shareholders.
- No five shareholders can own more than 50% of the shares.
- At least 75% of assets must be invested in real estate, cash, or Treasuries.
- 75% of gross income must be derived from real estate.

The majority of the REITs that you will encounter are equity REITs, which mostly deal in:

- Apartment buildings
- Single-family homes
- Shopping malls
- Freestanding retail establishments
- Healthcare properties
- Office buildings
- Industrial buildings
- Self-storage facilities
- Data centers

There is also another class of REITs that invest in mortgage-backed securities, known as mortgage REITs. These companies may invest in agency mortgages (those guaranteed

by Fannie Mae, Freddie Mac, and Ginnie Mae), non-agency mortgages, or commercial mortgages.

REITs make money simply by leasing out properties and paying out 90% of the profit in dividends, thus avoiding corporate income tax.

In addition, as property values tend to appreciate over time, the value of shareholders' investments can grow. And as property values increase, the ability for commercial properties to generate income rises. The idea behind an equity REIT is to create a growing dividend stream and to increase shareholder value through rental income and property appreciation.

As if it couldn't get any better, here comes Rev. Proc. 2017-45. The

purposes. An AFS also includes a financial statement required to be provided to a federal or state government or agency other than the IRS or the SEC.

Taxpayers that have an AFS may use this safe harbor to deduct amounts paid for tangible property up to \$5,000 per invoice or item. Taxpayers without an AFS can deduct amounts up to \$2,500 per invoice or item.

For example, a taxpayer with an AFS replaces 100 windows in a property that has 150 windows at a cost of \$3,000/window. This taxpayer, applying the facts and circumstances and considering the unit of property, has replaced a significant portion (100/150 or 66%) of the windows and would generally be required to capitalize the costs. If the taxpayer elected the de minimis safe harbor, it could deduct \$300,000 immediately (100 x \$3,000) and not have to capitalize the costs.

A written accounting policy is required for taxpayers with an AFS. The taxpayer sets the threshold, and if the taxpayer's accounting policy is less than \$5,000, the amount deductible under the de minimis safe harbor is limited to the threshold set by the policy. This policy must be consistently applied for book and tax purposes and must be in place at the beginning of the taxpayer's year. (Taxpayers may want to consider a lower amount for the policy, as financial statements and reported income will take a hit). Also, taxpayers should consider the impact on financial covenants and ratios.

For taxpayers without an AFS, the threshold is \$2,500 and a written accounting policy is not required; however, having a written policy is advisable.

The de minimis safe harbor election does not include amounts paid for inventory and land.

Additionally, it does not apply to rotatable, temporary, and standby emergency spare parts that the taxpayer elects to capitalize and depreciate. It also does not apply to rotatable and temporary spare parts that the taxpayer accounts for under the optional method of accounting. However, de minimis amounts paid for tangible property may be subject to capitalization, if the amounts include the direct or allocable indirect costs of other property taxpayer's produced or acquired for resale.

In order for taxpayers to elect the de minimis safe harbor election, they need to attach a statement titled "Section 1.263(a)-1(f) de minimis safe harbor election" to the timely filed original federal

tax return including extensions, for the taxable year in which the de minimis amounts are paid. The annual election is not a change in method of accounting. Therefore, taxpayers do not need to file Form 3115, Application for Change in Method of Accounting. The IRS has made it easy for taxpayers to elect.

In conclusion, the de minimis safe harbor can be easily elected, simplifies recordkeeping and compliance and generates more current tax deductions. Many assets that were capitalized in the past can be deducted immediately. If properly planned, this election is very effective for maximizing deductions. ■

Joseph Mecagni is Senior Manager, Tax & Business Services for Marcum LLP.



Investment Trusts (REITS)

IRS has issued guidance on stock distributions by REITS. The Service will treat stock distributions made by a publicly offered REIT in a transaction that that will satisfy certain requirements as a distribution of property under IRC Sections 301 and 305(b). To refresh your memory, those Code Sections state:

301 - For purposes of this section, the amount of any distribution shall be the amount of money received, plus the fair market value of the other property received.

305(b) - (a) General rule

Except as otherwise provided in this section, gross income does not include the amount of any distribution of the stock of a cor-

poration made by such corporation to its shareholders with respect to its stock.

(b) Exceptions Subsection (a) shall not apply to a distribution by a corporation of its stock, and the distribution shall be treated as a distribution of property to which section 301 applies.

Basically, it is a tax-free distribution. The Rev. Proc. goes on to say that the REIT must make the distribution to its shareholder with respect to its stock and pursuant to the declaration of the distribution.

The guidance additionally states that the value of the stock received by ANY shareholder in lieu of cash will be considered to be equal to the amount of cash for

which the stock was substituted. The calculation of the number of shares to be received by a shareholder is determined based on a formula that (1) utilizes the market price of the shares; (2) is designed so that the value of the number of shares to be received in lieu of cash corresponds closely to

the amount of cash to be received under the declaration; and (3) uses data from a period of no more than two weeks ending as close as is practical to the payment date.

REITs were already a good thing for real estate investments. Now with Rev. Proc. 2017-45, they are even better. ■

How Accounting Firms Can Serve Marijuana Businesses

By Stanley Sterna, JD And Joseph Wolfe

More than 25 states allow the sale of marijuana for medicinal use; eight states permit the sale for recreational use. This activity has created new business opportunities for many public accounting firms, but there are unique challenges and risks in serving these clients.

Providing services to clients engaged in a business that is legal under state law but illegal under federal law has raised concerns among CPA firms regarding professional liability risks and compliance with professional standards, laws and board of accountancy regulations. Under federal law, marijuana remains illegal under the Controlled Substances Act. This exposes firms that service marijuana businesses to charges of aiding and abetting or conspiracy to violate this law, as well as criminal prosecution and civil claims alleging violation of federal racketeering laws.

Many banks refuse to provide services to these businesses due to concerns about application of both the Controlled Substance Act and anti-money laundering laws. As a result, marijuana businesses handle large amounts of cash, highlighting the need to address internal controls and the risk of theft and fraud. Additionally, the application of federal and state tax laws to income tax reporting by marijuana businesses is complex, requiring a heightened focus on compliance by both CPAs and their clients.

Quality control procedures will be of heightened importance for any accountant serving marijuana businesses. Vigilance in client engagement acceptance and continuance can help mitigate the elevated risks of servicing these largely cash based businesses, which must comply with conflicting federal and state laws. Both audit and tax services present unique challenges, such as the valuation of inventory and the disallowance of tax

deductions under §280E of the Internal Revenue Code.

These factors create obvious risks for CPA firms providing services to marijuana businesses. When assessing client acceptance and continuance, CPA firms should determine whether the marijuana business has conducted criminal background checks of its employees and if any adverse findings will affect their ability to effectively render services. When entering into an engagement, CPA firms should obtain a representation letter from the business principals expressly stating that they fully understand and intend to comply with all state laws applicable to their business. Engagement letters should clearly define the scope of the services to be rendered, and require client management to acknowledge that it is their responsibility to maintain all tax and accounting records as needed to respond to inquiries, investigations or audits initiated by regulators and criminal or tax authorities. Additionally, all communications with the client should be documented in writing.

A related concern raised by many CPAs is how professional liability insurance coverage applies to claims that may arise from servicing these clients. Insurance coverage cannot be determined prospectively by the firm's insurer, agent or broker. However, understanding how coverage applies can ease the process of evaluating and mitigating the risks of servicing this growing industry.

Professional liability insurance policies include a definition of "professional services", which generally is broadly drafted to cover services performed by accounting firms. The majority of services CPA firms are likely to render for marijuana businesses are no different from those performed for other client industries.

Continue reading at
www.CPAPracticeAdvisor.com/12371973

THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

- It's Time for Small Businesses to Get Back to Business. **Sir Richard Branson via LinkedIn.**
<http://bit.ly/2x8qunK>
- Must-Pay Expenses When You Have a Cash Flow Problem. **SurePayroll Blog.**
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- The Big 3 Innovations Small Businesses Need to Look Out For. **SalesForce Blog.**
<http://sforce.co/2f1KNAj>

LATEST SMALL BUSINESS NEWS

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can use in all sorts of ways to steal your identity, money and make your life miserable.
<http://cpapracticeadvisor.com/12370435>

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Combating Tax-Related Identity Theft CONTINUED FROM PAGE 6

filed, the IRS should be contacted immediately with the number provided on the notice. The legitimate tax return should be filed by paper if you're unable to e-file it, and Form 14039 should be filed along with it.

Your client's case will be handled by IRS's Identity Theft Victim Assistance (IDTVA) organization if another return was filed. IDTVA will assess the scope of the issues, address all of the issues related to the fraudulent return and ensure the tax return is properly processed and release the refund. The IDTVA will also remove the fraudulent return from the taxpayer's records and will mark their account with an identity theft indicator. Some identity theft victims will also be given a IP (Identity Protection) PIN to add an extra layer of protection.

Your client will receive a notice that the case has been resolved, but the length of time for resolution varies. Most cases are resolved within 120 days, but more complicated cases may take 180 days or more. This means your client may not see a refund for upwards of six months.

OBTAINING THE FRAUDULENT RETURN

No doubt, a number of questions will arise from the fraudulent return (how much was

the refund, what other information might be compromised, etc.). You can assist your client in obtaining a partially redacted copy of the fraudulent tax return, which will help you understand how their personal information was used. They will need to complete Form 4506-F, Request for a Copy of a Fraudulent Tax Return, and mail it to the IRS along with other required documents.

Resolving a case of tax-related identity theft is a long and tedious process with much of it out of both your and your client's hands. It's likely your client is terrified of the events and feels violated to a certain extent. You, as their tax professional, can help ease their concerns by assisting them through the entire process and helping to ensure their information is not stolen again. ■

Dave Du Val is an Enrolled Agent and Vice President of Customer Advocacy, for TaxAudit.com. In his role, he ensures that the TaxAudit team is on the forefront of tax education and research. He is a nationally-recognized speaker and educator who is well-known for his high energy and dynamic presentation style. Du Val is a frequent and popular guest speaker for the California Society of Tax Consultants, the California Society of Enrolled Agents and the National Association of Tax Professionals.

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You've Been Breached. Now What?

IDENTITY THEFT IS the fastest growing crime in America and accounting firms, with their wealth of taxpayer personal information, are often ground zero for cybercriminals. For many, the question is not *if* you'll be the target of a cyber-attack, but *when*. And while prevention is of primary importance, your firm should also have a data breach response plan in place for when the unthinkable happens.

ACT FAST

A rapid response is critical, which is why you need to have a response plan in place before a breach occurs. Most states have data security laws that require firms to warn affected clients within a short time. Contact the IRS Stakeholder Liaison for your state for up-to-date instructions.

SECURE YOUR SYSTEMS AND PHYSICAL AREAS

Move quickly to secure your system and fix the vulnerabilities that caused the breach. The exact steps you'll take here depend on the nature of the breach, but take any steps necessary to ensure it doesn't happen again. Your IT team should quickly determine if you need to quarantine computers or other devices. Don't turn any machines off until forensic experts arrive. You may need to update the credentials and passwords of authorized users, but if malware is in your system tracking keystrokes, simply changing passwords is pointless.

If the breach involved your physi-

cal premises, you will need to change locks and access codes.

NOTIFY LAW ENFORCEMENT

Contact the FTC and your local police department immediately. The sooner law enforcement is made aware of the theft, the more effective they can be.

ASSEMBLE YOUR BREACH RESPONSE TEAM

You should have a list of internal and external personnel and resources readily available. Depending on the size of your firm, this may include IT, human resources, communications, and management. You might consider hiring an independent forensic investigator to help you determine the source and scope of the breach.

ENGAGE YOUR COMMUNICATIONS PLAN

Your communications plan should reach all potential victims including employees, clients, technology partners, and other stakeholders. Don't make misleading statements

about the breach or withhold key details that could help clients and employees protect themselves, but don't publicly share any information that could put them at further risk.

Notify all staff that until your communications plan is established, the situation is to remain confidential.

Part of your communications plan should be anticipating questions that people will ask. Good communication up front can help alleviate client concerns and frustrations, saving you time and money later. One person within your firm should be the designated point person for releasing information. Give that person the latest information about the breach, your response, and how individuals should respond.

NOTIFY APPROPRIATE PARTIES

Many states have enacted legislation requiring notification of security breaches involving personal information. Your legal counsel can also help advise you on federal and state laws that apply to the breach.

Consult with law enforcement about the timing of the notification so it doesn't impede the investigation. You should also notify the revenue departments and attorney general's office for each state in which you prepare tax returns.

OFFER CREDIT MONITORING OR OTHER SUPPORT

If client or employee financial information or Social Security numbers were exposed, consider providing a year of free credit monitoring or other identity theft protection service.

CONSIDER CYBER LIABILITY INSURANCE

Cyber liability insurance policies can be stand-alone or part of your other insurance coverage program. The coverage it provides varies widely,

but policies typically cover the costs associated with data breaches and cyber-attacks, including

- Data loss restoration
- Responses to civil lawsuits
- Payment of government fines or penalties
- Credit monitoring services for clients

Before you purchase the coverage, pay close attention to the exclusions listed in the policy. This coverage will need to be in place *before* you discover the breach. Inform your insurance carrier of the security breach as soon as possible. They can offer more guidance on responding to the breach.

IMPLEMENT YOUR CONTINUITY PLAN

Your firm can't shut down while you're responding to this attack, so develop and test a continuity plan to ensure the firm can continue serving clients.

This list is not all-inclusive, but it does illustrate some of the actions you should consider when designing your data breach response plan. Responding to such an event may seem intimidating, but the situation calls for immediate action and complete focus. When you can show that you took immediate, direct action and took steps to protect clients and employees, your outcome will be the best in a bad situation.

Cybersecurity is now a priority for everyone in the accounting profession. You owe it to your clients, your employees, and yourself to take the threat seriously. ■





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