State Sen. Liz Krueger says cannabis will, happily, be boring once legal

By CHRIS GAETANO
Trusted Professional Staff

ew York state Sen. Liz Krueger (D), chair of the New York State Senate Finance Committee and the lead sponsor of the Marijuana Regulation and Taxation Act, said that when—not if—cannabis is legalized in the Empire State, there will be an explosion of new legal businesses and jobs, and ultimately, marijuana will become just another agricultural product like tomatoes or corn. Presenting the keynote address at the Foundation for Accounting Education’s Nov. 6 Cannabis Conference, she said that legalization will happen sooner rather than later.

For example, she said that one of the major hurdles of the legal cannabis trade—the lack of banking services due to federal law—will likely be cleared, given that a federal bill allowing cannabis vendors to work with regulated banks had cleared the House and was expected to pass the Senate soon. (As of press time, the Senate had not yet acted on the legislation—the Secure and Fair Enforcement (SAFE) Banking Act of 2019.)

“So we will not have some of the fairly amusing stories,” such as how in California “people are showing up at the San Francisco City Hall or at the state capitol with huge bags of cash, saying, ‘I’m here to pay my taxes,’ and everyone in the building saying, ‘we don’t take cash,’” she said.

Krueger also pointed out the work she’s done not only with New York state Gov. Andrew Cuomo, but also with the governors of several other states, who are striving to harmonize state cannabis laws and regulations so that there is consistency across state lines. Governors understand that legalization is only a matter of time, and so it would be best for them to figure these issues out now. In Albany, she said, Gov. Cuomo has said he will try to move her bill through the budget again this year, and even if that falls through, as it did last year, she will continue working with her colleagues to get the legislation passed before the end of session in June. When

Law requiring CPE for newly licensed CPAs is implemented

By RUTH SINGLETON
Trusted Professional Staff

At its Dec. 10, 2019, meeting, the New York State Board of Regents took emergency action to adopt a regulation that implements a law signed by Gov. Andrew Cuomo, which eliminates the three-year exemption from the mandatory continuing education requirement for newly licensed CPAs. That law, Chapter 413 of the Laws of 2018, amended the Education Law, effective Jan. 1, 2020, to require all new licensees to become subject to mandatory continuing education on the first Jan. 1 that falls in their first registration period.

The Society, after discussions with membership groups, lobbied for the legislation as part of an effort to ensure that new CPAs remain knowledgeable in the face of an increase in the volume of standards, as well as become competent in new and emerging skill sets that clients and employers have come to expect in the age of blockchain and artificial intelligence. The legislation, A.10648/S.8522-A, passed the Assembly, 144-0, on June 19, 2018, and the Senate, 60-0, on June 20, 2018. The bill was sponsored by Assem-
Making headway with our strategic plan

In 2018, the NYSSCPA embarked on an ambitious process of strategic planning, with the goal of better understanding and serving our members, as we work to protect and expand the influence of the CPA profession. Because the CPA profession is undergoing a period of rapid transformation, Board members recognized that it is incumbent on the Society to be proactive in addressing those changes, as it continues to fulfill the professional needs of its members and advocate for the profession. We have made great progress in fleshing out the particulars. Our strategic plan has five goals: to provide educational opportunities and resources to support our members’ continued professional success; to position ourselves as advocates for the CPA profession and as a resource for decision makers; to cultivate an educational pipeline with students and young professionals; and the clients you serve. We are your eyes and ears on the ground.

With regard to the all-important priority of membership growth and development, we will continue to work to cultivate a community that attracts, nurtures and empowers accounting professionals; to increase awareness of the CPA profession and create value as the premier trusted advisor; and to prepare the Society and its members for the transformation of the accounting profession. To achieve these five goals, the Society has set five priorities for itself: professional excellence, advocacy, membership growth and development, public awareness, and proactive transformation. Each of these will play an important role in ensuring the continued strength of the Society.

The professional excellence priority encompasses the Society’s educational programs—primarily provided by its Foundation for Accounting Education (FAE) affiliate—that help members hone their skills and stay abreast of new regulations and rules. It also includes the Society’s acclaimed CPA Journal and its approximately 60 education-focused committees. This is a vital endeavor, in light of an increasing volume of standards.

The advocacy priority aims to position the Society as a champion for the CPA profession—and as a resource for decision makers. Issues arise in the legislature and with regulators and state agencies that can affect you and the clients you serve. We are your eyes and ears on the ground.

To regard the all-important priority of membership growth and development, we will continue to work to cultivate a community that attracts, nurtures and empowers accounting professionals, and to build the CPA pipeline with students and young professionals. To increase public awareness of the CPA profession, we will continue our efforts to promote financial literacy, and work to increase public awareness of accounting and the CPA profession as a career. Finally, and perhaps most importantly, we need to prepare the Society and its members for the transformation of the accounting profession that is already well under way, as the result of technology such as data analytics and artificial intelligence. This is a vital role for us: We believe that as the skills and competencies needed to perform professional services evolve, the CPA licensure model must also evolve. Aligning the CPA licensure model with the growing demand for technological and analytical expertise will protect the public interest and continue to strengthen the relevance of the profession. Because new technology is driving the transformation of the profession, it is important that we educate our members on the opportunity to leverage, embrace, acquire and develop (LEAD) new products, services and specialties.

While working to implement all five of these initiatives, we will report back periodically on our progress and seek the engagement of many members.

Trustee responsibilities

FAE trustees typically meet four times a year to conduct the business of the Foundation. They are responsible for approval of the FAE budget, setting the general direction for educational programs, evaluating curriculum, and developing strategies for program diversification and effectiveness. There is no compensation for service on the FAE board.

Eligibility requirements

According to the FAE bylaws, to serve on the FAE board, a prospective candidate must be a CPA and a member in good standing of the NYSSCPA. Trustees are appointed based on their interest and ability to contribute to the educational goals of the Foundation. Trustee selection, to the extent possible, represents a cross section of the Society’s membership, in terms of geography and areas of professional practice.

Over and above the bylaw requirements, it is beneficial for candidates to have taken FAE courses or to have been responsible for sending others to FAE programs. In addition, candidates should be familiar with the market for adult learning in a continuing professional education environment. The FAE primarily targets small and medium-sized CPA firms and is expanding into programs for industry CPAs as well.

How to submit a nomination

Those interested in serving should send an email to the attention of NYSSCPA President-elect Edward L. Arcara at presidentelect@nysscpa.org by Feb. 21, 2020, at 12 p.m. (EST). The email should include a résumé and a statement of interest and ability to contribute to the educational goals of the Foundation. Candidate information will be forwarded to the Selections Subcommittee of the NYSSCPA Board of Directors, which will propose to the Society’s Board of Directors the names of individuals to fill the three FAE vacancies. The Society’s Board will submit at least six nominees to the FAE Board of Trustees. The FAE board then appoints three individuals from among the nominees submitted by the Society’s Board to become FAE trustees.

If you are interested in serving on the FAE board, a nomination must be submitted by Feb. 21, 2020, at 12 p.m. (EST).
Committee Spotlight: Diversity and Inclusion, Financial Accounting Standards

By CHRIS GAETANO
Trusted Professional Staff

T he NYSSCPA Committee Spotlight is where The Trusted Professional showcases the dozens of Society committees devoted to virtually every aspect of the CPA profession. If you would like to join either of the committees featured here, contact the committee chair or Keith Lazarus, manager of committees and technical resources, at 888-789-1333. The interviews featured in the Committee Spotlight have been edited for length and clarity.

Diversity and Inclusion (D&I) Committee
Chair: Tanya K. Bramble, tbramble@btdpcc.com

How did you get interested in the committee, and with D&I issues in general?
Before joining my current firm, I worked for nonprofit organizations for over a decade. I have always worked on diverse teams, with the intent to further the mission of the organization. When I started at my firm, I felt unsure of where I fit in because of the lack of diversity, and I pondered the idea of creating a diversity program. All the while, I contemplated whether the leadership would be interested in going down that path with me. I brought my ideas to the managing partner, and he was supportive and listened intently to my points. He said the firm’s leadership had an interest in diversity and inclusion, and asked if I would do some research about the subject. Subsequently, I learned about the NYSSCPA’s Diversity and Inclusion Committee, and thought it would be a good idea for my firm to have a presence on the committee. I joined in the fall of 2017 with the intention to learn about diversity and inclusion topics, and bring ideas for initiatives to my firm. I was welcomed to the committee with open arms and became as actively engaged as possible. In a short period of time, I became the vice chair and worked my way up to become the chair.

How would you describe your committee, in terms of what it does and the kinds of activities it focuses on?
What we do as a committee is to incorporate engaging and fun events that also bring the topics at hand to light. So, for example, we played an integral part in planning the initial Women’s Leadership Forum in January 2019, as well as the second one on Jan. 29 of this year. These have been exciting events, bringing a lot of people into the room for some great conversations. Annually, we host a “How to Play Poker” event, led by Ellen Keilkind of PokerDiva, where the focus is on how a diverse group of individuals can have a great time learning how to play poker. We then put a lot of time and effort into the first NYSSCPA D&I Conference, which was held in October 2019. The outcome was a very successful event that brought myriad professionals together to discuss initiatives and action plans centered on diversity and inclusion.

The committee sometimes discusses events happening in the news. For example, we talked about the positive impact of the New York City Humans Rights Law recently passed, that bans discrimination against individuals who maintain natural hair or protective hairstyles, including braids, locks and twists.

As our committee becomes more seasoned and has more support, we’d like to be able to flex our influence in the profession and increase our other advocacy efforts, with the goal of having a greater effect on diversity and inclusion—therefore, cementing our spot and reinforcing our affiliation in the profession as a whole.

What issues have been major topics of discussion among your committee members lately? What’s being captured their attention in this area?
The most recent major topic of discussion is the COAP [Career Opportunities in the Accounting Profession] program, where accounting professionals engage with underrepresented minority high school juniors over a period of several days and encourage them to pursue the accounting profession. Our committee members are very passionate about COAP and believe in its mission. Consequently, we have brought our opinions about the importance of the program to the leadership of the NYSSCPA. Several of our members are directly involved with the program, which gives us great insight into how it works and how it could be improved.

What would you say is the most frequent misunderstanding you’ve encountered regarding D&I issues? What’s something you often find yourself having to correct?
What I’ve found is that when I mention diversity and inclusion, the first thing some people think is, “Oh, you’re talking about black and brown people, and since I don’t belong to that demographic, it doesn’t affect me and there’s nothing I can do about it.” On the contrary, if you think of it in broader terms, diversity and inclusion is for everyone. We can all be inclusive by taking action or by being an ally to help move the needle on initiatives.

What are the committee’s future plans?
The members of our committee really want to engage with the membership as a whole. We want to host events for Society members and nonmembers that share information about the importance of diversity in the future of the accounting profession. We are already devising our plan for the next D&D Conference, which is tentatively scheduled for October. Our objective is to make it even bigger and better than last year. Meanwhile, we’re also looking to collaborate with other committees, as well as outside organizations, to find ways we can work together to have even more inclusive events.

Why join this committee? What would be your pitch to someone who has never heard of your committee?
How fantastic would it be if we went from talking about diversity, inclusion, belonging and equity to taking action? The NYSSCPA D&I Committee has done just that. Since the inception of the committee in 2017, we have moved forward from talking about our ideas to actively planning and implementing multiple annual events, culminating in our greatest accomplishment to date, the inaugural Diversity and Inclusion Conference, held in the fall of 2019. Imagine what we can accomplish and the information we can bring to the State Society membership in 2020. As a member of the NYSSCPA, you can take action by becoming a member of the D&D Committee and actively engaging with other members to plan and implement seminars and events that reach professionals at all levels of accounting.

In conclusion, come be a part of a committee that has the resources and potential to make a difference in the accounting profession. This is for everyone, regardless of their race, gender, sexual orientation, religion, disability status or any other aspect of diversity. Join us—you won’t regret it.

Financial Accounting Standards Committee
Chair: Jeffrey A. Keene, jkeene@bdo.com

How did you get interested in the committee?
I started in a firm, Perelson Weiner LLP, and it was very active on the tax side of Society committees, so I understood early the importance of NYSSCPA committees and how they factor into making sure that, as accountants, we have a voice on the local, state and national level. As my career developed, and I was now in a position where I had a little more time available to be on a committee, I looked at what was available and decided the Financial Accounting Standards Committee was a good spot to be in, because it gives us an opportunity to be as current as can be.

How would you describe your committee, in terms of what it does and the kinds of activities it focuses on?
We look at the exposure drafts put out by the Financial Accounting Standards Board (FASB), and review activity from the Emerging Issues Task Force and the Private Company Council, and discuss how they might affect CPA firms. Often, we will draft a comment letter with our thoughts—last year, we probably responded to about 20 to 24 exposure drafts, and about 10 this year. Some of them are pretty straightforward, like extending the lease standard effective date, and others are far more involved, like the exposure draft on relaxing some of the rules on complex financial instruments.

We are a well-respected organization, and the FASB recognizes our voice a little more than others, so we sometimes can actually engage with them directly on certain topics. After sending a comment letter, there have been times that [FASB staff members] have called us asking for further thoughts, and what we think about this standard or that concepts release. In this respect, we can have a real impact on accounting standards that affect the entire profession.

What issues have been a major topic of discussion among your committee members lately? What’s being captured their attention?
Topic 606 (Revenue Recognition), to a large degree. [This guidance establishes the principles for reporting useful information to users in financial statements about the nature, timing and uncertainty of revenue from contracts with customers.] If you’re a public company, you’re in your second year applying it, and if you’re a private company—which is most entities—you’re just adopting it now for the first time, so there’s been a lot of discussion around that.

We’ve also spent a lot of time lately talking about an exposure draft on classification of debt (our general view is that the current rules are straightforward and easy to apply, so why change it?). We’re also aware of and monitoring developments in the cryptocurrency space—we have been working with and pushing the FASB to try and take this up.

What’s an upcoming financial accounting change that doesn’t seem to get a lot of attention but is very important?
The FASB started down a pathway of changing the way they apply standards. The old rules used to be that if you met this convoluted definition of a public business entity, you were subject to certain standards. If you were a public company, you were in that bucket, but even if you were not—say, your financials could be attached to a public file for a variety of reasons, or you could be someone working at a financial entity that needs to provide information to the SEC—you were still subject to those standards. They changed their definition to focus on this idea of being an SEC filer, and ... we think that was a good idea. Companies were being designated as public business entities that were there because the rule said so, but they maybe didn’t have all the resources to apply the standards. Because smaller reporting companies get additional time, they also have the benefit of seeing how the big companies did it, and that helps them get an answer faster than wading through thousands of pages of documents.

Does a member need to be a technical expert to be on this committee?
Many of our members are on the technical side of their accounting firms’ practice, but I don’t think it’s necessarily geared toward just them. It’s really geared toward every professional, because the rules we look at are the rules that we apply.

Why join this committee? What would be your pitch to someone who has never heard of this committee?
Being on this committee gives you an opportunity to see new accounting standards faster than if you were relying on just your firm’s practice, or a yearly update if you’re in private practice. You’re less likely to be blindsided by a new exposure draft—for example, if they decide they’re going to start amortizing goodwill again. You’ll stay up to date on accounting changes and be able to understand the background behind those changes, which, overall, makes you a better accountant.

contact@nymsscpa.org
CANNABIS CONFERENCE

Cannabis Conference overview focuses on how market draws serious investment

By CHRIS GAETANO
Trusted Professional Staff

The burgeoning cannabis market presents a major opportunity, as evidenced by major investors entering the sector for their own piece of what could potentially become an $80 billion market. That was the perspective of Vivien Azer, a managing director and senior cannabis industry research analyst with Cowen and Company, LLC, who presented an overview of the industry at the Foundation for Accounting Education’s Nov. 6 Cannabis Conference.

Azer said that all this investment shows that cannabis has become serious business backed by serious money, which is what led her to project the market growing from $50 billion to $80 billion by the year 2030. Even when firms aren’t directly investing in the cannabis market, Azer said that they are still taking this sector seriously due to the impact it can have on other sectors of the economy. She said that, in 2016, there was a great deal of resistance from institutional investors to have any form of interaction with the cannabis sector at all.

“So the angle we took was to explain to investors that you might not be putting money to work in cannabis today, but if you’re a shareholder in InBev or Molson, it’s time to start paying attention because this is a fundamental structural risk to the beer segment in the U.S.,” she said.

Azer pointed out that there has been double-digit compound growth in terms of absolute numbers of cannabis users in both the past five and 10 years. While the primary consumers tend to be young, she said that even among the 55-and-up cohort, the number of people who said they’ve used cannabis in the past year has seen growth. She also noted the rising support for legalization, on top of the 10 states where 80 percent of it is illicit sales, with only a minority going through legitimate channels.

To capture the full value, more sellers must move out of the black market, although she noted that the legal market in Canada has been weighed down by a lack of high-quality supplies and a lack of stores. Further, she said, the illicit market is very sophisticated, and it is often difficult to tell the difference between legal and illegal stores.

“There are literally brick-and-mortar stores, and they look like legal dispensaries, but they are not, and they’re not just selling flower but vapes, edibles, drinks, and none of these are available in the Canadian marketplace,” she said. “So while you, as an illicit market consumer, may want to purchase in the legal market, if you moved away from combustion to vapes, you won’t [want to go back].”

Azer acknowledged the spate of recent lung illnesses that have been connected to vaporizers, and lamented that despite the Centers for Disease Control (CDC) and the Food and Drug Administration (FDA) saying that these illnesses were likely connected to illicit products, media outlets have nonetheless driven what she said was an unfounded fear that has disrupted the sector.

Still, Azer said she remains confident in the sector’s ability to grow, and was heartened by the diverse number of products it has made available for sale, particularly in manufactured goods. She also cited a study showing that the risk perception of cannabis has gone down dramatically and is now lower than that of alcohol. In addition, she posited that cannabis could help reduce the opioid epidemic, citing a study by the Minnesota Department of Health that found that opioid use was significantly reduced among patients in Minnesota’s medical cannabis program.

“When you think of the margin profile of all these different goods, ... the more work a manufacturer is doing to the product, the more value they add to the proposition, and the higher the average selling price and margin they can extract,” she said.

Sen. Liz Krueger
Continued from page 1

asked what happened the previous year, she said her belief is that the governor just “got cold feet,” and that she hoped he would remain resolute this year.

She encouraged attendees to reach out to her office and that of Assemblymember Crystal D. Peoples-Stokes (D), the sponsor of the bill in the Assembly, with ideas and concerns about what the legislation should cover.

If the legislation should pass in 2020, she said, New York will see new jobs for farmers, for processors, for manufacturers, for specialized packagers, for testing labs, for retail dispensaries and even social clubs—all of which will need to pay taxes and hire CPAs to help them do it. At that point, Krueger said, there will still be complicated issues owing to the tension between state and federal law, but as time goes on and, eventually, the country just decides to legalize completely, the cannabis industry “becomes a really boring discussion.”

And, she said, that’s a good thing.

“It’s just another agricultural product, that’s all,” she said. “Everybody’s hypothetical new plans for new entrepreneurial opportunities becomes just as exciting as corn, tomatoes or soy. I’m not of the belief that people just think it’s becoming clearer ... they won’t come after us for having it legal at the state level. There will be banking models, [and] there will be ways for states to coordinate together and come up with smart policies for themselves.”

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Panel: Cannabis industry tax planning often depends on clients’ risk tolerance

By CHRIS GAETANO
Trusted Professional Staff

With cannabis still deemed illegal under federal law, tax planning for state-level businesses often comes down to how much risk a client is willing to tolerate, as there is little guidance as to what the IRS will accept, according to a set of panelists at the Foundation for Accounting Education’s Cannabis Conference on Nov. 6.

“Regardless of what the client chooses to do, there are several ‘seminal’ court cases around this area recently, and what they all seem to be saying is that ‘if something is not deductible, it does not become deductible by slipping it into cost of goods sold,’” said John V. Pellitteri, a PKF O’Conner Davies tax partner, said that there have been several “seminal” court cases around this area recently, and what they all seem to be saying is that “if something is not deductible, it does not become deductible by slipping it into cost of goods sold.”

One recent case Pellitteri went over was a recent case that involved a company that had several different lines of business, including a cannabis dispensary. The court said that “we’ve seen that a lot and gotten calls around this area recently, and what they all seem to be saying is that “if something is not deductible, it does not become deductible by slipping it into cost of goods sold.”

Pellitteri said, set up a separate management company to take on all non-COGS expenses and contract with it to provide services that would have been performed by the operating company. By moving these costs to another entity, Alternative Health believed that it could deduct these expenses, not only through its dispensary but also through the other entity it had set up. The court, however, did not agree.

“They not only disallowed the deductions through the dispensary for paying the management fees to the second entity, but they then made them pick up the income from that second entity and disallowed deductions again. Seat. Not only was there tax involved, but accuracy-related penalties, and it became very expensive. At first glance, it sounded like a good opportunity, but as you dug into it, there were some complexities,” he said.

Riggs said that the IRS is likely going to use this case to “nip in the bud” the idea that cannabis businesses can contract with outside service providers in order to change the nature of the expense. The court said it is the same type of expense, which “puts some cold water on some of the structures we’ve seen out there.”

But, following the panel’s recurring motif, it’s not entirely black and white. Hoffman said he doesn’t think the case completely eliminated this strategy, just certain applications of it. While the case was indeed “pivotal,” he said that facts and circumstances can still win the day. He continued by saying that the only times he has ever allowed this sort of structure was if the management entity would get outside management fees to the second entity, but through the dispensary for paying the management fees to the second entity, the IRS intends to use them.

“So I think we can expect a lot more audit activity going forward, and that will also affect [what] you explain to your client when making a decision,” he said.

He added that he has heard that the IRS will also begin more aggressively enforcing rules on reporting cash transactions. Under federal law, any cash transfers in excess of $10,000 must be reported on Form 8300, which, so far, hasn’t been something that the IRS has paid much attention to in the cannabis sector, “but as part of this new audit initiative, they’re going to be asking specific questions.” Hoffman has already seen this starting to happen, saying that “we’ve seen that a lot and gotten calls from a lot of people in California that the IRS is going after those 8300s.”

While this might be distressing, Kralik said it is good that people know this is coming because it gives them time to get ready.

“Knowing this is coming and it’s inevitable, now is the time to advise a client that this is when you really want to focus on recordkeeping and making sure they have some kind of language as to rules and responsibility of the labor force—who is doing what—to make sure they have the support needed to not fail that 280E test,” she said. “So that’s what we should be focusing on right now.”

 Jennifer A. Hoffman, Bridget M. Kralik and John V. Pellitteri.

Speaking at the Cannabis Conference tax panel are (l-r) moderator Thomas J. Riggs, Jason A. Hoffman, Bridget M. Kralik and John V. Pellitteri.

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Society’s Board approves legislative agenda for 2020

At its Dec. 11, 2019, meeting, the NYSSCPA’s Board of Directors approved a legislative and regulatory agenda that, once again, prioritizes electronic signatures for tax preparers and non-CPA ownership of accounting firms. Developed with input from the NYSSCPA Legislative Task Force, the agenda will serve as the plan for staff and volunteer action during New York’s legislative session, which began on Jan. 8 and is scheduled to run through June 2. The Society has embraced these initiatives in order to elevate the professional practice and further promote the CPA brand and expertise to legislators, the business community, the media and the general public in New York state.

Electronic Signature Authorization A.7765/S.5661

Issue: Under current New York State (NYS) law, filers are able to use an electronic signature to file their own NYS tax returns, and under federal law, tax preparers are able to use an electronic signature to file a federal tax return to the IRS on behalf of their clients. However, tax preparers filing a NYS tax return on behalf of clients may not use an electronic signature. New York and Hawaii are the only states that prohibit this.

In addition, a New York business that is filing taxes must currently get the physical signature of the president, vice president, treasurer, assistant treasurer, chief accounting officer or any other officer of the business duly authorized to sign such a document.

The partial adoption of electronic signatures for NYS tax returns is inconsistent, and the proposed legislation would align the tax return process for tax preparers with what is already acceptable for federal tax returns, whether you are filing for an individual or a business.

Background: Leading into the 2019 legislative session, the NYSSCPA continued discussions with the New York State Department of Taxation and Finance (NYSDTF) regarding the acceptance of e-signatures on certain NYSDTF authorization forms. The Society’s analysis led it to believe that the NYSDTF has the authority to take this action. To that end, the Society began a dialogue with NYSDTF staff and the acting commissioner. This dialogue continued in good faith with the NYSDTF on the possibility of conducting a business analysis and risk assessment in 2019, which the NYSDTF informed the Society is needed to move forward.

In May, Sen. John C. Liu (D) and Assemblyman William B. Magnarelli (D) introduced legislation authorizing the NYSDTF to accept e-signatures on certain NYSDTF authorization forms (S.5661/A.7765). This would essentially override the NYSDTF’s discretion on the topic and mandate that the NYSDTF allow this practice. While the NYSSCPA did not push for this introduction due to its good faith dialogue with the NYSDTF, it decided to make the advancement of this legislation a priority as the session wound down. From May until the close of the legislative session, the Society worked hand in hand with both Sen. Liu and Assemblyman Magnarelli to move this bill. The Society lobbied majority members in each house and relevant staff. Its efforts led to the bill passing in the Senate in the waning days of the 2019 legislative session. In the Assembly, the Society learned that NYSDTF concerns prohibited the bill from advancing.

In October, NYSSCPA President Ita M. Rahilly, President-elect Edward L. Arcara, Executive Director Joanne S. Barry and Tax Division Oversight Committee Chair Philip J. London met with the new taxation commissioner in Albany; in January, other committee members did so as well.

The commissioner’s team clarified their concerns. The Society has drafted language changes to the bill that have been presented to Sen. Liu and Assemblyman Magnarelli. This effort would also allow electronic signatures for business tax returns to satisfy the same legal requirements, and carry the same force and effect, as a physical signature. Society leaders are optimistic that the bill can advance in the new session.

Non-CPA Ownership Legislation A.2919/S.3842

Issue: New York State law prohibits non-CPA ownership of firms. New York and Hawaii are the only two states with this prohibition.

As CPA client work becomes more complex, non-CPA professionals are increasingly vital to high-quality work. IT professionals, policy experts, data analysts and others reach a professional ceiling. Firms are unable to offer long-term incentives and growth opportunities, which often results in the loss of these valued employees to neighboring states, where the opportunities they are looking for are available. Expanding opportunities for ownership in New York state will level the playing fields, provide increased job opportunities and strengthen the economy.

Background: The NYSSCPA continues to play a supportive role in advocating non-CPA ownership in New York. The legislation continues to pass in the Senate but continues to stall in the Assembly’s Higher Education Committee.

Occupational Licensing

Issue: An antiregulatory movement now sweeping the country is calling into question the need for certification/licensing across occupations, directly threatening the value of the CPA license. Already, 39 states are considering some form of occupational licensing reform, adding to bills already passed.

Background: There are cogent points to be made in this position; research shows that, from the

Continued on page 7
CPE Reciprocity

Issue:
CPE reciprocity exempts CPAs who hold multiple state licenses from having to meet the individual CPE requirements of each state, so long as licensees meet the CPE requirements of their home states. Because this exemption encourages uniformity while removing unnecessary burdens that do not play a role in protecting the public interest, the AICPA and NASBA are encouraging state boards of accountancy to adopt this provision of the Uniform Accountancy Act (UAA) Model Rules.

The NYSSCPA will seek clarification from the State Education Department on how the New York regulations match or fail to match the UAA, as stated below.

Background:
The implementation of individual CPE mobility has allowed many CPAs to give up the holding of multiple reciprocal licenses in various jurisdictions. However, in certain circumstances, a CPA may choose to continue to hold more than one license.

Examples:
A CPA may wish to hold a license in his or her original state of licensure, or because the CPA plans to return to that state at some point in the future.

• A CPA may work near a border and find it important to hold a license in the CPA's home state as well as in the state where the firm maintains a second office.

• Certain jurisdictions (outside the respective state boards of accountancy) require a CPA to have an active in-state license if they are performing certain types of attest work within a particular state.

Rules seek to provide a reasonable accommodation in regard to multiple license holders' Continuing Professional Education (CPE) requirements across state lines.

According to UAA Model Rule 6-4, all CPAs are required to obtain 120 hours of CPE every three years as a condition of license renewal. These hours must include four hours of ethics-specific training and not less than 20 hours of CPE in any given year. However, a CPA is exempt from meeting multiple jurisdictional CPE requirements as long as the licensee meets the CPE requirements of his or her principal or home jurisdiction. Such a rule is a logical exemption, ensuring that CPAs are continuing their CPA while also avoiding complex multistate compliance regimes.

Unfortunately, not every state board of accountancy has adopted this provision, and this can lead to some holders of multiple licenses having to meet multiple state CPE requirements.

UAA Model Rule 6-5(c) provides:
"A non-resident licensee seeking renewal of a certificate in this state shall be determined to have met the CPE requirement (including the requirements of Rule 6-4(a)) of this rule by meeting the CPE requirements for renewal of a certificate in the state in which the licensee's principal place of business is located.

a) Non-resident applicants for renewal shall demonstrate compliance with the CPE renewal requirements of the state in which the licensee's principal place of business is located by signing a statement to that effect on the renewal application of this state.

b) If a non-resident licensee's principal place of business is located in this state, the non-resident licensee must comply with all CPE requirements for renewal of a certificate in this state."

Tax Season Is Better With the NYSSCPA
Succeeding with your robotic process automation project

By JOEL LANZ, CPA/CITP, CFF, CISA, CISM, CISSP, CFE

Rapidly developing technologies, explosive media attention and consistent business needs to do more with less have driven financial professionals’ interest in opportunities provided by artificial intelligence (AI) and related tools. Although some of the business solutions promoted by vendors may be in their infancy or years away, others have attained maturity levels, enabling organizations to implement them today and achieve desired productivity and service delivery benefits. Despite the inherent challenges presented by emerging technologies, however, the accounting community must both manage existing risks and plan for the impact of well-known operational and related implementation risks in order to maximize the return on investments of these needed business initiatives.

Robotic process automation (RPA) represents one AI-related technology that organizations are beginning to use and benefit from today. Some practitioners do not classify RPA as AI because it relies on preprogrammed routines rather than learning by itself and developing new processes. Others believe that the more complex RPA tools do contain some of these features and thereby classify RPA as an AI tool. Although the term “robotic” implies some science fiction function, what you are doing is automating and, yes, reengineering existing processes using specialized software and tools that reduce human intervention in mundane tasks that are needed to provide traditional accounting services. In other words, drop the word robotic, and think of it as software used to automate processes.

Recent CPA Journal articles have discussed how RPA has the potential to transform how practitioners deliver accounting and audit services. Because RPA enables them to do so more effectively and efficiently, these practitioners can focus on higher-value idea generation and related consultative work. One article, focusing on how audit firms could use RPA in performing substantive testing, defines RPA as “software that interacts with other application software at the user interface level (i.e., in the same way as a human) and is used to automate processes that are structured, role-based, and repetitive, as well as those with machine-readable data.” The article, “Exploring the Use of Robotic Process Automation (RPA) in Substantive Audit Procedures: A Case Study,” by Michael Cohen, Andrea M. Rozario and Chanyuan (Abigail) Zhang, bit.ly/36rqz7X, also observes, “RPA can automate tasks that are executed across different software applications.”

Popular RPA tools include Automation Anywhere, Blue Prism and UiPath. Microsoft has recently enhanced its offerings to include the Power Automate RPA solution. All vendors provide short videos that assist those new to RPA in visualizing solutions and how the software can help eliminate redundant and mundane “human” work. Readers whose organizations have a Microsoft Office license may already have access to simple RPA tools that they can use to automate personal computing activities, and that facilitate the introduction to the power and potential of RPA. As with all opportunities, however, potential threats need appropriate oversight and risk mitigation management.

RPA can play a significant role in automating processes and driving efficiencies throughout an organization. In the realm of finance and accounting, this can include automating processes that can impact financial reporting. As a result, these RPA applications may be subject to various regulatory requirements, including, but not limited to, ensuring adequate controls over the financial reporting resulting from the RPA. Improperly implementing RPA can result in unreliable financial information, wasted expense and disruptions to service delivery. Perhaps the most significant risk that organizations face is failing to manage the implementation as the vital process re-engineering effort that it is, by treating it as a one-off, impacting only limited departments or individuals.

Organizations should consider the following risk-management strategies as part of their RPA implementation activities.

Establish governance and communicate organizationwide expectations. Examples include obtaining executive management support, establishing appropriate policies and procedures, and ensuring alignment of RPA initiatives with business goals. If relevant, consider a center of excellence or project management office to facilitate the communication of control practices.

Confirm understanding of current processes and the effectiveness of the designed RPA solution. Too often, organizations will quickly try to implement solutions to take advantage of potential savings, without sufficiently understanding their current processes. Sometimes, there is no justified reason for a unique process performed by the organization. Yet at other times, exceptions to standard processing can be critical. Understanding that these exceptions exist and critically assessing their continued need will help ensure an effective transition.

One risk often neglected at the start of the RPA project relates to the lack of appreciation for the need to fully understand application interfaces and the infrastructure needed to support RPA activity. Depending on the complexity of the organization and its technology, users may be unaware of back-end interfaces, data integrity challenges, regulatory-related security or privacy requirements, and other vital issues impacting the successful performance of the process. The integration of the tool with the organization may result in political challenges that can quickly derail the best-planned project.

Organizations need to manage RPA implementation as the new systems project that it is. Unfortunately, newly implemented systems and conversions contain numerous instances of failed efforts and wasted investments. Organizations should implement system development—or acquisition—life cycle controls to manage these risks. These controls help ensure that new applications produce reliable information and achieve intended goals. Essential controls include the cost of implementation, determining that the automated tool functions as intended, and communicating progress and performance to stakeholders. These controls are critical for RPA implementation success.

By JOEL LANZ, CPA/CITP, CFF, CISA, CISM, CISSP, CFE, is the sole proprietor of Joel Lanz, CFA PC, and a visiting assistant professor at SUNY College at Old Westbury. He is a member of the NYSSCA’s Technology Assurance and Internal Audit committees, as well as the CPA Journal Editorial Advisory Board.
Complex conflicts of interest

By SUZANNE M. HOLL, CPA

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ile potential conflict-of-interest issues often arise because of a divorce, other types of splits also present potential conflict-of-interest situations. Such a split may involve a dispute among shareholders, LLC members, partners and beneficiaries. Many times, the latter scenario is more complex than a divorce because it involves more people, some of whom the firm may represent individually while also representing the entity. CPAs must ensure that they comply with the AICPA’s Code of Professional Conduct (Code) for addressing Conflicts of Interest for Members in Public Practice [ET 1.110.010].

Many potential conflict-of-interest situations are so convoluted that the best first step is to consult with legal counsel or a risk adviser for assistance. In the case of a potential or developing conflict of interest, risk advisers often evaluate the extent of the conflict through use of the “reasonable-person” test: What would a reasonable person think in this situation? For example, one needs to fully consider the nature of the relationships and the relevant interests of all affected parties, as well as the implications of these relationships interests to the responsibilities, duties and personal interests of the CPA. Camico policyholders have incurred significant losses and expenses in situations where the CPA satisfied the rules-based professional standards related to addressing conflicts of interest but didn’t meet the claims standards reasonable-person test.

It may be necessary for the CPA firm to disclose the potential conflict of interest to all relevant parties. Not disclosing a potential conflict of interest—perceived or real—may be shown in court to be effective for everyone else at the end of the year. The PCAOB considers this a floor, not a ceiling, and wants auditors to think further away from a checklist mentality has been the reasonable-person test. For information on the Camico program, call Camico directly at 800-652-1772, or contact Dan Hudson, Chesapeake Professional Liability Brokers, Inc., 410-757-1932.

Auditing standards shifting away from simple checklists

By CHRIS GAETANO
Trusted Professional Staff

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rendy B. Stevens, a member of the Public Company Accounting Oversight Board’s (PCAOB) Standing Advisory Group and a speaker at the Foundation for Accounting Education’s Nov. 14 Auditing Standards Conference, said that the board wants auditors to move away from a checklist mentality and use more professional judgment, as evidenced by its new standards. The PCAOB, she said, doesn’t want rote procedures; it wants quality.

“What does quality mean? It’s not a ‘boilerplate’ or standard across clients; the PCAOB, she said, doesn’t want rote procedures; it wants quality. The general partnership has two partners. They engage the CPA to provide tax services for the partnership. One partner has a 70 percent share of the partnership, and the other, the remaining 30 percent share. The majority partner also engages the CPA separately to provide individual tax preparation services. The CPA has worked for the partnership and its majority partner for the past three years. One day, the majority partner requests the CPA’s confidential advice and guidance regarding how to finance some large debts he has accumulated. Without hesitation, the CPA provides him with some preliminary advice. However, the partner later leaves the CPA a voice message suggesting that the CPA come up with some partnership “creative financing” for the debt that the partner has incurred. The partner also reminds the CPA not to share any of his “debt problems” with the minority partner.

The CPA is troubled by this request and the awkward position he or she is now in, regarding maintaining confidentiality of information, which may jeopardize the CPA’s responsibility and obligation to the minority partner.

What should the CPA do?

Some of the issues the CPA faces include the following:

• Disengagement at this point does not eliminate the potential liability exposure if the minority partner alleges that the CPA conspired against him. What if the majority partner has been taking money from the partnership to help cover his debt? The minority partner could allege that, had he known about his partner’s debt problems, he would have acted to address the potential risks of embezzlement. He would have grounds for suing the CPA for a conflict of interest and for not disclosing knowledge.

• If the CPA discloses this information to the minority partner without letting the majority partner know of the disclosure, the CPA would be further complicating the situation and getting further entangled in this potential conflict-of-interest dilemma.

• This is a highly charged situation, and it is important that the CPA not provide preferential treatment or benefit one partner to the detriment of the other partner. The percentages owned may be irrelevant when it comes to the CPA’s professional and ethical responsibilities. If the CPA refrains from disclosing information to one partner because of the confidentiality considerations of another partner, the CPA is already caught in the middle. The next steps might involve appropriate disclosure to both partners and, if ultimately deemed appropriate, disengagement to extricate the CPA from the conflict of interest.

Again, consulting with legal counsel or a risk adviser for assistance is the best first step before taking actions that could exacerbate a situation.

Suzanne M. Holl, CPA, is senior vice president of loss prevention services with Camico (www.camico.com). With more than 28 years of experience in accounting, she draws on her Big Four public accounting and private industry background to provide Camico’s policyholders with information on a wide variety of loss prevention and accounting issues.
The non-CPAs every CPA should have in their network
Better serve your clients by getting to know the right professionals

By SAMIHA KHANNA
First published in CPA Insider, Aug. 12, 2019

W hen providing high-quality service to individual clients, whom a CPA knows is often just as important as what a CPA knows. Being able to call upon a trusted network of professionals, such as estate attorneys and insurance agents, enables you to offer clients more comprehensive planning and guidance.

Jim Sullivan, CPA/PFS, a CPA financial planner from Wheaton, Ill., counsels clients specifically on cash costs for chronic or serious illnesses, including illnesses that strike clients during retirement. It has taken Sullivan more than 15 years to build his network, which includes professionals who are even willing to help Sullivan’s clients at a low cost, or even for free.

“It is hard to turn away a client who has just been diagnosed with Lou Gehrig’s disease just because they cannot afford professional services,” he said. “I’ve found professionals who will step in and help, regardless of the fee.” He frequently works with such professionals as attorneys, “social services, agencies, geriatric care managers, and in some cases foundations that advocate for a particular disease, such as Alzheimer’s disease.”

As Ted Sarenski, CPA/PFS, CEO of Blue Ocean Strategic Capital, LLC, in Syracuse, N.Y., pointed out, “CPAs who are going to be advisers to their clients need to develop working relationships with many different non-CPA professionals to offer a truly better product to their client.”

Often, clients are busy and frequently don’t have the desire or knowledge to find separate advisers for all their needs, nor do they want to act as a go-between when those professionals need to work together, Sarenski said. In fact, clients today may be looking for their CPA to serve as the primary point of contact and coordinate all their financial components.

Sarenski and other CPAs who also hold the PFS credential offered their advice for establishing an extended network:

Finding the best professionals takes time. Building a network requires CPAs to be proactive and patient, said Jean-Luc Bourdon, CPA/PFS, CFP founder of Lucent Wealth Planning, LLC, in Santa Barbara, Calif.

Finding the right contacts “can be hard because the combination of expertise, responsiveness and customer service is elusive,” he said. “So, you kiss many frogs, as the saying goes.” It also might take a few interactions for other professionals to warm up to you, Bourdon said.

“When busy experts don’t know you, they can be cautious or simply not interested in collaborating with you,” he said. “So, it helps to start with a few highly respected and well-connected professionals and ask them for introductions to tap into their network.”

Vet other professionals before you connect with clients. Because a referral may reflect back on the firm, it’s essential to vet anyone you recommend to clients, Sarenski said.

“Networking events are good for an initial introduction, but it is important to do due diligence on the other professionals you are going to have to do business with your clients,” he said. “You want reputable, honest, hardworking, responsive professionals who will treat your client as you would. Not everyone you meet is going to fit what you are looking for.”

CPAs should interview professionals to learn about how they work, what they charge and, most importantly, whether they would follow the client’s agreed-upon financial plan or make recommendations of their own.

“For example, if we recommended our client get a $500,000 term-life insurance policy based on our planning, we don’t want an agent selling them a $2 million whole-life insurance policy,” Sarenski said.

It’s important to cross-reference your contact against the organizations they say they’re affiliated with, said Susan Tillery, CPA/PFS, president and CEO of Parakele Financial, Inc., in Kennesaw, Ga. “If they’re an attorney, we check the American Bar Association, or if an insurance agent, their state insurance commissioner,” she said.

It’s also appropriate to ask the contact for a list of references and to look them up on social media, Sarenski said, noting, “It is amazing what people will put out on their personal social media that contradicts their professional image.”

Note that even with all of the vetting and interviewing, you’re not always going to find your client’s perfect match, Bourdon said.

“It’s not uncommon to make a referral that doesn’t work out,” he said.

Help clients make the right match. When Bourdon makes a recommendation, he tells the client the pros and cons of working with that person. “For example, I’ll point out if the expert is expensive or has idiosyncrasies,” he said. “Clients value our opinion, and they appreciate our candor.”

Be mindful of referral regulations and ethics. When working with other advisers, it’s important to consider regulatory and ethical guidelines related to referrals, Bourdon said, such as the AICPA Code of Professional Conduct, the AICPA’s Statement on Standards in Personal Financial Planning Services (SSPFPS), and state-specific regulations. For example, the California Board of Accountancy prohibits licensees from receiving or paying any fee or commission solely for client referrals, he said.

The experts agreed that working with professionals from other backgrounds and areas of expertise enhances what most CPAs could offer on their own.

“Working with other advisers creates collaboration,” Tillery said. “Collaboration benefits both the client and the advisers, and brings a collective wisdom to the group.”

Samiha Khanna is a freelance writer based in North Carolina. To comment on this story, email AICPA Senior Editor Courtney Vien at courtney.vien@aicpa-cima.com.

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The New York State Society of CPAs is accepting nominations for the new and prestigious Forty Under 40 award. If you know someone in your firm, your chapter or on a committee who deserves the recognition, please complete the nomination form below before March 31, 2020.

ELIGIBILITY:
• Must be a college graduate between the ages of 21 and 40 as of Dec. 1, 2019
• Must hold a leadership role of importance in his or her organization
• Must have made significant achievements in his or her career in 2019

SUBMITTING NOMINATIONS:
Please ensure that your nomination includes the following information:
• Must have had substantial involvement in community service outside of the performance of his or her day-to-day job
• Must reside or work in New York state
• Must be a member of the New York State Society of CPAs

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Who’s Under 40 and Making a Difference?

Forty UNDER 40

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AWARDS CEREMONY
The Forty Under 40 awards ceremony will take place at the NextGen Conference in Rochester, N.Y., on July 29. We strongly encourage all winners to attend.

SPONSORSHIP
For sponsorship information, please contact Darlene Rives at darlene.rives@mci-group.com, 410-584-1930.

DUE DATE
Nominations must be submitted no later than March 31, 2020, to be considered. Winners will be notified in June 2020.

MORE INFORMATION
To nominate someone and learn more, go to nyscpa.org/40under40. For questions about the process, please contact Darryl Jackson at djackson@nyscpa.org, 212-719-8433.
With states increasingly aggressive on revenue, remote workers are an inviting target

By CHRIS GAETANO
Trusted Professional Staff

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ttorney Mark S. Klein, chairman of Hodgson Russ LLP and a speaker at the Foundation for Accounting Education’s New York and Tri-State Taxation Conference on Dec. 11, said that state governments are increasingly turning to out-of-state workers as a revenue source, particularly where it concerns withholding taxes, meaning that companies must now tread lightly when it comes to their interstate activities.

“If you can’t raise taxes and can’t cut spending, what do you do? You start to tax nonresidents, out-of-state companies, because by definition, they don’t vote in your state,” he said. “They have no political constituency.”

On paper, businesses and individuals have many protections against being taxed out of state. Federal law says that states cannot tax an out-of-state business if that business’s activities are limited only to solicitation. However, said Klein, this provision applies only to income taxes, so that other taxes, such as sales taxes, call as much for vigilance, he said, cross-references traffic tickets with tax databases, and if someone gets more than two parking tickets in the city, a few months later, that person gets a letter asking questions, such as what they do for a living, “and please tell us under penalty of perjury.” Further, New York (as well as 26 other states) has authorized the use of StingRays—devices that mimic cell towers in order to track people’s position through their phones—which, he said, can be mounted “say, at the entrance of the Lincoln Tunnel” and used to see who’s come into the city on any particular day.

“When companies have wandering employees, it is very important that they withhold on these people, or you are going to get very upset, and the employee will get mad at your employer and the employee will get mad at you,” he said.

Beyond personal income tax and withholding taxes, he said that telecommuting employees can create a corporate tax liability as well. States have generally taken the position that having a single employee in the state means that a company is doing business and is, therefore, obligated to pay taxes. He brought up the example of TeleBright Software Corp., a Maryland company that employed a coder who eventually moved to New Jersey but continued working for the company. New Jersey took TeleBright to court, saying that if it could be used to establish nexus based on other records—such as a hotel receipt or a parking ticket in the city on any particular day. “They have no political constituency.”

The theory is, if her computer explodes on her desk at home while she is there, she has no liability. But if she is in New York and she is using it while she is there, that’s OK. It’s your company’s property, Klein said. “They have no political constituency.”

But when someone is in New York simply because it is convenient to be there, then New York counts it as work done in New York, even if the person is not physically in New York every day. He conceded that this can seem odd, although it makes a little more sense when one considers the historical context that drove it.

More than a century ago, he said, New York had an income tax, but Connecticut did not. New York had a lot of commuters from Connecticut, as it does today, and when they commuted, they paid tax to New York on work they did there. If they were there five days a week, they paid New York tax for all five of those days.

“Some clever people in Connecticut said, ‘Know what? Maybe Fridays I work at home. Maybe we meet with people on weekends. So now, if I stay home Fridays and work on the weekend, I only owe tax on four out of seven days. I just reduced my income tax dramatically!’ New York was the first state in the nation saying it’s not going to work. If you work from home just because it’s convenient to be there, we’ll treat it as a New York workday,” he said.

He said that Delaware, Nebraska, Pennsylvania and New Jersey all have similar rules (though he said it’s rarely enforced in New Jersey).

Klein said that some of these out-of-state taxes can seem small at first, but they can really add up over time, and he advised companies to be cautious. He noted that, for example, unemployment insurance payments can create significant issues, even if they don’t seem that large. States, he said, have lately been targeting contractors who they think really should have been classified as employees and have charged the firms for unemployment insurance. These payments, he said, tend to be small. Someone with an $8,500 wage base, at an average rate of 6 percent, costs the company about $500.

At 10 employees, that’s $5,000 payment. “For $5,000 of liability, are [the companies] going to call a lawyer? No! They’ll pay the $5,000, sign the consent form, and say ‘See ya later, awesome.” he said.

But then, the consent form gets sent to the IRS, which says to the company, “I understand you have employees—you have been withholding on them?” The company responds, “No, they’re independent contractors.” But then the IRS says, “But they’re not; you just admitted it” with the consent form.

So then, he said, the IRS will charge $10,000. And the state wants another $2,500. Then FIGA taxes kick in at $7,500. That’s about $20,000 total. “Oh, by the way, there are 10 employees. That’s $200,000. And why just look at one year? Why not three? That’s $600,000.” What’s more, he said, withheld taxes are generally considered to be a trust fund, meaning that if the company goes under because of the $600,000 bill, the company’s CEO or CFO remains personally liable for the sum.

And then they get me involved. And my client says, “This is crazy; they really are independent contractors?” ... You go to court, and the judge says, ‘Before we start, you signed a consent to the unemployment insurance conceding they were employees. So were you lying then or now? Your choice.’... And I tell them ‘Keep your credibility going forward,’ he said.

“Even though unemployment insurance is a little nothing in most client’s eyes, please be careful,” he said.

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‘Wayfair’ decision reverberates through state tax codes

By CHRIS GAETANO
Trusted Professional Staff

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t’s been about 19 months since the U.S. Supreme Court ruled in Wayfair vs. South Dakota that states can hold out-of-state vendors liable for sales tax, but since then, virtually every state in the country has adopted laws enabling them to do so—an extremely rapid change that has made economic activity, rather than physical presence, the main factor in determining tax nexus, according to two speakers at the Foundation for Accounting Education’s New York and Tri-State Taxation Conference on Dec. 11.

“Wayfair will have a number of new questions and new conflicts,” Huddleston noted, for example, that with states tax sales nexus comes the need to register in that state. But this has proven difficult for international sellers, as the requirements often ask for items that the merchants simply do not have, such as Social Security numbers or employer identification numbers (EIN).

A broader issue is the lack of uniformity among these various state laws. While many base the establishment of nexus on a combination of dollar amounts and the number of transactions, much like South Dakota, the specifics of how many dollars and how many transactions vary from jurisdiction to jurisdiction. What’s more, the noted the other speaker, Steven J. Eller, of P & K Professional Services, Davies, LLP, tax partner, the time frames for when sales are counted toward these thresholds can have wide variation as well.

“With certain states, you [use the] current calendar; [with] some states you have to go back to the prior year calendar. So notwithstanding the thresholds, states have various ways to measure when these thresholds have been met—prior year, prior quarters, whatever—but you can see there’s a diverse way of measuring the thresholds,” he said.

Even though their statutes are new, Eller said that many states are already adjusting

With all these new laws, however, have come new questions and new conflicts. Huddleston noted, for example, that with state sales tax nexus comes the need to register in that state. But this has proven difficult for international sellers, as the requirements often ask for items that the merchants simply do not have, such as Social Security numbers or employer identification numbers (EIN).

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Even though their statutes are new, Eller said that many states are already adjusting
Terrorist financing remains major threat, but new rules provide vital tools

By CHRIS GAETANO
Trusted Professional Staff

Scott Rembrandt, deputy assistant secretary in the Treasury Department’s Office of Terrorist Financing and Financial Crimes, speaking at the Foundation for Accounting Education’s Nov. 20 Anti-Money Laundering Conference, said that terrorist financing remains a threat within the global financial system, but through coordinated international efforts, new global rules promise to provide vital new tools in the fight.

Rembrandt spoke, in particular, about new standards recently released by the Financial Action Task Force (FATF), an intergovernmental organization composed of financial regulators that exists to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The presidency of the organization rotates among its member states, with the United States having served as head from 2018 to 2019.

During this time, said Rembrandt, the United States pressed more action on counterterrorist financing, counterproliferation financing and virtual currencies; by the end of its tenure this past June, he said, new standards were released applying to each area.

With regard to virtual currencies, Rembrandt said, that FATF made it clear that it expects all countries to implement certain regulatory standards regarding the service providers: there must be licensing obligations, there must be supervision for compliance, and there needs to be sanctions against those companies that fail to comply.

“Unlike the U.S., the vast majority of other countries do not regulate [virtual currencies]. ... From our view, one of the biggest vulnerabilities out there is the lack of supervision worldwide,” he said.

On the second priority, counterterrorist financing, he said that the United States’ term as FATF president saw the tightening of international standards. Specifically, the standards were updated to criminalize passing on funding to any terrorist group, regardless of its use; previously, the standards only criminalized funding terrorist activities. He noted that, in the same time period, the United Nations passed a resolution that did the same thing. He also said that the FATF released guidance on how to assess terrorist financing risk and trained 160 new prosecutors, investigators and judges from all over the world, as “many countries...
Charities Bureau chief warns houses of worship about risks of complex land deals

By CHRIS GAETANO
Trusted Professional Staff

The New York State Attorney General's Charities Bureau has been working on guidance for houses of worship that he hopes will educate them of matters they should think about before deciding to cut deals like this. It will be out sometime in early 2020.

Rembrandt said that the focus on proliferation financing—that is, financing that goes toward buying or building weapons of mass destruction (WMD)—was a little less successful, as, despite U.S. efforts to expand terrorist financing standards to proliferation financing, there are currently no standards on the matter. His hope is that, eventually, the FATF will require that countries assess their proliferation finance risk and coordinate their efforts with others, “which we would take as a given,” but, apparently, such a step is more of an issue for other countries.

Paired with these new standards are assessments of how well each country is implementing them. The FATF, he said, agreed on a framework for how countries would be assessed, and currently, South Africa and Japan are being evaluated according to these new standards. The United States, he said, will begin its own evaluation in February.

Domestically, he said, Treasury Department investigations have found that networks clandestinely supporting WMD programs continue to pose a persistent threat to the U.S. financial system. While the number of channels they run through is limited, compared to other illicit financing activities, he said they tend to be very difficult to detect, as they tend to employ a lot of “tradecraft” to obfuscate the source and purpose of the funds.

“Many times, banks will have no idea, absent information from the U.S. government, that these funds may involve proliferation financing,” he said.

Rembrandt also said that terrorist financing remains robust, with most funds that the Treasury Department detects going to ISIL (Islamic State of Iraq and the Levant) and its regional affiliates, al-Qaeda and Hezbollah.

While he noted that banks and money service businesses have strong controls in place, he said that, nonetheless, they remain the most common channel for moving terrorist funds abroad. This is to say nothing, he said, of banks that deliberately choose to do business with these groups.

He pointed to the recent case of Lebanon’s Jammal Trust Bank, which, he said, provided checking accounts and other financial services to Hezbollah. The United States formally sanctioned the bank this past summer.

Looking at domestic money laundering threats, he said that, right now, the bulk of the proceeds are connected with fraud, drug trafficking, human trafficking, human smuggling, organized crime and corruption. The use of virtual currencies to launder these illicit proceeds has grown in the past five years, meaning that there has been a very significant increase in investigations linked to them.

While his office has many operational interests in domestic matters, he said, however, that it’s frequently challenged by U.S. incorporation rules, namely that, in most cases, the beneficial owner of an entity need not identify itself.

“To change that, there needs to be congressional action, and we’re working closely with Congress to get beneficial ownership [identification] passed,” he said.

“This is a significant vulnerability that needs to be addressed.”

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IRS promising focused guidance for exempt organizations

By CHRIS GAETANO

Trusted Professional Staff

The IRS Office of Chief Counsel, which writes all the notices and guidance that practitioners rely upon, is aiming to release several new proposed and final regulations relevant to exempt organizations over the course of next year, mostly pertaining to changes brought about by the Tax Cuts and Jobs Act (TCJA).

Speaking at the Foundation for Accounting Education’s Exempt Organizations Conference on Dec. 17, IRS attorneys Stephanie Robbins and David Repass talked about how the IRS has changed its approach to the “Priority Guidance Plan (PGP),” an annually released document that outlines which regulations the IRS intends to focus on in the coming year.

Repass said that the IRS recently decided to include in the PGP only those regulations that it intended to complete that year, in contrast to its previous approach, which also included longer-term projects that were likely to remain incomplete in that time frame.

“One is the 1.4 percent tax on net investment income for major colleges and universities. The tax applies to private educational institutions that have at least 500 full-time equivalent students, as well as any assets, other than those used in its charitable activities, worth at least $500,000 per student. Repass said there are very few educational institutions that this provision applies to—about 40 schools nationwide.

Because “Congress didn’t want to waste too much ink,” the TCJA used the same net investment income calculation rules that currently apply to private foundations; this calculation defines “net investment income” as dividends, rents, royalties and capital gains. But Repass said that, since the IRS released proposed regulations over the summer, schools have been arguing that there are too many differences between a university and a private foundation for the rules to strictly translate one to one.

For instance, while a school receives interest on loans, those loans are made for students, are usually set at below-market rates, and often include special terms and conditions that are particular to educational institutions. Or, he pointed out, if a school has a dormitory, and then charges students to live there, it is technically rent, but it is not a rental property as the way a private foundation may hold rental property.

But then, he asked, if the school owns a shopping center and rents it out to other businesses? This situation is then pretty much the same as a traditional rental property, and so the tax would probably apply there.

“The initial thought is we don’t need regulations under this code section, because everything is clear, but we found out it’s not so clear,” he said.

Another item on the agenda is guidance on the tax on unrelated business taxable income (UBTI). Robbins said the IRS released initial guidance last year, which clarified how to identify separate trades or businesses not related to the organization’s exempt status, how this income could be treated in various situations, and how the tax interacts with other sections of the code. Robbins said that “we are very far along in the process of publishing proposed regulations” that will be more detailed than the initial notice, and she expects that they will be out soon.

A related piece of guidance that Robbins said would be out soon relates to the increase in UBTI by disqualified fringe benefits. The rule increases UBTI if the organization pays for or otherwise incurs charges on certain transportation fringe benefits, parking benefits, or on-premises athletic facilities that discriminate in favor of highly compensated employees. She said her office is working on finding out how this increase functions within the overall UBTI regime.

Repass said that this change has led to many surprised exempt organizations that didn’t know it was coming.

“It’s a very hot-button issue because there are many, many exempt organizations that have never paid UBTI [unincorporated business tax] before, and suddenly, under these rules, they are treated as having more than $1,000 in UBTI income because what would be a disqualified function to a taxable employer is more than $1,000, and that is treated as if it were from an unrelated trade or business,” he said.

Repass added that the IRS is also revising its regulations on the identities of large donors to exempt organizations. The IRS published a revenue procedure last year that said that an organization, when filing a Form 990 Schedule B, in most cases, can leave out column A, which is for the names and addresses of those who donated $5,000 or more. While “that made a lot of 501(c)(4), (5), (6), etcetera happy they didn’t have to report that anymore,” he said that Montana Gov. Steve Bullock sued the IRS and won this past July over the rule. The district court said that making this change via revenue procedure was invalid. Repass said that a month after the case was decided, the IRS began the process of working the change through the traditional administrative procedure of proposed regulation, comment period and final regulation. He said this has proven to be a controversial measure, noting that the IRS has received over 8,000 comments.

“We looked through most of them—now we have to make lists of what each one of them said and know how to discuss it in the preamble,” he said.

The proposed regulations, he said, also raises the reporting threshold from $5,000 to $50,000 for those that don’t want to file a paper return. He said his office also put out a notice saying that anyone who has filed a 990 already without the names and addresses of donors won’t be subject to penalties.

The IRS will also be looking at when to grant LLCs tax-exempt status. He said that the IRS, since about the year 2000, has taken the position that if an LLC satisfies the organization tests and operational tests generally applied to charities, then the LLC, especially if it has members who are themselves tax-exempt organizations, can probably be recognized as tax exempt on its Form 1023 (which is submitted to be recognized as a 501(c)(3)). In 2020, he said, the IRS will release a notice outlining the IRS’s current procedure on this matter and will ask the public for further input on when it is and is not appropriate to grant tax-exempt status to an LLC, which will then go into more substantive regulations.

Repass also went over a small change that will be proposed next year, allowing tax-exempt educational institutions to post their statement of racial nondiscrimination online; he said when the measure was first introduced in the ’70s, responding to Bob Jones University’s policy of not admitting black students which led it to lose tax-exempt status, the IRS demanded that this notice be placed in a newspaper, radio or TV ad. The IRS will propose that these organizations can place the same notice on their websites or, if they lack a website of their own, someone else’s.

“It has to be big enough and stand out that anyone going there will have to at least stumble across it; they don’t have to go looking for it. It has to be obvious that’s what it is and catch your eye as you scroll down,” he said.

Beyond regulations, Robbins said exempt organizations can expect revised forms in the coming year as well. She said that the Form 1023 is going completely electronic, which, she said, will streamline and simplify the process of gaining tax-exempt status. She said there will be less confusion over what’s relevant. The IRS will provide a three-month transition period, meaning that the new electronic form will be available starting January, and paper forms will be phased out entirely by March.

As a result of the Taxpayers First Act of 2019, Form 990, Form 990-PF, Form 8872 and Form 1065 must all be filed electronically next year as well, though the IRS will still accept paper Form 990-T and Form 4720, as it is still working to convert them to an electronic format.

Repass said that if practitioners have legal questions, they might benefit from a pre-submission conference before going right to requesting a private letter ruling, which requires much more filing. He said it will save both the taxpayer and the IRS time and money because, sometimes, issues can be resolved before a private letter ruling is actually required.

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Repass said that the IRS recently decided to include in the PGP only those regulations that it intended to complete that year, in contrast to its previous approach, which also included longer-term projects that were likely to remain incomplete in that time frame.

“About a year ago, a decision was made: Let’s narrow it down to the stuff we’re working most strenuously on, and there’s a hope we might get it all out next year,” said Repass, noting that the list includes only items that the IRS is sincerely trying to get done in a year.

One is the 1.4 percent tax on net investment income for major colleges and universities. The tax applies to private educational institutions that have at least 500 full-time equivalent students, as well as any assets, other than those used in its charitable activities, worth at least $500,000 per student. Repass said there are very few educational institutions that this provision applies to—about 40 schools nationwide.

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For instance, while a school receives interest on loans, those loans are made for students, are usually set at below-market rates, and often include special terms and conditions that are particular to educational institutions. Or, he pointed out, if a school has a dormitory, and then charges students to live there, it is technically rent, but it is not a rental property as the way a private foundation may hold rental property.

But then, he asked, if the school owns a shopping center and rents it out to other businesses? This situation is then pretty much the same as a traditional rental property, and so the tax would probably apply there.

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State sales tax

Continued from page 11

them. He noted that many are lowering or raising their dollar thresholds from the original legislation. Some, he said, are even abandoning the distinction thresholds, finding it to be not worth “dragging them into a registration and filing” based on $200 in sales.

One of the more worrying issues to Huddleston, however, is how to do with the category of entities called “marketplace facilitators.” While the specific name they’re called may vary from state to state, in general, they’re platforms, such as Amazon or eBay, that enable others to sell through them. Many states have placed the responsibility to collect and remit sales taxes on these facilitators, given their large presence and widespread adoption. Huddleston said that there are questions about what counts as a marketplace facilitator. Many of the statutes, he said, are very broad, defining them as those that transmit or otherwise communicate offers and acceptance between buyer and seller, those that own or operate the infrastructure that brings buyers and sellers together; those that provide a virtual currency that buyers are allowed or required to use to purchase products from the seller; or those that engage in software development or research- and-development activities related to any of the other activities. With this in mind, the question is not what is a marketplace facilitator, but what isn’t.

“For instance, is Visa a marketplace facilitator? MasterCard? American Express? Discover? Are your banks? They’re certainly doing any number of those things. I don’t know the answer. I don’t think the states had that in mind when they began passing these statutes, but, clearly, they can be swept into these issues,” he said.

This question then raises other questions. For example, if a telecom that qualifies as a marketplace facilitator sells a phone on Amazon—definitely a marketplace facilitator—who exactly collects and remits the tax? Or, asked Eller, what if a seller has not performed any audits, and must inform the ECA of the change, and he will be required to undergo the preissuance reviews. Six months after completion of the preissuance reviews, he must submit a list of the highest level of audit engagements that he performed during the period between the date of completion of those preissuance reviews and the end of the six-month period following completion of the preissuance reviews. One engagement will be selected for review. If he has not performed any audits, he must inform the ECA, and he may be required to provide an engagement every six months for three years as to the nature of his practice. If, during the year, he returns to performing such engagements, he must inform the ECA of the change, at which time a suitable work product for review will be selected.

Yedin will be required to provide a separate attestation immediately, then every six months for three years, that he is no longer performing employee benefit plan audits. If he returns to performing such work, he agrees to complete 12 hours of specified CPE prior to commencing fieldwork. He agrees to hire an outside party to perform a preissuance review of the reports, financial statements and working papers on all employee benefit plan engagements performed by him for one year from the date a reviewer has been approved or until completion of the CPE, if later. He agrees to inform the ECA of any changes in the composition of his practice, and if he has not performed any employee benefit plan engagements during the specified period, he may be required to attest every six months for three years as to the nature of his practice. If he returns to performing such engagements during the three-year attestation period, he must inform the ECA of the change and undergo the required preissuance reviews.

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As we begin a new decade, what was the most significant change you’ve seen in the profession over the past decade?

MINDY R. ELNISKI | Senior Manager | Amherst
I first started in public accounting in 2010, so this is a particularly interesting question to me. I would have to say the biggest change has been in the technology we use. To give an example, I have a client in San Antonio, Texas, for which we provide accounting and CFO services. So while we’re in New York, we do all their bookkeeping (they use QuickBooks online); we have monthly meetings over Skype, where we share screens and show reports; and they use a lot of cloud-based software that we can log into as well. It’s just been huge for us because it gives us a bigger footprint for clients.

More broadly, technology has also strengthened the shift toward consulting services. You don’t need as many staff people as you did before—you can have a computer tell you the depreciation in two seconds, whereas a person would have taken a lot longer—which means CPAs have leaned harder into the advisory role, since they don’t need to do all of the routine work that they used to do. They can focus more on the big picture and think about wider strategic questions.

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CHARLES J. WEINTRAUB | Partner | Staten Island
The biggest change of the past 10 years was actually pretty recent—the Tax Cuts and Jobs Act. The last time anything so drastic happened to the tax code was 1986. Now, practitioners are moving fast to absorb concepts like qualified business income, while at the same time dealing with the loss of miscellaneous deductions and other long-standing deductions that are no longer available. It’s been difficult to explain this massive change to our clients, especially when tax planning strategies that they’ve relied on for years won’t work anymore.

And then, as if things weren’t complicated enough, Albany decoupled its own tax code from the federal one, really increasing the amount of work that needs to be done.

It will be interesting to see what challenges the next decade will bring. I look forward to meeting them as a professional.

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MATTIA WRIGHT | CFO | Syracuse
The first thing that comes to mind is the way we need to protect data. Ten years ago, it was commonplace to send client information via email. Today, with the amount of sensitive personal and financial information we’re working with, it’s practically unthinkable. Instead, it’s all about secure portals and other trusted connections. This is a lesson that everyone has had to learn, including the banking sector, where I currently am. Everything is performed electronically, so we need to ensure that member data at our credit union is secure as members log in from their phones and tablets, and that all this data is stored in secure servers. Another consequence of this has been the importance of cybersecurity insurance. With the headlines announcing a new data breach or malware attack practically every other day, having cybersecurity insurance has gone from an afterthought to a necessity. These things do add costs to business, but cybersecurity is now a topic of discussion at companies of all sizes and types.

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KENNETH B. LAKS | Partner | Hauppauge
That would be the tax changes from 2017, with some of the more widespread effects, unfortunately, coming from the process it came from. In the 1986 tax act, which was way before my time practicing, the government took a year and a half to go through everything and really vet it out. In 2017, not so much. So many things were changed, but these impacted other things that didn’t reveal themselves until you started doing returns. Because it was so fast and quick, a lot of software companies were updating things, especially when it came to the new 20 percent deduction for pass-through entities, and they weren’t doing it correctly, and it took months to find out something done by the software wasn’t right.

It’s had a major impact on tax strategies. People itemize a lot less now, especially middle-market clients, which make up the largest part of the population, and that has reduced a lot of the need for tax planning. But there are many parts of the 2017 act that have nothing to do with itemizing that, despite this, have created more work for firms. I myself practice in the world of international tax, for instance, so I’ve had to do a lot of calculations for the new [Global Intangible Low-Taxed Income] tax, which is very complex. So even if individuals aren’t itemizing as much, these things have outweighed the reduction in having to worry about itemizing.

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ANDREW A. MATTHEWS | Principal | Latham
As an auditor of financial statements, I have seen a significant change in the way we plan and perform our audits. Previously, we would take a balance sheet approach by primarily testing the items on the balance sheet. Now we use a risk-based approach, where we look to gain an understanding of a business and its environment in order to identify risks, such as fraud risks and risks of misstatements. We then base our procedures on these identified risks. Along the way, we have been assisted by new technologies and programs that allow us to analyze large amounts of data more efficiently. These changes have, in turn, changed what we look for in potential hires. Firms are always looking for people with experience and with strong technical, as well as communication skills. Additionally, with our college hires, we want candidates who have the critical thinking abilities to perform the kinds of analytics that are now part of most audits.

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Buffalo Chapter hosted several well-attended events in the fall

By LISA MRKALL
Buffalo Chapter President

It’s not quite busier season yet, but it certainly has been a busy time for the Buffalo Chapter. Many committees have been hard at work conducting events for the fall and simultaneously planning events for next year! We welcomed NYSSCPA Executive Director Joanne S. Barry, President Ita M. Rahilly and President-elect Edward L. Arcara to speak at our 2019 Professional Issues Update in October. This was a well attended event, and its lively discussions focused on several important areas, including pending legislative issues, CPA firm ownership and CPA evolution.

Our Members in Industry Committee, led by Sean K. Umlauf, Buffalo Chapter president-elect, hosted a jam-packed conference, also very nicely attended. Our Tax Institute took place in early November, and that is one busy committee, led by Bruce M. Zgoda. Its members are already collaborating on ideas for next year. Sean also organized our chapter’s annual ethics update presented by Renee Rampulla, who definitely knows how to turn a rather everyday subject into an entertaining and informative evening.

Lastly, our tireless NextGen Committee, led by Kelly Mandell-Klumpp, held our chapter’s second annual New CPA Celebration. This highly anticipated event at a great new brewery, Thin Man Chandler St., was a huge success. The 21 honorees, with their many accomplishments, gave us a lot to celebrate, and each received a swag bag full of goodies to show our support. (See photo on page 18.) Knowing Kelly, she is probably already thinking of ways to make it better next year, although I’m not sure it could be!

In returning to a theme I started in my first article, I would be remiss if I didn’t honor a very special member of our chapter. This month we would like to highlight Edward L. Arcara, president-elect of the NYSSCPA. I researched Ed’s history and contributions to the chapter and state-level committees and was certainly amazed and quite impressed by the amount of years he devoted to the Society and committees he served on. To say that he served in dozens of different roles throughout the years is an understatement. He is an incredible resource to the chapter and a friend to many. On behalf of the Buffalo Chapter, we are very proud and honored to have “one of our own” serve as the NYSSCPA’s next president.

From our chapter to yours, we wish you the happiest of new years and a smooth and successful upcoming busy season. Once again, please check to see that your NYSSCPA member profile is set up to receive electronic communications from the Buffalo Chapter and the NYSSCPA. If it is not set up, please visit nysscpa.org and log in, using the button at the top right side of the home page. If you have any issues, please call the Society office at 1-800- NYSSCPA (1-800-697-7272).

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Manhattan/Bronx Chapter offers many opportunities for networking and learning

By ELYSA DAUERMAN
Manhattan/Bronx Chapter Secretary

Whether you’re a millennial, Generation X, Generation Z or baby boomer, it is important to strengthen your professional ties through the NYSSCPA, and participating at the chapter level is a great way to do that. The Manhattan/Bronx Chapter provides educational and networking events to supplement your NYSSCPA membership. You can learn about current events occurring within the industry, meet with professionals, job network, and receive ongoing career advice.

In the past few months, the Promoting CPA Careers Committee held its biannual Career Day, which educates high school students about the CPA profession and offers students the chance to tour accounting firms. For the volunteer, it is so rewarding to be able to mentor young eager adults about what awaits them in the business world. The chapter also hosted other educational events, including “Communicating Up the Corporate Ladder” and “Social Security, Ethics and Recent Regulation Changes,” along with social events and networking fundraising events for Toys for Tots and New York Cares.

Consider joining the Manhattan/Bronx Chapter to help you stay current with topics, such as accounting practices, tax changes and recent regulation changes, and to leverage the full value of your membership. If you just received your CPA, the NextGen Committee has social, networking and educational events. Also, if you like golf, there is the Co-op with Bankers and Other Grantors Committee’s annual golf event, where the net proceeds of the raffle go to the Ted Wilson Accounting Scholarship.

This year, join in, take a seat on the Manhattan/Bronx Chapter board, and become a part of the programming. The board has several positions open, so if you are interested, please watch out for the call for nominations communication coming our way with more details, or contact me directly. Being involved is very rewarding; you can establish yourself as a leader within the industry or within a particular niche, with all the programs, positions and events that are available. Feel free to ask me more questions at the address below; hope to see you at a future event. Check our website online at nysscpa.org/membership/chapters/manhattan. And don’t forget to update your NYSSCPA profile to include Manhattan/Bronx Chapter events, so that you can receive the chapter’s weekly digest listing of events.

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2019 Toys for Tots campaign: 25 years of spreading joy

By CYNTHIA FINN BARRY
Suffolk Chapter Past President

Dec. 13, 2019, marked the end of the 25th Annual NYSSCPA Toys for Tots Campaign. In 2019, we had in excess of 180 boxes, resulting in our largest collection thus far.

What began as a grassroots effort by the Suffolk Chapter Young CPAs Committee in 1995 with 10 member firms participating, has grown to encompass drop-off sites in Nassau, Queens, Brooklyn and Manhattan, in addition to Suffolk. When our committee was formed in 1995, we collectively decided that community service would be an integral focus of our activities. Helping those less fortunate than ourselves was paramount to our philosophy, and what better way to begin a Toys for Tots Campaign?

Times sure have changed over the last 25 years, but the magic of the holiday season is always present. Here is a look back at some of the toys that were popular over the last 25 years: Beanie Babies (1995), Razor Scooter (2000), Xbox 360 (2005), iPad (2010), BB-8 (2015), and L.O.L. Surprise! dolls (2019).

Each year, the committee members gather to shop for toys and reminisce about their favorite toys as a child. For many years, Toys R Us was the gathering location, and sadly, as the brick-and-mortar stores have closed due to online shopping, we now need to go to a big-box store (Target) to shop for toys. The location may have changed, but the excitement of shopping for children who may not otherwise receive a gift for the holidays has remained consistent.

What has also changed over the years is the mode of transportation used by the Marines to pick up the collection. In the early years, there was a single van, which expanded into several vans, followed by five-ton and seven-ton trucks as our collection grew in size. For several years, one retired Marine would donate the use of his tractor-trailer to pick up the toys! Each year had its challenges with weather, coordination, etc., but somehow we managed to make each collection better than the year before.

After 25 years of overseeing this incredible group effort, I will be handing off the baton to a trusted colleague and friend, Bill Huether. Bill has been instrumental over the last few years in assisting with this massive undertaking, and he is ready for the next 25 years!

As always, one of the key factors that contributed to the success of the 2019 Toys for Tots campaign was the support provided by Sheehan & Company, CPA, PC and its employees, NYSSCPA member firms and their employees, local businesses, all branches of The First National Bank of Long Island, several branches of Valley National Bank, Gold Coast Bank, Stony Brook University Accounting Society, Target, St. Joseph’s Accounting Society and several client offices that participated in the drive.

We were again extremely fortunate to have so many volunteers to the program; it is impossible to name them all without missing someone. Volunteers were needed to obtain boxes from grocery stores, assemble and wrap the boxes, distribute and pick the boxes up from the many locations, coordinate the collection efforts at each location, shop for toys and arrange the collection for the Marines. Several volunteers enlisted the efforts of their own children this year and educated them on how to help those that are less fortunate.

I extend my sincere appreciation to the many firms, local businesses and their employees and customers for helping make a difference this holiday season for underprivileged children in our area. A full list will be posted on the Suffolk Chapter webpage, nysscpa.org/membership/chapters/Suffolk.

Happy New Year, and best wishes for a successful busy season!

By CYNTHIA FINN BARRY
Suffolk Chapter Past President

CHAPTER EVENTS & CPE

Nassau/Suffolk
Nassau/Suffolk Chapter Annual Networking Meeting
When: Feb. 6, 6–9 p.m.
Where: The Fox Hollow, 7725 Jericho Turnpike, Woodbury
Cost: $80 per person
Course Code: 45030008
Register online via PayPal

Westchester
Westchester Chapter Annual Golf & Networking Event
When: Aug. 17, 7 a.m., registration and lunch;
12:30 p.m., shotgun start
Where: Wykagyl Country Club, 1195 North Ave., New Rochelle
Cost: $375 for lunch, golf, cocktails and buffet; $150 for cocktails and buffet only
Course Code: 45110101
Contact: Jeffrey Schwartz at schwartz@eba.nyc

Honorees gather at the “NextGen/New CPA Event,” presented by the Buffalo Chapter on Dec. 5.
For the most up-to-date events information, visit nysscpa.org or call 800-537-3635. SIGN UP TODAY!
LOOK AHEAD

2020 SPRING/FALL CONFERENCES TO ADVANCE YOUR CAREER

REGISTER TODAY
Attend In-Person or via Webcast

May 6, 2020
Broker/Dealer Conference
Register: nysscpa.org/bd20
Early Bird Expires 4/15/20

May 18, 2020
Business Valuation Conference
Register: nysscpa.org/bv20
Early Bird Expires 4/27/20

May 21, 2020
Estate Planning Conference
Register: nysscpa.org/estate20
Early Bird Expires 4/30/20

June 4, 2020
Employee Benefits Conference
Register: nysscpa.org/eb20
Early Bird Expires 5/14/20

June 25, 2020
The 2nd Annual Qualified Opportunity Funds and Opportunity Zones Symposium
Register: nysscpa.org/oppfunds20
Early Bird Expires 6/4/20

September 24, 2020
Health Care Conference
Register: nysscpa.org/healthcare20
Early Bird Expires 9/3/20

November 11, 2020
Closely Held and Flow-Through Entities Conference
Register: nysscpa.org/closelyheld20
Early Bird Expires 10/21/20

To register by phone call 800-537-3635