

THE NATURAL STATE OF ACCOUNTING



Issue 2/February 2022

2022 Conference Schedule

**Member Promotions
& Firm Mergers**

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**Get
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2022 Conference Schedule

APRIL
28

Employee Benefit Plans Conference
Virtual Only

MAY
13

Leadership Conference
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JUNE
13-14

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Virtual Only

AUG
18-19

Accounting & Auditing Conference
Hot Springs Convention Center Hot Springs, AR

AUG
31

Governmental Accounting Conference
Virtual Only

SEPT
22-23

Industry Commerce & Banking Conference
Hybrid Event: ARCPA – Little Rock, AR

2022 Conference Schedule

OCT
20-21

Two Day Federal Tax Update
Virtual Only

NOV
03-04

Arkansas Federal Tax Institute
Hybrid Event: ARCPA – Little Rock, AR

NOV
10

Fraud Conference
Hybrid Event: ARCPA – Little Rock, AR

NOV
16

Agriculture Conference
Hybrid Event: ARCPA – Little Rock, AR



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Certified Public Accountants

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The graphic features the ARCPA logo on the left, a red button with white text, and contact information. On the right, a photograph shows three people in a meeting: a woman in a pink shirt pointing at a laptop screen, a woman with grey hair looking at the screen, and a man in a blue shirt partially visible on the right. They are in a bright, modern office setting.

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- To receive the group discount, all individuals must be registering for the same conference.
- Payment is required with registration to receive the group discount.
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- Only ARCPA members may qualify for the group discount.
- Non-members may apply for membership to receive the group discount.
- All individuals must be listed at the time of registration.
- Programs excluded: Educators' Conference

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Firm Name _____

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1. _____	_____	_____	- _____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
8. _____	_____	_____	_____
9. _____	_____	_____	_____
10. _____	_____	_____	_____

Subtotals _____

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- Only ARCPA members may qualify for the group discount. Non-members may apply for membership to receive the group discount.
- All individuals must be listed at the time of registration.
- Programs excluded: End of Busy Season CPE & Fish Fry, Educators' Conference

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Surgent's Unlimited Self Study Package

ARCPA Member Price: \$299

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Register early and save! To qualify for the Early Bird discount, your registration (with payment) must be received by the ARCPA 14 days prior to the program.

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Save the Date!

Arkansas Society of CPAs

Annual Mac & Barbara Angel Memorial Golf Tournament

Monday, May 23, 2022

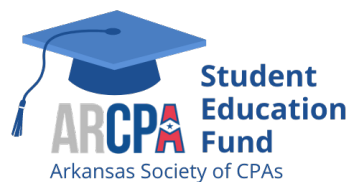
Save the date for the Arkansas Society of CPAs Annual Mac & Barbara Angel Memorial Golf Tournament at Maumelle Country Club nearby Little Rock. We hope that you will invite your friends, clients, coworkers, and colleagues to play in this tournament. Returning as Co-Chairs will be Michael Pierce, of Landmark PLC, CPAs, and Taylor Stockemer, of Friday Eldredge & Clark. All proceeds benefit ARCPA Student Education Fund scholarships to accounting students in the state. Please watch for more information coming soon. We hope to see you there!

For more information, contact:

Robin Harris
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rharris@arcpa.org

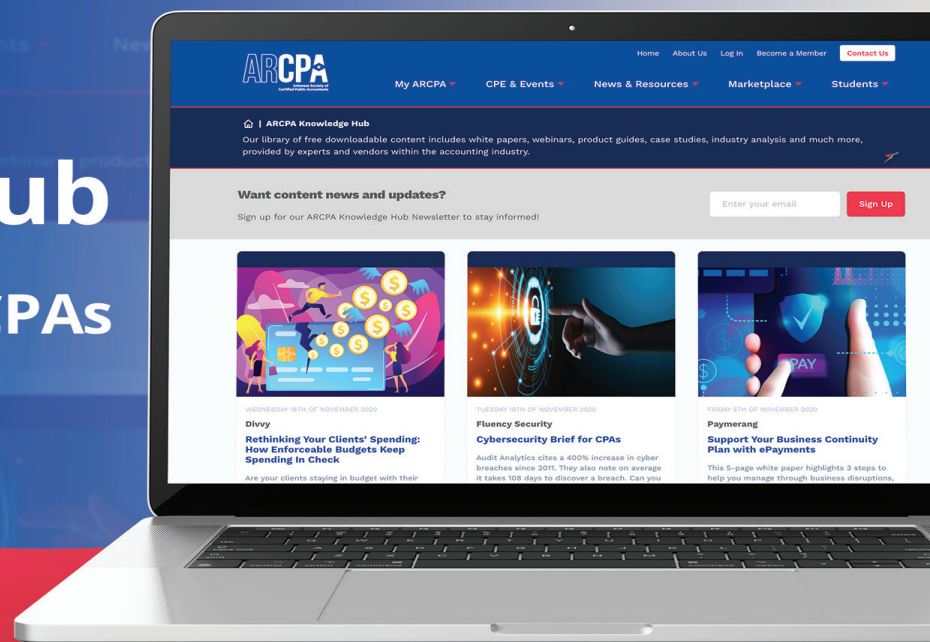
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Taylor Stockemer, Co-Chair
Friday, Eldredge & Clark, LLP
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Introducing the
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from the
Arkansas Society of CPAs

ARCPAHub.org





CELEBRATING BLACK HISTORY

Join Arkansas PBS this month as we celebrate Black history and all its facets.

Feb. 1	8 p.m.	IN THEIR WORDS Chuck Berry
Feb. 4	8 p.m.	MUHAMMAD ALI Round Two: What's My Name?
Feb. 8	8 p.m.	AMERICAN MASTERS Marian Anderson: The Whole World in Her Hands
Feb. 7	8 p.m.	AMERICAN EXPERIENCE Riveted: The History of Jeans
	9 p.m.	INDEPENDENT LENS Owned: A Tale of Two Americas
Feb. 11	8 p.m.	MUHAMMAD ALI Round Three: The Rivalry
Feb. 13	10 p.m.	AMERICAN MASTERS Sammy Davis Jr.
Feb. 14	8 p.m.	DREAM LAND: LITTLE ROCK'S WEST NINTH STREET
Feb. 15	8 p.m.	AMERICAN EXPERIENCE The American Diplomat
Feb. 18	8 p.m.	MUHAMMAD ALI Round Four: The Spell Remains
Feb. 20	9:30 p.m.	DREAM LAND: LITTLE ROCK'S WEST NINTH STREET
	10:30 p.m.	THIS LITTLE LIGHT OF MINE: THE LEGACY OF FANNIE LOU HAMER
Feb. 22	8 p.m.	FANNIE LOU HAMER'S AMERICA: AN AMERICA REFRAMED SPECIAL
Feb. 25	8 p.m.	SLAVERY BY ANOTHER NAME

See the complete schedule and all the ways to watch at myarpbs.org/watch.

Welcome New Society Members!

The Arkansas Society of CPAs welcomes the following new members. Please take the time to welcome these members and invite them to society and chapter events.

To find members, visit <https://www.arcpa.org/my-arcpa/member-directory>

Learn more about our society and the benefits of membership at <https://www.arcpa.org/>

CPA Members

- Sara Andrews**, LaSalle Parish School Board, Jena, LA
- Kimberly Carnahan**, Pierce Firm PLLC, Fayetteville
- Travis Curtner**, Erwin & Company PA, Little Rock
- Carson Forge**, PricewaterhouseCoopers LLP, Springdale
- Sandra Tyson**, Frost PLLC, Little Rock
- Dean Vohs**, Dean D Vohs CPA, Siloam Springs

Associate Members

- Chelsea Darby**, BKD LLP, Fort Smith

Student Members

- Cody Hunt**, Southern Arkansas University, Magnolia

IN MEMORIAM The Arkansas Society of Certified Public Accountants deeply regrets the loss of the following member:

PAUL S. OSBORN
Certificate # 489 (1958)
Life Member
Jonesboro

ALFRED C. FERRELL
Certificate # 755 (1966)
Life Member
White Hall

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Arkansas Accounting Firm Merges With Alexander Thompson

Arnold PLLC

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Regional accounting firm Alexander Thompson Arnold PLLC (ATA) is adding a presence in the state of Arkansas through the acquisition of top local firm JWCK, Ltd., formerly known as Jordan, Woosley, Crone & Keaton, Ltd., effective January 1, 2022.

The merger with JWCK adds 14 professionals to the ATA team, including three principals and two partners, Christina Ellis, CPA and Courtney Moore, CPA. With this merger, ATA will be comprised of 220 employees and 15 locations across four states.

“ATA has had a long-standing interest in establishing a strong presence in Arkansas,” said ATA Managing Partner John Whybrew. “We believe that this strategic merger with JWCK allows the firm to grow in new markets with like-minded professionals as well as continue our multi-year growth plan.”

JWCK’s 60 years of expertise ranges from tax management and accounting services to more in-depth services such as audits, financial statements and financial planning. It is a premier firm for trust and estate tax reporting as well as one of few firms that adhere to the standards to be able to perform audits for entities who receive state and federal monies and audits of financial institutions.

JWCK ranks 14th on the Arkansas Business Publishing Group’s list of the largest accounting firms in the state. The firm has been named Best Accounting Firm in Hot Springs by The Sentinel Record two years in a row, with Ellis being named Best Accountant in Hot Springs the past two years as well.

“Our commitment to serve our community with professionals right here in Hot Springs has led JWCK to merge with ATA,” said Ellis. “Through this merger, we will be able to provide our community with expertise in subject matters beyond what we have in our local office and will be able to devote more time to client relationships by allowing ATA’s entities to handle administrative responsibilities.”



ATA Hot Springs will operate at 126 Hobson Ave. until May 2022, when they will move into a newly-constructed space at 1720 Higdon Ferry Road. There is also a location in Hot Springs Village, Ark. at 399 Ponce de Leon Drive, Ste. 2.

About Alexander Thompson Arnold PLLC (ATA)

ATA is a long-term business advisor to its clients and provides other services that are not traditionally associated with accounting. The ATA Family of Firms consists of a team of experts that can benefit every area of your business. Revolution Partners provides financial planning expertise; ATA Technologies provides trustworthy IT solutions; ATA Secure provides cybersecurity services; Sodium Halogen focuses on growth through the design and development of marketing and digital products; Adelsberger Marketing offers video, social media, and digital content for small businesses; and ATAES is a comprehensive human resource management agency.

ATA has 15 office locations in Tennessee, Kentucky, Arkansas and Mississippi. Recognized as an IPA Top 150 regional accounting firm, it provides a wide array of accounting, auditing, tax and advisory services for clients ranging from small family-owned businesses to publicly traded companies and international corporations. ATA is also an alliance member of BDO USA LLP, a top five global accounting firm, which provides additional resources and expertise for clients.

For more information, [visit https://atacpa.net/](https://atacpa.net/)

HCJ CPAs & Advisors PLLC Announces New CFO

Reprinted with permission from HCJ CPAs & Advisors PLLC



HCJ CPAs & Advisors PLLC is pleased to announce the addition of Michael Cole to their professional team.

Cole joins the HCJ CPAs & Advisors PLLC team as Chief Financial Officer (CFO), bringing with him more than three decades of

experience. A professional in the field since 1986, Cole has served in a variety of roles, including multiple tenures as a CFO, Director of Finance, Region Vice President/Controller, and Manager of Reporting. His expertise lies in strategic planning and personnel development.

“I am very excited to welcome Mike to the HCJ team,” said Karen Garrett, CPA, Managing Partner of HCJ CPAs & Advisors PLLC. “The vast experience and technical know-how that he brings are incredibly valuable. I look forward to working with him and seeing how he applies his knowledge in pursuit of the continued success of HCJ.”

In 1986, Cole graduated from the University of Arkansas – Fayetteville with a Bachelor of Science in Business Administration. A decade later, he returned to his studies, earning a Master of Business Administration from the University of Arkansas –

Little Rock in 1999. He remains involved with his alma maters via the Arkansas Alumni Association and the University of Arkansas – Little Rock Alumni Association. Professionally, Cole is affiliated with the American Institute of Certified Public Accountants (AICPA) and the Arkansas Society of Certified Public Accountants (ARCPA). A native of Little Rock, Cole currently lives in the city with his wife, Mary Jane, and their dog, Ellie.

About HCJ CPAs & Advisors PLLC

HCJ CPAs & Advisors PLLC was formed by the 2021 merger of Hudson, Cisne & Co., LLP and Jones & Company, LTD. The firm has over 30 years’ experience providing accounting, tax, and audit services to closely-held businesses and nonprofit organizations of all sizes. With more staff and four offices throughout Arkansas, HCJ CPAs & Advisors PLLC is able to offer a greater depth of services, including management consulting, retirement plan administration, payroll, sales tax, QuickBooks, outsourced accounting, business advisory, and business valuation. HCJ CPA & Advisors PLLC is an independent member of the BDO Alliance USA. To learn more, visit www.hcjcpa.com.



Arkansas State Board of Public Accountancy (ASBPA) Proposes Rules Changes in 2022

The Arkansas State Board of Public Accountancy (Board) is proposing changes to its Rules. These changes involve updating the names of university accrediting bodies recognized by the Board, allowing the waiver of fees for initial license applicants who receive certain state benefits or fall below 200% of the federal poverty line, relaxing the minimum time period for the awarding of CPE credit from 50 minutes to 25 minutes, and modifying rules regarding military service members, veterans, and their spouses. Comments on the proposed changes may be submitted via email through February 11, 2022 to asbpa@arkansas.gov. Please see the Board’s website to review the proposed changes.

<https://www.asbpa.arkansas.gov/laws-and-rules/proposed-rule-changes/>

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HCJ CPAs & Advisors PLLC Announces New Partner

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Little Rock, AR - The local accounting firm of HCJ CPAs & Advisors PLLC is pleased to announce the addition of Mark Glover, CPA to the firm's ownership group.

Glover joined the HCJ CPAs & Advisors PLLC team in 2009. His specialty is employee benefit plans, and he works with nonprofits and school districts, as well as clients in the manufacturing and health care industries.

"It is a true pleasure to congratulate Mark as he takes on this new leadership position within the firm," said Karen Garrett, CPA, Managing Partner of HCJ CPAs & Advisors PLLC. "Mark is incredibly dedicated and constantly pursues opportunities to grow his expertise. This is a huge career milestone, and he should be very proud of the hard work and dedication that led to this achievement."

Glover is a graduate of the University of Arkansas where he earned a Bachelor of Science in Business Administration in

Accounting in 2005. He also holds a Master of Accountancy from the University of Central



Arkansas, which he earned in 2006. He is currently affiliated with the American Institute of Certified Public Accountants (AICPA) and the Arkansas Society of CPAs (ARCPA) and serves as a board member and treasurer for Harmony Health Clinic. Raised in Stuttgart, Arkansas, Glover now resides in Little Rock with his wife and their two daughters.

About HCJ CPAs & Advisors PLLC

HCJ CPAs & Advisors PLLC was formed by the 2021 merger of Hudson, Cisne & Co., LLP and Jones & Company, LTD. The firm has over 30 years' experience providing accounting, tax, and audit services to closely-held businesses and nonprofit organizations of all sizes. With more staff and four offices throughout Arkansas, HCJ CPAs & Advisors PLLC is able to offer a greater depth of services, including management consulting, retirement plan administration, payroll, sales tax, QuickBooks, outsourced accounting, business advisory, and business valuation. HCJ CPA & Advisors PLLC is an independent member of the BDO Alliance USA. To learn more, visit www.hcjcpa.com.



View ARCPA's annual audit report for March 31, 2021 and 2020. This document includes financial statements and supplementary information (with independent auditor's report thereon). View report at <https://www.arcpa.org/about/Audit-Report> Member login is required.



HoganTaylor LLP Announces 2022 Promotions

Congratulations to the following ARCPA members at HoganTaylor LLP that received promotions that went into effect January 1, 2022.



Hayden Lewellen, CPA, CFE, Senior, Advisory Services, Little Rock

Lewellen joined the Firm in 2020. He earned a bachelor's degree in accounting from Arkansas Tech University and a Master of Business Administration with an emphasis on Data Analysis from Louisiana State University.

Alex Talley, CPA, Senior Manager, Assurance, Little Rock

Talley joined the Firm in 2018. She earned both a bachelor's degree in accounting and a Master of Accountancy from the University of Arkansas.

Taylor Townsend, CPA, Senior Manager, Tax, Fayetteville

Townsend joined the Firm in 2017. He earned a Master of Science in Accounting from the University of Arkansas.

Sarah Thomasson, CPA, Consultant, Advisory Services, Little Rock

Thomasson joined the Firm in 2019. She earned a bachelor's degree in accounting and a Master of Accountancy from Texas A&M University.

Carley Willmon, CPA, Senior, Tax, Little Rock

Willmon joined the Firm in 2020. She earned both a bachelor's degree in accounting from the University of Arkansas and a Master of Accountancy from the University of Central Arkansas.

Client Continuance: A life vest for risky clients

By Deborah K. Rood, CPA

This article originally appeared in the December 2021 issue of the Journal of Accountancy.

Reprinted with permission.

Working with clients may not always be smooth sailing. The voyage may begin in calm seas, but a squall may disrupt your journey. Being alert and prepared to address unforeseen challenges can represent the difference between a pleasure cruise and becoming seasick.

Similarly, risks can arise with existing clients, catching the CPA off guard. Client continuance, the process whereby the firm “reaccepts” the client on at least an annual basis, is designed to identify and address those risks.

Why is client continuance a good practice for all engagements, irrespective of the service? For the same reason as client acceptance — it provides the firm with additional insights regarding the risk of an existing client so the firm may respond accordingly.

As a firm delivers services to a client, additional information may be provided or discovered, which validates or refutes what was learned during the acceptance evaluation. The firm may identify client behaviors that differ from initial expectations, thus increasing the firm’s risk or at other times reducing it. Client management or ownership may turn over, or its business model may change, effectively resulting in a client that bears no resemblance to the client initially accepted by the firm. A firm’s strategies, areas of practice, and risk appetite may change over time, and existing clients may no longer fit its business model or risk appetite, causing lost opportunities to serve clients who do.

Performing regular client continuance evaluations is not only a sound business practice but also an effective risk management practice. Equipped with the information gleaned from the continuance process, the firm is able to respond to the client’s evolving risk profile to help ensure a pleasant voyage.

Why Don’t Continuance Evaluations Occur?

While CPAs may understand the benefits of continuance evaluations, the evaluations may not be consistently performed or may lack formality. CPAs may defer continuance evaluations because they mistakenly believe that if risks are identified, the only method to address them is client termination, and the indirect “costs” to the firm, such as lost referrals or standing in the community, are too costly. However, recall that the purpose of the

evaluation is to identify and assess risks and determine if there are methods to reduce them to an acceptable level. While termination may be one response, it is not the only response.

CPAs also may believe that longtime clients are inflexible and will resist change. Or the CPA believes that it is easier to retain a difficult client rather than attempt to rehabilitate the situation or replace the lost revenue with a new client. Irrespective of the reason, not performing continuance evaluations may result in unaddressed risks to the firm, which may negatively affect staff morale, hurt financial results, or, worse, result in a professional liability claim.

When Should Client Continuance Evaluations Occur?

CPA firms should evaluate clients whenever a significant change occurs at either the client or the firm. What constitutes a significant change is something the firm needs to determine. A routine evaluation should be performed at least annually. Common times for this to occur are shortly after busy or extension season, when the memories of client interactions are fresh, or shortly before busy season, when the firm’s capacity to meet client needs is better known.

Common Risk Indicators Identified During Continuance

What factors should be assessed during a continuance evaluation? The same areas that are evaluated during the client acceptance process. Risk indicators that may prevent the firm from accepting a prospective client are the same warning signs that may cause a firm to pause and respond in some manner for a continuing client. Those include, but are not limited to:

Management/ownership characteristics:

- Questionable integrity;
- Evidence that accounting/fiscal oversight is not a priority for the client;
- Disputes among the client’s owners; or
- Failing to follow and/or ignoring the CPA’s advice.

Client characteristics:

- Lack of internal controls;
- Difficulty in obtaining requested information; or
- Turnover in management or accounting staff.

Client Continuance: A life vest for risky clients *(Continued)*

By Deborah K. Rood, CPA

This article originally appeared in the December 2021 issue of the *Journal of Accountancy*.

Reprinted with permission.

Firm matters:

- Firm or client business model changes resulting in misalignment between the client and the firm's ideal client profile;
- Disagreements or disputes between the CPA and the client over issues such as aggressive tax positions or accounting treatments;
- Potential conflict of interest between the CPA and the client that exceeds the firm's risk threshold;
- Unprofessional treatment of CPA firm staff;
- Nonpayment or late payment of fees; or
- Frequent price or service complaints.

Consider using the PCPS Continuing Client Evaluation Tool in the evaluation process.

The continuance process is likely to identify some clients requiring further review. The next step is determining what to do about the risks identified during the evaluation.

Responding To Identified Risks

Implement changes to the engagement

After identifying clients with new or changed risks, the response is not necessarily client termination. Rather, the firm may be able to implement risk management practices to help reduce the risk to an acceptable level.

For example, if a client perpetually provides information late, the firm could discuss with management how it increases pressure on the firm's ability to complete services within the agreed-upon time frame and fee. Discuss what could be done by the client to provide information in a more timely manner. If the client is not paying bills on time, the firm may require a large retainer to be paid before work begins.

Perhaps a longtime client recently hit it big and is now a "celebrity." Knowing that providing professional services to celebrities often results in large claims, consider whether adding a limitation-of-liability or limitation-of-damages clause to the engagement letter will reduce the risk to an acceptable level. Or maybe a decades-long family business client engaging multiple firm services has family members in conflict with one another. Could this risk be addressed by using different engagement teams to deliver the different services, obtaining conflict-of-interest waivers from the parties involved, and including risk allocation provisions in the engagement letter?

Unfortunately, the firm may be unable to mitigate certain risks, such as those related to management integrity, or lack thereof. In these cases, client termination may be the only alternative.

Client Termination

When client termination is the firm's response, it should be done formally and in writing. Why? To help prevent the client from asserting it was unaware of the firm's termination and missed a filing or other deadline.

The termination communication should include the following elements:

- Nature of services;
- Effective date of termination of the services;
- Issues regarding any work-in-process;
- Fees due to the firm;
- Status of original client records;
- The firm's record-retention policy and guidelines for responding to a request for copies of client records;
- Items requiring follow-up or completion by the client, such as the due dates for tax returns and the need to engage another accounting professional or tax attorney to assist the client going forward.

A note of caution: If the client is facing an imminent tax or regulatory deadline that will be difficult to meet due to the termination, the firm should consult with its attorney and professional liability insurer before proceeding.

Lessons Learned

Nothing is risk-free, including CPAs providing services to clients. When you go boating, you may not always choose to don your life vest, but if the waters become choppy and you see storm clouds on the horizon, you change that plan and wear one to successfully navigate potential rough seas. Providing services to clients is the same — when risks appear, you address them so the firm is not left adrift in a sea of risk.

Deborah K. Rood, CPA, is a risk control consulting director at CNA. For more information about this article, contact specialtyriskcontrol@cna.com.

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DFA Provides Corporate Tax Law Changes for 2021 Returns

Arkansas Department of Finance & Administration (DFA) has reported receiving calls from tax preparers regarding how Arkansas handles various changes made at the federal level. Please be reminded that changes at the federal level do not have any effect on Arkansas law unless they are adopted by the Legislature, and adoption is not automatic and must be done by legislation, except for the standard mileage rate which remains at the 2018 rates of .54.5 for business, .14 for charitable, and .18 for medical or moving. DFA warns to be sure and check your software to make sure your software provider has programmed these rates into your software.

DFA has provided a [summary](#) of law changes from the 2019 legislative session which are applicable to Arkansas returns, noting that while these laws were passed in 2019, they have not yet promulgated any regulations regarding those law changes. DFA does not yet have official guidance to provide on these law changes. Should DFA adopt rules regarding these law changes, such guidance will be made available as quickly as possible.

DFA reports encountering issues where taxpayers have not been allowed withholding paid on their part through a Composite return on the individual area. There is no provision for providing this information to the Individual Income Tax section like there is on the corporate side. Corporate requires a schedule AR1100-WH to be provided if there is pass thru withholding. Therefore, it would be a good idea to include a schedule with the Individual return if you have taxpayers who have tax paid for them by a Composite return.



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Practitioners Wary of IRS Service Lapses as Tax Season Begins

By Paul Bonner, *Journal of Accountancy*, January 11, 2022

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CPA tax professionals greeted the launch of tax season with skepticism that the IRS will be able to contend with its continuing logistical challenges, with taxpayers and their preparers likely to experience more frustration and delays.

On January 10, the IRS announced that it would begin to accept and process 2021 tax returns on Jan. 24, the IRS admitted its taxpayer service has been subpar, with a backlog of prior-year returns still to process.

While acknowledging that its performance has caused taxpayer frustration, the Service sounded an optimistic note for the current season, saying that the Jan. 24 date will allow it enough time to conduct programming and testing to “ensure IRS systems run smoothly.” And it emphasized taxpayers’ role in expediting processing, by e-filing with direct deposit or debit and making sure advance child tax credit payments and economic impact payments (EIPs) are properly reconciled with their corresponding full-year credits.

But the IRS must do more, said Barry Melancon, CPA, CGMA, president and CEO of the AICPA, in a statement.

“Treasury officials acknowledged that the upcoming 2021 tax filing season will be ‘frustrating’ for Americans but stopped short of providing any measures they intend to implement to mitigate the expected challenges,” Melancon said.

During the past year and a half, Melancon said, the AICPA has repeatedly urged the IRS, Treasury, and Congress to provide greater tax penalty relief in light of the COVID-19 pandemic and resulting taxpayer hardships. These recommendations “would meaningfully reduce persistent, unnecessary, and erroneous notifications and help American taxpayers,” Melancon said.

Rather than merely “state the obvious,” Melancon said, the IRS should also:

- Halt its compliance actions, such as liens and levies, until it can devote sufficient resources for a timely resolution of the matter;
- Timely align taxpayers’ requests for account holds with the time it takes the Service to process any penalty abatement requests;
- Provide taxpayers with a simplified abatement process; and
- Provide taxpayers with targeted relief from underpayment and late-payment tax penalties for the 2020 and 2021 tax years.

These are “all actions the IRS can take right now,” Melancon said.

“I just don’t have any optimism for tax season,” Wittich said.

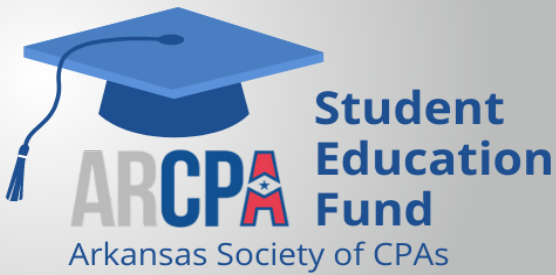
An even bigger issue than unprocessed returns — and one likely to affect 2021 returns — is the IRS’s failure to timely process taxpayers’ responses to IRS notices, Wittich said.

“People have replied very quickly, but it’s taking six, nine, 12, or 15 months for the IRS to open the mail and process a fairly simple reply,” he said.

Similarly, taxpayer requests for abatement of tax penalties are not being processed timely in many cases, Wittich said. Then a progression of subsequent notices can escalate to a levy, alarming the taxpayer, while his or her claim of reasonable cause goes unheeded.

“I would love to see them not assessing penalties in the first place, turning off the notice-and-penalty machine, which they seem unwilling to do,” he said. “The IRS has to do some kind of streamlined penalty abatement.” “Now more than ever, the IRS must take actions to ameliorate what the Service has already identified to be a difficult situation,” Karl said.

— *To comment on this article or to suggest an idea for another article, contact Paul Bonner at Paul.Bonner@aicpa-cima.com.*



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By Carrie Steffen

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I can't tell you how many times I've heard "We're a relationship business." Certainly more times than I can count during the 20-plus years I've worked with CPA firms. It's seemingly the one constant in an ever-changing profession.

Recently, though, I wonder if we've actually devalued relationship building. We access technology tools as a means of communicating and finding the information and answers we need; we rely on online tools to connect with clients, prospects, and referral sources. We've replaced real, in-person interaction, but is it an adequate substitution?

I think many in public accounting convince themselves that high-quality work will speak for itself and that relationships are ancillary. They discount the value of soft skills, including communication and relationship building. They believe that their excellent technical skill and production will lead to all the opportunities they will ever want – both within the firm as well as with clients.

To some extent, with young professionals early in their careers, this may be true. A one- to three-year professional on the staff of an accounting firm has the primary responsibility to contribute by becoming technically proficient and meeting deadlines. Beyond that, though, the hard truth about soft skills and relationship building is this: technical expertise will only take you so far. Those interested in taking their careers to the next level will soon realize that, in addition to strong technical skills, the ability to develop real and trusted relationships unlocks greater opportunities.

Most of us experience the greatest satisfaction with our chosen careers when we practice with a sense of purpose – meaning we understand and can articulate how what we're doing is making a positive difference. How can we discern this without having built a relationship with the client and understanding the issues that are most important to them? They won't share their greatest struggles and challenges if they don't trust us, and they won't trust us if there isn't a strong relationship.

Firm leaders look for professionals who can influence, motivate, strategize, and organize. Building relationships offers the perfect context in which to develop these critical skills.

Here are a few practical ideas to get started in developing these soft skills:

- If you tend toward being an introvert, it may not be natural for you to extend regular invitations to meet for lunch or coffee. You may need to create a system to help you. Maintain a set of activities for getting to know people, and put those activities in your calendar. Stick to the plan.
- Be strategic about the relationships you build. Think through the purpose of connecting with someone. Can they help you? Probably more importantly, how can you help them?
- Don't shy away from a conversation because someone is rude. Other people can be just as nervous as you are. Forge ahead. Every time you try makes the next time easier. If the person you're trying to engage doesn't respond after a few attempts, you can either ask them outright why you're having a hard time connecting or move on to the next person.
- Recognize that it's your responsibility to reach out and build these relationships. Don't expect others to come to you. When you reach out, you'll find that most of the time the people you contact are accommodating. Once you reach a more senior-level position, remember to be receptive to younger professionals who are reaching out to you. Be a good steward of your position.
- Make the effort to build relationships with people over personal as well as business topics. You may be able to get by keeping people at arm's length for a little while, but true relationships must go deeper to create trust.

Building relationships is critical. Early-career professionals can start building relationships inside the firm first. Find those you work with who have a different skill set or expertise, but who would be good people to know better. These internal relationships can become the nucleus of your professional network, offer you an opportunity to collaborate on client work, and help increase your visibility in the firm.

Practice the skills necessary to develop and maintain mutually beneficial relationships – both internally and externally. Shoring up these soft skills will unlock unlimited possibilities.

Carrie Steffen is co founder and president at The Whetstone Group in Cedar Rapids, Iowa, which has facilitated hundreds of partner retreats and visioning sessions for CPA firms. She can be reached at carrie@thewhetstonegroup.com.

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