

The logo for 'The Gehman COMPASS' features a stylized green mountain range inside a circular frame with a compass rose design. Below the graphic, the text 'The Gehman' is in a smaller font, and 'COMPASS' is in a large, bold, green font.

The Gehman COMPASS

Volume 2 Issue 4

Winter 2021 Newsletter

Sales Tax and Your Business— Ignorance Is Not Bliss

Sales tax is one area of business where it pays to know your obligations, especially if you do business across state lines. You might get by with “ignorance is bliss” for a time, but eventually the state will notice your activity and send the bill for any obligations you overlooked. At that point, you won’t be able to charge your customers for the sales tax. Instead, you will be the one liable for all the back tax, penalties, and interest, which can accumulate quickly.

Do You Have Nexus?

The first step in avoiding a costly sales tax mistake is to know the nexus requirements for each state in which you do business. **Nexus is defined as a sufficient connection between your business and a state.** If your business engages in certain activities within a state, it creates nexus—a link that makes the business liable for the state’s tax laws.

What Activities Create Nexus?

Nexus can be divided into two general types, physical and economic.

1. Physical Nexus. Your business has physical ties to a state by doing activities such as:

- » Storing inventory in that state (including FBA from Amazon)
- » Having an employee or independent contractor located in the state
- » Providing services or repairs, or making deliveries to the state

2. Economic Nexus. Your business crosses the state’s minimum threshold for sales by reaching:

- » A minimum dollar amount of sales within the state in one year (including online sales), or
- » A minimum number of sales transactions within the state in one year (including online sales)

Pro Tip: A recent US Supreme Court case addressed the issue of online sales to customers in other states. The ruling now requires businesses to count these online sales towards nexus in each customer’s state. See *South Dakota v. Wayfair*.

Next Steps If You Have Nexus

If your business has established nexus in a state, you are responsible for collecting and remitting the sales tax in that state. The process can be over-

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Significant Changes for QuickBooks Software

Changes are coming to Intuit QuickBooks which may affect your QuickBooks software and purchasing decisions. Beginning with QuickBooks Desktop 2022, the desktop version will be converting from a one-time purchase package to an annual subscription package. This new subscription package will result in some significant changes for users:

» **Annual Fee:** Users who upgrade to QuickBooks Desktop 2022 or later versions will have to pay

an annual fee of at least \$350 to be able to use the software.

» **Reduced Support for Older Versions:** Users who do not pay the annual subscription will no longer receive technical support or payroll services from Intuit for versions older than three years.

The following table compares the revised pricing for several QuickBooks versions. 🕊

QuickBooks Desktop 2022 Annual Subscription		QuickBooks Online 2022 Annual Subscription	
No equivalent edition		Simple plan	\$300/yr
Pro Plus	\$350/yr	Essentials plan	\$600/yr
Premier Plus	\$550/yr	Plus plan	\$960/yr
Enterprise 22.0	\$1275/yr	Advanced plan	\$2160/yr

Biblical Stewardship

We believe in giving our best effort every day for our clients, because we understand that we're working for Someone higher than ourselves.



Gehman Accounting 2022 QB Workshops

We are announcing more valuable QuickBooks (QB) workshops to take your business to the next level. Each workshop session is three hours, presented in a classroom-style setting which can be attended online or in-person at our New Holland office.

Coming early 2022...

Basic Level—

Accounting Basics Workshop (1 session)

Learn basic accounting terms and principles to get you started with a solid accounting foundation.

QB Desktop Setup Workshop (1 session)

Learn how to setup a QuickBooks company file and customize your preferences.

Intermediate Level—

QB Desktop Training Workshops (4 sessions)

From the full sales process to financial reporting, you'll learn best practices for bookkeeping.

QB Online Training Workshop (4 sessions, online only)

Learn the basics of bookkeeping in QuickBooks Online.

Advanced Level—

QB Desktop Payroll Training (1 session)

Learn to set up employees and process payroll.

QB Desktop Inventory Training (1 session)

Learn to set up and track inventory items.

To learn more about these workshops, sign up for event announcements at gehmanaccounting.com/events or call our office at 717.354.8288. 🐦

Team Member Spotlight

Austin Weaver



What's your role at GA and how long have you worked for the company?

» I joined Gehman Accounting over 3 years ago as the Marketing Manager.

What's the last book you read?

» *To Be Told* by Dan Allender

What's something most people don't know about you?

» I hiked a section of the Appalachian Trail for a month.

What's the most interesting job you've ever had?

» Cheesemaking at September Farm

How do you define success?

» Success is achieving purpose and peace in your life calling.

What advice would you give to recent new hires?

» Plug in with your team and bring your fresh perspective and personality to the culture.

What do you do for fun?

» I enjoy many outdoor sports, including backpacking, camping, canoeing, and running.

Tell us about your last vacation.

» I took a spontaneous trip to Alaska after a trip to Switzerland was cancelled.

What character trait do you admire in others?

» Authenticity

What's on your bucket list?

» Skydiving, running a marathon, sand surfing a volcano, learning to sail—just to name a few. 🐦

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Bulletin Board

New Faces at Gehman

John Zook - Business Advisor
Rachel Horst - Secretarial Team
Kelly Sensenig - Bookkeeping Team
Mary Ober - Payroll Team
Becca Weaver - Secretarial Team

Inspiring Confidence™



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whelming since each state has different requirements, and they are constantly changing. The easiest solution is to work with an accountant who can help you with the following steps for making sure your business is in compliance:

1. Research what items and services are taxable in that state
2. Register for sales tax with the state
3. Determine the tax rate to collect for each jurisdiction (state, county, and local)

4. Collect and remit sales tax

5. Keep up with the changing laws and regulations

Need Help with Sales Tax?

At Gehman Accounting, we are prepared to help you with your sales tax needs. We are excited to announce that we are launching new service options for all your sales tax needs. Go to gehmanaccounting.com/sales-tax-services or call us at 717.354.8288 to learn more about the expert services available. 🐦