

RESOURCEFUL FINANCE PRO


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April 2023

What if your financial reporting were faster? 4 keys for assessing software solutions **16**

Cut down on budget surprises by doing these 3 things **18**

5 B2B payment trends that can optimize your cash flow now **24**



How to strike a balance between protecting mental health and prioritizing productivity

RESOURCEFUL FINANCE PRO

April 2023

In This Month's Issue

News Briefs

CFO News Briefs	3
A/P News Briefs.....	8
Payroll News Briefs.....	11

Insider Content

 CFO: You Be The Judge Dinged by IRS for inaccurate gross income reporting: Will judge remove the fine?	14
 Case Study Cut down on budget surprises by doing these 3 things.....	18
 Ask the Auditor Is there any way we can appeal an IRS agent's decision?	22
 Excel Tips Figures in that Excel sheet look off? Check if the formula's missing an absolute reference.....	23

Articles

 Budgeting and Forecasting What if your financial reporting were faster? 4 keys for assessing software solutions.....	16
 Policy and Culture How to strike a balance between protecting mental health and prioritizing productivity.....	20
 Finance Technology 5 B2B payment trends that can optimize your cash flow now	24

CFO News Briefs

Stories You Might Have Missed

Bank failures a reminder that it may be time for a transparency check of your banking partners

March 13, 2023

The FDIC takeover of Santa Clara, CA-based Silicon Valley Bank (SVB), which news reports described as the worst bank failure since 2008 and the second worst in U.S. history, had quite a few of your peers weighing in about it on LinkedIn.

Unless you're in the tech sector, you might not have heard of SVB until last month. The short version of what happened is the bank was holding a really high number of Treasury and other government bonds. As interest rates rose, the bonds in SVB's portfolio became less valuable. When the financial institution disclosed it was selling assets to raise capital, investor and customer panic ensued, driving a crippling bank run.

The dramatic turn of events had ripple effects across the banking industry, including the collapse of New York City-based Signature Bank, which was reportedly driven by its reliance on cryptocurrency.

It should automatically get you wondering, *"What if a mess like this happens to my bank?"*

To protect your organization from the potentially catastrophic impact of a bank failure, you need a status report ASAP from your business's banking partners that includes the following info:

- The primary differences between your banking partner and SVB
- Your banking partner's capital ratios and whether it needs to, or plans to, raise additional capital in light of recent bank failures
- What its plans are to protect cash, and
- An up-to-date summary of its business model, assets, portfolios, Q4 2022 net interest margin, and available funding sources.

If you sense a lack of transparency, or unwillingness to share these important details, it may be time to shop around for another financial institution to do business with.

[Read the story online](#) 

Boosting cash flow: Are your finance strategies geared toward success?

March 14, 2023

"Cash is king" is drilled into finance professionals' heads from their first day on the job! And there's a great reason for that – companies that can tap into an optimal amount of cash at the end of every month are in a better position than the competition.

David Peters, a seasoned CPA and founder of Peters Tax Preparation & Consulting in Richmond, Virginia shared a handful of proven ideas to consider during a webinar presentation, "More money at the end of the month: strategic ways to boost cash flow."

Peters stressed the need for CFOs to control expenses. Good news: Often it's the largest line item expenses that can be pared down to boost cash flow. Peters advises companies to key in on and attack those expenses first because there's usually an opportunity to reduce costs.

Peters also recommends a few day-to-day ways to improve cash flow. CFOs need to be asking tough questions and be willing to draw a clear line in the sand:

- "Do we really need this? If we do, do we need it right now?" You can't be afraid to challenge company norms, especially in challenging times. Bonus: You'll prime managers and staffers to consider financial costs better in their strategic thinking.
- "Is there a cheaper way of doing X?" Be prepared to challenge department heads to look for alternatives. Those alternatives may include switching vendors, eliminating a costly process, reducing headcount and so on.
- Don't be afraid to say NO. Being a finance leader means protecting the company's assets. Don't let them walk out the door if you can prevent it. As the gatekeeper, there's nothing wrong with asking people WHY they think an expense is worth it. Insist the person or group asking back their case with data so they're thinking in terms of what's best for the company.

[Read the story online](#) 

Need to collect from a client going bankrupt? Try these 2 tactics to get paid

March 16, 2023

Companies are declaring bankruptcy at a rate not seen since the 2010 recession. And it's bad news for credit and accounts receivable departments attempting to collect debts.

Compared to a year ago, total commercial bankruptcy filings increased 12% year-over-year in January. Subchapter V filings are up 49% and commercial Chapter 11 filings increased a whopping 70%, according to the National Association of Credit Management (NACM).

Three troubled sectors to watch for: retail, healthcare services and financial services.

As we warned you a couple of months back, once companies file under Subchapter V (which went into effect in February 2020), your odds of collecting most or some of an unpaid debt go down significantly.

Your best bet: Huddle frequently with your A/R and credit managers if they're concerned about extending credit to certain customers who are stretching payments or are late to pay back an order.

Now for some good news: There are a couple of proactive steps you can take to increase your chances of getting paid even after a customer's filed for bankruptcy.

Once a company files for Chapter 11, a court-appointed trustee forms a creditors' committee to reorganize the company and see, in part, that worthy creditors receive some payment. In many recent cases, trustees are struggling to find creditors willing to sit on committees, according to a recent NACM "Extra Credit" podcast.

The creditor's choice of attorney is another key to securing a larger repayment, according to Bruce Nathan, partner at Lowenstein Sandler. The key question to ask an attorney or law firm: "Do you specialize in creditors' rights in bankruptcy proceedings?"

[Read the story online](#) 

Employees dropping the ball? 4 common excuses CFOs need to nip in the bud

March 20, 2023

Holding managers and staffers accountable for the work they do is a day-in, day-out job. Leaders in any organization may be tempted to let some folks off the hook for a minor mistake or communication breakdown sometimes.

Here are the four most common excuses supervisors and execs give for allowing staffers to get by with subpar performances, followed by the reason why they should be held accountable.

1. 'It only happened once'

If a staffer starts underperforming, there's a tendency to think it's a problem that will pass. Or it's just an excusable slip-up – "don't worry, it won't happen again!"

You're better off addressing problem behaviors before they become bad habits that are tough to break.

2. 'They know what they did wrong'

When someone's work isn't up to snuff, it's crucial to do more than just give hints that you're not happy about it.

If you assume workers know what they did wrong instead of spelling it out, they're likely to make the same mistakes again.

3. 'I don't want to micromanage'

Holding a crew accountable for the mistakes they make is not the same as micromanaging. In fact, it's best for staffers to get honest feedback about their work so they can improve, if need be.

4. 'I don't want to hurt morale'

This is a valid concern, but not necessarily a problem to worry about. Constructive (and patient) criticism boosts morale. When you give no feedback, that's a surefire morale-killer.

Staffers will always have questions and concerns about their performance, and getting timely feedback from you is a big part of them knowing the answers.

[Read the story online](#) 

Why did the feds fine company caught in the middle of cyber attack \$3 million?

March 23, 2023

A cyber attack that puts customers' personal and financial data at risk is bad enough to deal with. The last thing a company facing this situation wants to do is make a bad situation even worse.

Like jumping the gun and putting out a news release that sugarcoats the actual damage done by a hack.

The U.S. Securities and Exchange Commission (SEC) made that point clear enough by fining Blackbaud, a South Carolina-based data management software provider, \$3 million for "making misleading disclosures about a 2020 ransomware attack that impacted more than 13,000 customers."

Blackbaud announced on July 16, 2020 that a ransomware attacker didn't gain access to customers' Social Security numbers (SSNs) or bank account information. But over the next few days, IT and customer service personnel discovered that the attacker was able to access customers' SSNs and bank accounts. "These employees didn't communicate this information to senior management responsible for its public disclosure because the company failed to maintain disclosure controls and procedures," according to the SEC.

The SEC found that Blackbaud violated "sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 and section 13(a) of the Securities Exchange Act of 1934 and rules 12b-20, 13a-13, and 13a-15(a) thereunder" by "misleading the public" and its shareholders and customers.

Either one of two scenarios occurred here:

- Blackbaud honestly believed customers' SSNs and banking data weren't breached and wanted to share those positive details quickly, or
- its IT team couldn't provide a complete picture of the damage done by July 16 but Blackbaud wanted to get ahead of the bad publicity coming its way.

Which is it? Bottom line is, it doesn't really matter what Blackbaud's intentions were here.

Best bet: Treat company news releases and announcements like you would financial disclosures. Stick to the known facts only.

[Read the story online](#) 

Banks in turmoil, rates keep rising: CFOs have a good idea of what comes next

March 28, 2023

The Federal Reserve didn't back off on its promise to continue raising the prime rate to help drive down inflation. But it's a good bet that Fed chairman Jerome Powell and company might've preferred going higher than a quarter percentage point.

Pressure came from all sides and likely even from the White House to keep the latest hike to a mere quarter-point, following the collapse of Silicon Valley Bank (SVB). That's despite inflation still hovering above 6%, steep layoffs in tech and a slowdown in construction. The feds' goal remains to bring inflation close to 2%, though some analysts argue the Fed should readjust their expectations and settle for a more realistic 3%-4% rate.

SVB isn't the only bank holding on to a lot of wrecked treasury bills and other financial liabilities. All that's stopping antsy venture capitalists from setting off another bank run is the feds' willingness to bail out more banks. At least that's what bigger banks think Treasury Secretary Janet Yellen will do once the next domino falls. Yellen's parameters for what constitutes a "too big to fail" bank were as clear as mud.

Fannie Mae is the latest big player to predict "turmoil" to come in the banking sector and an unavoidable recession to boot. Banks worried about liquidity and a stalled housing market are sure to further tighten credit limits, Fannie Mae analysts predict.

So what should CFOs and businesses that don't qualify for a bailout expect over the coming year? You guessed it – inflation. Maybe higher than 6% – it's anyone's guess.

Finance chiefs offering their takes on the economy and the future of their businesses consistently ranked inflation as their No. 1 worry last year. CFOs could see the end effect of Washington's spending spree on markets dating back to the start of the COVID pandemic.

Companies that need to borrow can expect higher rates for at least the next 12 months. Banks can afford to be picky – they'll be looking at would-be lenders' financials and credit ratings a lot more closely.

[Read the story online](#) 

'Just how green are we?' Don't make the same mistakes other companies do

March 30, 2023

Companies know that clients prefer doing business with environmentally responsible partners. If a company is doing something to reduce plastic waste, save water or limit carbon emissions, it's good for the bottom line to publicize those efforts.

Caveat: Claims of being "green" or "100% recyclable" can backfire – badly. Environmental groups and the Federal Trade Commission (FTC) are working in tandem to make companies that "greenwash" the public pay a price.

For example: The Sierra Club sued three beverage manufacturers that label their plastic bottles as 100% recyclable – Coca-Cola (bottler of Dasani water), BlueTriton Brands (Poland Spring and Deer Park) and Niagara Bottling.

Companies that manufacture and sell in any state can be fined – and suffer bad publicity – for violating the FTC's Green Guides (GGs), which provide definitions and parameters for marketing products as "biodegradable" or "carbon-free."

To keep off the radar of activist groups that like to sue as well as the FTC, it's best to ensure labeling and marketing is always on the mark. Terms that the FTC are likely to investigate include:

- carbon offsets
- certification and seals of approval
- compostable
- flushable
- biodegradable
- free-of
- non-toxic
- ozone-safe or ozone-friendly
- recyclable
- recycled content
- refillable
- renewable energy or materials, and
- source reduction.

[Read the story online](#) 

Study: Finance staffers are more skilled than CFOs in one very important area

April 3, 2023

The finance leaders of tomorrow are hot on the heels of today's CFOs and senior managers! So what else is new? "Seasoned" professionals are always under pressure to stay current and justify their positions and salaries in an increasingly competitive business environment.

But there's one critical area in which finance staffers are outstripping veterans in leadership positions that will lead to companies making changes at the top, maybe sooner than you think. You guessed it – it's technology skills.

Finance staffers are ahead of their bosses when it comes to digital skills and understanding of how to utilize automation software, according to a new report from Gartner. "Eighteen percent of finance staff demonstrate digital competency, compared with just 11% of their managers," finds Gartner.

And while CFOs are well aware of the cost-effectiveness of automating various finance functions, "not many finance leaders are learning digital skills themselves," says Gartner's Marco Steecker. Maybe that's not too surprising when you consider how many more hats CFOs and controllers are wearing for their companies these days.

What can finance leaders do to ensure they and their teams are prepared for the tech disruptions to occur? Gartner's Steecker recommends taking proactive steps to stay ahead of the curve:

1. "Revisit and update finance manager competency frameworks and prioritize digital competency" across the board.
2. Organize "digital upskilling efforts" for finance personnel. This may require paying for on- or off-site training or working with internal IT/IS personnel if possible.
3. Arrange mentoring sessions with staffers who are "digitally literate." Everyone can learn from the most tech-savvy pros on any finance team.

[Read the story online](#) 

Workers aren't taking advantage of this perk – and it's bad for them & the company

April 5, 2023

Year after year, surveys show about half of all employees don't tap their allotted personal time off (PTO). While some companies allow for pushing a generous number of hours to the following year, foregoing time away isn't the best scenario for workers and their companies.

The Pew Research Center finds just 48% of workers are using their vacation days. Some say they don't need the time away – OK that's fair enough. Others say they worry about "falling behind" and coming back to "a pileup of work."

Workers often cite a fear of being replaced and wanting to show dedication to their companies as top reasons for not taking advantage of PTO. Don't be surprised if we see an uptick in people not using their PTO as companies downsize over the next few months. Employees in their 50s and older in particular could be feeling more pressure to skip that week at the beach or the mountains this year.

Another common reason people don't take vacation days is they believe it goes against "company culture." Could employees at your company feel that way?

It may be worth discussing with employees on a one-on-one basis. Employees who feel it's a bad idea to take time off are more likely to look for greener pastures if they feel that way. That's bad for any company's bottom line.

Studies show a break (even a staycation) is needed to recharge one's batteries. Time away from the grind is good for psychological and physical well-being. Time away also allows for folks to think about problems on their own schedule and come up with creative ideas and solutions.

More importantly, most people reestablish bonds with loved ones and friends (and sometimes meet new ones) by going on trips and excursions. And like the old saying goes, no one on their deathbed ever says, "I wish I'd spent more time at the office."

[Read the story online](#) 

Beware! The 'dirty dozen' tax & banking scams targeting employees now

April 10, 2023

The IRS is sounding the alarm about the top 12 – aka the "dirty dozen" – tax scams that are tripping up businesses, tax professionals and individual taxpayers this spring.

The dirty dozen changes every year as cybercriminals come up with new ways to acquire businesses' and individuals' data, be it their Social Security numbers, bank routing info or other sensitive finance data.

Without further ado, here are a few of the most serious threats from the agency's dirty dozen for 2023:

- 1. Employee Retention Credit (ERC) offers:** Beware of Internet ads promising large refunds via the ERC. Crooks are after Tax Identification Numbers to commit identity theft.
- 2. Phishing and smishing:** Unsolicited email (phishing) and texts (smishing) are ALWAYS a bad sign. The IRS and state tax agencies send snail mail first if there's a problem or if they need more info regarding a tax filing. Offers of "tax help" via email and text should be deleted immediately.
- 3. Online account help from third-parties:** Swindlers are posing as "helpful" third-parties to assist with creating an online account at IRS.gov. Truth is, no outside help is ever needed to do that. You can create an online account yourself at IRS.gov. All the instructions needed are at the website.
- 4. Bogus charities:** A perennial problem that gets bigger whenever a crisis or natural disaster strikes. A simple search online can help determine if an organization's on the up and up. Again: Don't click on communications from a charity unless you're sure it's legit.
- 5. Crooked tax return preparers:** Common tip-offs are asking for a fee based on the size of a tax return. Employees preparing their taxes at the last minute may benefit from a heads up.
- 6. Spearphishing:** Never heard of it? That's probably because your business hasn't been targeted – yet. Spearphishing is one or more legitimate-looking requests for access to data or a computer system. Spearphishers are going after tax professionals with a vengeance.

[Read the story online](#) 

A/P News Briefs

Stories You Might Have Missed

Purchase order cyberattacks: 7 due-diligence steps to take with all vendor emails to A/P

March 7, 2023

Increasingly clever cybercriminals are out to take your company's money. They'd even stoop so low as hacking you with a purchase order that looks real.

For example, emails with an attachment disguised as a purchase order can contain links to a bogus site that looks real enough to trick users into sharing sensitive account information.

Because of the volume of email your team handles, and because sometimes these emails can slip through both spam filters and your external sender email warning filter, you could be vulnerable to an attack (or a fraudulent billing scheme) that'll cost a lot of money to mitigate.

Some important security reminders to pass along to finance staffers:

1. Remember that malicious links can easily be hidden in Word documents and PDFs. The only truly safe attachment format is a .txt file.
2. Double-check email sender details. If the sender is unfamiliar or if something seems off about the address, it could be suspicious.
3. Remember that organizations like Microsoft, your company's energy suppliers, IRS, the U.S. Postal Service and many more, generally don't send emails to ask you to open a website to restore some setting or open a purchase order or an invoice.
4. If an email attachment comes from someone you know, but normally doesn't send purchase orders, hold off on opening it and call the sender to verify that it came from them.
5. Be suspicious of any email that asks you to open an attachment, or click on a link, to specifically avoid a negative consequence (e.g., a late fee) or to gain something of value (e.g., an early payment discount).

6. Be suspicious of any attachment that asks you to open an embedded link because scripting or editing is disabled.
7. Don't open personal emails on company-owned devices and vice-versa.

Speaking of links to malicious sites, your team needs to take extra care with their Google searches. The FBI's Internet Crime Complaint Center has issued a warning about cybercriminals taking advantage of search engine advertising to impersonate brands and fool unsuspecting users into clicking on links that host ransomware and steal login credentials and other financial information.

Also, a purchase order warrants a closer look if any of these are involved:

- Unexpected changes in pricing
- Staffers processing on behalf of vendors outside of their normal job duties
- Vaguely defined services
- It's been amended after the invoice has been submitted (An after-the-fact purchase order might just be a requisitioner, buyer or vendor that's out of policy, and not necessarily committing fraud.)
- Identical items purchased in different amounts simultaneously, or within short periods of time, or
- Recurring purchases that fall just under your review/authorization thresholds.

[Read the story online](#) 

Court decision: When it comes to use tax exemptions, state DOR isn't always right

March 21, 2023

Imagine getting a Notice of Final Determination from a state revenue department that said it wasn't going to recognize a use tax exemption that your organization was claiming, and that you owed \$74,000 more than what you thought you were liable for.

That's what happened to a construction company with operations in North Carolina. The state's department of revenue (DOR) declared that the company owed use tax on certain materials, tools, parts and equipment shipped in from out of state which were used to create hot mix asphalt for construction projects. The company often sold the leftover hot mix asphalt to third parties.

However, instead of paying up, the business fought the tax assessment and insisted it was entitled to the Tar Heel State's mill machinery/mill machinery parts or accessories manufacturing exemption.

The DOR countered that although raw materials were being converted into a new product, the construction contractor isn't a manufacturer based on its NAICS code and that selling the leftover hot mix asphalt isn't part of its primary business.

The dispute over whether the construction company qualifies as a manufacturer went before an administrative law judge. When the judge ruled in favor of the company, the state appealed.

A superior court judge upheld the decision that the business didn't owe the amount of use tax that the state claimed it did.

Although the judge felt the state tax code was fuzzy in its definition of what a manufacturer is, the tangible personal property purchased by the company qualified for the use tax exemption because of what it was being used for.

Use tax exemptions, such as the ones for manufacturers, are great ways to save money. But before claiming an exemption, double-check what the applicable tax code specifically says is taxable and nontaxable.

This case is a memorable reminder that it's possible to successfully challenge a taxing government and that a tax assessment isn't necessarily the final word.

[Read the story online](#) 

2023 unclaimed property deadlines rolling out: What to do if you get a notice

April 4, 2023

With all the work your A/P department puts into issuing timely payments, it can be frustrating to find out there's unclaimed property floating around out there.

Unclaimed property laws vary widely from state to state, and can be very confusing. Yet compliance is crucial since issues with reports can lead to fines.

Congratulations if you didn't get a notice from Delaware, which has a March 1 reporting deadline. However, some fast-approaching and firm deadlines for unclaimed property reporting include:

- Pennsylvania, April 15
- Florida and Vermont, May 1, and
- California, June 1-15.

Unclaimed property can happen to just about any company, so it's wise to have policies and procedures that include regularly performing self-audits/risk assessments to locate missed or underreported property and tracking and documenting all unclaimed property efforts.

Because uncashed paychecks and outstanding commissions, bonuses and workers' compensation can all count as unclaimed property, both A/P and Payroll may have to share unclaimed property duties. With that in mind, you might want to consider appointing an unclaimed property administrator who assigns specific tasks to Finance team members, trains staffers on unclaimed property procedures and ensures reporting deadlines are met.

In addition, this point person can be in charge of tracking changes in state regulations or new types of property to manage.

Notification about possible escheatment of property or payments typically comes in one of two ways: an annual compliance reminder or a notice of examination.

In the case of the compliance reminder, it's important to pay close attention to any changes in the reporting process referenced in the letter, including:

A/P News Briefs

- Law changes (filing dates, dormancy periods, etc.)
- How and where to submit a report
- Due-diligence requirements
- Remittance requirements and applicable payment type threshold
- Negative reporting requirements
- Tangible property requirements
- Securities transfer instructions, and
- Filing extension procedures.

On the other hand, a notice of examination means you're being audited. In some cases, you might be given some leeway to conduct a formal self-audit.

Among the things auditors may be looking for:

- Missed report filings
- Inconsistencies in amounts reported
- Irregularities in property types reported, or
- Your filing history compared to other companies in your industry.

States often have specific criteria and identification techniques, which may require you to use a third-party auditor's software. Other crucial pieces of information in notices of examination that you need to prepare for include:

- Whether it's a state official or a third-party auditor conducting the examination (third-party auditors tend to be more stringent)
- The scope of the audit, including entities, types of property and year(s)
- Whether penalties and interest may be imposed, and
- What, if any, action you need to take.

[Read the story online](#) 

Payroll News Briefs

Stories You Might Have Missed

Should daily-rate worker who earned over \$200K have been paid overtime? SCOTUS says ...

March 3, 2023

The U.S. Supreme Court has reached a decision in the case of a highly compensated employee who sued his employer for unpaid overtime.

In *Helix Energy Solutions Group Inc. v. Hewitt*, the court said that although the employee earned more than \$200K per year, that didn't necessarily mean he was exempt from the overtime requirements of the Fair Labor Standards Act (FLSA).

The court focused on one of the standards that employers must meet if they're going to classify any employees as exempt: paying them on a salary basis.

Here's what the Supreme Court of the United States (SCOTUS) said on February 22, 2023:

The employee who brought the FLSA lawsuit worked on board an offshore oil rig, overseeing various aspects of its operations. He also supervised 12 to 14 workers.

Although he sometimes put in 84 hours per week, he didn't receive any overtime pay. After all, he was an executive, exempt from overtime – that was the company's point of view.

Earning \$963 per day? That's highly compensated by most people's standards. But dollar amount alone isn't enough when it comes to the FLSA regulations on exemptions.

Let's say the company had paid him that daily rate and then, along with that, guaranteed that he'd earn a weekly payment approximating what he usually earned. Under that type of situation, described in 29 CFR Sec. 541.604(b), the salary basis requirements could possibly be met.

But those weren't the circumstances in *Hewitt*. The employee wasn't paid on days he didn't work.

When someone is paid on a daily basis, that person's weekly pay is a function of how many days he or she worked that week – and that's not paying someone on a salary basis, the court made clear.

[Read the story online](#) 

Tax credit not allowed: Here's what court said company did wrong

March 10, 2023

One business that claimed a research tax credit ended up with a tax penalty instead. The company fought back in court, but the situation didn't end well.

The shipbuilding company had claimed the tax credit, found in Internal Revenue Code Sec. 41, for its research activity.

The activity was building 11 vessels. The primary question became: Did at least 80% of that activity involve the process of experimentation? In other words, did the company pass the "substantially all" test? According to IRS, the answer was no. Therefore, the company didn't engage in qualified research and couldn't claim the tax credit. The U.S. Tax Court agreed, as did the Seventh Circuit Court of Appeals.

Here's a closer look:

In addition to claiming the research tax credit on supply costs, the business claimed the credit on production and nonproduction wages. The nonproduction wages weren't attributed to any specific vessels but rather to specific employees. Note: To calculate nonproduction wages, the company properly applied an allocation percentage to each employee's total wages. That percentage was based on the estimated portion of the employee's time that was spent on the research.

The company had argued that the 11 vessels it built were "first-in-class" and also that it'd never built one of the vessel types previously. But asserting novelty didn't make a difference.

In its conclusion, the federal appeals court said it had a "lesson" for taxpayers that want to claim the research tax credit for activities. As the Seventh Circuit Court of Appeals put it, they should "adequately document that substantially all of such activities were research activities that constitute elements of a process of experimentation."

[Read the story online](#) 

FY 2024 federal budget proposal contains higher tax rates, other changes

March 24, 2023

What's contained in the federal budget proposal for FY 2024? For one thing, certain businesses would pay a higher income tax rate under the plan.

In fact, the rate would jump from 21% to 28% for C corporations.

The Treasury Department's Green Book, released March 9, 2023, in conjunction with the Biden Administration's \$6.9 trillion federal budget, gives a reason for the proposed increase. It's "an administratively simple way to raise revenue to pay for the Administration's fiscal priorities," according to the agency.

The *General Explanations of the Administration's Fiscal Year 2024 Revenue Proposals* lays out another provision designed to reform business taxation: accelerating and tightening rules on excess employee remuneration.

Publicly held corporations generally can't deduct compensation in excess of \$1 million paid to certain employees and former employees, as provided under Sec. 162(m) of the Internal Revenue Code (IRC).

The rule applies to the following individuals:

- the CEO
- the CFO
- the three highest-paid non-CEO, non-CFO officers, and
- anyone who met these criteria for any previous taxable year – that doesn't include taxable years beginning before December 31, 2016.

That current list is set to expand, effective after December 31, 2026, to include the next five highest-paid employees.

The FY 2024 budget proposal would accelerate that effective date to taxable years beginning after December 31, 2023. Certain rules would be tightened as well – for example, some payments would be considered applicable employee remuneration even if the publicly held corporation didn't make the payments directly but, rather, an affiliated partnership did.

Other tax provisions proposed in the federal budget deal with high-income taxpayers. Notably, the additional Medicare tax rate would increase after a certain threshold.

The reason for the rate increase, according to the Green Book? The Hospital Insurance Trust Fund is projected to be exhausted in 2028.

Currently, the additional Medicare tax rate is 0.9% for single and head of household filers reaching the \$200,000-earnings threshold and joint filers reaching the \$250,000-earnings threshold. As proposed, the rate would increase 1.2 percentage points (so, going up to 2.1%) for taxpayers exceeding \$400,000 in earnings.

The tax treatment of on-demand pay is another topic addressed in the Green Book.

With on-demand pay – sometimes called earned wage access – employees typically use mobile apps to access accrued wages before the regular pay cycle has ended. The payments are transferred to a bank account, pre-paid debit card or payroll card.

An ongoing point of concern – for regulators and Payroll pros alike – is whether employees with access to on-demand pay arrangements are in constructive receipt of their wages. Therefore, clarity is needed, the Treasury Department explains.

One solution would be amending Sec. 3401(b) of the IRC to provide that the payroll period for on-demand pay arrangements would be considered weekly, even if employees have access to their wages more frequently.

That'd be good news for businesses from an administrative and financial perspective, helping to ensure the timely withholding and depositing of employment taxes.

[Read the story online](#) 

Which medical expenses can be paid under an HSA? 14 new IRS FAQs to check

March 31, 2023

It's no surprise that a medical expense like a dental exam can be paid or reimbursed under an HSA, but what did IRS recently say about nutritional supplements?

New guidance released March 17, 2023, sheds light on medical expenses related to nutrition, wellness and general health.

In fact, the frequently asked questions (FAQs) created by IRS apply to several types of tax-favored health plans. They are:

- health savings accounts (HSAs)
- health flexible spending arrangements (FSAs)
- Archer medical savings accounts (MSA), and
- health reimbursement arrangements (HRAs).

So, if your company offers employees these types of plans along with your group health plan – or may down the road – make sure you're up-to-date on what's allowed and what's not. Here's a rundown of the types of medical expenses covered in the FAQs.

As mentioned, the cost of a dental exam is a medical expense that can be paid or reimbursed under the tax-favored health plans. Same goes for an eye exam or a physical exam. (Q1, Q2, Q3)

The cost of a program to treat either a substance use disorder or an alcohol use disorder can also be paid or reimbursed, according to the FAQs. A smoking cessation program is viewed the same way. Such programs treat diseases, IRS explained. (Q4, Q5, Q6)

Let's say an employee wants to be reimbursed for therapy. That depends. Therapy designed to treat a diagnosed mental illness is much different than marital counseling. The former is an allowed expense under an HSA, health FSA, Archer MSA or HRA – the latter isn't. (Q7)

An employee may seek nutritional counseling. But if it's not intended to treat a specific, physician-diagnosed disease – such as obesity or diabetes – then it's not an allowed medical expense for purposes of the health plans. A weight-loss program is held to the same scrutiny. With this, IRS gives examples of diseases such as obesity, diabetes, hypertension and heart disease. (Q8, Q9)

As for gym memberships, the focus is on the "sole purpose" for buying the membership. If it's to affect a function or structure of the body – e.g., physical therapy to treat an injury – or to treat a specific disease diagnosed by a physician, then the cost could be paid or reimbursed under an HSA or other tax-favored health plan. (Q10)

What if someone wants to take swimming or dancing lessons, for example? Exercise that's for the improvement of general health can't be paid or reimbursed under an HSA, health FSA, Archer MSA or HRA, according to the IRS guidance. (Q11)

The cost of food purchased for weight loss or other health reasons must meet three criteria to be considered a medical expense for purposes of the health plans. The criteria applies to beverages as well. The food and beverages:

- shouldn't satisfy normal, nutritional needs
- should alleviate or treat an illness, and
- should be substantiated by a physician.

To determine the amount that can be paid or reimbursed, use this formula: the cost of the food or beverage minus the cost of a product that satisfies normal nutritional needs. (Q12)

Even though most over-the-counter drugs and menstrual care products can't be deducted as a medical expense under Sec. 213 of the Internal Revenue Code (insulin is the exception), these medical expenses can be paid or reimbursed under an HSA, health FSA, Archer MSA or HRA. (Q13)

So, finally, what about nutritional supplements? Yes, expenses for nutritional supplements may be able to be paid under an HSA or other tax-favored health plan, but only if they're recommended by a medical practitioner as treatment for a specific, physician-diagnosed medical condition, IRS said in its FAQs. (Q14)

By way of reminder, here are the 2023 HSA contribution limits, which IRS announced in Revenue Procedure 2022-24. An individual with:

- self-only coverage can contribute \$3,850, and
- family coverage can contribute \$7,750.

When IRS updates those number for 2024, we'll provide that information for you.

[Read the story online](#) 

Dinged by IRS for inaccurate gross income reporting: Will judge remove the fine?

CFO Bill Keeper was at home making great progress on his yardwork when he noticed his neighbor, Dennis Tucker, walking toward him.

"It's OK, Bill. I don't need to borrow any of your tools," Dennis chuckled nervously.

"What's on your mind?" Bill asked.

"I know you deal with the IRS a lot at work, and I really need some advice. I'm mad because they sent me a notice of deficiency and said my accountant did my business's Schedule C deductions wrong. They said the company's gross income on our return is wrong and they're threatening to slap me with a penalty," he said. "I can dispute that, right?"

"You can, but your accountant's bookkeeping will need to be nothing short of perfect," Bill replied. "The tax court judge will want to see the records of your cost of goods sold and gross receipts, and a detailed record of your deductible expenses that show they're nontaxable."

"Well, that has me worried," Dennis said. "I went over all that with the accountant yesterday and the cost of goods sold spreadsheets included gas and electric, payroll, pest control and trash collection payments. And I spotted some double entries."

Recordkeeping suspect?

"That doesn't sound good," said Bill. "For all the money he's probably charging you, your accountant needs to straighten those records up."

"The judge might grant you time to present a more accurate account – just because mistakes do happen. If that doesn't work, the judge should at least look at your business's bank deposits to determine that your reported gross receipts are right," he continued.

Dennis asked a tax court judge to remove the penalty on the grounds that IRS didn't give him enough time to provide supporting documentation for what he reported on his business tax return. Did the court agree that the penalty was unwarranted?

The decision

No. The judge upheld the IRS penalty for inaccuracy because of lack of sufficient or reliable documentation for deductible expenses and for reporting of gross income.

And after reviewing the business's bank deposits, the judge agreed with the Service that the business underreported its income.



Dinged by IRS for inaccurate gross income reporting: Will judge remove the fine?

Mistakes such as transposed numbers can and do happen, but the court agreed with the Service that this business was negligent with its bookkeeping.

Analysis: Detail-oriented tax accounting a must

This case is a reminder that the burden's on the taxpayer to maintain accurate books and records sufficient to establish cost of goods sold and taxable income.

Because of this, it's important to have accounting pros who are excellent recordkeepers because of the penalties that can be imposed for underpayment of taxes due to sloppy accounting. Always assume that all amounts claimed on a tax return must be substantiated.

Accounting also needs to keep documentation, such as receipts, for the following deductible Schedule C expenses (which don't count as cost of goods sold):

- Advertising and promotion
- Vehicle and equipment expenses
- Commissions
- Trade association memberships
- Employee wages and contract labor
- Depreciation, repairs and utilities
- Employee benefit programs

- Business insurance
- Interest on loans, and
- Necessary business supplies (not including supplies used at home and brought to the office).

Based on Cheam v. Commissioner of Internal Revenue, Nos. 18650-17, 24734-18, 11349-20, U.S. Tax Court T.C. Memo 2023-23, 2/27/23. Dramatized for effect.

[Read more You Be The Judge in your Membership Dashboard](#)



QUESTIONS TO ASK BEFORE INVESTING

CFO Budgeting and Forecasting

What if your financial reporting were faster? 4 keys for assessing software solutions



by Brian Bingaman

If your finance team is pasting enterprise resource planning (ERP) data into Excel and then manually crunching figures for your firm's financial reporting, it may be time to consider a software solution.

If you haven't recently audited how much time it takes your team to create a financial report, this may be the right moment to look into it.

Another sign you may need to add financial reporting software to your tech stack is if you can identify gaps between what your business intelligence tools provide and your team's reporting needs.

In today's business environment, Finance needs to be agile enough to easily switch between gathering and analyzing high-level data and

drilling down all the way to the transaction level. Some examples:

- Reconciling accounts or identifying variances by examining balances, journals and ledger transactions, while also being able to see updated posted adjustments.
- Searches that span multiple entities to identify things like discounts for on-time payments, while also deciding where to focus collections efforts for A/R, and
- Cash flow forecasting and reporting on a daily or weekly basis, while also generating custom aging reports to identify customers who are credit risks for being late payers and/or owing large amounts.

Once you and IT are on the same page about the feasibility of modernizing your financial reporting, here are some important search criteria, and questions to ask potential vendors, according to financial reporting and enterprise performance management software provider insightsoftware.

Ease of access to timely financial reporting data

The more time that's spent creating reports because of manual effort, the less time there is for analysis, and the greater the risk that your data's outdated or inaccurate.

Direct, real-time connection to order-to-cash and procure-to-pay data – even across multiple ERP

What if your financial reporting were faster? 4 keys for assessing software solutions

modules – is possible, providing a level of visibility that leads to a speedier and more accurate month-end closing process.

Key vendor questions:

1. How does your product provide live, synchronous access to ERP data?
2. How often is ERP data refreshed in your solution?
3. What ERP modules does the tool allow me to report against?

How granular you need to get

The data behind the financial reporting numbers can inform critical business decisions. However, the native reporting tools within ERP systems can make reconciliation and validating adjustment entries more labor intensive, leading to potentially costly lag time between data reporting and decision making.

Software that's designed specifically for financial reporting should make it easier to identify discrepancies, simplify reconciliations and intuitively drill into data without needing to switch tools.

Key vendor questions:

1. Can my people drill down directly from a summary to view transactional details?
2. How easy is it to toggle from the summary to the detail level?
3. Is the data I need visible in a format that my team can understand and work with?
4. Are transactional images and documents viewable from within reports using your solution?

5. Can your product generate custom reports to respond to specific requests (give a real-life example)?

Your connectivity needs

Like a lot of companies, you probably have critical data stored across billing and customer management applications, spreadsheets and other external systems that can't connect to each other for financial reporting purposes.

Best-in-class financial reporting software connects directly to your ERP and pulls in data from external data sources. This empowers Finance with a more centralized source of truth, as well as continuous access to both current and historical data.

Key vendor questions:

1. Are all my critical data sources compatible with your software?
2. How many data sources can your software connect to?
3. Is there an additional charge for connecting to more than one data source?

Implementation and ROI

Any tech that's too expensive (and hurts the bottom line) or too time-consuming (which hurts morale) for your organization isn't worth it.

It's essential to get a feel for how long it'll take a new financial reporting software investment to realize value.

And the vendor rep can brag about how the actual installation only takes a few minutes, but that doesn't include the all-important behind-the-scenes work necessary

to connect your data sources, align with other departments, and find a date and time when your IT team can perform the install.

The software you choose should require minimal preparation before the installation, little or no IT involvement during implementation and technical support that you can be confident about.

Key vendor questions:

- How long is your implementation process?
- What level of technical support do you offer with installation?
- What training options do you provide for new users?
- On average, how long does it take for end users to begin creating their own reports?
- On average, how soon do your clients start to see a return on their investment?

Potential make-or-break questions

If you're down to three finalists, the answers to these questions might help you narrow it down to one:

- Can end users create and modify their own reports even if they don't have advanced technical skills (give a real-life example of someone in your organization)?
- Does your solution offer automated reporting and distribution?

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Cut down on budget surprises by doing these 3 things

During our budget planning process, there would always be some unaccounted for – yet still important – information that would noticeably alter the budget figures as soon as it hit the books.

In most cases, the costs were job related, and not overhead related. One example is high-dollar invoices from mom-and-pop vendors and subcontractors who don't bill us on a monthly or quarterly basis. It was easy for Finance to forget about them because the invoices only came in every once in a while. However, those costs end up being missing from the budget and could cause planning and forecasting problems.

To me, getting surprised by costs we forgot to anticipate seemed like something we should be able to avoid. Here's what we did.

Step 1: Review purchase orders quarterly

One way to catch straggling bits of cost data is reviewing all purchase order activity for the quarter and double-checking the accuracy of pricing and payment terms for products and services.

A quarterly review helps to ensure that all invoices we received have been paid according to schedule. In the process, it's an opportunity to identify any

outstanding invoices, and for Finance to archive any spent or old purchase orders.

Calling up the four most recent quarterly purchase order reviews during budgeting time provides valuable insights into projecting what kind of capital we're likely to need for the corresponding quarters in the following year.

Step 2: Do monthly job costing reviews

Other easily-overlooked pieces of data that can add up and cause an unexpected budget shortfall are the small-unit costs of specific jobs. Although these costs vary widely, job costing analysis is useful for tracking and recording the details of what we're spending our resources on.

For example, are there hidden expenses related to:

- specific supply costs
- mileage
- taxes
- labor costs, or
- discounts we're offering?

Assigning our purchasing managers with submitting monthly job costing reviews for the projects they're responsible for arms our finance team with a series



Cut down on budget surprises by doing these 3 things

of “mini-budgets” that help to make our big-picture budgeting more accurate.

When done right, fine-tuning job costing can actually maximize profit across the board.

Step 3: Reconcile vendor statements


Having to take care of too many outstanding payments can also bust a budget.

If there's a discrepancy between supplies, inventory or services we've received and what a vendor's charging us, A/P needs to investigate that right away. At the same time, the vendor needs to make an effort to help us out.

We now require our vendors to provide a statement generated by their accounting system for any payments they say are outstanding. Making vendor statement reconciliation part of A/P's workflow goes a long way toward resolving issues between our accounting system and vendors' accounts.

Now, when a vendor calls about not receiving a payment, the first thing A/P asks is if they've sent a statement. Most of the time, it means they haven't generated it yet.

(Ashly Wehr, Controller, Ragle Inc., Newburgh, IN)

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CFO Policy and Culture

How to strike a balance between protecting mental health and prioritizing productivity



by Jennifer Gendron, Finance Expert Contributor



Mitigate The High Costs Of Low Productivity

Employee experience – including employee mental health – has become a higher priority for many organizations, according to research by Gartner.

The Great Resignation that was triggered by the pandemic resulted in companies competing to deliver a best-in-class employee experience to retain their talent.

Meanwhile, the ongoing cost of living crisis has increased employee burnout and career dissatisfaction, leading to rising costs related to staff turnover and reduced revenues from the decrease in productivity. It's why your peers have been striving to implement care strategies, such as financial well-being support.

And there's research to support taking those actions. For example, a Willis Towers Watson study found that companies that invest in a positive employee experience are:

- 2.7 times more likely to have significantly higher productivity than their industry peers
- 90% more likely to report lower annual turnover than their industry peers
- 28% more likely to be effective at helping employees understand company goals and objectives
- 27% more likely to be better at helping workers develop their full potential, and

How to strike a balance between protecting mental health and prioritizing productivity

- 32% more likely to report having senior leaders who are effective at setting and communicating strategies, and managing change.

Spotlight on mental health

Despite mental health being a crucial component of employee experience, research by digital mental healthcare solutions provider Koa Health found that more than a third of employers surveyed (37%) say that mental health is not a cultural priority and just 45% plan to make further investments in providing mental health support.

However, neglecting mental health has far-reaching consequences for the bottom line. The World Health Organization reports an estimated 12 billion working days are collectively lost every year due to depression and anxiety, which is costing companies \$1 trillion worldwide in decreased productivity. This makes the possible link between the economic well-being of your company and supporting employee mental health hard to ignore.

Reducing absenteeism costs

Speaking of lost working days caused by poor mental health and stress, you know from experience that when staff members are absent, workloads must be redistributed. Tasks must be shifted to other employees, or left incomplete, until their return.

Also, your teams' short-term and long-term objectives can often be interdependent, requiring the collaboration of various employees to be completed. Therefore, healthy employee attendance and minimizing absenteeism are vital to maintaining a positive culture and ensuring business success.

To meet your attendance goals, employee mental well-being must be addressed. Investing resources in improving mental health can't wait because productivity is directly linked to employee well-being. The question is no longer "Should employee mental health be prioritized?" It's "How can we make it happen?" Protecting and supporting mental health is crucial to business success.

The flip side: presenteeism

Sometimes a decline in performance can occur even when your entire team is present. Workers filling their chairs without fulfilling their responsibilities – intentional or not – is known as presenteeism, and can be even more harmful than absenteeism.

But why would an employee come to work in the first place, if they aren't feeling up to it?

The "show up no matter what" culture of the past continues to influence today's employees and the organizations they work for. Fortunately, perspectives are shifting, and employers recognize that time away from work is integral to balanced mental well-being. It's often more cost-effective for people to take sick leave than it is for them to work when they're mentally or physically too unwell to do their jobs. This positively impacts how businesses and employees view taking time off to recover. However, time off is only one aspect of supporting mental health at work.

Leveraging company culture to support productivity

The evidence is clear: Employees dealing with poor mental health and well-being are less productive, which can lead to some serious costs.

According to SurePayroll, some of the most expensive productivity killers that can be related to well-being are:

- lack of engagement in a job (\$550 billion annually)
- hangovers (\$160 billion)
- smoking (\$92 billion), and
- insomnia (\$63 billion).

Also keep in mind that your employees care about their productivity as well. When workers were surveyed in the Koa Health study about what outcomes they'd like to see from their employers investing in mental health support, 64% said improved workplace productivity.

To safeguard performance, employers must prioritize well-being, starting with culture. Encouraging people to be authentic is essential, as is leading by example and offering accessible and inclusive, evidence-based resources across the full range of mental health.

More than half of the employers in the Koa Health study say they plan to talk more about mental health in company communications, and 58% say they'll openly and visibly practice mental well-being habits in the workplace.

Bottom line: Healthier, happier employees are less likely to be absent or underperform, and opportunities are available for employers to support their employees and enable them to live their best lives professionally and personally. By supporting mental health at work, they safeguard the talent they need to achieve business goals.

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Is there any way we can appeal an IRS agent's decision?

Q: We got an IRS notice regarding our quarterly return. The error in question is definitely not on our end. We've written a letter to the Service to explain this, and the answer we got was basically, "Send us the money." I'm starting to lose sleep over this. What can we do?

A: If your problem can't be resolved by normal means – and that's what this sounds like – you can always reach out to the federal Office of the Taxpayer Advocate.

During the Premier Learning Solutions on-demand workshop "IRS & DOL Audits: Spot Red Flags Before Agencies Do," Vicki Lambert, CPP, explained, "You can get an IRS agent who just wants a collection (under) her belt, or his belt, and doesn't care if it's actually not a (valid cause for) collection."

Even though the Taxpayer Advocate Service is part of IRS, when it gets involved with a tax dispute, the burden shifts to the government to justify why it won't accept the explanation and proposed solution that your company made in good faith.

Being able to demonstrate good faith communication is critical. Lambert said that if you can't do that, the Taxpayer Advocate won't help you.

Have you tried writing the Service at least three times? Is the tone of your letters professional and courteous (keeping in mind that there are people just like you opening and responding to your letter)? Do you have documentation that clearly shows that you've done both of these things?

If you can honestly answer "yes" to all three questions, to get started with finding your local Taxpayer Advocate office, call 877-777-4778 or go to the Taxpayer Advocate Service Qualifier Tool at www.taxpayeradvocate.irs.gov/can-tas-help-me-with-my-tax-issue.

[Read more Ask the Auditor in your Membership Dashboard](#) 

Figures in that Excel sheet look off? Check if the formula's missing an absolute reference

Although Excel's relative reference approach makes it convenient for copying formulas across a row or a column, it could calculate incorrectly if one of the formula's cell coordinates needs to remain the same.

A good example from the [LearnExcelNow](#) on-demand workshop "Microsoft Excel: The Basics and Beyond for Today's Top Professionals" of why you would need a fixed coordinate in a formula is a number from a reference key in your worksheet that's located outside your main set of data.

If that's the case, you don't need to blow up the formula and start over. It can be easily fixed by adding an absolute reference, which keeps column and row coordinates constant that you need to stay the same while copying a formula from one cell to another.

To correct the formula, add a dollar sign before the column letter and row number. So for instance, \$G\$6 ensures that cell G6 remains in your copied formula. As you may have guessed, adding the dollar sign to the left of the column letter only just keeps the column constant, but not the row number.

Speaking of dollar signs and Excel ...

If for some reason you forget to add dollar signs to a set of money figures,

you don't have to manually type a dollar sign into every cell.

Highlight the cells you need to add dollar signs to. Under the Home tab in the ribbon, in the Number command section there's a Number Format drop-down menu, which probably says "General" or "Number," that gives you the option to change it to "Currency" (or Accounting, Short Date, Long Date, Time, Percentage, Fraction, Scientific or Text).

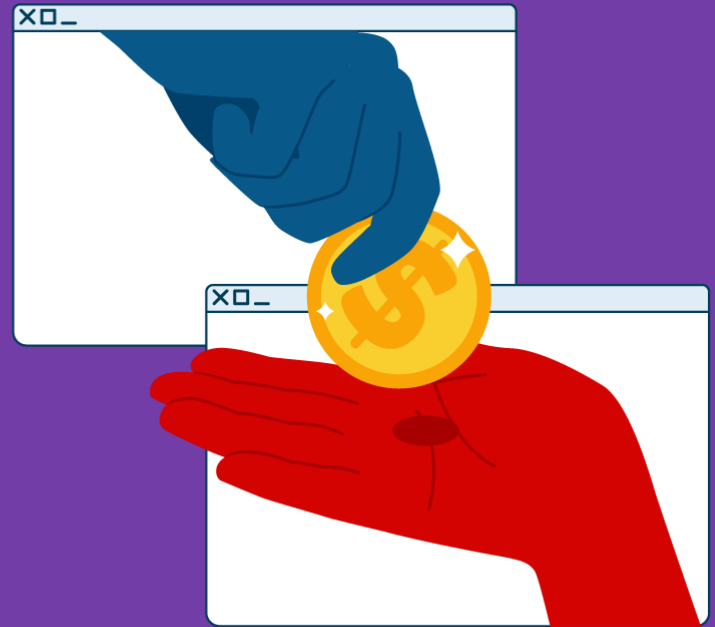
If you need to change the currency type – for example, from the dollar to the pound or the euro – depending on which version of Excel you're using, you can use the Accounting Number Format drop-down menu (look for the dollar sign) in the Number command section.

If the foreign currency you need isn't in that list, go to the Number Format drop-down menu and select the "More Number Formats" option. A "Format Cells" menu appears. Select "Currency" in the menu on the left. Then select the currency you need in the "Symbols" drop-down menu. After checking that the number of currency decimal places is right (it's 2 by default), click OK to attach that format to the cells.

[Read more Excel Tips in your Membership Dashboard](#) 

5 B2B payment trends that can optimize your cash flow now

INTEGRATED PAYMENTS SYSTEMS CAN HELP YOUR FIRM SEIZE OPPORTUNITIES



by Brian Bingaman

Although consumers have fully embraced digital payments – peer-to-peer mobile apps, electronic bill-pay services and getting paid via direct deposit, to name a few – many companies are slow to adopt modern electronic payment technologies.

In fact, last year a third (33%) of all B2B payments were still being made via paper check, according to the Association for Financial Professionals.

But some rapidly growing trends suggest that B2B payments will be moving very close to 100% digital very soon. Here are the five key trends accelerating the shift.

Suppliers want to be paid faster

Your suppliers have undoubtedly experienced the benefits of getting paid faster with digital B2B payment options, and are no longer willing to wait days to weeks for a check to arrive in the mail. Some of them may be pushing for same day ACH, which makes electronic B2B payments within a business day possible.

In addition, many business payers are looking for more efficient ways to:

- simplify making B2B payments
- ensure suppliers are getting paid in a timely fashion, and

- get more visibility into transaction data.

More digital B2B payment solutions

Until the past few years, the only alternatives to checks were credit/debit cards, wire transfers or traditional ACH transfer (which could still take five to seven business days). But attractive B2B digital payment solutions – such as real-time payments, which initiate, clear and settle payments in seconds to minutes – have emerged.

Research from PYMNTS found that 86% of U.S. businesses

5 B2B payment trends that can optimize your cash flow now

that generate at least \$500 million annually use real-time payments. Fifty-three percent of survey respondents said real-time payments improve cash flow management. Another 33% reported that real-time payments offer more transparency into their payment process.

Another popular option for paying suppliers quickly, efficiently and at a lower cost is virtual cards. They're specifically designed to protect against fraud, making them more secure than traditional business credit card transactions.

The use of virtual cards is growing at a pace that's hard to ignore. The market's expected to grow from \$278 billion in 2021 to more than \$1 trillion in 2030, according to Straits Research.

Tech for streamlining accounts payable (A/P)

Today's technology solutions allow companies to streamline their payment processes by outsourcing manual A/P tasks. Integrated payables solutions, for example, allow companies to put together one simple file of suppliers that need to be paid and the amounts. The integrated payables company then handles the coordination of the payments with each supplier and determines which payment method is the most cost effective.

A well-designed integrated payables system means A/P spends less time managing and reviewing supplier payments and can concentrate on more strategic tasks, such as performing data analysis and strengthening relationships with contractors and vendors.

In addition, it provides more clarity into payment transactions since notations can be made that specify

what payments are for and how they're being applied.

Early payment discounts gaining popularity

Because suppliers want to be paid faster, many have started offering early payment discounts to their business customers. Unlike a rebate received after a payment transaction, an early payment discount is immediately recognized. So for example, if you agree to pay within 10 days, instead of 30 or 60 days, the supplier could knock 1% to 2% off your total bill.

The savings from early payment discounts can really add up and provides an incentive to make digital payments that's difficult to pass up.

Cost of B2B payments is coming down

The shift toward electronic payment options is driving business costs down. Checks are expensive and time-consuming to issue, with estimates suggesting the average cost of issuing one check to be \$1 to \$26 once postage is factored in. And that doesn't include the labor costs involved with cutting a check.

Digital payment solutions can significantly lower the average cost per supplier payment. Virtual cards can even make money by earning rebates.

Integrated payments solution

Being able to utilize as many B2B payment types as possible – including the latest digital payment methods – is a competitive

advantage. And integrated payables solutions offer the best of all worlds: multiple, fast payment options to suppliers and more efficient and effective A/P operations, all while driving cost savings with rebates and discounts.

On top of that, your suppliers are likely to appreciate the convenience and flexibility so much that you'll win their valuable trust and loyalty.

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