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The CalCPA Los Angeles Chapter Management of an Accounting Practice Committee recently held a panel discussion to check in with how member firms are doing, discuss adjustments being made to fit today’s business climate and share strategies to tackle what the future may hold.

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16 Talking Tech with Members
A Q&A with CalCPA members from varying sectors of the profession discussing favorite tech tools and resources that may include the missing pieces you need to make your work life easier.

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JASON FOX

“For many firms, the challenges of tax seasons 2020 and 2021 were a wake-up call demanding change.”
It’s Learning Never Ends

In business, as in life, change is to be expected. And that pace of change is accelerating every day. Just one look at the accounting profession shows that what you know today may not be enough for tomorrow.

The profession has moved from record keeping and examining debits and credits to cloud accounting, data analytics, blockchain, AI and ESG. And CPAs are being turned to more often to provide strategic knowledge and leadership on a growing number of topics.

Adapting to—and anticipating—change means learning new things or learning to do things differently.

Historically, people were generally hired based on a skill they possessed. The more experience in that skill, the more valuable they were seen. Today, while specialization remains relevant and valuable, more companies and clients are looking for T-shaped professionals: People who have a deep expertise in an area, as well as a broad base of supporting knowledge/skills.

Seeing the profession change and recognizing the new skills and competencies that are needed today and in the future has led—as many of you know—to CPA Evolution (evolutionofcpa.org). The joint AICPA and NASBA effort launched in 2018 will modify the requirements for CPA licensure and the CPA Exam in response to the new environment we’re working in.

After reviewing feedback from various stakeholders, including state CPA societies, regulators, students, practitioners and academia, the new exam is planned to launch in 2024 and will include three core sections—accounting and reporting, auditing and tax—each with an increased emphasis on technologies that all candidates will be required to complete. Each candidate will then choose a discipline to demonstrate greater knowledge and skill: Business Analysis and Reporting, Information Systems and Controls or Tax Compliance and Planning.

As these—and future—changes to the profession take place, it’s important to stay on top of things and why we hear so much about “lifelong learning” or “upskilling”—regardless of what career stage you are in.

But where do you start? How do you become T-shaped? Well, that answer is as unique as each of us.

Start with some self-reflection: what skills and knowledge do you have, which areas do you want to grow in and what areas do you want to add or replace? Find a few trusted colleagues to sharpen your specific strong points and help you discover your untapped skills and capabilities. Then, visit calcpa.org/CPE for content we offer to help you on your journey. With access to more than 1,600 courses and conferences, you will be in a better position to serve your clients and find innovative solutions for complex problems.
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THE numbers

70%  
The number of Americans who say they define their sense of purpose through work.  
—McKinsey & Co

1 in 3  
The number of people who said they are "likely" or "very likely" to apply for a new credit card before a vacation in 2022.  
—Wallet Hub

63%  
The number of CPA firms that use an external cloud provider to host their applications, up from 51% in 2020.  
—CPA Firm Management Association

$300K+  
The amount the average 65-year-old married couple will spend on medical costs during retirement.  
—Fidelity

$4.1T  
The amount of federal taxes collected by the IRS in FY 2021.  
—IRS Data Book

4 in 10  
The number of workers who report increased burnout.  
—Robert Half

"A key job of the IRS is to identify emerging threats to compliance and inform the public so taxpayers are not victimized, and tax practitioners can provide their clients the best advice possible."  
—Charles Rettig, IRS Commissioner & CalCPA member

The stats on the IRS

The annual IRS Data Book sheds some light on what the agency’s fiscal year 2021 looked like, including:

Processing more than 261 million tax returns and other forms.

Issuing more than $1.1 trillion in tax refunds (including $585.7 billion in Economic Impact Payments and Advance Child Tax Credits).

Assisting 80.6 million taxpayers via phone or in IRS offices.

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The amount the average 65-year-old married couple will spend on medical costs during retirement.  
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CalCPA Launches Podcast

With each day, it feels like the business landscape is shifting. From regulatory changes to staffing concerns and everything in between, it’s challenging to stay in step—much less ahead—of what’s happening.

That’s why we’ve launched Rise & Stride, our new podcast where CalCPA CEO Denise LeDuc Froemming will dive into leading topics by bringing together diverse voices that will empower you to take your next step.

Rise & Stride can be found on your favorite podcast platforms, including Apple, Spotify and Amazon, or you can listen at calcpa.org/riseandstride.com.

We invite you to listen, like, subscribe and share!

In Memoriam: Ernest Gini

Ernest Gini, a founding partner of MGO, died May 12. He was with the California firm since 1991, focusing on governmental and nonprofit accounting, with extensive experience in OMB circular A-133 single audits.

Born in Stockton in 1950, Gini earned a bachelor’s degree in accounting from California State University, Stanislaus in 1973, and later earned an MBA from California State University, Sacramento in 2000.

As a CPA, he served as a member of the CalCPAs Government Accounting and Auditing Committee and president of the Sacramento Chapter. He also served on the GASB Advisory Committee on the User Guide to Local Government Financial Statements, and was a contributor to “What You Should Know about Your Local Government’s Finances, A Guide to Financial Statements.”

He is survived by his wife, Susan, and his two sons and their families. Donations can be made in his name to the Christopher and Dana Reeve Foundation.

Listen Up!

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On March 25, the FTB issued Legal Ruling 2022-01 (ftb.ca.gov/tax-pros/law/legal-rulings/2022-01.pdf) relating to the application of California’s market-based rules at R&TC Sec. 25136 and California Code of Regulations, title 18, Sec. 25136-2.

The Legal Ruling presents the proper application of rules related to the assignment of sales from services to this state, for apportionment purposes. The Legal Ruling's analytical framework uses the statutory elements of R&TC Sec. 25136, which requires taxpayers to assign sales of services to this state to the extent the taxpayer’s purchaser received the benefit of its service in this state.

The Legal Ruling applies the analysis to three types of fact situations commonly discussed by the taxpayer community, including a scenario in which a subcontractor receives gross receipts from a primary contractor to perform services for a third party. The Legal Ruling provides that these services are assigned to the location where the taxpayer subcontractor engages the primary contractor’s clients, because that is the location where the primary contractor’s services are improved.

The Legal Ruling applies to apportioning taxpayers with sales from services, specifically taxpayers who provided services to their customers and assigned sales to California based on R&TC Sec. 25136 and Regulation 25136-2. The Legal Ruling also impacts taxpayers whose filing obligations and tax liability are determined in reference to Sec. 25136 and California Code of Regulations 25136-2, such as non-resident partners of apportioning partnerships doing business in California and sole proprietors engaged in a multistate business.
IRS Increases Mileage Rate for Remainder of 2022

The IRS announced an increase in the optional standard mileage rate for the final six months of 2022 (irs.gov/pub/irs-drop/a-22-13.pdf). Taxpayers may use the optional standard mileage rates to calculate the deductible costs of operating an automobile for business and certain other purposes.

For the final six months of 2022, the standard mileage rate for business travel will be 62.5 cents per mile, up 4 cents from the rate effective at the start of the year. The new rate for deductible medical or moving expenses (available for active-duty members of the military) will be 22 cents for the remainder of 2022, up 4 cents from the rate effective at the start of 2022. These new rates became effective July 1.

IRS Warns Practitioners About Spear Phishing

Spear phishing is an email scam that attempts to steal a tax professional’s software preparation credentials. These thieves try to steal client data and tax preparers’ identities in an attempt to file fraudulent tax returns for refunds. Spear phishing can be tailored to attack any type of business or organization, so everyone needs to be on the lookout and not rush to act when a strange email comes in.

The latest phishing email uses the IRS logo and a variety of subject lines such as “Action Required: Your account has now been put on hold.” The IRS has observed similar bogus emails that claim to be from a “tax preparation application provider.” One such variation offers an “unusual activity report” and a solution link for the recipient to restore their account.

Emails claiming “Your account has been put on hold” are scams. The scam email will send users to a website that shows the logos of several popular tax software preparation providers. Clicking on one of these logos will prompt a request for tax preparer account credentials.

The IRS warns tax pros not to respond or take any of the steps outlined in the email. Similar emails include malicious links or attachments that are set up to steal information or to download malware onto the tax professional’s computer.
Strong leaders in strategic positions are key to CalCPA's continued success. CalCPA Leadership Institute is a five-day program designed to teach members skills that will make them better leaders and managers. Participants will grow as volunteer and business leaders as they focus on improving leadership behavior, as well as critical thinking and management skills. Participants will spend 35 hours discussing, analyzing, reflecting and building their leadership skills. Among the key concepts that will be covered include leadership fundamentals, personal leadership styles, strategic planning and goal setting, client management and managing people.

For more information and application—due Aug. 31—visit calcpa.org/leadership.
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he CalCPA Los Angeles Chapter MAP Committee, of which I am chair, conducted a panel of five practicing CPAs from different sizes and operational formats to address topics essential for firms to meet needs of the future. The panelists included:

- **Leslie Sobol, CPA**
  Tax Partner; Lucas, Horsfall, Murphy & Pindroh, LLP
- **Henry Huie, CPA**
  Tax Supervisor, Citrin Cooperman
- **Bryan Gruber, CPA**
  Managing Partner; Lance, Soll & Lunghard, LLP
- **Gina DeRosa, CPA**
  President, Gina L. DeRosa, CPA, PC; Chair, Los Angeles Chapter
- **Miklos Ringbauer, MBA, CPA, PMP**
  Founder, MiklosCPA; Past President, Los Angeles Chapter; CalCPA Vice Chair

**Operational Shifts & Strategic Planning of a New Business Model**

For many firms, the challenges of tax seasons 2020 and 2021 were a wake-up call demanding change.

“The 2021 tax season was even worse for us than the never-ending 2020 tax season. At the end of it, I honestly was feeling like I don’t know if I want to do this anymore,” said DeRosa.

Like other firms, she began making changes with the guidance of an outside professional. “I set aside specific time for myself, which I think we’re all guilty of not doing because we tend to be pleasers. I’ve also set up more distinct boundaries with my clients,” she said.

“We’re only doing client meetings Tuesday, Wednesday and Thursday now, which gives me Monday, Friday and Saturday to focus and work, instead of switching in and out between meetings and files. That has made a huge impact. Sunday is absolutely off-limits. It’s made me a much better person on Monday,”

Overwhelmed is a watchword for many firms when it comes to building a newer business model that is both service-focused and more culture-and team-based.

“We are focused on being efficient in meetings (setting standards for the firm) by setting clear start and stop times, respecting people’s time, working from agendas, taking minutes and not conducting meetings on Fridays,” says Gruber.

One thing that stands out is that many firms were a bit ahead of the curve when COVID hit and remote work took over.

“Pre-COVID, we were fortunate enough that we were not a traditional setup in our accounting practice,” says Ringbauer.

“We were all cloud-based. We were all digital. Many things that many firms have implemented, we had set up in our system already. For us, it wasn’t a major change. We have been fortunate for that, by being open-minded inside the firm and being an open book, our associates are much stronger.”

DeRosa adds, “We’ve made a big push toward electronic delivery of tax returns. I’m spending more on software products than I ever envisioned, but everything that we choose to use does make a positive impact on our efficiency.”

Effectiveness can come in other areas. For instance, being focused on niche services and markets can increase effectiveness, profitability and training.

“Let clients go and become more focused on core competencies,” says Sobol. “If you’ve decided it’s construction for you, then focus on construction.”

With efficiency and stress reduction being at the top of everyone’s list, Sobol adds that her firm formed technical committees.

“We use (Microsoft) Teams and formed a PPP team. People were assigned with one person responsible for specific roles. That way, we don’t have to search for answers. Not everybody had to know everything about everything, plus we have a subject matter expert who can answer more advanced questions.”

Furthermore, it’s time to let go of not raising rates to the level needed. “The value proposition of the accounting profession got a lot clearer on all sides: clients, team members, partners,” says Gruber. “Raising
fees is a must and we’re looking at 10 percent-plus increase. What I hear in the industry is that 10 percent to 20 percent is very normal, if not minimum.”

**AI & IT’s Impact on the Profession**

For a long time, the concept of IT and AI has been presented as the way and wave of the future. In the last few years, technology has been a great aid in getting things done.

“The addition of technology creates more space in our own heads,” says DeRosa. “We can use that space for things that make us better individuals, which, in turn, make us better accountants.”

Gruber adds: “We’re aggressive and making a lot of progress towards automation. It really is all part of a multi-prong approach to help our clients as they need more value from us.”

For Huie, “We use something called auto flow, which takes all of our tax documents and inputs all information for us. Ideally, with AI, what I’m envisioning is that the client will sign up to the firm through a portal and internal information; it’s going to be locked into some kind of customer relationship management tool. However, it’s the customer side that may be the biggest challenge.”

Ringbauer offered a different perspective: “AI can or cannot be implemented when it comes to client work or client-related activities. Firm-wide, we are implementing systems and processes that are simplified and streamlined. We have embarked these last couple of years on taking our processes fully apart, to streamline completely and make them uniform for all clients as much as possible. If a client’s activity cannot be streamlined, then there will be an additional cost because it’s the client’s choice. There are some of the things that we are setting up this year with our clients to cut down on the number of questions. We’re even looking into bot chats, AI chats, even though it’s a little pricey. Setting them up on our website regarding what clients are facing will help to eliminate those questions.”

But what effect will these new technologies have in the long run? “I’m not sure that AI is as big a component as other aspects of technology,” says Sobol. “I think clients’ expectations are going to revolve around convenience, safety and experience in the next few years. I never dreamed in my life that I’d be spending so much on technology at my firm. I feel like it’s really been worth it.”

Gruber believes “the concern that automation might change such that it might take away our jobs doesn’t run true. It’s going to free us up to do what’s going to provide value for us—that which we’re going to get fulfillment out of. Our clients are going to get greater fulfillment out of it, too. The more that we can free ourselves up to be advisors to our clients, the more fulfilled we’re going to be as professionals and our clients will be, too.”

It seems that when it comes to technology, the goal is to find additional efficiencies to create more productive time to be more valuable to clients. Each firm needs to determine where they take technology. It isn’t just efficiency; it relates to creating a work life that is exciting and meaningful for those coming into the profession and those...
senior professionals who would enjoy tapping more into their experience and knowledge to help clients be more effective and profitable.

Talent Development for Succession & Growth to Create a Better Future
Allan Fisher, a well-known recruiter in the CPA community and co-chair of the CalCPA LA Chapter MAP Committee, set the stage for us by saying, “We’re seeing salaries that are going up at a faster pace than they ever have.”

And while compensation is up, so is demand. The amount of work required has changed dramatically and many professionals, seasoned or new to the field, are struggling to catch up. Along with the demand and the steep learning curve comes the emotional challenge of a great deal of work and isolation.

“Our two years of COVID have been harder on college students in their first two years and new recruits coming into a firm—they immediately become remote and lose a great deal of foundational learning that will help them in their careers forever,” says Ringbauer.

“I don’t think younger staff have been as advanced as in the past and it’s been a little demoralizing for them,” says Sobol. “Another challenge for us has been that it’s much more difficult to give feedback: you’re not inclined to show staff how to do something minor, when it involves setting up a meeting, getting everyone into the meeting, sharing, doing all that. We need development of those soft skills, client relations skills.”

Mutual engagement programs can be part of the answer here. “We’ve designated

‘The value proposition of the accounting profession got a lot clearer on all sides: clients, team members, partners.’

Training and development have become scattered in the new remote work environment as it’s hard to have mentor conversations and work face-to-face with clients and mentees.
people at the firm who track particular ideas, and we’ve set up groups in Teams meetings software to put materials together for people so we’re not emailing out copies of checklists and things like that to everybody,” says Sobol. “That’s been really successful.”

**Coming Alongside Clients in a New Way**

Sometimes, coming alongside our clients means that we need to be serious—and sometimes selective—about which clients we can help most. That can mean it’s time to let go of clients that have been with us for a while but would be better served somewhere else or they don’t fit the business model we are creating.

“It meant taking a deep dive into the client base and getting rid of 20 percent of them—those with whom we didn’t work well together,” says DeRosa. “Decisions that we made of those to let go, in very few instances, had nothing to do with what they pay. It was mostly about how they treat me, how they treat my staff because, sometimes, that’s two different things.”

“Our clients are benefiting right now with us by our having conversations with them,” says Grunder. “Maybe, that looks like we’re just putting clients on extension, but it gives us time to do things differently to add the most value and figure out what’s most important—and it’s probably not getting their tax return out right now. Along these lines, we’ve made a lot of progress in outsourcing; we’re looking to outsource compliance work. It all comes back to trying to provide a higher level of value to our clients. I hear many of my partners saying there’s so much I can be doing for some of the clients, especially these strategic clients that I could offer additional value, but I’m caught up doing this other stuff.”

With a bit of client education on our side, we could get clients more comfortable supplying documents on the portal and help them understand how to work more effectively with the tax return process of signing and paying,” says Huie. “We need to reach out more to them.”

“We have made very clear in communications to clients that everything is a
hot mess,” says Ringbauer. “We’re very happy to look at mistakes but, if not, we always tell clients that we are happy to help, but it will have an hourly charge to it.”

The big message is to focus on those issues that are most important for clients. However, it’s essential to come alongside our clients so we can be the best resource to serve them. If they can’t adhere to what is needed by the firm to be of service, the message is that they may need to leave to find someone who is better at working with them.

**Conclusion**

Many of the changes on the way or in progress have been on most to-do lists for far too long. It’s time to embrace them to make it better for all stakeholders.

Mark H. Fowler is the LA Chapter MAP Committee Chair and president of Stowe Management Corporation. You can reach him at estowemanagement@aol.com.

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**Words of Wisdom**

I asked each panel member to share one thing important to them about the discussion:

- **DeRosa**: “I’m feeling a bit selfish. Pay attention to yourself. Mind your mental health, especially in the next few months for those that are in the tax world.”
- **Huie**: “Be open-minded to what motivates each person; speaking from the employee standpoint, everyone gets motivated differently. Some people want more money, some people want more time—be more open.”
- **Gruber**: “We have an incredible opportunity right now in the CPA profession. So much is changing so rapidly and I’m excited. I’ve been more open toward things that just never existed before. We can change this profession and make it what it should be and what we want it to be.”
- **Ringbauer**: “We’re going to see such a transformation by third parties coming into our space in the next five years—there are things that they can do better than us. CPAs must resolve severe communication issues with clients and potential new employees, especially regarding swift changes by regulators/regulations and setting expectations for the profession. We need to change the mythology and ways of communication.”
- **Sobol**: “Clients and staff have a greater number of choices than ever before. Firms are searching for solutions that eliminate labor-intensive, tedious elements and enhance client and staff experience—such as technological solutions, creative employment and scheduling, plus niche efficiencies.”

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There’s always time to talk tech, especially with so much out there and the constantly changing nature of tools. To help you test the temperature of current waters, I talked to a handful of CalCPA members about the tech and resources they use to navigate their way to success. See if anything they mention might fit into your daily working life.

The Tech Talkers

• **DH**: Dan Herron  
  (Partner, Elemental Wealth Advisors, LLC)
• **HJ**: Harsh Jadhav  
  (Chief Audit Executive, ACERA)
• **BO**: Blake Oliver  
  (Founder & CEO, Earmark)
• **AB**: Adam Blitz  
  (Founder, Streamline CPAs)
• **NP**: Nadlav Paran  
  (Internal Team Auditor, Google)

What does your day-to-day work entail?

• **DH**: I can be working on a tax return one day, and then on financial plans and investment allocations on the other.
• **HJ**: My typical day involves monitoring progress on the audit plan, discussing risks and threats to the business ranging from cash management to cybersecurity, and working with board members and management to better understand how we continue to add value.
• **BO**: The job of a CEO in a startup is always changing. At the moment, I’m focused on creating a subscription offering for both our authors and our members that will provide the funds Earmark needs to grow. But my favorite part about my job is recording podcast episodes with some of the smartest and most influential people in the accounting profession.
• **AB**: Part therapist, part human resources, part-time barista; part-time IT ... whatever it takes!
• **NP**: My work primarily involves collecting and analyzing information, documenting my analysis, and bringing recommendations to the business about controls improvements and root causes.

What is your favorite piece of technology to aid you with your job?

• **DH**: Surprisingly, it’s Excel. Consistency is a benefit in both industries. The bulk of other softwares is always constantly updating and changing user interfaces. This drives me nuts. If it isn’t broken, don’t fix it.
• **HJ**: With a remote workforce, we like scheduling software like Doodle, which facilitates scheduling for large groups by allowing each individual to input their available times. As the meeting organizer, it’s easy to select the best time.
• **BO**: I use Descript (descript.com) for audio and video editing. It does a lot, but the most game-changing is the ability to edit audio/video by deleting words on a transcript. We couldn’t run the business as efficiently as we do without it.
• **AB**: My AirPods … how do people live without them?
• **NP**: I use Google Sheets, Standard Query Language (SQL) and tools for dashboarding and visualizations. For data analyses that we perform frequently across different matters, I like to build a dashboard that is designed to quickly and easily pull the required data in a readable format and perform basic calculations on it. Most of the data we use on a regular basis sits in backend tables that can only be accessed by writing SQL queries. Instead of writing a new query for each data pull, the dashboards provide a more user-friendly way to extract the needed data.

What tech are you using you don’t see in the profession at large?

• **DH**: I’m advising for a company called Reconcile (getreconcile.com). They’re working on providing a solution for advisers/accountants/clients to get a real-time look at client gains and losses for their brokerage and other investment accounts. It’s a platform that is going to be very helpful in the future.
• **HJ**: We feel leveraging data analytics tools like Tableau and Power BI offer huge opportunities to analyze large data sets for exceptions and trends and create dashboards for ongoing reporting and monitoring.
• **BO**: We use Notion (notion.so) as our company wiki. We store all our knowledge in there. I am amazed how few accounting firms or departments have something similar.
• **AB**: Being 100 percent cloud-based. The ability to replace equipment in under an hour with no software updates or server is underutilized.
• **NP**: We have started using cluster analyses to identify transactions that require further review because they might share a set of characteristics with transactions that we have identified as defective in one way or another. The analysis determines the most relevant signals by doing its own comparisons among transactions rather than relying on the auditor’s manual assessment of what signals to look for.

Are there any message boards, subreddits or online resources you frequent and would suggest for good information?

• **DH**: The best source of information that I use on a regular basis is #TaxTwitter and
#FintTwit. Some of the most brilliant minds are there and each hashtag is super helpful with complex situations.

**BO:** r/accounting (reddit.com/r/accounting) is a great way to get an idea of how young accountants are feeling, especially those in the Big Four.

**AB:** Leveraging CalCPA state groups. There are some great minds in those groups!

**NP:** YouTube and LinkedIn Learning are full of invaluable training resources for SQL, Python and other technologies.

Any entertaining accounting twitter accounts, (i.e. @TheBig4Tweets)?

**DH:** RampCapitalLLC, DailyTaxMemes, AccountingAsAart, FiSurgi, RetirementRisks.

**BO:** @JStaatsCPA is entertaining and informative. He’s one of the CPAs leading the way in technology for accountants.

What technology do you see changing the accounting industry today?

**DH:** A disrupter who comes in and turns tax software on its head. There are only a handful of software providers to choose from. Each system has its pluses and minuses. I waste so much time trying to figure out what the software wants, it’s insane. If the disrupter comes in and gets feedback from accountants on what is actually needed, that would be a huge lift for the industry.

**HJ:** Helping clients implement robotic process automation can increase the client’s productivity, provide better data accuracy, improve compliance and increase staff retention. For auditors, we can spend less time testing manual controls and deploy our staff to perform higher-value work.

**BO:** NoCode technology is the hot new thing opening many new opportunities for accounting firms to connect disparate systems and automate processes.

**AB:** Anything to simplify communication. Accounting doesn’t change much, but the way we work will continually evolve.

**NP:** As companies adopt cloud-based technologies, accountants will automate mundane manual processes and increasingly spend their time finding opportunities to leverage and improve financial data to advise the business on risks and opportunities, and support growth.

How do you see AI impacting accounting?

**DH:** AI has a way to go. Simple functions of bank feeding and importing information into tax software still doesn’t work with 100 percent accuracy. Sometimes, you spend more time correcting the impact when you could’ve just entered it manually. Also, delivering tax news still requires a human touch.

**HJ:** I think AI is overrated, and at this time, the hype falls way short of reality. An important quality of being a CPA is our judgment, which requires reviewing grey areas and accepting and excluding input from different data sources. AI still works in a binary fashion and lacks the large data sets necessary to self-learn to differentiate between closely related options.

**BO:** The accounting talent shortage is so great that any help will be appreciated. AI can fill the gaps where we no longer have people to do the work. Current applications of AI reduce routine work such as bank reconciliations, not the higher-level thinking that most young accountants want to do.

**AB:** AI will change everything about the way we work, so you might as well jump on the train now.

**NP:** I see AI as being used to automate highly repetitive tasks in corporate finance and auditing. This will add tremendous value to clients as accountants spend more time on analyses and providing useful insights.

Damien B.M. English is CalCPA’s managing editor. You can reach him at denglish@calcpa.org.

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To Tax or Not

Reviewing Business’ Virtual Connections to CA

Questions & Conclusions
This is a high-level summary of the questions and conclusions from the TAM. Refer to the TAM for the specific language. The issue in each fact pattern is whether the business has exceeded the protections of PL 86-272.

- A has an employee who telecommutes from within California performing business management and accounting tasks.
- B regularly provides post-sale assistance to California customers via either e-chat or email that customers initiate by clicking on an icon on the business’s website.
- C solicits and receives online applications for its branded credit card via its website from California customers.
- D has a website that invites viewers in California to apply for non-sales positions.
- E places internet cookies on the devices of California customers. These cookies gather customer search information.
- F remotely fixes or upgrades products purchased by California customers by transmitting code or other electronic instructions.
- G offers and sells extended warranty plans via its website to California customers.
- H contracts with a facilitator that facilitates the sale of the business’s products on the facilitator’s online marketplace. The marketplace facilitator maintains inventory at fulfillment centers in states where the business’s customers are located.
- I contracts with California customers to stream videos and music to electronic devices.
- J provides post-sale assistance to California customers by posting a list of static FAQs.
- K places internet “cookies” onto the computers or other devices of California customers. These cookies gather customer information that is only used for purposes entirely ancillary to the solicitation of orders for TPP. The cookies perform no other function.
- L offers for sale only items of TPP on its website. The website enables customers to search for items, read product descriptions, select items for purchase, choose among delivery options and pay.

Conclusions
- For A, unless the activities of the employee telecommuting from California constitute solicitation of orders for sales of TPP or are entirely ancillary, these activities would cause loss of protection of PL 86-272.
- The activities of B, C, D, E, F H & I disqualify the businesses from PL 86-272 immunity.
- The activity of G exceeds solicitation of orders of TPP and disqualifies it from PL 86-272 immunity.
- The activities of J, K & L do not disqualify them from PL 86-272

General Issues
The conclusions have several themes:

- The activity exceeds mere solicitation as it involves human resources, product support and similar activity, which are not entirely ancillary to the sale of TPP.
- PL 86-272 immunity only applies to sales of TPP. Sales of digital content and other services are not sales of TPP and thus are not activities within the protection of PL 86-272.
- When the interaction with the website is entirely ancillary to the in-state solicitation of orders for sales of TPP, then those activities are within the protection of PL 86-272

Summary
Based the TAM, out of state businesses with virtual connections in California could be doing business in California and are not protected from a net income tax under P.L 86-272. As this is a reinterpretation of P.L. 86-272, it could be applied retroactively as well as prospectively. Note that this article does not address the “throwback” rules which are similarly affected.

Conrad Davis, CPA/CFF, CFE is a partner at Crowe LLP. You can reach him at conrad.davis@crowe.com.
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Email Bombardment
Creating Boundaries to Contain the Insanity

My email inbox is a disaster! I exit an hour-long meeting to return to my desk and see that rather than do the tasks I had planned on completing today, I now have 10 emails to respond to. I leave the office and I’m constantly responding to emails from my phone. I go on vacation and despite my email out of the office notification, the emails continue to flow in. Does this sound like you? Is this what your practice looks like? You’re not alone.

Over the last several years I’ve made every intention to become more connected and accessible. Yet, you get to a point where it seems as if what is most important is to be just as accessible as you need to be. The best and most effective way to manage my email overload is through the use of personal boundaries. But if you struggle to adhere to those boundaries, here are some tools and tricks to help. I’m going to go from easy-to-implement to how-can-you-even-consider-those options. Feel free to reach out with your email management tips!

Employ a (New) Email Management System
You may use Outlook and organize your emails into folders; you might use Gmail and push your emails into different colored buckets. Those might be the two most popular email management tools out there, but I would argue there are third-party applications to help prioritize when emails need a response. Because, despite wanting to respond to every email immediately, at some point, you need to focus on the emails that have the most importance.

I use an app called Karbon (karbonhq.com) which helps me route emails to projects and other team members with ease. It’s the best feeling when I see a team member take care of my project and a client.

If you search for email management tools online you will find 100 different apps that might do one task. Find the issues that are most important to you and apply specific tools that address what you need. Don’t expect there to be one app that will work perfectly for you as the apps were not made specifically for you.

Turn Off All Notifications
As I sit at my computer and receive email notifications, I’m concurrently getting the same notifications on my phone and my Apple watch. It’s draining! Utilizing the “focus” mode on my phone and watch is golden. In the “work focus” mode, personally, I allow for no one to be able to get through to me. But that can be customized for your needs. If I want to do my best work, I need as few distractions as possible so I block out time and won’t review my email or respond to notifications during that time.

I don’t do a good enough job of closing my email on my computer, but I’m working on it! I’m trying to pass through my emails to my staff and really only deal with the ones that I have to deal with.

Personal & Professional Phones
Do you give your clients your cell phone number? If yes, then on top of email notifications, it’s text message or WhatsApp notifications. Does it end? Having a personal phone that doesn’t have your work email, a phone number that’s not given out regularly and a phone with no calendar reminders allows you to cut off your work notifications cold turkey. When you turn of your work phone, you are checked out—and that’s OK! If it’s outside work hours, you aren’t responding; when you are on vacation, it’s your vacation, not another opportunity for another interruption.

Delegate Your Inbox
How many of your emails do you really need to respond to? Someone in your office can often take care of it. Remember, you hired these people for a reason, so utilize their skills. It’s often that I get an email and say, “This will only take a minute—I’ll take care of that.” But if that happens 15 times a day, it adds up quickly. When you’re able to train your staff to focus you on the information you need to focus on, it frees you up significantly while your clients still retain the service they are looking for.

If you’re looking for a tool to delegate emails, consider using your current email address and turning it into a shared inbox that multiple people have access to. Then create a new email for personal email only. Let your team manage and route to you the important information that needs to be handled. Honestly, how many personal emails do you get that you don’t want your staff to see? Zero, if any. And if it’s not zero, reconsider what is going through your email.

Fire Your Client
This may seem drastic, but if your client is persistent, overly needy, thinks they need a response immediately every time they call … maybe it’s time to move on. No technology can fix this abuse of your boundaries.

Signing Off
As I wrote this, I was interrupted about 15 times by emails and thoughts that “will only take a second to complete.” Meaning that although this article should have only taken an hour to write it took significantly longer. Give yourself some grace to realize this issue won’t be fixed overnight; but if you commit yourself and your practice to reducing the email bombardment problems, you, your staff, clients and work productivity will all win. Remember, we’re looking for incremental gains, not life savers. We’re always going to have stresses and overloaded schedules, but if we can incrementally improve ourselves and our teams, we will likely show better overall results!

Adam Blitz, CPA is the founder of Streamline CPAs. You can reach him at adam@streamlinecpas.com.
The California Board of Accountancy recently went live with CBA Connect (http://connect.dca.ca.gov/cba/#/), a new online portal that will simplify and streamline much of the CPA license renewal process. New features include the ability to quickly complete the renewal form, submit CPE documents, pay renewal fees, update contact information, and the ability to receive real-time status updates and alerts about a renewal.

With the renewal process moving online, the CBA is also expecting shorter processing timelines. CBA Connect is highlighted on Page 2 of the most recent CBA Update (cba.ca.gov/cba/communications-and-outreach/update95.pdf).

The meetings and discussions are an opportunity to interface with key stakeholders as many of these issues will require coordination between regulators and the profession and with states across the country.

State Budget Passed; Expect More to Come
In June the Legislature passed and the governor signed a state budget in time to meet the constitutional deadline of the state’s July 1 fiscal year start. However, as has become common practice, this is likely not the end of “budget” discussions. The governor and legislators are still wrestling with how to allocate parts of the state resources, including an unprecedented $97 billion surplus.

One item that is expected to be included in the end of a 2009 change to estimated tax payments. When the state budget was facing a deficit, policy leaders accelerated tax payments by requiring certain personal and corporate income taxpayers to pay 30 percent of their estimated tax payments in April, 40 percent in June, none in September and 30 percent in January. For many taxpayers and tax practitioners, this has become a significant challenge to calculate, plan for and accelerate large payments.

Now that the state budget is in a significantly better place, policy leaders are considering a proposal to realign state estimated tax payments with the federal schedule, which requires 25 percent for each quarter. The shift is proposed to start in 2024; however, specifics and legislative language are still under development.

CBA Goes Online
Plus: NASBA Update, CA Budget, November Elections

One of the sticking points, is how to allocate inflation relief and who should receive what and how much. Once negotiations progress to agreements, specific allocations and related policy changes come through Budget Trailer Bills. A series of late budget actions is expected in the coming months as policy leaders continue negotiations. As we have seen in the past, many of these may include significant policy changes including tax policy.

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CBA will be monitoring the ongoing budget process as it continues through the summer and fall, as well as watching other items that may emerge in a fast-moving trailer bill.

November General Election Set
After a June primary with an unusually low voter turnout, voters narrowed down their choices to the top two candidates for governor, attorney general, treasurer, controller, 80 assembly seats, 20 senate seats, 52 congressional seats and a U.S. Senate seat. Overall, there were not many surprises as most of the incumbents and party favorites moved on to the general election. However, voters tended to skew more moderate in their choices, including in some of the high-profile, local races in San Francisco and Los Angeles. Expect the campaign season to ramp up quickly as we head into the November elections, particularly as a wave of initiatives get added into the mix.

Jason Fox is CalCPA’s vice president of government relations. You can reach him at jason.fox@calcpa.org.
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