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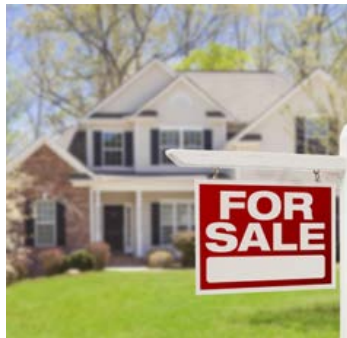


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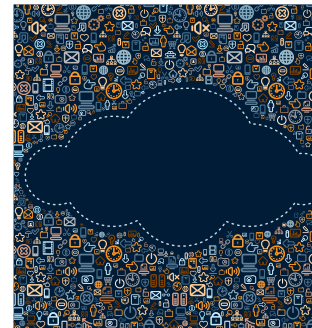
## GREAT MARKETERS ARE EDUCATORS FIRST



## REAL ESTATE AND CONSTRUCTION NICHE PROVIDES MARKETING EDGE



## 5 LESSONS TO LEARN ABOUT SOCIAL MEDIA



# Main Street Practitioner

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NSA member

**Marina Hernandez,**  
EA, MBA

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# PRESIDENT'S MESSAGE

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*By Steven J. Hanson, CPA, EA*

November 2013

It's a great time to be an accountant!

Having just made it through another October 15 tax deadline, you may argue with me, but by all accounts it is a great time to be an accountant. On the income tax side, we have the Affordable Care Act, the Defense of Marriage Act, the Medicare surcharge, and more than likely another tax act or at least some key interpretations by the end of the year. Throw in the Government shutdown and our clients need us more than ever!

We will be busy from now until the end of the year helping our clients manage their tax liability, working with them on their health care options, or just plain helping them manage their financial affairs. Then, of course, the next filing season is just around the corner and more and more people are going to need our services.

On the accounting side, the notion of "big GAAP vs. little GAAP" continues to draw momentum with a serious proposal coming forth from the AICPA to simplify generally accepted accounting principles for small business reporting. This has the potential to reduce the reporting requirements for our small business accounting clients. Though not accepted by the FASB or NASBA yet, it is promising that we may finally have some support for the notion that our small business clients should not be required to comply accounting-wise with all the same complications as large public companies.

Don't think of the complications; rather think of the opportunities.



We at NSA are fully aware of the stresses you have to comply with these seemingly ever changing rules and regulations, all the while trying to do the very best that you can for your clients. That is why NSA exists—to help you and your staff provide the best service that you can. We are there for you to help with complicated tax questions, to provide resources for your practice, and to help interpret the tax and accounting regulations for you, the Main Street accountant. Use your NSA membership. Participate in our webinars. Review the wealth of information provided to you on our website. We are here for you.

The industry continues to predict double digit increases in the accounting market. Accounting is one of the few majors with expected growth increases. The work will be there. Are you prepared?

Oh, did I mention that accounting was voted one of the top ten happiest careers? Yes, it is a great time to be an accountant. The challenges will be there, but the opportunities are abundant.

I wish you the best,

A handwritten signature in black ink, appearing to read "Steven J. Hanson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven J. Hanson  
President  
National Society of Accountants

# Financial Reporting Framework for Small- and Medium-Sized Entities (FRF for SMEs)



On November 1, 2012, the AICPA issued the Financial Reporting Framework for Small- and Medium-Sized Entities (FRF for SMEs). What does that mean to our members? Over the next few months, the Accounting Standards Committee is going to attempt to explain how this will affect your practices—hopefully for the better.

Over the last few years, FASB has been changing our report language with the issuance of FAS 19 & 20. These changes have dovetailed into the FRF for SMEs. GAAP has been the standard for reporting financial information. Many of our clients did not need the required information to be presented in financial statements, nor could they afford to provide the preparer the information. We were then given OCBOA. Most preparers used cash or income tax basis of accounting, which our clients could understand.

For years, we have talked about Big GAAP and Little GAAP. This may be Little GAAP.

The FRF for SMEs is not going to change how we prepare financial statements, but it will give us guidance on preparing the financial statements for the purpose of common information of the owners and management who need reliable financial statements for internal use, as well as for external users of financial information about the entity.

The objective of financial statements is to communicate information that is useful to management and others to make management decisions or assess management's stewardship of its assets. A user is interested in the materiality, reliability, relativity, and comparability of the information that is contained in the financial statements. Most important is that the users understand the information they are receiving.

## WHAT ARE THE ELEMENTS OF FINANCIAL STATEMENTS?

**ASSETS** are defined as economic resources controlled by an entity as a result of past transactions or events and from which future economic benefits may be obtained.

**LIABILITIES** are obligations of the entity arising from past transactions or events, the settlement of which may result in transfer or use of assets, provision of services, or other yielding economic benefits in the future.

**EQUITY** is the ownership interest in the assets of the entity after deducting the liabilities.

**REVENUES** are increases in economic resources, either by way of inflows or enhancements of assets or reductions of liabilities, resulting from the ordinary activities of an entity.

**EXPENSES** are decreases in economic resources, either by way of outflows or reductions of assets or incurrence of liabilities resulting from an entity's ordinary revenue-generating or service delivery activities.

**GAINS** are increases in equity from peripheral or incidental transactions and events affecting an entity and from all other transactions, events, and circumstances affecting the entity, except those that result from revenues or equity contributions.

**LOSSES** are decreases in equity from peripheral or incidental transactions and events affecting an entity and from all other transactions, events, and circumstances affecting the entity, except those that result from expenses or distributions of equity.

None of the above elements are new to us, but the definitions are worth repeating.

Larry Fischer  
NSA Accounting Standards Committee

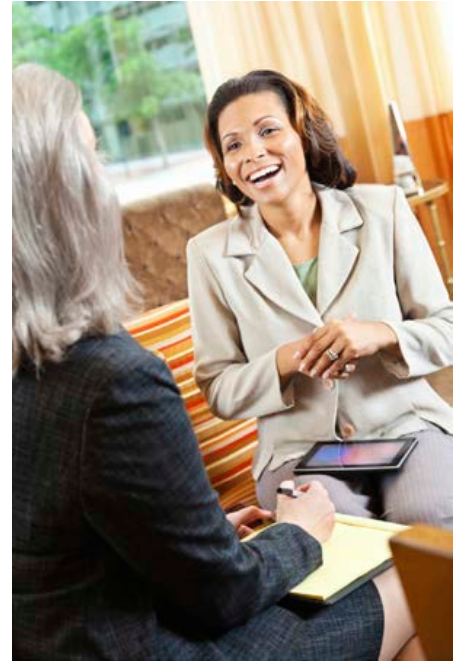
Visit the NSA Accounting News webpage for the latest updates  
<http://www.nsacct.org/advocacy-legislation/accounting-news>



# Great Marketers are Educators First

by Kristy Short, Ed.D.

*Stellar marketing strives  
to educate an audience,  
not just sell them widgets*



**S**ure, price is a factor in marketing. We drive an extra mile to save a few pennies on gas; we buy generic pain medicine; and who hasn't gone for the BOGO (Buy One Get One free) shoe deal now and again? However, these are examples of standard commodities. What is there to really know? My car needs gas; I put it in and it runs. My headache requires an extra-strength aspirin. My feet need flip flops. Price-based marketing works well for these products because there is little that needs to be explained to the consumer.

The tax and accounting profession is a services-based industry, and that's not as straightforward as aspirin. Prospects have questions and need clarification. Unlike base commodities, accounting services are rarely purchased blindly. They need to be educated. They need to understand what it is they are getting, why they need it, and why your firm is their best choice. That's where marketing comes in and why it is so important to the accounting profession. We're not selling widgets.

## ONE ON ONE WITH A MARKETING EXPERT

There is a lot to know about the art of marketing, but perhaps the most important aspect to understand is that great marketers are educators first. Marketing 101 tells us that, on average, it takes approximately seven interactions to trigger recall. In other words, to move a prospect through the sales funnel, it takes time and consistent communication. It takes even more time when you are selling services that require explanation. This entrepreneur knows why she

needs an aspirin, but demands more information on why she needs your remote bookkeeping service and why your firm is better equipped to provide it. In the services-based industry, prospects are driven by a need to understand the services offered. They also need to feel confident that you are an expert at your craft.

There are many ways to educate prospects. Ed Jennings, CEO of Copanion (and former vice president of sales and marketing), understands the need to educate an audience. He has spent years crafting campaigns, white papers, and other forms of communication to generate leads and make sales.

"It's about making yourself an expert and building a prospect's confidence," Jennings said. "Our job as marketers is to effectively educate our audience about our services. If we don't, who will?"

Jennings went on to explain the various ways he and his team at Copanion work to educate prospects. "We write an informational blog dedicated to useful, timely information, and we post with regular frequency. We produce white papers, surveys, webcasts, and clear marketing communications. We strive to become a voice in our space...the expert. That gives us credibility, and with credibility comes confidence in your service in the eyes of prospects."

It's no different for firms. Prospects want to know what they are purchasing and that they are aligning with an expert.

"Great marketers are great educators," Jennings reiterated. "And there are numerous communication channels firms can use to educate the market and establish themselves as a sage."

**// ACCOUNTING PROFESSIONALS ARE  
IN THE BUSINESS OF KNOWING MORE  
ABOUT TAX AND ACCOUNTING THAN  
ANYONE ELSE. PROPER MARKETING OF  
THIS EXPERTISE HURRIES PROSPECTS  
TO THE DOOR. //**

**~ ED JENNINGS**

Jennings offers the following advice:

**Position Yourself as the Expert**—Develop content that promotes understanding. Dedicate blog posts to explaining new tax laws, state mandates, etc. Develop articles and white papers, and write in a way that makes a hard-to-understand topic easy.

**Commit to Frequent Communications**—If recall takes at least seven interactions, frequent communication is necessary. For example, write a weekly blog or schedule a monthly newsletter.

**Get Published**—Write by-lined articles and get them published. It's one thing to distribute articles in your firm's newsletter; it's quite another to have an editor publish them. Published work elevates your credibility.

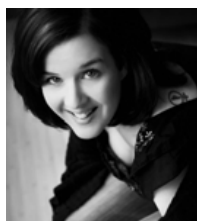
**Develop Partnerships to Cross-promote Educational Materials**—Reach out to potential partners to post your work on their websites, like local Chambers, business networking entities, and online education-based sites. Accurate, well-written white papers and articles are relevant to those outside your prospect circle. It's also another credibility boost.

**Don't Discount the Power of Educating**—An educated consumer is more apt to provide you with their personal information. The best online marketers know this. Give prospects something of value (e.g., a free white paper) and you are far more likely to get their contact data.

"Accounting professionals are in the business of knowing more about tax and accounting than anyone else. Proper marketing of this expertise hurries prospects to the door," Jennings stated.

### **GETTING AN EDUCATION**

Prospects require an education before buying professional services. So give it to them. Communicate your expertise via white papers, articles, blog posts, email campaigns, webcasts, and other channels. Let the consumer know what it is you are selling, why it's important to them, and the value you bring to the table. There's work in bringing in new clients, and educating is a big part of the process. Jennings says it best. What it all comes down to is, "You have to give, to get."



*Kristy Short, Ed.D., is president of SAS Communications 360 ([SAScommunications360.com](http://SAScommunications360.com)) and Chief Marketing Officer and partner in RootWorks Communications ([RootWorks.com](http://RootWorks.com))—firms dedicated to providing public relations, branding, and marketing services to the accounting profession. She is a columnist for CPA Practice Advisor and has been published repeatedly in Accounting Today. She is also a professor of English and marketing. Reach her at [kristy@sascommunications360.com](mailto:kristy@sascommunications360.com).*

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People & Money™*



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December 10-14	Las Vegas, NV	10/31	11/30
March 11-15, 2014	Chicago, IL	1/31/14	2/28/14

2013 Pricing (Before Early Registration Discount)	Non-Member	Member
Four-Day Academy	\$2,400	\$2,160
Individual Days	\$600	\$540
Exam	\$395	\$395
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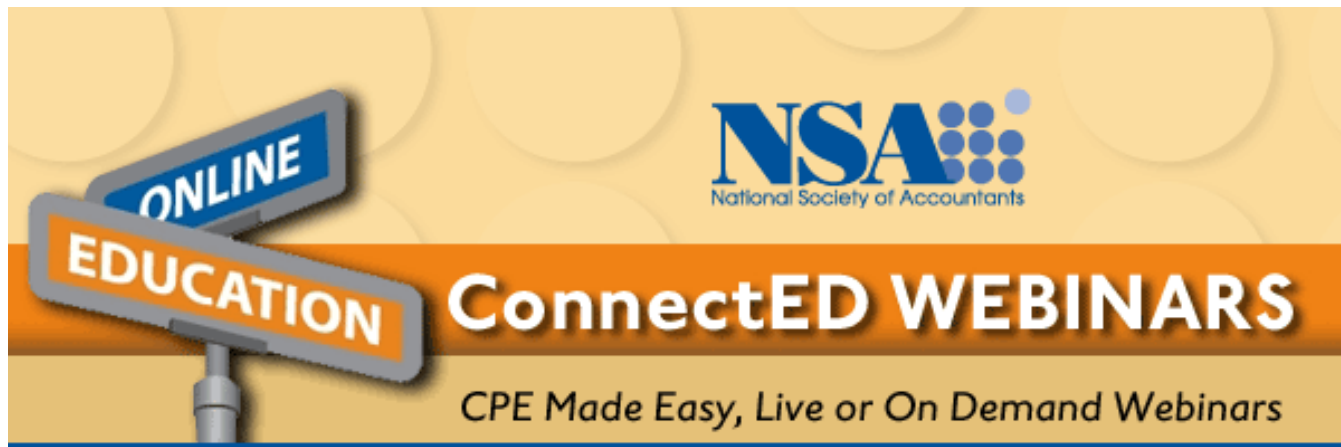
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### LIVE WEBINARS

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November 5 2:00 PM EST (11:00 AM PST)

We all try to do the right thing but many of us have busy practices and those pressures may cause us to inadvertently face an ethical problem. This webinar is designed to help you avoid violating your ethical duties.

NASBA CPE: 2 Hours/Regulatory Ethics

IRS CE: 2 Hours/ Ethics

*Presented by Robert E. McKenzie, EA, Attorney*

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#### Self Rental Tax Traps-Are you in Danger? Are Your Clients?

November 14 2:00 PM EST (11:00 AM PST)

We will review and discuss examples of the 8 most common “traps” and how your client and you, the practitioner, can avoid them.

NASBA CPE: 1 Hour/Taxes

IRS CE: 1 Hour/Federal Tax Law

*Presented by Kathy Hettick, EA, ABA, ATP, RTRP and Gene Bell, EA, ATA, CFP, RTRP*

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#### Fraudulent Conveyances, Alter Egos, Nominees, and IRS Litigation Actions

December 10 2:00 PM EST (11:00 AM PST)

This webinar will discuss the litigation remedies available to the IRS when it believes that games are being played with respect to the ownership of property.

NASBA CPE: 2 Hours/Taxes

IRS CE: 2 Hours/Federal Tax Law

*Presented by Robert E. McKenzie, EA, Attorney*

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NASBA CPE: 1 Hour/Marketing

*Presented by Scott H. Cytron, ABC*

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#### Schedule D in the Real World

In this session, we will present scenarios, resources, and the questions you need to ask so you can be confident when you file the New Schedule D and Form 8949 in the real world of your practice.

NASBA CPE: 1 Hour/Taxes

IRS CE: 1 Hour/Federal Tax Law

*Presented by Kathy Hettick, EA, ABA, ATP, RTRP and Gene Bell, EA, ATA, CFP, RTRP*

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#### Schedule E in the Real World

In this session, you will be presented with scenarios, resources, and court cases that you need to understand so you can file the New Schedule E in the real world of your practice.

NASBA CPE: 1 Hour/Taxes

IRS CE: 1 Hour/Federal Tax Law

*Presented by Kathy Hettick, EA, ABA, ATP, RTRP and Gene Bell, EA, ATA, CFP, RTRP*

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# Real Estate and Construction Niche Provides Marketing Edge

By Hugh Duffy



**W**hen Tom Palm Jr., EA, joined his father's accounting firm in Baltimore, Maryland, he was concerned about getting additional business in the door. As a result, Tom offered practically anything his clients wanted, regardless of whether he really wanted to offer it.

In 2008, that changed. The firm, Thomas J. Palm, PA, implemented a new kind of marketing strategy that began with examining the firm's clients and their businesses to determine what services the firm wanted to offer and which services would be most lucrative. In addition, this strategy enabled Tom to spend more time on matters he enjoyed and less time working with problem clients.

"We stopped doing work we hated doing or work that did not help our practice grow," said Tom. "For example, we sold our payroll work and stopped doing sales tax deposits. Essentially, we moved away from transactional work into engagements that allowed us to oversee the books for our clients, and help them with tax planning and more strategic activities to grow their business."

## Identifying a Niche

Once Tom determined the services he wanted to provide, he briefly thought about what he did not want to do. For example, he did not want to deal with inventory, so manufacturing was not a good niche for him. Similarly, restaurant industry idiosyncrasies did not appeal to him.

To determine what he *did* want to do, Tom identified the niche or industry most of his clients were coming from *and* the clients his firm enjoyed serving.

Through this process, Tom found that 15 percent to 20 percent came from real estate and construction, including

plumbing contractors, real estate agents, real estate flipping groups, rental property managers, and home improvement companies. Because he knows the ins and outs of this industry – a.k.a., a "subject matter expert" and enjoys working with these clients, Tom decided to focus his marketing efforts in this area.

## Reasons the Niche Approach Works

Regardless of the industry, all businesses have a need for an accounting firm. For Tom, identifying the industry his firm wanted to work with was a strategic decision that helped him grow his business. Here's why the niche approach works for him:

### A niche establishes your firm's credibility and expertise.

While accounting tasks are common across industries, each industry has its own nuances. Establishing a niche helps you gain credibility. For the real estate and construction industry, Tom needs to be aware of matters such as heavy equipment depreciation, commissions for real estate agents, and parts and labor expenses for the plumbing contractor. When he is able to "talk-the-talk" with potential real estate or construction clients, his knowledge provides a sense of ease because he knows how to account for the unique issues facing their businesses. "One plumbing contractor even asked me to the name the local plumbing supplier as a test before he hired me!" said Tom.

### A niche increases word-of-mouth marketing and referrals.

Nearly 40 percent to 50 percent of Tom's business comes from referrals. People within the same industry generally have working relationships with each other and ask for referrals when looking for an accountant, lawyer, or banker.

**Marketing opportunities increase with a niche focus.** Having a specific target audience by industry makes marketing

simpler and more focused. For example, Tom has a separate website focused on his real estate and construction accounting services. He also sends direct mail letters to this audience, and an email newsletter to clients and prospects he has in his database. Although his newsletters aren't niche-based, they focus on accounting and business tips that will benefit any of his clients.

"The most effective way we market our firm is through niche websites," said Tom, who estimates 50 to 60 percent of his leads come through the web. "If our client searches for *construction or real estate accountant in Baltimore*, the results load our niche website. It makes it look like all we do is work with this type of client."

**Niching offers the ability to replicate.** Your business may specialize in more than one niche. Once you have established your first niche, and the marketing and sales cycle around that, you can replicate this approach for other specialties. For instance, Tom has his real estate and construction niche, as well as a QuickBooks Accounting niche, and is considering another site around IT services. He uses the same newsletter to communicate with these clients, but he has different websites that look and feel like that industry.

Tom does admit that because so many leads come in through the web, it is hard to know exactly *how* they came in: through Google searches, a referral who sent a link, or social media sites.

"I look at my niche websites as one of the bullets in my gun," said Tom. "If I shoot all the bullets, it doesn't matter which one hits the target, as long as I hit it!"

The most effective way we market our firm is through niche websites," said Tom, who estimates 50 to 60% of his leads come through the web. "If our client searches for *construction or real estate accountant in Baltimore*, the results load our niche website. It makes it look like all we do is work with this type of client.

### Everything Leads to Sales

Once you create a strategy for getting potential clients to reach out to you, lead management is crucial.

"We only have four people on staff at our firm," said Tom. "We don't have sales, IT, or other departments, so I wear a lot of hats and one of them is sales."

Tom says his success in closing a deal is because his potential clients can see he's knowledgeable about accounting and what small businesses need to do. He points out that clients are looking for the same thing. They want someone they can talk to and not feel like they are in the accounting class in college. He is also honest with small business owners, telling them when they do or don't need an accountant.

"This approach has actually gotten me referrals even when I didn't end up working with a client," he said.

Getting new clients in the door is always a challenge, regardless of the services you offer or your expertise. An essential component of brand building is becoming known in an industry for providing quality services and expertise; in other words, defining a niche. What are you waiting for? Creating and marketing a niche is the first step in brand building for your business.



Hugh Duffy is co-founder and chief marketing officer of Build Your Firm, an accounting marketing and accounting website development firm. Hugh teaches a series of [Accounting Marketing Workshops](#); has a LinkedIn Discussion Group called [Modern Marketing Methods for Accountants](#). He can be reached at [hugh@buildyourfirm.com](mailto:hugh@buildyourfirm.com).





# HOT TOPICS AND TIPS FROM OUR TAX DESK

*By Deborah Aiken, JD, CPA*

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### UNPAID SHAREHOLDER LOANS AT CORPORATE LIQUIDATION

If a corporation is closing and due to lack of funds cannot pay outstanding loans owed to the shareholder, generally it would result in cancellation of debt income (CODI) to the corporation, but section 108(e)(6)(B) provides a way to potentially avoid the CODI. That section provides that if the shareholder contributes the unpaid corporate debt to capital, it is as if the corporation paid an amount of cash in satisfaction of that debt equal to the shareholder's basis in the debt. That avoids any corporate CODI, provided the shareholder's basis in the corporate debt is equal to the face of the debt.

---

### WORTHLESS/ABANDONED 1244 STOCK

In 2008, the tax rules changed to make the abandonment of a security treated as a sale or exchange on the last day of the year and thereby making it a capital loss. However, as the sale or exchange of 1244 stock does not result in a capital loss, the abandonment of 1244 stock should be an ordinary loss on form 4797.

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### STATE TAXES PAID BY S CORPORATION

Some states do not recognize S corporations, which results in the S corporation paying state income taxes as it were a C corporation. The rule is that if the tax is assessed against the S corp directly, and not with respect to the shareholders, then it is deductible above the line in computing the net income of the company on line 12 for taxes of the form 1120S.

---

### SUSPENDED PASSIVE LOSSES AT DEATH

Suspended passive losses may be deductible on the decedent's final 1040, but subject to certain limitations. They are deductible only to the extent they exceed the amount by which the basis of the interest in the activity is stepped up at death—which generally is the excess of FMV over the decedent's adjusted basis. So if the excess losses exceed the basis-step up, the excess is deductible on the decedent's final return.

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### EXCESS HOME OFFICE DEDUCTIONS AFTER HOUSE SALE

The instructions to form 8829 explain that if a taxpayer's expenses are greater than the current year's limit, the taxpayer can carry over the excess to a later year. The carryover will be subject to the deduction limit for that year, whether or not the taxpayer lives in the same home during that year. Consequently, excess home office deductions can be used in a later year and while living in different house.

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### MEALS AND TRAVEL DEDUCTIONS FOR CHARITABLE ACTIVITIES

Taxpayers can take deductions for volunteer expenses that include meals, lodging, and transportation while away from home, as per regulation section 1.170A-1(g). However, section 170(j) provides that there is no deduction for travel expenses unless "there is no significant element of personal pleasure, recreation, or vacation in such travel." So if there is sightseeing or lots of personal time, etc., there is no deduction for those expenses. Taxpayers who keep good records on how their time was spent on volunteer trips may help to justify their deductions.



The following is a letter you can use as a communication tool to share with your clients. It explains why it is so important for them to stay in touch with you, the practitioner, all year long as events take place in their lives. Click on the links below to download a PDF version of this article, or a Word document that you can personalize for your practice.



## Reasons to Stay in Touch With Your Tax Preparer Throughout the Year

You got married. You got a job, had a baby, lost a job, bought a house, or moved. Your life shifted in ways that once you couldn't have imagined. The last thing on your mind is taxes.

Most taxpayers look up a professional tax preparer once a year, as deadline day looms. But during a year, most taxpayers also experience circumstances when they should contact their preparer: marriage or divorce, the birth of a child, retirement, a career change, or a notice from the Internal Revenue Service (IRS) or other tax authority. Next March or April may be too late to fix nasty tax situations.

Here are some changes and events that suggest contacting your preparer is a good idea:

**Marital Status:** If you're going through a divorce, find a tax preparer to discuss the ramifications of dependents, alimony, childcare, or division of property. Divorce decrees also sometimes contain landmine wording that produces a different, often unpleasant, tax result.

If you changed your name as a result of a recent marriage or divorce, make sure the name on your tax return matches the name registered with the Social Security Administration (SSA). If you took your spouse's last name, or if both spouses decided to hyphenate their last names, you may run into complications with the IRS if you don't notify the SSA. Informing the SSA of a name change requires filing a Form SS-5, Application for a Social Security Card, at the nearest SSA office.

**Family size:** The birth or adoption of a child can affect tax returns, and as children get older their parents may lose certain credits. In most cases, a child can be claimed as a dependent in the year in which he or she was born. The child must have a Taxpayer Identification Number (TIN); for children born in the U.S., the TIN is generally a Social Security Number (SSN). Parents may be eligible for a tax credit for qualifying expenses paid to adopt a child, and credits may increase if the expenses involve adoption of a child with special needs.

**Career:** Not all tax changes due to career changes result from a raise and a bump to a higher tax bracket. You must also consider whether your employment is full time, part time, or contract. Pension opportunities or excludable benefits, such as cafeteria plans and dependent care benefits, also mean you should contact a tax professional, as do any changes in work-related deductions.

Unemployment compensation generally includes state unemployment insurance benefits and benefits paid to you by the Federal Unemployment Trust Fund. If you received unemployment compensation during the year, next spring you should receive a Form 1099-G showing the amount you were paid. Unemployment compensation must be included in your taxable income.

**Retirement:** Kicking off the golden years, whether it was your decision or that of your now-former employer, may trigger penalties for early withdrawal from retirement funds or ignite taxes on Social Security benefits. Did your company present you with an early retirement proposal or are you considering early retirement? You may be eligible for a tax credit if you contribute to an employer-sponsored retirement plan or to an individual retirement arrangement. Discuss options with a preparer before you sign anything.

**Moving:** Consider everything from mileage rates for the moving vans to change-of-address forms to the IRS. Generally, you can deduct moving expenses if your move is closely related to the start of work. Your move meets the IRS distance test if your new main job location is at least 50 miles farther from your former home than your old main job location was. Qualifying taxpayers must also meet a time test, working full time for at least 39 weeks during the first 12 months after arriving in the general area of the new job location. Different rules may apply to members of the Armed Forces or a retiree or survivor moving to the U.S. Your best bet is to check with a tax professional.

**IRS Notifications:** If the IRS mailed you a notice after last tax season and you tossed it in a drawer, realize that the notice never really disappeared. If you've received a letter from the IRS, call your preparer immediately. Putting off a response will only bring more IRS letters and, likely, larger penalties.

With the right help from a tax professional, you can easily navigate the proper tax process for filing after changes in your life. For more information and to find a qualified tax preparer in your area, visit the online Professional Directory at <http://connect.nsacct.org/NSACCT/FindaProfessional>.

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## ACAT ACCEPTING REGISTRATIONS FOR THE NEXT TESTING SESSION

2013 Exam Dates: November 23 – December 16

### Upcoming Test Dates are November 23 – December 16

The Accreditation Council for Accountancy and Taxation (ACAT) is now accepting exam applications for the next testing period from professionals seeking to earn the following four credentials:

- 2013 ABA Accredited Business Accountant/Advisor®
- Accredited Tax Advisor® (ATA)
- Accredited Retirement Advisor® (ARA)
- Accredited Tax Preparer (ATP)

### Get Accredited in 3 easy steps:

1. Register to take an ACAT exam
2. Find an authorized test center, study, take and pass the exam
3. Activate your credential

Test sites are open to take all four examinations throughout the country during the testing windows. The exams are offered at more than 700 computer-based testing centers throughout the United States. Also, students attending colleges and universities where ACAT offers its “Capstone” accounting program courses can take the exams at their college or university.

The ACAT website provides all the information you need to successfully prepare for and pass the exams. Visit the website for FAQs, study materials, exam details, as well as tools and resources to use after earning your credential. Click on the button below to go there now.



### ABA Exam

The Comprehensive Examination for Accreditation in Accountancy is a two-part, 200-question exam that tests proficiency in financial accounting, financial reporting, financial statement preparation, taxation, managerial accounting, business law, and ethics.



### ATA Exam

The ATA examination is a three-and-a-half-hour, 100-multiple-choice question exam for practitioners who handle sophisticated tax planning issues, including ownership of closely held businesses, qualified retirement plans, and complex estates.



### ARA Exam

The ARA examination is a three-and-a-half-hour, 100-multiple-choice question exam for professionals who have a thorough knowledge of topics relevant to retirement planning and the special issues of senior citizens, including tax planning and tax preparation for decedents, estates, and trusts.



### ATP Exam

The ATP examination is a three-and-a-half hour, 100 multiple-choice question exam for professionals with a thorough knowledge of the existing tax code and the preparation of individual tax returns with an expertise in comprehensive 1040 issues, including supporting schedules, self-employed returns, and ethics.

Visit ACAT Now

The ABA, ATA, ATP, and ARA exam blueprints, resources for study aids, and registration information are on the ACAT website at [www.acatcredentials.org](http://www.acatcredentials.org). Click on “credentials” at the top of the page. Questions? Call ACAT toll-free at (888) 289-7763.

[Click here to find a Testing Center near you.](#)

## ACAT ANNOUNCES NEW CREDENTIAL HOLDERS

[Acatcredentials.org](http://Acatcredentials.org)



More than a dozen accountants and tax professionals passed the Accredited Business Accountant/Advisor (ABA), Accredited Tax Advisor (ATA) and Accredited Tax Preparer (ATP) examinations offered during the Spring/Summer 2013 testing window by the Accreditation Council for Accountancy and Taxation (ACAT).

New ACAT credential holders earning accounting and tax credentials are:

Thomas Allen, ABA, Drexel Hill, PA

Rebecca Jean Arvila, EA, ABA, New London, MN

Pamela L. Bales, EA, ATA, RTRP, Lees Summit, MO

Jonathan Shane Duboise, EA, ATA, ATP, RTRP, Commerce, OK

Ashley Barbara Gerads, ABA, Avon, MN

Robert I. Glover, ABA, Beaverton, OR

Jeffrey A. Jones, EA, ABA, Fairless Hills, PA

Theodore Jones, III, ABA, Bridgeport, CT

Amanda Kroeger, ABA, Smithton, OH

Jaclyn M. Molitor, ABA, Sauk Rapids, MN

Daniel Mygrant, ABA, Marion, OH

Lisa Ann O'Dell, ABA, New Auburn, MN

Jason Matthew Ohm, ABA, Pelican Rapids, MN

Punam Parekh, ABA, Edison, NJ

Ray Privett, ABA, Duluth, MN

Michael David Vaughn, EA, ABA, Lakewood, WA

**Congratulations to all new credential holders!**



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# NSA BLOG

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NSA Blog brings you the latest articles, checklists, and other helpful tools and information to you each week. Items are added throughout the week. Read new posts directly on the NSA website and/or subscribe to receive new posts as they happen, in your inbox. We also feature blogs in MemberLink and on NSA social media.

The NSA Blog includes information submitted by NSA staff, guest authors, and NSA ConnectED webinar instructors focused on practice management tips, checklists, member interviews, and more. Below are a few recent posts.



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## Schedule E in the Real World

*by Kathy Hettick, EA, ABA, ATP, RTRP and Gene Bell, EA, ATA, CFP, RTRP | Oct 21, 2013*

The Schedule E has had a major facelift in 2011. Hot issues are: Self-Rental - Vacation/Short-Term Rental and Disclosing Form 1099 - Do you file for a client with a "Qualified Joint Venture"? Are you covering all the details or letting your software do the work?

[read more](#)

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## Accountants and the Affordable Care Act

*Article from Accounting Today Interview with NSA LinkedIn members | Oct 15, 2013*

Posted today over on the Accounting Today website: Clients are coming to accountants asking for advice about the health care reform law, especially after the shaky roll out this month of the online health care exchanges and marketplaces by various states and the federal government.

[read more](#)

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## The Best Kept Secret About Accountants: It's All about R&R

*by Scott Cytron | Oct 04, 2013*

Here's the thing about R&R: It doesn't stand for Rest & Relaxation. How about "Retention and Recruitment?" This profession doesn't change a lot—10 years ago, accountants were asking the same question: How do we increase our firm's retention rate and how to we become more successful at converting prospects into clients? I think it all boils down to these 3 areas:

1. You must make a concerted effort to form valuable relationships through networking and network with the clients you have. If you do that, you will organically increase your referral sources. And, networking isn't only for the partners or heads of any size firm. EVERYONE in the firm must network for optimal results.
2. You have to maintain a service mentality. Of course, you must produce quality work to keep your clients—that's a no-brainer. However, you also have to remember that you are in a service business, and while it's not the same as checking out a customer at Wal-Mart, you still have customers (clients) who rely on you for advice and guidance. So many accountants still only contact their clients a few times a year when it's around a deadline. That needs to stop, now. Your clients want to hear from you much more often, even if it's just a check-in to see how their businesses are doing.
3. You must stay current on technology. Short and simple, as an accountant, if you're not letting the cloud manage your technology, you're going to trip over your own two feet. Again, I think this is SO obvious, but why wouldn't you use technology in the cloud? You might bring up two words, security and availability, however, these are no longer a concern. It's time you figure out how to move your technology to the cloud - and there are more than plenty of options out there. The bottom line is that if you spent less time managing your technology, you might have more time to spend on R&R, besides the fact that smarter uses of technology makes you a more efficient accountant. In turn, you increase your R&R.

[read more](#)



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## 2014 PTIN RENEWAL IS OPEN BUT EXPERIENCING PROBLEMS

[IRS.gov/ptin](http://IRS.gov/ptin)

It is officially preparer tax identification number (PTIN) renewal season. The IRS announced the online PTIN renewal site is open and available to practitioners now. However, possibly as a result of the delay in the online PTIN renewal caused by the government shut down, the system has recently experienced a high volume of users and is having problems keeping up.

Practitioners applying to renew their PTIN have experienced technical difficulties, such as being randomly bumped off the system in the midst of the process. During the highest traffic day, November 4, 210,000 people attempted to renew their PTIN, according to the IRS.

The IRS recommends anyone who experiences trouble with the renewal program to come back once the volume surge has passed. There is plenty of time to renew before the deadline date.

All PTINs expire on December 31 and must be renewed annually. Remember, you must have a valid PTIN if you plan to prepare any federal tax returns for compensation or if you are an enrolled agent.

To renew, or for more information on how to get started, go to [www.IRS.gov/ptin](http://www.IRS.gov/ptin).

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## WHAT IS HAPPENING ON TAX TALK?

*CONNECT, COLLABORATE, COMMUNICATE*

*Tax Talk*



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## TAX TALK DISCUSSION FORUM

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NSA's Tax Talk discussion forum has become so successful that the online provider has had to make improvements to their software in order to accommodate the large number of messages! NSA members continue to utilize this private network to get answers to questions on a variety of topics.

Are you missing out? If you aren't currently using the forum, here are a few reasons to try it out:

- Discussion archives have almost 35,000 entries and are fully searchable by topic, offering a wealth of information for research purposes.
- New discussion thread topics can be delivered via email once a day (daily digest) or in real time.
- There are currently 10,600 subscribers.
- Tax Talk averages 56 messages per day, and 1,850 messages per month.
- The discussions are self-monitored and maintain the highest level of professionalism.

Here are just a few of the most recent topics:

- Sharing of commission or fee income
- Flexible spending accounts
- Charitable business income
- Cut off point for international income
- Active participation in an S Corp
- PTIN renewal
- Self rentals
- College tuition paid to a third party
- and many other important topics
- LLC vs. corporation

*If you have experienced some slow load times while using the forum, watch for an update coming out soon.*

Visit Tax Talk at: <http://bit.ly/TaxTalk>

# 5

## Lessons to Learn About Social Media

By Scott H. Cytron, ABC

Let's face facts. What most accountants want to know about being on social media is how long it will take until they begin securing new clients, finding prospects, and getting referrals.

While these expectations may *sound* really simple, measuring the impact of social media on your practice is as difficult to measure as it is believing that anyone, no matter how skilled they may be or how much time they spend in social media, will realize anything of substance right away. Just like any other marketing endeavor, it takes time to meet your goals. Yet, shying away from participating in social media isn't the answer, either, so if you want to realize any gains at all, especially when you think of ROI or return on investment, you'll want to get started using social media – perhaps in a small way.

Let's take a look at what I refer to as 5 lessons to learn about social media.

### 1 Social Media Is About Building Relationships

Accountants often ask me which social media application is the best one to be on and/or spend the most time developing. If social media is about building relationships, then the place you'll want to be is [LinkedIn](#), followed closely by [Google+](#). LinkedIn is the preferred social media for anyone who is in a professional position, especially the accounting profession, because the entire platform is based on forming relationships and connecting with others. It's not necessarily about whom *you're* directly connected to; what may be more important is whom your direct connections can connect you to in *their* network.

The end game is to connect to anyone with whom you can exchange leads or business so that everyone wins. The edge LinkedIn has over other social media is the ability to easily connect to anyone outside of your current network. How do you meet these people? Simply ask, even if you aren't a direct connection.

You can do this in one of two ways. You can send a connection message within LinkedIn, which may be very effective. If you're going to send a direct message, be sure to include something beyond the standard default message that pops up. You'll personalize your invite and it will be much more likely that the person will connect to you. The second way to connect? Pick up the phone and call the person to introduce yourself. So many of us have gotten away from making a live, direct connection, so dust off the phone on your desk and use it.

Google+, one of the Google's suite of services, has risen in importance over the last year or so because of the way posting on Google+ helps people find you through search engine optimization (SEO). Explaining the ins and outs of Google+ could take up an entire article, so get an account (you must have a gmail address), begin using it, and do some Internet searches for best practices.

### 2 Social Media Is Not Hard to Learn

You really do not have to be a tech-savvy guru to learn social media. As human beings, we are prone to learning as we need to; in other words, we're not great at reading manuals or how-to textbooks unless we want to program binary

code. We learn as we *need* to—and social media is not an exception to that.

Yet, learning the basics isn't difficult and you probably know more than you think you know. By now, every accounting professional ought to have a LinkedIn account. If you are not yet on LinkedIn, join right away and be sure to upload a good, professional photo to go along with your profile. If you do not have a photo, you will not be taken seriously because people want to see the "human being" behind the profile.

If you want to dabble in Facebook and Twitter, the learning curve might be longer, especially if you want to keep your personal and professional friends separated on Facebook by implementing the privacy settings. Again, learning social media is not hard; it just takes some time to figure something out you don't already know.



### 3 Determine the ROI

This article began with a discussion of return on investment (ROI). Most accountants want to know what's in social media for them in terms of an expected return on their time.

Unless a prospect, referral source, or client specifically tells you he or she connected to you because of social media, measuring the return is very difficult. It's kind of like evaluating your own accounting services. Unless a client tells you what a great job you did, how would you ever know that's the case unless you asked?

That being said, there are some ways to figure out a bit of ROI. Here are some quick wins:

- Ask a question in your postings and see who responds. This indicates *readership*.
- Spend at least 10 minutes a day on LinkedIn connecting to people you know and/or potential referral sources. If you ask someone to introduce you to someone new, their response indicates *engagement*.
- Publish an article or create a blog, then look for comments on your postings. This, too, indicates *engagement*.
- Ask your clients for feedback by creating a short survey on [SurveyMonkey](#) or simply ask your clients the next time you speak with them on the phone or in person if they are aware you're on social media and what kind of

impact your status postings, tweets and other activity have on their own companies. This will give you *feedback*.



### 4 Position Yourself as an Expert

Social media is a great way to let others know how smart you are simply by updating your status postings. Even if you're on LinkedIn and connecting regularly with others, you'll also want to update your status to show your engagement and participation.

Updating a status is easy, but what should you say? Don't talk about what you had for lunch or where you are going this afternoon. Instead, position yourself as an expert if you stick to the following:

- Highlight an article you read and give the article URL.
- Do the same with a business book or someone you've heard speak.
- Discuss something related to your services, such as something on tax, but don't boast about your tax services. Instead, make an observation about tax or provide some kind of info your audience can take away and use.
- Consider what's timely, like Obamacare, for example.
- Retweet or repurpose someone else's status posting – someone you admire or believe has information your followers will want to know about.



### 5 Try and Try Again

The third time may be the charm for much of what we do in life, it certainly makes sense when you're looking at social media. What you'll want to do is experiment in different social media. Perhaps start with LinkedIn, Google+, Facebook and Twitter, then expand to others as soon as you feel comfortable. There are many, many more than just these few, but keep in mind that you can let the day and night run away with you by spending too much time on any of the social media applications.

Do what's right and what feels comfortable for you and your practice or business. Start today!



*Scott H. Cytron, ABC, is president of Cytron and Company, known for helping companies and organizations improve their bottom line through a hybrid of strategic public relations, communications, marketing programs and top-notch client service. An accredited consultant, Scott works with companies, organizations and individuals in professional services (accounting, finance, medical, legal, engineering), high-tech and B2B/B2C product/service sales. Contact him at [scott@cytronandcompany.com](mailto:scott@cytronandcompany.com) and visit his blog, [www.absoluteCytron.com](http://www.absoluteCytron.com).*

# NSA MEMBER SPOTLIGHT



Marina Hernandez, EA, MBA

Marina Hernandez did not think she would grow up to be an accountant, much less an MBA. But the Argentinian native learned what happened when “life has other plans.” Having lived in three different countries, she has learned a lot about international tax issues, such as reporting requirements affecting US expatriates and immigrants, among other things. Now she brings her international expertise to NSA, as an active member on the “Tax Talk” forum. Read on to find out about Marina’s unusual life story, why she thinks education is so important, and what she appreciates most about NSA membership.

## MARINA HERNANDEZ

### **Where are you from originally?**

I grew up in the suburbs of Buenos Aires, Argentina, as the oldest of six siblings. My mom is a native Argentine and my dad is originally from Spain and this created an early awareness of the impact of being an immigrant and the fact that people can speak the same language but culturally they can be very different.

### **How did you get into accounting? Did you know you wanted to be an accountant in college, or after?**

My undergraduate degree is in accounting. At the time I went to college in Argentina, accounting degrees were five year degrees, like doing a combined bachelor’s and master’s degree all at once would

be here. The fifth year final exams were very rigorous, and passing them conferred the graduate the National Public Accounting license, which is similar to a CPA license, only instead of being valid in your state of residence, it was valid at a national level. It’s like the enrolled agent license is here, but more like a federal CPA license. I’d love to say that I wanted to be an accountant when I graduated from high school, but the truth is, I had no idea what I wanted to be.

I thought I might want to be a teacher, like my mother and my aunts were, but I also wanted to be financially independent, and teachers do not make enough money in

Argentina to be financially independent. There seemed to be a lot of demand for accounting services and I was interested in business in general, so I thought it would be a practical thing to study while I figured out what I really wanted to be “when I grew up.” Since I needed money to pay for tuition, I took a job as an elementary school teacher, teaching English to first and second graders during the five years I was in college. Teaching young children was a lot of fun; it provided a release valve from the stress of being in business school and it also allowed me to graduate with very little student debt. It was the perfect job for me at the time.



### What brought you to the U.S.?

In 1996, when I was 24, I was working for a glass manufacturing firm, and I came to the US to study finance at Georgia State University in Atlanta. I met Steve, my husband, on my second day there. He is originally from Tennessee but he grew up in Wisconsin and Connecticut, and is not really very attached to places, which is the opposite of what I was at the time. When I came here I really did not intend to stay beyond the six months I was supposed to stay for my course. I had lived my whole life in the same neighborhood; I had a good job, friends, and family. Why would I want to go anywhere else? But life had other plans.

### How did you wind up becoming an MBA?

What do you do when you fall in love with someone from a different country? You can't really be together if both your countries require visas. So my husband suggested that I apply for an MBA and see how things worked out. I had just finished paying off my student loans and I had no interest in taking on new student debt. He said he would help me apply to different schools and get a scholarship. And it worked. I was offered a fellowship by the University of Georgia in Athens and an additional scholarship by the Coca-Cola Foundation. We got married in Argentina during winter break between semesters and our first son, Alex, was born three weeks before graduation. I still have the picture that was published in the university newspaper when he was born.

### Back to Buenos Aires...

#### What did you do after graduation from U. of Georgia?

After I graduated, we moved to Buenos Aires with the baby. We lived there for 3 1/2 years. My husband was working for Ernst & Young and I took a job with Coca-Cola in their corporate finance department, where I held a number of different positions. I loved working there and I still remain friends with many of my former Coke colleagues.

Our second and third sons were born during this time. In December 2001, Argentina defaulted on its sovereign debt. It was very chaotic—the economy crashed, many people lost their jobs and lifetime savings, there was political instability; it was a very difficult time. This was also just after September 11th, so it really was a difficult time for the world overall, not just in Argentina. We felt that we could not stay in Argentina but it was also not a good time to move back to the US.

When my husband was offered a job in London, we moved there for two years. In 2004 we finally moved back to the U.S., this time to Miami, where we lived until we moved to Philadelphia in late 2010.

### Tell us about where you work now. You live in the Philadelphia area; how did you get there? You have your own firm? How many employees do you have, and do you specialize in anything?

When we moved to London, our three sons were very young: four years, two years and two months old. I tried to keep my job with Coca-Cola by finding a similar position in London, but unfortunately the cost of child care in London was prohibitive and it just did not work out. I would have had to pay more for child care than I would take home in after-tax pay. I literally could not afford to go to work. So I became a stay-at-home mom.

I run a paperless, cloud-based office. Since I specialize in international tax, my clients are mainly U.S. immigrants and expats who live all over the U.S. and the world.

It was at that time that I first became aware of that the US taxed its citizens and green-card holders not based on residence or domicile, like most other countries do, but rather based on citizenship. I became very curious about everything related to US tax requirements of US citizens living abroad. I was amazed by the complexity and the relative obscurity of some of the rules, and what initially started as a hobby and a "weird interest," as some of my friends labeled it at the time, eventually became a business when we moved back to the US and I opened my tax office in Miami. Today, I am still a solo practitioner, with just one employee, my oldest son, who is my part-time bookkeeper and administrative assistant.

I run a paperless, cloud-based office. Since I specialize in international tax, my clients are mainly U.S. immigrants and expats who live all over the U.S. and the world. They appreciate the ability that cloud technology and mobile apps have given accountants like me to always be within reach,

either by phone, video conferencing, cloud accounting, secure internet portals and mobile apps. Even though I have not met many of my clients in person, it feels like I have, and I have been able to develop very strong working relationships with them. This same technology allowed me to move my office from the Miami to the Philadelphia suburbs without interrupting client services. The business opportunities provided by new technology make this a very exciting time to be an accountant

**How do you like living in the Philly area? What are the best things about it vs. the best things about Argentina?**

That's a great question to ask in late October. Philly and its suburbs are beautiful in the fall—the yellow, red, orange, and purple leaves are unbelievable. I had heard about the beauty of the fall in the Northeast, and the fame is well deserved. I just love it.

But my favorite thing about Philly is its place in history. Philadelphia is the place where the experiment of the United States of America began, the site of the Declaration of Independence, and where the Constitution was written. It was such an honor to become a naturalized US citizen in Philadelphia. I could not have asked for a more fitting place. So many countries, including

my native Argentina, modeled their Constitutions on the US Constitution, it is a great source of pride to the people of Philly, and with good reason.

With respect to living in Philly in comparison to growing up in Argentina, there are a lot more similarities than you would expect. Substitute the Eagles for Boca Juniors, and the loud, dysfunctional, sports-obsessed family of Italian heritage portrayed in the movie "Silver Linings Playbook" could have been any family in the neighborhood where I grew up. Just bring a good Argentine restaurant to Philly and it'll be almost like home. With apologies to the Philly cheesesteak, nothing beats a good choripan (traditional sausage sandwich) bought in the streets of Buenos Aires. I really miss the food I grew up with. That, and a good Argentine wine.

**How long have you been a member of NSA? What are some of your favorite things about being a member?**

I became a member of NSA in 2011. I attended the IRS tax forum in Atlanta in 2009 and I was very impressed by the NSA-sponsored presentations. At the time, I had been in business for less than two years and my budget was very tight. When I started my business, I was worried about the impact that it would have on the family,

MARINA

FACTS

HERNANDEZ

- Grew up in Buenos Aires, ARGENTINA.
- Came to the U.S. to study FINANCE at Georgia State University.
- Worked for COCA-COLA in their corporate finance department.
- Owns her own business as a SOLE PRACTITIONER, working with her oldest son.
- Became a NATURALIZED CITIZEN in Philadelphia, Pennsylvania.
- Lives in PHILADELPHIA with her husband and three sons.

so I made the decision that I would grow slowly, exclusively through referrals, and that I would not spend more money than I generated through the business. I called it my “get rich slow scheme.”

Initially, I invested every penny in hardware, software, and CPE. Finally, in 2011, I splurged and joined NSA. It was a great decision and immediately I wished I had done it sooner. One of my favorite NSA benefits is CCH tax updates. I think it is an amazing resource that I would not be able to afford otherwise.

But my favorite benefit by far is Tax Talk. What an unbelievable resource, it is priceless! I enjoy the camaraderie and how the members support one another. This is a group of top-notch professionals who are incredibly generous with their time, their knowledge, and the expertise they have acquired over the years—sometimes decades. Even the toughest questions normally get a well-supported answer within hours, no matter what time of the year it is. One of the few drawbacks about being a solo practitioner is that you can’t bounce ideas off your colleagues. With Tax Talk, that is not an issue any longer. I can see that the issues that are affecting my practice are the same issues that affect other small practices around the country. Even when the issues discussed are not relevant to my practice, I learn so much from reading the threads, I feel I’m gaining two years of experience for every year I participate in TaxTalk. I highly recommend it to every NSA member.

“...I feel I’m gaining two years of experience for every year I participate in TaxTalk. I highly recommend it to every NSA member.”



Marina and family on vacation in Cancun, Mexico

# Main Street Tax News

By Andrew G. Poulos, EA

## Grow Your Firm's Revenues with Payroll Processing

As times change, practitioners look to increase their revenues by diversifying their services, yet most of the time, yet accountants often struggle with what to add to their practice.

I call this the million dollar question: What service should you offer to diversify and increase your revenues? Although the answer will vary depending on the professional's expertise and capabilities, one revenue generator that can be lucrative is payroll processing.

Most of us start up our business by offering one service or a combination of tax preparation, representation and bookkeeping. It's rare that anyone comes out of the starting gate processing payroll, but oftentimes, accountants who want to grow their practices wonder how they can earn a good living processing payroll.

I find payroll processing to be a diamond-in-the-rough service. I started my practice 18 years ago processing payroll. As a young college graduate with little experience, I considered the various accounting services available at the time and decided that payroll was the best one because it gave me the opportunity to grow a steady revenue stream by offering excellent payroll service at affordable prices.

I focused on small business clients because I was able to offer lower prices compared to ADP and Paychex. I also realized that employees have to get paid, and most employers, no matter the company size, don't want the headache of processing payroll in-house. Therefore, outsourcing payroll has become one of the biggest and most lucrative sectors in the accounting industry.

Payroll processing can be a big revenue generator if there is a good setup. A professional diversifying into the payroll sector needs to be knowledgeable of the payroll tax laws and must be very careful about how the payroll tax deposits are handled. Often, employers get in trouble with payroll taxes; the IRS is quick to pursue collections and assert the trust fund recovery penalty against decision makers who have

control of making payroll tax deposits. It is very important that professionals expanding their services into the payroll sector structure the payroll tax deposit service properly and have policies in place to be protected from trust fund penalty issues should their payroll clients become delinquent and get into collections with the IRS or state agencies.

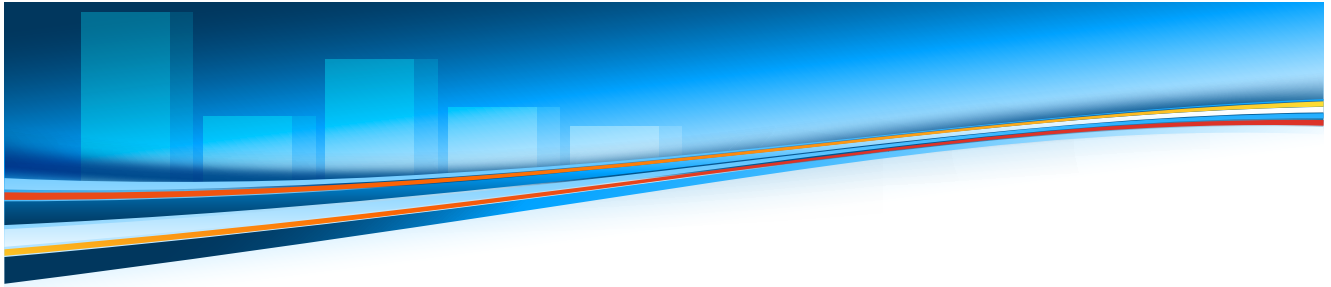
To be effective and profitable with payroll processing, you must also have a good payroll software that allows for efficient processing. I started processing payroll with software that I used for about the first 10 years. It was a good software at the time and gave me what I needed until I discovered [Insta-Pay](#), a high-end payroll processing software developed by [Cheque-Mate International](#). I discovered it in the [CPA Practice Advisor](#) where it was highly ranked.

I got a demo and tested it out before making the decision to change software. The issue facing me was the amount of time I would have to spend setting up all my clients and their employees on the new software. After thoroughly reviewing Insta-Pay, I decided the long-term benefits far exceeded the time commitment, and was very glad I switched.

I quickly became more profitable when I began using Insta-Pay. I had the ability to do so many things that I couldn't do with the other software, and the payroll reports offered by Insta-Pay far exceeded what I was accustomed to. I was able to begin processing payroll using blank check stock, which dramatically reduced my cost. I was also able to offer my clients electronic signatures on the checks, direct deposit, workers compensation reports and PDF files with copies of reports and checks. I also exported reports that clients could import into their QuickBooks file. This saved the client from having to enter the payroll checks into QuickBooks.

When I looked at payroll software providers, another important factor in my reviews was the ability to set up and process payroll for *any* industry, specifically at the time, restaurants, trucking companies and churches. The ease of use





For more information on growing revenue with payroll processing, read 'Tapping into a Raging Payroll Revenue Stream' in the September/October issue of *Main Street Practitioner*  
[read it now](#)

cut my processing time in half, which increased my profit margins more than I thought when I first changed software.

Currently, I am evaluating Cheque-Mate's cloud-based payroll software in hopes of offering additional services to my payroll clients and increasing my profit margins even more. I mention the "cloud" because most accountants still aren't thinking about how the cloud can make them and their clients more productive. I truly believe working in the cloud could mean the difference between making small or large profits, especially in the payroll business.

I always encourage practitioners to do research on the various software in the marketplace. There are several good packages, some of which are cloud-based. Reviewing the ratings in the CPA Practice Advisor is a good way to start the evaluation process. You will find payroll software available by [Intuit](#), [AccountantsWorld](#), and [Cheque-Mate](#), among other companies. The key is to look at the features each software offers and to make sure the software is designed to accommodate the industries in which you plan to process payroll. There is nothing worse than beginning to offer payroll services only to find out that you don't like the software. The conversion to a new payroll system can be very time consuming depending on the number of payroll accounts you have and the number of employees in each account.

Once you make the decision on which payroll software you will use, you must figure out the pricing structure. Different payroll companies and professionals use different structures. I'm a firm believer in flat-fee pricing which I offer to my clients as "value pricing." Once you set the pricing structure, it becomes all about the sales pitch to your clients. For example, you can take your existing clients, convert them to your payroll service and instantly increase your revenue base. Not all professionals will have the same results, but seeing a revenue increase of 15 to 30 percent is not unrealistic if a good model is implemented. Generating revenues from payroll processing is also a great way to offset the decline in revenues in the non-peak tax season months.

Payroll processing can be a great revenue stream, but it's not for everyone. The drawback is that you must be prepared to work every week and on days when you may need to be out of the office. There is no such thing as telling your clients you have to be in a seminar, you're sick and out of the office, or you are going on vacation. When employees have to get paid, you will need to make sure payroll gets done on time, every time. As you consider expanding your business into payroll processing, consider all the factors to ensure you're as well educated as you can possibly be.



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