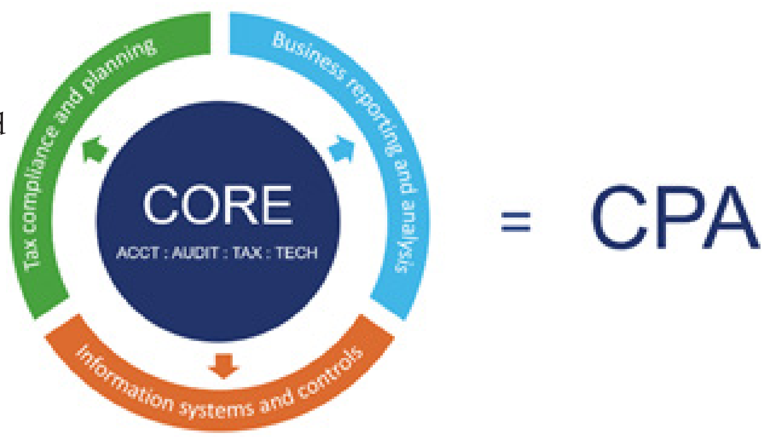
The Natural State of Accounting

Arkansas Society of Certified Public Accountants

Issue 11/January 2020

CPA Evolution - Proposed New Model for CPA Licensure – Provide Your Feedback Now

AICPA and NASBA continue to review feedback from various stakeholders, such as state CPA societies, state boards of accountancy, academia, firms of all sizes and CPAs in all areas of practice from across the country regarding the proposed NEW model for becoming a CPA. Multiple options were considered before developing the most current approach, which is still a draft model and not considered final.



AICPA and NASBA recommend a **core + disciplines model**, with a strong core in accounting, auditing, tax and technology, which all CPA candidates would be required to complete. Each CPA candidate would choose a discipline where they can demonstrate deeper skills and knowledge. One thing to keep in mind – a discipline selected for testing does NOT mean the CPA would be limited to that practice area.

AICPA and NASBA will continue to gather stakeholder feedback into 2020, with the intent of finalizing the model in summer 2020, establishing implementation plans through a multi-year effort. Let your voice be heard and submit your comments to Feedback@EvolutionofCPA.org. For complete details on the proposed model, visit https://www.evolutionofcpa.org/Images/CPAEvolutionDecember2019.pdf

The ARCPA wishes you a happy and safe Christmas and New Year! We look forward to serving you in 2020!

ARCPA Holiday Schedule

The office will be closed on the following days:

December 23, 24 & 25
January 1

ARCPA

Arkansas Society of
Certified Public Accountants

11300 Executive Center Drive
Little Rock, AR 72211-4352

(501) 664-8739
Toll free (800) 482-8739 (in AR only)

arcpa.org

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If you are interested in submitting a column or feature to *The Natural State of Accounting* please submit to membership@arcpa.org.

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ARCPA 2019 CONFERENCE RECAP

58th Annual Arkansas Federal Tax Institute

Thank you to the 100+ attendees of the 58th Annual Arkansas Federal Tax Institute, hosted by the ARCPA and the Arkansas Bar Association. The conference was held December 5-6 at the DoubleTree in downtown Little Rock. Presenters included David Bingham and Ashely Gill from Mitchell, Williams, Selig, Gates & Woodyard, PLLC; Nicolas Corry from Wingfield & Corry PA; Paul Gehring and Deanna Munds-Smith from Department of Finance and Administration; Brian Greer from TaxConnex LLC; Johny W. Hurdle, III from Ernst & Young, LLP; John Lessel from Lessel Law Firm; Abtin Mehdizadegan from Cross Gunter Witherspoon & Galchus, P.C.; Tim Montgomery from Arkansas State Board of Public Accountancy; Taylor Stockemer from Friday Eldredge & Clark LLP; Adam Crow, Bryant Cranford and Paul Parnell from Rose Law Firm PA; Joseph Sanford from Sanford & Company PA; Neil Deininger from Neil Deininger & Company; L.G. Brooks from The Tax Practice in Dallas, TX; Storme Sixeas from Deloitte in Washington, DC; Anthony Hilliard from Ramsay Bridgforth Robinson & Raley LLP; and Michael Parker and Matthew Boch from Dover Dixon Horne PLLC.

Special thanks to...

Paychex and ClientFirst for the generous lunch sponsorship!
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The 2019 Arkansas Federal Tax Institute planning committee.

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April 19, 2020

Early Registration Fee: Memebers $375| Nonmembers $575
(Expires 5/6/2020)

Be on the lookout for conference topics and speakers!

CPE Reporting

Made easy & convenient!

The Arkansas Society of CPAs and the Arkansas State Board of Public Accountancy will continue to make year-end CPE reporting easy for our members.

The ARCPA began transmitting 2019 CPE data for all members to the State Board on November 15th and every Friday thereafter. The State Board imports this information into their database so that when you go online to renew your license, all CPE data appears in your renewal form on the State Board's website. The ARCPA will be closed December 23rd – 25th. A final transmittal will be sent on Monday, December 30th.

Steps to make sure your CPE is transmitted to the State Board correctly

Check Your CPE Tracker on the ARCPA website:
Make sure your CPE tracker on the ARCPA website is correct. You can easily track your CPE by logging in to the ARCPA website. Under the My ARCPA tab, select My CPE & Events, then select View Tracker. Contact the ARCPA if there are any errors in your CPE tracker.

Adding CPE to your Tracker:
All courses taken through the ARCPA are automatically loaded to your CPE tracker on the ARCPA website. If you have taken CPE from other sponsors, add them to your CPE tracker on the ARCPA website so that all your CPE data is transmitted to the State Board.

How to add CPE taken from other sponsors to your CPE Tracker:

- Login to your account on the website at www.arcpa.org
- Under the *My ARCPA* tab, select *My CPE & Events*, then select *View Tracker*.
- To manually add CPE from other sponsors to your tracker, select *Add Course*.
- Enter all required course information and click *Add*.
- When all your CPE is listed, you can print a copy of your transcript for your records.

Manually entering CPE on the renewal screen will prevent ARCPA data from loading:
If a licensee starts entering CPE manually on the State Board website, any subsequent CPE data files sent from the ARCPA will not load into that licensee's renewal records.

Please note: Members are responsible for the accuracy of course information added to their CPE tracker. This is a member-only advantage. If you are a non-member you still have an option to view your CPE Tracker on the website, but your CPE data will not be transmitted to the State Board.

For questions regarding your CPE tracker, please contact the ARCPA at 501-664-8739.

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U.S. Master Tax Guide® (2020)	Nov. 2019	10028606-0008	$135.00	$94.50	30%
Income Tax Regulations (Winter 2020)	Dec. 2019	10031534-0015	$290.00	$203.00	30%
Internal Revenue Code (Winter 2020)	Dec. 2019	10031535-0019	$205.00	$143.50	30%
U.S. Master Depreciation Guide (2020)	Dec. 2019	10009802-0011	$239.00	$167.30	30%
U.S. Master Estate & Gift Tax Guide (2020)	Jun. 2019	10031732-0010	$165.00	$115.50	30%
State Tax Handbook (2020)	Dec. 2019	10034384-0011	$160.00	$112.00	30%
Multistate Corporate Tax Guide (2020)	Dec. 2019	10017214-0015	$1,025.00	$717.50	30%
GAAP Guide® (2020)	Nov. 2019	10030177-0013	$489.00	$342.30	30%
GAAP Handbook of Policies and Procedures (2020)	Nov. 2019	10029975-0012	$349.00	$244.30	30%
GAAP Financial Statement Disclosures Manual (2019-2020)	Aug. 2019	10029932-0013	$460.00	$322.00	30%
Guidebook to California Taxes (2020)	Dec. 2019	10073129-0001	$160.00	$112.00	30%
Federal Estate & Gift Taxes: Code & Regulations (As of March 2019)	April 2019	10031853-0011	$165.00	$115.50	30%
Governmental GAAP Guide (2020)	Aug. 2019	10016980-0012	$455.00	$318.50	30%
Revenue Recognition Guide (2020)	Sept. 2019	10029938-0012	$485.00	$339.50	30%
Multi-State Tax Guide to Pass-Through Entities (2020)	Nov. 2019	10017215-0011	$630.00	$441.00	30%
GAAS Guide (2020)	Sept. 2019	10016981-0010	$365.00	$255.50	30%
Global Master Tax & Business Guide (2020)	Dec. 2019	10040452-0004	$470.00	$329.00	30%
CPA's Guide to Effective Engagement Letters, 13th Edition	Oct 2018	10016983-0007	$265.00	$185.50	30%

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Promotional offer expires on December 31, 2019.
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Consider a Contribution to the ARCPA Student Education Fund at Tax Time

Take an opportunity to make a difference at tax time, or when you receive your annual ARCPA membership dues statement, by contributing to the Arkansas Society of CPAs Student Education Fund. By making a donation to the Student Education Fund you will not only qualify for a tax deduction, but you will be making a wise investment in the future of the CPA profession. Members also have the option of making a donation online https://www.arcpa.org/about/student-education-fund

The Student Education Fund awards scholarships for college and university accounting students who are enrolled for purposes of meeting the educational requirements to take the CPA Exam or to meet the education requirements to obtain certification as a Certified Public Accountant. This year, the ARCPA Student Education Fund awarded $55,500 in scholarships to 40 accounting students around the state.

The Student Education Fund is supported entirely by contributions. It is a non-profit corporation, and gifts to the Student Education Fund are tax deductible. Funds donated to the Student Education Fund (if not specified for current scholarships) are added to a perpetual corpus and scholarships are granted based on the interest earned.

While doing your end of year tax planning, please consider contributing to the ARCPA Student Education Fund. The ARCPA Student Education Fund is a non-profit 501(c) 3, and supports scholarships for accounting students attending Arkansas' four year colleges and universities, and in turn helps sustain the pipeline to the accounting profession in our state. Donations of any size are welcomed and will assist Arkansas' brightest accounting students. For more information and to make a tax deductible contribution, please contact the Society Office at 501-664-8739 or 800-482-8739 in Arkansas, or visit https://www.arcpa.org/about/student-education-fund.

Apples + Oranges = Risks in nontraditional acquisitions

CPA firms looking for growth often seek it from the acquisition of other firms or practices or by recruiting individual "rainmakers." However, more recent acquisitions are trending toward firms providing alternative services delivered by non-CPAs, rather than traditional audit or tax. Any acquisition by a CPA firm involves professional liability risk, but there are special considerations to identify and address with nontraditional acquisitions. Navigating through the acquisition, onboarding, and integration of nontraditional professionals can be tricky.

Consider one firm that acquired an IT consulting practice to help implement machine-learning capabilities for its client accounting services (CAS) practice and delivery of IT consulting services to the firm's clients.

Unfortunately, the machine-learning process implemented by the IT practice regularly misclassified nondeductible expenses as deductible. This error was detected when the IRS audited one of the firm's CAS clients. The firm's investigation identified the root cause of the error and the impact to more than 100 CAS clients. The CPA firm eventually lost many of these clients and faced claims for penalties, interest, and costs to amend the clients' tax returns.

What went wrong? To start, the IT practice was not integrated with the CPA firm, and this resulted in a lack of communication between the IT, tax, and CAS practices. Consequently, the scope and objective of the machine-learning project was not clearly understood by all parties. Additionally, because the CAS and tax practice did not fully understand the complexity of the IT team's work, it did not fully review or test the accuracy of the output, instead assuming it was correct. In the end, the CPA firm learned an expensive lesson on how not to work with nontraditional professionals.

As client needs and demands have become increasingly complex, CPA firms have evolved to meet these needs and will continue to do so. Whether it's IT, data privacy, human resources, or something else, the trend to acquire expertise in nontraditional practice areas is not going away and neither is the related professional liability risk. Just like apples and oranges, while CPA and non-CPA professionals are similar, the differences present unique risks, warranting a different approach to risk management, as explained in the following tips.

DUE DILIGENCE

Skills and experience

Evaluate the competence, skills, and expertise in a nontraditional professional's area of practice and/or industry. Research the potential target, along with its owners and key professionals to assess their experience and expertise. Ensure relevant credentialing and licensing are current and all professionals are in good standing. Consider the CPA firm that hired a litigation support expert who had misrepresented his credentials during the hiring process. After this was discovered and made public, the firm faced claims from clients asserting that their cases were irreparably damaged by the "expert's" work. If the CPA firm had verified his credentials during due diligence, it would have known to stay away.

Quality control

Determine whether a nontraditional practice has effective quality-control (QC) processes and evaluate its tone toward QC. Consider the CPA firm that acquired a medical billing company. The company's software contained an erroneous billing validation code that, because the QC process was ineffective, was not identified. The CPA firm identified the error after the acquisition when several medical practice clients sued the CPA firm for improper patient billing. Review the target's professional liability claim history to identify trends or systemic issues.

INTEGRATION

Culture

Do not underestimate the importance of culture. Integrating different "personalities" and cultures can prove challenging. Although both CPA and consulting firms deliver professional services to clients for fees, their processes and philosophies may be very different.

For instance, "business casual" for a CPA in Chicago may not be the same as it is for an IT professional in San Francisco. While a different dress code is not a professional liability risk, it is an example of how consultants' mindset may differ from CPAs'.

Consider differences in compensation and organizational structure. CPA firms tend to be more pyramid-like versus flat. Compensation at consulting firms may be more heavily weighted toward new business development than at a CPA firm.

Change can be challenging, but if differences are timely identified and addressed proactively, the combination will have a greater likelihood of success. Having the leaders of a nontraditional practice communicate and support the changes is important. If cultural differences are insurmountable, pull the plug quickly. While painful, it can save months, or even years, of unwanted stress, wasted internal time, increased risk, and discord within the firm.

CPA firm requirements

Nontraditional firms and CPA firms may operate very differently. As a result, there will likely be new considerations and practices for the nontraditional professionals to adopt, such as:

Professional standards: As CPA firm employees, nontraditional professionals are typically subject to the same professional standards as CPAs, regardless of not being a licensed CPA. Do they understand their responsibility to abide by AICPA professional standards such as the Code of Professional Conduct? One possible way to address this concern that firms could consider would be to have HR obtain affirmation from all non-CPA professionals that they understand the Code.

Engagement letters: Nontraditional firms may not use engagement letters. Educate both their professionals and clients about the purpose and importance of engagement letters. Additionally, because many consulting projects are fluid and change during the engagement, train these professionals on the importance of avoiding scope creep, emphasizing the need to obtain a new engagement letter or change order for additional work.

Client acceptance: Evaluate the nontraditional firm's client list to ensure the clients are a good fit for the CPA firm. Stay alert for situations that may impair independence or create conflicts of interest. Prioritize clients with work-in-process and then look at large and/or riskier clients if time is a factor. Consider the CPA firm that acquired a business valuation firm and did not compare client lists. The CPA firm discovered, too late, that the acquired firm's services impaired the firm's independence for a large attest client. The firm faced a potential claim when the client had to engage another firm to reperform the attest service.

Fees, profitability, and billing: Are the nontraditional practice's billing, collection, and profitability management processes similar to or different from the CPA firm's? How will the nontraditional professionals, and their clients, respond to changes? Contingency fees and commissions charged by the nontraditional practice may need to be revisited to ensure compliance with professional standards.

Oversight

Many professional liability claims arise when acquired firms or individuals are allowed to operate without oversight.

How do you oversee "experts" if the firm has no relevant technical expertise? Monitor the nontraditional professionals' compliance with the firm's QC procedures. Perform a "cold read" of deliverables. Ensure the professionals follow the applicable professional standards and regulatory requirements. If systemic issues are identified, consider incorporating these items with the training provided on the firm's policies and procedures.

ACT AS ONE FIRM

In sum, the acquired firm needs to become part of your firm. Include its staff members on engagement teams and firm initiatives. Provide them with "buddies," even at the principal level. Mix workstations so nontraditional professionals are sitting with CPAs. Invite them to social activities. Work to make sure everyone has a similar vision, strategy, and culture. Nontraditional acquisitions typically require more due diligence and integration efforts, but the result can be a delicious fruit salad, with just the right mix of apples and oranges.

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

Tax season is fast approaching. The AICPA has several free resources available to AICPA members to get clients ready for 2020. Visit https://bit.ly/35LO8Iw for more information.

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I am very thankful for receiving the scholarships from the Arkansas Society of CPAs. Without financial support that the Society provided me, I would have added an extra year between studying accounting topics and taking the CPA exam. My success story might have been completely different if it were not for the Arkansas Society of CPAs.

- Shelby Gordon, 2016 and 2017 scholarship recipient

Need more information about the Student Education Fund?
Contact Robin Harris at (501) 664-8739 or rharris@arcpa.org

A framework for maintaining ethics compliance

Defending a professional liability claim can be complicated. The plaintiff and CPA firm defendant often disagree about the scope of service, the amount of damages, the firm's compliance with the applicable standard of care, and more. Resolving these differences becomes more difficult if the firm's independence, integrity, or objectivity is brought into question. Indeed, the mere suggestion of a potential independence violation or conflict of interest can negatively affect or thwart an otherwise good defense.

Consider the following claim made against a CPA firm in the AICPA Professional Liability Insurance Program:

A CPA firm performed an audit of a fund of funds for many years. The attest client's CFO had previously worked for the CPA firm and had started on the same day as the firm's engagement partner. The attest client invested in a number of hedge funds. During the 2008 economic downturn, many of these hedge funds failed and were discovered to be Ponzi schemes. The client subsequently declared bankruptcy, resulting in a complete loss to its investors. The investors filed a $20 million claim against the audit firm, asserting that more information about the funds should have been disclosed in the financial statement notes. Had these disclosures been made, the investors asserted they would have redeemed their shares prior to the bankruptcy.

An expert hired by the CPA firm's insurance company opined that the firm's audit work and documentation appeared to comply with the applicable standard of care. However, concern was raised regarding emails between the audit partner and the attest client CFO that suggested the CFO leveraged his relationship with the partner and firm to modify disclosures related to the hedge funds. The claim ultimately settled.

The AICPA Code of Professional Conduct (the Code), state board of accountancy rules, and other sources identify situations that may impair independence or threaten a CPA's integrity or objectivity. However, the standards do not, and cannot, address and provide an answer for every situation.

Enter the conceptual framework (see the "Conceptual Framework for Members in Public Practice" (ET §1.000.010)) and its application to independence (see the "Conceptual Framework for Independence" (ET §1.210.010)) and conflicts of interest (see the "Conflicts of Interest for Members in Public Practice" interpretation (ET §1.110.010)). This framework provides a methodology for identifying, evaluating, and addressing threats to compliance with the Code resulting from a specific relationship or circumstance not otherwise explicitly addressed in the Code. The structured thought process provided by the conceptual framework helps CPAs to reflect upon a set of facts and arrive at a reasoned conclusion.

EASY AS 1-2-3 (AND 4)

The Code lays out a simple, three-step approach. From a professional liability perspective, an additional step is suggested.

Step 1: Identify threats

The Code recognizes that most threats to compliance can be categorized into seven types:

Adverse interest: When the CPA's interests are in opposition to the client's.
Advocacy: Promoting the client's interests or position.
Familiarity: Being too sympathetic to the client's interests due to a long association between the CPA and the client.
Management participation: Taking on a management role or assuming management responsibilities for a client.
Self-interest: Benefiting, financially or otherwise, from an interest in or a relationship with a client.
Self-review: The inability to appropriately evaluate evidence, judgments, or services performed by the CPA or the CPA's firm.
Undue influence: Subordination of the CPA's judgment to a client or third party.

Professional liability claims include allegations of familiarity threats more than other threats. Longtime clients, casual emails, and an engagement team with multiple years of experience with the client all may pose familiarity threats. Management participation and/or self-review threats may exist when nonattest services are delivered to an attest client. A self-interest threat may exist if client fees constitute a significant portion of the firm's revenue. An engagement team brainstorming session may help identify threats not previously considered.

Step 2: Evaluate the significance of identified threats

Evaluate the significance of each identified threat to determine if it is at an acceptable level. For many threats, the Code provides specific guidance regarding which threats cannot be reduced to an acceptable level and, thus, impair independence or result in a conflict of interest. For all other threats, the evaluation of their significance should be viewed in the context of a "reasonable and informed third party who is aware of the relevant information" (see paragraph .07 of the "Conceptual Framework for Members in Public Practice") and include both qualitative and quantitative factors. To help mitigate professional liability risk, consider evaluating the significance of the threats from the perspective of a plaintiff's attorney and potential jurors. A plaintiff's attorney will use all available evidence, including emails, to discredit the CPA. Jurors will be influenced by other factors beyond the expert testimony, such as their own perception of what a CPA should be responsible for. Unfortunately, hindsight does not typically favor the CPA.

Step 3: Identify, evaluate, and apply safeguards

If the identified threat is not at an acceptable level, safeguards — actions or other measures that may eliminate the threat or reduce it to an acceptable level — should be identified and applied. For some threats, a single safeguard may be appropriate. For others, multiple safeguards may be more effective. The Code identifies several examples of safeguards created by the profession or that can be implemented by the firm or client. The effectiveness of a particular safeguard depends upon many factors, including how it is applied and who applies it, whether the client is a public interest entity, and more. CPA judgment is involved in making this determination.

Step 4: Document and share

Documentation, one of a CPA firm's most important allies in claim defense, is especially important in areas involving CPA judgment, including the evaluation of independence threats and potential conflicts of interest. Therefore, in addition to the Code's documentation requirements, consider documenting the firm's evaluation process, not just the outcome. Documentation could include how the evaluation was performed and the factors considered when evaluating the significance of a threat or the appropriateness of a safeguard. In a claim situation, a CPA firm's judgment and conclusions may be questioned or challenged. A lack of documentation allows a plaintiff's attorney to draw his or her own conclusions, which may differ from the CPA's.

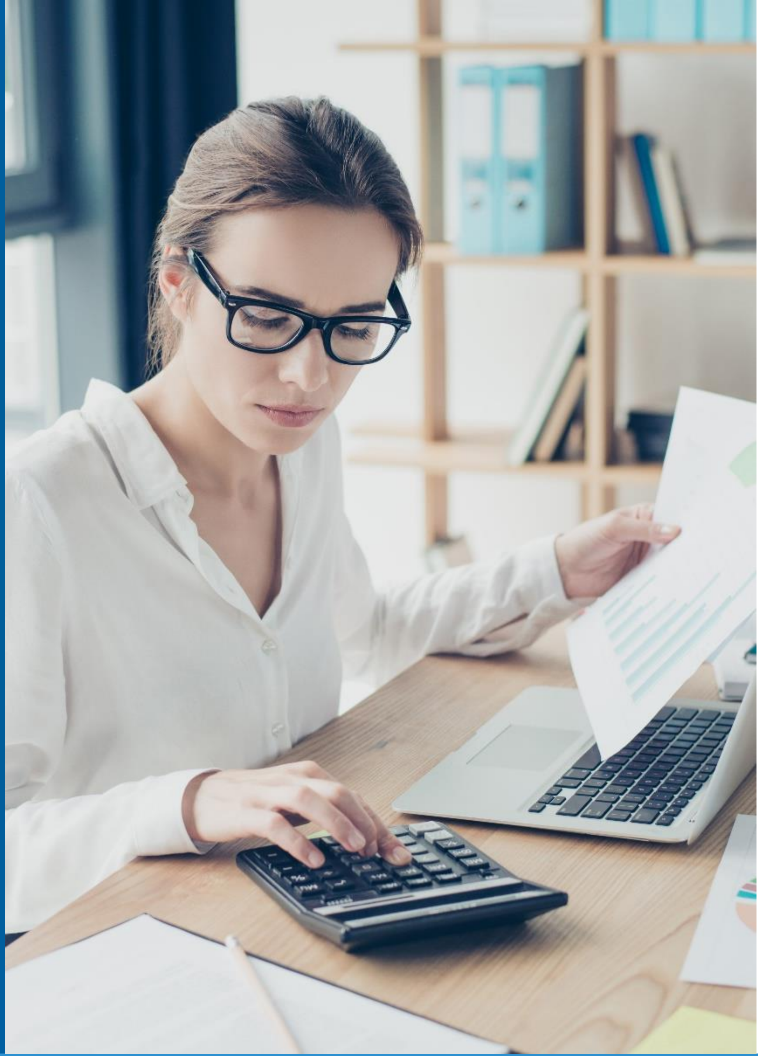
Share the evaluation and conclusion with engagement team members and even the client, especially if these parties are responsible for implementing safeguards. Consider including the client's responsibilities regarding any safeguards under their purview in the engagement letter or other client communication.

APPLYING THE CONCEPTUAL FRAMEWORK TO OTHER ETHICS CONSIDERATIONS

Questions of independence are problematic in defense of attest claims. Questions of integrity or objectivity, especially those related to conflicts of interest, are problematic in defense of claims related to nonattest services. To help mitigate this risk, consider applying the conceptual framework approach to any relationship or circumstance that threatens the CPA's compliance with the Code.

Sarah Beckett Ference, CPA, is a risk control director at CNA. For more information about this article, please contact specialtyriskcontrol@cna.com.

Focused on the Insurance Needs of Arkansas CPAs



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SECURE Act Included in Year-End Spending Package

By Rachel Parsia

After months of stalled progress in the Senate, Congress is expected to pass the Setting Every Community Up for Retirement Enhancement Act ("SECURE" Act). On December 16, 2019, the SECURE Act was attached to a $1.4 trillion year-end spending bill that Congress must pass by December 20, 2019 in order to avoid a government shutdown. The House passed the spending package on December 17, 2019, and it will now head to the Senate before expected signature into law by President Trump.

BACKGROUND

It is no secret that the current U.S. retirement system is complicated, and many Americans lack sufficient funds to retire comfortably. In fact, the Social Security Board of Trustees estimates that by 2035 taxes will be enough to pay for only 75 percent of scheduled benefits. The SECURE Act attempts to reform the current U.S. retirement system by expanding benefits for more Americans and providing greater access to retirement savings programs.

In May 2019, the SECURE Act passed in the House of Representatives by a vote of 417-3, but quickly stalled in the Senate despite having strong bipartisan support. After passing in the House, the Senate attempted to pass the SECURE Act through "unanimous consent," also known as "hotlining." This is an abbreviated way to quickly decide on the passage of a bill without the usual process of floor debates and amendments. It was derailed by Senators Ted Cruz (R-TX) and Pat Toomey (R-PA), who requested amendments be made to the SECURE Act prior to passage. Notably, Sens. Cruz and Toomey proposed allowing 529 Plans to cover expenses of K-12 students and home-schooled students. Their amendments were removed from the original House legislation by Speaker Nancy Pelosi prior to sending the bill to the Senate.

SIGNIFICANT CHANGES

The SECURE Act aims to increase access to tax-advantaged retirement accounts, especially for small businesses and their employees. The current text of the SECURE Act includes many changes to existing retirement laws, with the most notable changes outlined below:

Stretch IRA

- Current Law: Non-spouse beneficiaries of IRAs can "stretch" minimum distributions over their own lifetime, which allows funds to grow tax-free for an extended period of time.
- SECURE Act: Funds from inherited IRAs would be required to be distributed within 10 years of the IRA owner's death.

Raised Age Limits

- Current Law: At age 70 ½, individuals are required to withdraw a required minimum distribution ("RMD") each year. After age 70 ½, individuals can no longer contribute to traditional IRAs (Roth IRAs have no age limit).
- SECURE Act: Individuals could wait until age 72 to begin taking RMDs, which would defer the tax impact of withdrawals and allow savings to accumulate longer. In addition, there would be no age limitation on Roth or Traditional IRA contributions.

Coverage for Part-Time Employees:

- Current Law: Employers may exclude part-time employees from 401(k) savings plans.
- SECURE Act: Employees who work 1,000 hours throughout the year or have three consecutive years of at least 500 hours of service would be eligible to participate in a 401(k) savings plan.

Small Business Tax Credit

- Current Law: Employers are eligible for up to a $500 credit for implementing new retirement plans.
- SECURE Act: Employers could receive up to a $5,000 credit for creating new retirement plans. Additionally, a new $500 tax credit would be available to small businesses to encourage automatic enrollment in retirement plans.

Multi-Employer 401(k) Plans

- Current Law: It is costly and burdensome for many small businesses to offer 401(k) plans.
- SECURE Act: Small business employers could join multiple-employer plans or "open MEPS," which have reduced costs and reduced regulatory barriers, expanding access for their employees to participate in retirement savings plans.

Access to Annuity Options

- Current Law: Many 401(k) plans do not offer annuities due to liability concerns.
- SECURE Act: Plan providers will have decreased liability concerns when offering annuities to participants of 401(k) plans.

Automatic Enrollment Safe Harbor

- Current Law: Employers may set a contribution rate for employees who participate in an auto-enrollment 401(k) plan. Currently, this contribution rate may not exceed 10%.
- SECURE Act: Employers can raise the contribution rate to 15% for employees.

Birth and Adoption Expenses

- Current Law: There is a 10% early withdrawal penalty on 401(k) distributions.
- SECURE Act: Following the birth or adoption of a child, married individuals could withdraw up to $5,000 from their 401(k) accounts without paying the 10% early withdrawal penalty.

Expansion of §529 Plans

- Current Law: Student loan repayments are not considered qualified education expenses.
- SECURE Act: Funds in §529 College Savings Plans could be used to repay qualified student loan repayments, up to $10,000.

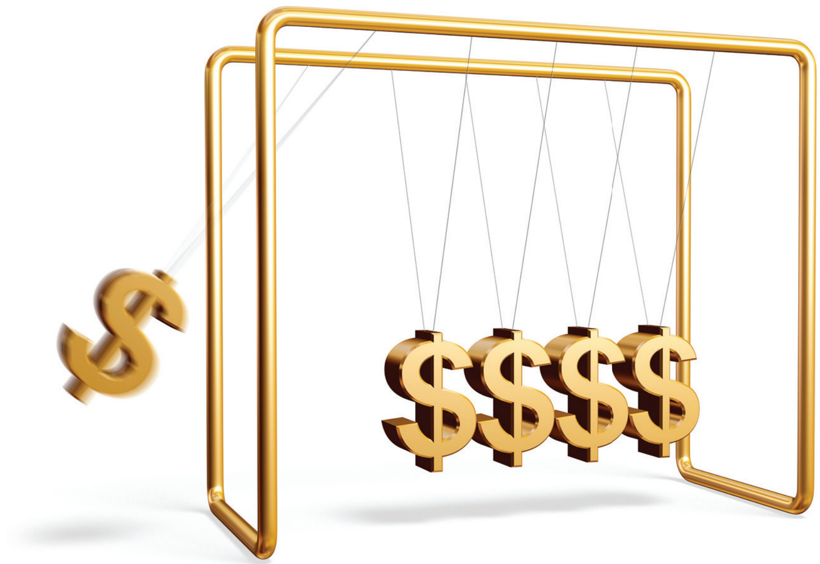
Kiddie Tax

- Current Law: The Tax Cuts and Jobs Act of 2017 ("TCJA") implemented "Kiddie Tax" measures that tax unearned income of children above $2,200 at the top marginal tax rates for trusts and estates.
- SECURE Act: The "Kiddie Tax" rules would revert to pre-TCJA law, in which a child's unearned income above the threshold would be taxed at the parent's marginal tax rate.

If passed, the SECURE Act will be the most significant retirement legislation from Congress in over a decade. Be sure to check www.surgentcpe.com for the latest, up-to-date information and webinars regarding the SECURE Act.

Rachel Parsia, CPA is Manager of Tax & Advisory Content for Surgent CPE. She attended Penn State University, graduating with a master's degree and bachelor's degree in accounting, as well as a bachelor's degree in finance. Before joining Surgent, she worked at KPMG and TE Connectivity Ltd. and has experience in Federal Tax, International Tax, and Tax Forecasting.

Paychex Acquisition Program for Accountants

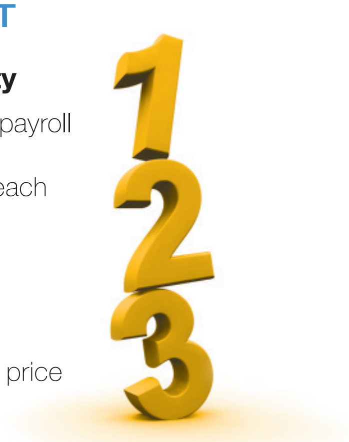


If you view processing payroll as more time consuming than rewarding, assign it to Paychex and focus on the more profitable aspects of your business.

Transferring your clients' payroll to Paychex allows you to:

- Alleviate ever-expanding payroll compliance requirements and risks
- Receive market-rate compensation – capital you can invest in growing your business
- Free up time for more profitable, value-added services for your clients

3 EASY STEPS TURN PAYROLL PROCESSING INTO PROFIT



STEP 1: Evaluate Your Opportunity

To find out what transferring your clients' payroll to Paychex may be worth, simply provide Paychex the following information about each one of your clients:

- Number of employees
- Pay frequency
- Current payroll services you provide

We will produce an estimated acquisition price for you based on this information.

STEP 2: Transfer Your Clients' Payroll Processing to Paychex

Converting your clients' payroll to Paychex is easy – for you and your clients. Your Paychex representative will work with you to develop an optimum conversion plan and your clients will experience our market-leading on-boarding process.

Your per-client payment is calculated as a percentage of the estimated annualized revenue generated by Paychex after each client's payroll processing is transferred to us.

STEP 3: Post-Transaction Service

At Paychex, your clients receive support from a dedicated service giver with certified payroll and payroll-tax expertise. Your clients will also benefit from the expanded range of payroll and human resources products and services available from Paychex.

As our valued partner, you'll have access to the following benefits:

- Online acess to your clients' payroll reports
- General Ledger Report Service file downloads
- Free CPE-accredited seminars
- Master Tax Guides
- Our online Accountant Knowledge Center

To learn more details and further explore this valuable opportunity, contact your Paychex representative.

Laura Ward
501.223.5730 x 52-44901
lward@paychex.com

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Store

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For more information or to explore ways to increase office efficiency, increase your bottom line, enhance your published image and increase functionality, contact Douglas Gulley @ 501 766 7280, email: dougg@standardbusiness.com for a complimentary document workflow analysis.

Welcome!

The following ARCPA memberships were effective December 1, 2019. 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

CENTRAL CHAPTER

Certified

Teris Barker
Hudson Cisne & Company
Little Rock

Debbie Cloe
Arkansas Blue Cross and Blue Shield
Little Rock

John Hale
Turner Williams & Associates
Searcy

Brooke Million
Stone Bank
Little Rock

Stephanie Murry
Hudson Cisne & Company
Little Rock

Jason Smith
Jason L Smith CPA
Little Rock

Associate

Dillon Groves
BKD LLP
Little Rock

Naoko Rodriguez
Cabot

Erasumus Samuels
Frost PLLC
Little Rock

DEGRAY CHAPTER

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Brandon Cloninger
Turner Rodgers Manning & Pyler
Arkadelphia

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Certified

Sandra Schwarz
Thomas Speight & Noble
Jonesboro

NORTHWEST CHAPTER

Certified

Keith Faught
Advanced Orthopedic Specialists
Fayetteville

Michael Williams
Michael C Williams CPA
Springdale

VALLEY CHAPTER

Certified

Albert Leding
University of the Ozarks
Clarksville

WESTERN CHAPTER

Certified

David Gean
Norris Taylor and Company
Fort Smith

STUDENT MEMBERS

Southern Arkansas University

Bradley Cook
Camden

Approximately 100 Participated in the First ARCPA Livestream CPE Event

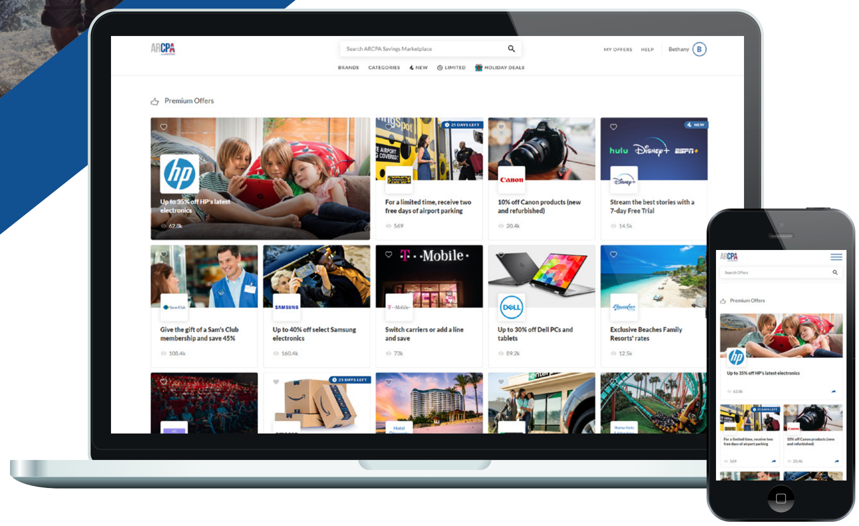
ARCPA's first Livestream CPE session was presented on November 21 on Arkansas State Board Ethics and led by instructor Tim Montgomery of the Arkansas State Board of Public Accountancy. Approximately 100 participants viewed the event online via live-stream, making the first ARCPA live webinar a success. ARCPA is committed to offering Livestream programs to benefit its members.

Online CPE provides a convenient alternative to classroom seminars. ARCPA now offers real-time Livestream on select 8 hour CPE courses that can be viewed via computer or mobile device. The Livestream access lets viewers tune in remotely and submit questions which can be relayed to the presenter. ARCPA also partners with other CPE providers at a reduced cost for its members. All live webinars, webcasts and self-study registrations and payments can be made through www.arcpa.org and once taken will appear on the annual CPE transcript. Browse the different providers and register directly from the online catalog. ARCPA looks forward to offering online access to even more quality CPE programs in 2020!

ARCPA Savings Marketplace

An exclusive benefit for Arkansas Society of CPAs members

ARCPA
Arkansas Society of Certified Public Accountants



Exciting site features:

Quickly find the offers you want

Save your favorite offers

Find new curated offers every day

Good news! You have access to ARCPA Savings Marketplace, a savings website available exclusively to Arkansas Society of CPAs members.

Visit today to start saving instantly on hundreds of products and services from the brands you love.

arcpa.savings.beneplace.com

Visit and sign up for this exclusive benefit

Dell | Sam's Club | The Home Depot | Hotel Discounts (TicketsatWork) | enterprise rent-a-car

Walt Disney World | AMC Theatres | Samsung | Hello Fresh | ...and so many more!

AFFINITY PARTNERS

ARCPA members can recognize savings from group purchasing power. Affinity partners are selected specifically for offering prices, products and services to CPAs that are not available elsewhere.

Associate or student members can receive a discount with Becker Professional CPA Review for the full 4-part review course. Save $300 off of the full 4-part review of either Live, Online, or self study review course format. Becker CPA Review classes correspond with the exam testing windows that you select.

Members may enroll for a complimentary Brooks Brothers Corporate Membership Card. Receive an everyday 15% savings on full price merchandise at stores, or orders by phone and online.

CPACharge is the trusted online payment solution for CPAs to accept credit, debit, and ACH payments with no equipment or swipe required. Give your clients convenient payment options; payment data stays safe and private.

GE Appliances offers members up to 25% off MSRP on high quality appliances. Shop for GE, GE Profile Series, Café, HotPoint, Haier, and Monogram appliance brands. Special promotions and offers also available.

Various plans are offered to suit your needs for Auto and Homeowners, Accidental Death and Dismemberment, Professional Liability, Disability, Critical Illness, Business Overhead, Life, Long Term Care, Senior Care, and more.

Benefits for members, their firm, as well as discounts for referring clients. Receive free integrated payroll processing (up to 50 employees), and 401K record keeping at a reduced rate with thousands of fund choices.

Relied on for over 45 years, Quickfinder is the leading reference for tax professionals. Order Quickfinder Tax Preparation and Tax Planning Handbooks and other products at a discount.

Receive special pricing on RIA Federal Tax Handbook orders, and through Thomson Reuters while supplies last.

Associate and student members may save up to $434 from Roger CPA Review, with 15% off all courses and products, from full service course packages, study tools such as flashcards, audio lectures, and more!

Standard Business Systems Inc. offers members special pricing on document hardware and software solutions, copiers and printers.

Associate and student members may access the 100% online course and adaptive learning platform to prepare for the CPA Exam. Members receive 35% all four-part CPA Review courses from Surgent.

Flat rate savings on UPS, such as 45% on Domestic Next Day/ Deferred; 25% on Ground Commercial/Residential; up to 50% on additional services, and receive Smart Pickup service for free.

Associate and student members may receive a 20% discount on all Wiley CPAexcel products, including the platinum course featuring bite size lessons and 12,000 CPA Exam practice questions.

Order any of Wolters Kluwer CCH tax and accounting titles year round for 25% off, such as the U.S. Master Tax Guide, Master Depreciation Guide, and more. 40% off promos also offered at various times.

For details on these savings to members:

www.arcpa.org/my-arcpa/member-discounts

For information on how to become a member,

www.arcpa.org/join

ARCPA Attends Fall on Campus Student Events

As part of a major nationwide effort and initiative to increase student awareness of accounting careers, and enhance the CPA pipeline to the accounting profession, ARCPA representatives have attended several student-related events this Fall.

(Above) Marsha Moffitt, ARCPA Executive Director & CEO, and George W. Foster, III, ARCPA Chair during a presentation to students on campus at SAU in Magnolia.

Southern Arkansas University Visit
Marsha Moffitt, ARCPA Executive Director & CEO, and George W. Foster, III Chair, visited students on November 21. The visit included a presentation during lunch to accounting students. Marsha Moffitt and George Foster spoke to students about the benefits of being an AICPA and ARCPA student member and the importance of the CPA Exam. Students learned about the career opportunities for CPAs and the steps necessary to become a CPA.

Visit to ASU Mountain Home
George Foster and Marsha Moffitt attended an on-campus visit to Arkansas State University Mountain Home on November 14. The event, which was hosted by the Ozark Chapter of CPAs, included 16 CPAs, and 50 business and accounting students throughout the day. The day-long program was coordinated by ASU Mountain Home instructors and staff and the Ozark Chapter of CPAs. The visit included a presentation to students on steps to become a CPA. Students received a logoed bag and provided printed materials, including a booklet on careers in accounting, and salaries. Students received membership information on how to join ARCPA and AICPA. Also, students were given a booklet with steps for transferring from a two-year program to a four-year academic program to pursue an accounting degree.

(Right) George Foster, ARCPA Chair and Marsha Moffitt, Executive Director & CEO on campus at ASU Mountain Home

This Way to Ph.D

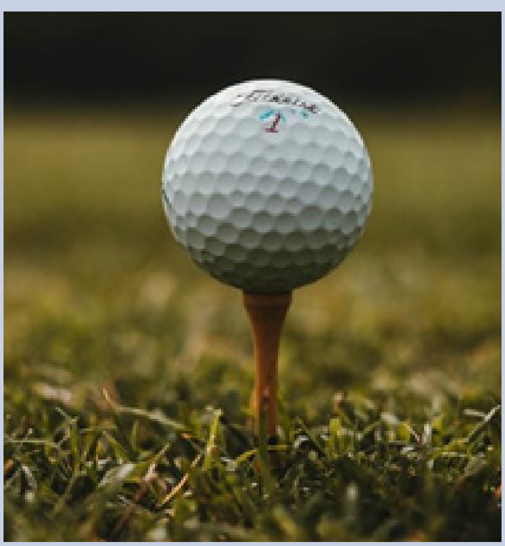
Have you ever considered going back to school to obtain your Ph.D. in Accounting? The AICPA Foundation's William (Bill) Ezzell Scholarship provides financial assistance to CPAs pursuing a doctorate degree in Accounting. Bill Ezzell was a past Chair of the AICPA Board of Directors who believed that the best way to encourage the next generation of CPAs was to put educators in the classroom who have relevant and recent real-world experience. This scholarship honors Bill's passion and continues his legacy by providing financial assistance to CPAs wanting to pursue a Ph.D. in Accounting. Visit https://bit.ly/2Z8bjuc for more information. Deadline to apply for the scholarship is March 1, 2020.

Southeast Chapter Celebrates the Holidays

Twenty-seven members and guests celebrated the holiday season on Thursday, December 19th, at The Colonial Steakhouse in Pine Bluff. Following dinner, members had fun playing a game, led by ARCPA Executive Director Marsha Moffitt, with everyone taking home new Christmas ornaments to hang on their trees.

Arkansas Society of CPAs Annual Mac & Barbara Angel Memorial Golf Tournament

Monday, May 18, 2020

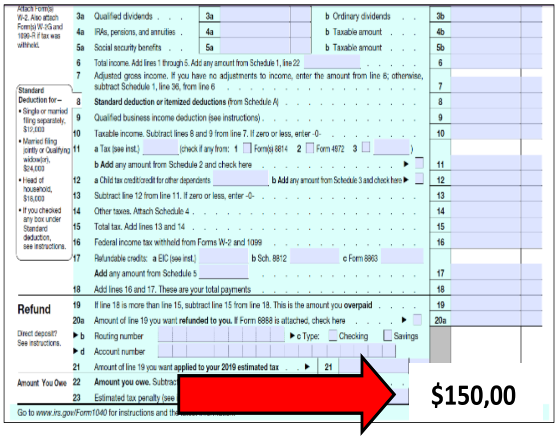


Save the date for the Arkansas Society of CPAs Annual Mac & Barbara Angel Memorial Golf Tournament at Maumelle Country Club nearby Little Rock. We hope that you will invite your friends, clients, coworkers, and colleagues to play in this tournament. Returning as Co-Chairs will be Michael Pierce, of Landmark 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!

Robin Harris
ARCPA
(501) 664-8739
rharris@arcpa.org

Michael Pierce, Co-Chair
Landmark PLC, CPAs
(501) 210-7338
mpierce@landmarkcpas.com

Taylor Stockemer, Co-Chair
Friday, Eldredge & Clark, LLP
(501) 376-2011
tstockemer@fridayfirm.com



Large Balance Due?

Married Filing Jointly?

STOP

BEFORE YOU FILE

Do your clients have unusually large tax balance due? Have you asked them how they intend to pay the tax? If you don't, that is professional negligence. If you do ask and the answer is they don't know or can't pay, **STOP.** Additional professional advice should be sought.

DO NOT ALLOW A COUPLE TO FILE MARRIED FILING JOINTLY WITHOUT CONSIDERING THE ALTERNATIVE OF EACH SPOUSE FILING SEPARATELY

Allowing your clients to make an irrevocable election to file jointly, exposing both spouses' assets and income to IRS/DFA collection, when filing separately might limit exposure to only one spouse is **professional malpractice**. Filing jointly to save taxes is not the primary consideration when the tax liability may not be able to be paid. The couple can amend to file jointly later if the tax can be paid.

Any taxpayer expecting a large balance due and an uncertain ability to pay could use the benefit of advice about the tax collection process and any options available, preferably before filing. Most professional return preparers rarely have such clients, but if and when you do, recognize that your client will be now dealing with tax collection, not fully familiar to preparers.

Much can be done to help clients in such a situation. I welcome a call from professional preparers to discuss alternatives as far in advance of the filing date as possible.

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ARCPA and UPS took the guesswork out, and put the easy in. Members now have access to new and improved flat rate pricing with savings of 45% on Domestic Next Day/Deferred, 25% on Ground Commercial / Residential and up to 50% on additional services. In addition, members can take advantage of UPS Smart Pickup® service for free.

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