

BEYOND THE NUMBERS: ALISON LORENZ

Impressive #s on the ice ... and job!



Alison Lorenz, racking up enduring records on the UMaine hockey team.

** We urge you to read this to the end – Alison’s achievements will astound you!*

Employer: One River CPAs, Oakland & Bath

Title: Managing & Tax Director

How long in this profession? 13 years

Where are you from? From Brewer but have lived in Kingfield for the past 14 years

Volunteer organizations/ roles? Former MECPA Board of Directors and Tax Committee chair; Run the Numbers 5K hosted by One River CPAs; various other volunteer efforts

– See **BEYOND**, page 3

Never a better time to connect

Feeling burnt out? Seems like a rhetorical question at the moment, doesn’t it? A recent [Harvard Business Review](#) article reveals that loneliness contributes as much to work burnout as exhaustion, with serious implications for individuals and organizations alike.



This is a great point to weigh when mulling over the value of a professional association like the MECPA. I think a big plus of membership is the *belonging* itself – feeling connected to something that’s benefitting individuals, employers and the profession at large.

Many of you have reached out over the past few challenging months with words of thanks, requests for assistance, referrals and information, and it’s felt wonderful having human contact at a time of social distancing. Please continue!

The MECPA is here because of and for you, so take full advantage of its opportunities! We provide a voice for your concerns, advocating on your and your clients’ behalf, facilitate professional growth, and foster engagement and connection.

– Trish Brigham, Executive Director

A note from our new president Peter Hall

Welcome aboard! As incoming MECPA board president, I’d like to welcome new Society members and thank returning members for your continued support.



“May you live in interesting times,” the old saying goes.

Well, we certainly are doing just that. The effects of this pandemic have been profound, impacting all of us in myriad ways.

Our profession has always played a crucial role in ensuring the reliability of useful financial information and helping clients pursue their financial goals. That role has taken on a heightened importance in the face of our current health and economic crises, and we

see evidence every day of how much our clients, the financial and regulatory communities and the public at large are looking to us for help navigating these uncharted waters.

We all know too well the dramatic impact COVID-19 has brought to the lives and livelihoods of our clients, colleagues and firms. Our profession has more than risen to the occasion, helping people find their way through the complex realities known by their acronyms – EIP, PPP, EIDL, CARES.

We have an opportunity as well as, I believe, a calling, to serve our clients as trusted advisors – a role I know we take up each day with pride and gratitude.

Our Society continues to serve its members with timely, relevant advocacy both here at home and at the national level on matters of all types impacting clients as well as our firms and profession.

Though the days of “in-person” CPE events may be on hold, we continue to make a variety of training resources and

opportunities available. (And don’t count live CPEs down and out – I know of at least one member who just can’t wait to get in front of a microphone again!).

Our Society’s work, including initiatives related to diversity and inclusion, firm management, young practitioner development, the interplay between information technology and the accounting profession’s traditional core disciplines – and many others – is ongoing.

These matters are key to not only ensuring the relevance and viability of our profession now and in the future but also to bolstering our ability to continue to do what we do best – using our financial expertise and experience to help clients achieve their goals while at the same time protecting the public interest.

I’m grateful for and humbled by the opportunity to work with you over the next year and look forward to joining you either virtually or in person at our upcoming events. Please stay healthy and safe, and let’s have a great year!

AICPA meeting leads to Exam revisions and more

By Lauren Corey
Former MECPA Board president

The AICPA Council voted May 20 to approve its CPA Evolution project that would bring about significant changes to the CPA exam.

Assuming the NASBA Board supports this resolution as expected, the goal is to launch the new exam by 2024.

The exam would be updated/modernized to incorporate material pertinent to information technology controls and data analysis. The 16-hour exam would include a core information section covering accounting, auditing, tax and technology and three separate tracks, one of which would be selected by CPA exam candidates. The tracks are designed to give each candidate an opportunity to demonstrate a higher proficiency in one of the three areas – Business Reporting and Analysis, Information Systems and Controls and Tax Compliance and Planning.

The AICPA will work with state Societies and Boards of Accountancy to make requisite changes to state statutes and rules. Our members will help to ensure students and graduates are directed to exam-preparation resources, and the MECPA will be connecting with students as they gear up for these changes.

In other action ...

NASBA leaders, in collaboration with the AICPA, determined that UAA Model Rules around educational requirements for licensure should be updated to create more consistency and flexibility. Changes unanimously endorsed by the AICPA Board are open for public comment. Proposed changes would:

- Align the UAA Model Rules with what many state Boards of Accountancy already require
- Recognize the large role technology plays in the CPA profession
- Help students acquire their 150 credit hours by expanding the number of hours that can be earned through internships
- Clarify the role that accreditation plays when a state Board of Accountancy is reviewing a candidate's transcript

Read the Exposure Draft and submit comments here. Deadline for comments is Aug. 31.

What's forensic accounting really like? Is it as glam as people imagine?

By Cathy Connolly, CPA, CFF
Director of Forensic Accounting
One River CPAs

“So, just to confirm: you created the loan document, you approved the loan, then you signed the check you issued to yourself?”
“Yes.”



Sometimes a breakdown in segregation of duties will literally speak for itself.

When forensic accountants are asked to describe the field, we struggle to respond succinctly because of the variety of roles we have. Most of us work with attorneys, some testify as expert witnesses, others meet with law enforcement and/or regulators.

My experience is mostly in investigatory work, while others focus on business valuation, intellectual property litigation, compliance and monitoring, anti-corruption and other areas.

During the 1990s, firms were establishing forensic accounting groups, and we contended with a slew of revenue recognition investigations in the technology industries. We pored through file cabinets to understand the substance behind reported sales: comparing versions of invoices, shipping documents and contracts to what personnel told us in person, or by review of their email. An early memory involves a sales order supposedly from an Australian customer that may have validated an international sale ... had it not been faxed from Cape Cod.

Today, Forensic Technology and Data Analytics are instrumental in allowing complex investigations to be more efficient, and most file cabinets are electronic. The required perseverance of a granular

look at various sources remains, often in an environment where reliance on financial reporting is limited.

Understanding accounting standards, disclosures and internal control over financial reporting is vital, and while common methodologies and approaches are used, each matter's characteristics differ and so do workplans. Forensic work often seems less pure accounting than it does establishing a roadmap and narrative (with numbers) of actual events to correct a fictional version. Reporting to a varied audience of attorneys, governing boards, auditors and outside authorities is common.

An entity's own accountants often first identify issues. Two examples:

- Warehouse workers call the Controller to ask what she wants to do with a return that just came in. Odd, as the company does not accept returns! A call to the reseller reveals that a sales rep promised that any portion of their order that did not move quickly could be returned.
- A new CFO at a growing company meets resistance from its longtime bookkeeper when he asks for access to online banking. He gains access and notes large monthly payments to a vendor that differ from the payee per the A/P records. A call to the vendor reveals the payment is for rent. The landlord emails the lease, which turns out to be for a business owned by the bookkeeper.

In such instances, “Now what?” is the intuitive response, followed by worry over whether it's an isolated issue or more, which records can be used to solve, where do we start?

This is where forensic accounting comes in.





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selling a business?

Make use of our network, and
reach a highly targeted audience.

Get the word out to 1,000 CPAs
in Maine by placing a classified ad
in the MECPA newsletter.

FMI: [Contact Trish Brigham.](#)

.cpa URL highlights professionalism, offers security



.CPA Internet domains soon will be available for individual and firm licensees.

After a seven-year effort, the AICPA has secured the rights to manage the top-level domain .cpa. Individuals and firms holding CPA licenses and state societies can apply for a site on this domain in September.

Among the benefits is added security. Unlike domains like .com or .org, .cpa will be operated in a restrictive manner, with a vetting process for applicants. A .cpa domain offers branding opportunities, too – conveying professionalism and trustworthiness.

Transitioning to this new type of domain requires redirecting of traffic from an existing website and attaching to email systems. [Go here](#) FMI.

BEYOND THE NUMBERS continued from p. 1

for things my kids are involved in.

How did you get involved and when? I joined the MECPA board when my coworker, Dick Morin rolled off the board. I was a board member for four years. One River CPAs Run the Numbers 5K has been organized and hosted by our firm for 10 years.

What's gratifying about these roles? I'm passionate about the CPA profession and find it very rewarding to be a part of a group of other CPAs where we all work toward the development of the profession, careers and education within our industry. Being a part of the Tax Committee is especially rewarding and educational. I was able to learn about the lobbying process and help be a part of those efforts. Working toward healthy tax policy in Maine for all citizens has always been of interest to me. The Run the Numbers 5K was started as a way to raise money for local charities. Over the past 10 years, we've raised and donated over \$100,000 to local charities. Although it was a lot of work, it was rewarding to meet the other volunteers, employees at the charities and individuals that our donations benefited.

What do you like/dislike about your job?

I love the challenge of my job. Tax law has continuously evolved and changed. Reading, studying and learning about all of the changes has really kept me on my toes. I also really enjoy interacting with and helping my clients. There are so many great people in Maine, and it's a lot of fun to get to know my clients and learn about their experiences. There are times where my job can be very stressful as I feel like I'm being pulled in several different directions, and there never seems to be enough time in the day to accomplish everything I want to get done.

What do you hope for the future of our profession?

I hope it can evolve and we can recreate our roles with our clients. As Artificial Intelligence becomes more mainstream, it's going to become more important for us to develop relationships with clients and provide them with more than just the basics. We'll no longer be "tax preparers" or "auditors" but will fill the role of trusted advisors.



How do you relieve work stress (hobbies, exercise?)

When the weather is warm, I can be found working on my yard and flower gardens. When the white stuff is on the ground, you can find me on the mountain where I ski with my friends and kids. My kids are part of competitive ski programs so I spend most weekends during the winter watching them ski and traveling throughout New England for mogul competitions.

Optional: Personal life?

Two kids, a 13-year-old son (Tate) and an 8-year-old daughter (Brynn). Both of my kids play soccer and are part of a mogul ski program with Carrabassett Valley Academy at Sugarloaf Mountain. We also have a black lab named Luna who loves to swim and chase chipmunks.

Little-known fact about you:

I played hockey growing up in Brewer and later was a member of the Brewer High School boys hockey team. As a teenager, I was invited to a National U18 development program on two occasions. I went on to play hockey at the University of Maine-Orono. We played in the Division III league my freshman and sophomore years and in Division 1 my junior and senior years. As a Division III player in '97-'98, I was Player of the Year and the leading point-getter in the nation with 60 points in 20 games. I still hold the UMaine record for most goals scored in a game (5), most points in a season (60), most goals in a season (38), most points in a single game (6), and I am tied for third for most assists in a season with 22. After college, I took a 19-year break from hockey and last summer laced up my skates again for the first time since. I've played pickup games and reconnected with some old friends.

My kids and work keep me too busy to join a league right now, but I'd like to get involved in something in the next couple of years. Hockey has given me some great lifelong friends and I am very appreciative of the opportunities I had in Brewer to play on a boys team and in college to help pioneer the women's ice hockey program at UMO.

(It took some Google skills to find the above info! I had no idea if I still held any records or not ...)

***Last fun-fact editor's note:** One of Alison's current business partners, Jamie Boulette, was her youth hockey coach!

Go ahead and take that break ... You'll be more productive!

Research consistently shows the health benefits of down time – improved productivity, lower stress and better mental health.

A Project: Time Off study in 2018 found that employees whose companies encourage vacation were much happier in their jobs than those who worked at places where vacation was either discouraged or managers were ambivalent about taking time off.

With everything going on these days, it's so important to recharge. Luckily, we're in Vacationland, where there's always somewhere beautiful to explore like this scene – a pop-of-color rowboat anchored in a foggy bank just down the road from Popham Beach State Park in Phippsburg.



Photo by Patricia McCarthy

MECPA scholarship winners are an impressive trio of women



Congratulations to the following recipients of the Maine Society of CPAs Endowed Scholarship at the University of Maine:

Elizabeth Moody, Class of 2021; accounting/economics major; Chelmsford, Mass.

"I enjoy sitting out on the quad in nice weather, participating in the University's Horticulture Club, and cheering on my roommate during her crew meets. During winter months, I drive out to New Hermon Mountain as often as possible to get in as much time on the slopes as I can! At school, I work for the Peer Tutor Program and in one of the on-campus dining halls. In summer I work my favorite job, at a garden center. I'm an avid guitar player, as well as gardener."



Grace Graham, Class of 2022; accounting, finance & financial economics; Cary, Maine

"I've been working a lot in different departments at Hannaford this spring/summer. And while not the resume-builder job I had imagined, I've learned a lot about what it truly means to be a hard worker. I've even been able to apply some of what I have learned at the Maine Business School in different aspects of my work."



Emma Olmstead, Class of 2021; accounting; Veazie, Maine

"When not at school or work, I spend most of my time with close friends, family and my new kitten. I also enjoy writing and watching new documentaries. Although I don't have any set plans for after I graduate, I plan on returning to school to get enough credits to take the CPA

exam. After that, I hope to work for an accounting firm in Maine. I'm also considering working for a nonprofit agency."

From top:
Elizabeth Moody,
Grace Graham and
Emma Olmstead

We're building the pipeline to ensure you get the talent you need

Retaining the public's trust and the reputation and vibrancy of the profession involves attracting the "best and the brightest" to accounting. It's important to you, and to us, so we dedicate considerable resources to expanding the talent pipeline.

We're excited to work with the University of Southern Maine and Thomas College on a new program for rising high school juniors and seniors. Participants in "Is Business for Me?" will be introduced to Business School faculty and students and to representatives of public accounting firms. By design, the program involves a campus visit, so this may be delayed until spring.

We're teaming with UMaine, USM, Thomas and Husson University to offer an engaging and successful recruitment process, in spite of COVID-related modifications. MECPA members will participate on career panels and serve as information resources for interested students.

Finally, we're developing a course, "Demystifying Taxes & Tricks of the Trade," for the Finance Authority of Maine's (FAME) Jumpstart Coalition. We hope to present at its annual Fostering Financial Education in Maine Schools conference scheduled for May 2021.

We're excited to partner with FAME to support this first-of-its-kind course and improve financial capability in Maine. Please contact Trish Brigham to get involved in any of these important projects.

Many thanks to our premier sponsor

for helping us cultivate a new generation of CPAs!

Deloitte.

REMEMBER – Individual and firm licenses renew Sept. 30.

----- PROFESSIONAL DEVELOPMENT OPPORTUNITIES -----

We're all ZOOMing, so let's use it well and find success along the way

Worried about what your practice will look like in six months? Concerned about what challenges lie ahead? Join the club – these are common fears in this unprecedented time!

Since these daunting subjects likely will be up for review mostly on ZOOM, let's figure out how to make the most of such meetings.

Toward that end, we're bringing in an expert Aug. 12 for a lunchtime webinar. In his engaging session, called "Mastering ZOOM: Avoid Gloom & Make Your Business Boom," N.C. lawyer and award-



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winning author Jay Reeves will cover the essentials of presenting yourself well online but also move beyond the surface to offer "strategies for success in a time of stress."

Reeves, founder and owner of Your Law Life LLC, which helps lawyers and other professionals add purpose, profits and peace of mind to their practices, has given more than 275 presentations on risk management, wellness, loss prevention and many other topics throughout the United States and Canada.

To make this hour (1 CPE) – **at noon Wednesday, Aug. 12** – as comfortable as possible, Reeves invites participants to break a cardinal rule of online etiquette: Bring your lunch and actually eat it! He'll take questions at the end.

[Register here.](#)

[Learn about Reeves here.](#)

Aug. 19 9 a.m., 1.5 CPE Diversity Works: Cultures that Support People & Profits

Diverse workplaces with a mix of cultures, ethnicities, genders and generations allow for a wealth of perspectives that "can create a prime environment for innovation and nurture a company's connection to society."

So says Forbes magazine and other noteworthy sources recently. In her Aug. 19 interactive videoconference,



Elizabeth Greason, co-owner of Maine Intercultural Communication Consultants, will provide tips and tools for attracting and retaining such a diverse mix of employees – and she'll explain why it's so important to do so.

This session is all about enhancing understanding and learning how to create welcoming, inclusive workplaces.

[Register here.](#)

[Learn about Greason here.](#)

Aug. 26 9 a.m.; 1 CPE Digital Marketing Trends for Today's CPAs

with Jeff Mitchell of Digital Impulse

[Register here](#)

Sept. 22 8:30 a.m.; 1 CPE Benefits: A Deeper Look at Consumer Driven Accounts (FSAs, HRAs and HSAs)

with Susan Dublin
of Group Dynamic Inc.
Stay tuned for details.

Sept. 24 MRS to host virtual Tax Symposium

SCORE's annual CPE-rich tax forum, typically held in November, will be replaced this year by a virtual Tax Symposium hosted by Maine Revenue Service. Watch your email for registration info.



Thank you!

... to the following MECPA members who have shared their time and expertise in advocacy and professional development work (from left in photos): **Mike Santo** and **Cory Vargo** of Wipfli and **Andy Smith** of Baker Newman Noyes. If you're interested in such opportunities – which also elevate you and or your firm's profile, please [contact Trish Brigham](#).

Renew membership, update your info and get engaged!

If you haven't received your membership renewal invoice and/or need to update your contact information, please [email Executive Director Trish Brigham](#) or call 207.761.0925. She's happy to help connect you to our community.

And if you'd like expand your professional and personal horizons, we'd love to have you involved with an MECPA committee.

Committees & Chair emails:

Developing Leaders
[Hank Farrah](#)

Marketing & Communications
[David Stone](#)

Membership
[Micah Davis-Johnson](#)

**Professional Development
& Education**
[Maria Gwinn](#)

Taxation & Advocacy
[Mike Santo](#)

**Leadership Conference
& Recognition (ad hoc)**
[Trish Brigham](#)

Looking to stand out? Consider earning a BV designation

By **Eric Purvis**
Partner, Marcum LLP



If you're a CPA looking to distinguish yourself in a practice niche that's outside traditional accounting, auditing or tax advisory services that CPAs typically provide, consider business valuation (BV).

There are several paths to obtaining a BV designation, including the ABV (Accredited in Business Valuation by the AICPA), CVA (Certified Valuation Analyst by the National Association of Certified Valuators and Analysts) and the BV designation by the ASA (American Society of Appraisers).

I obtained the CVA designation in 1999 as a way to enhance the litigation support work I did within my growing practice. I found that the analytical skills that I used in my everyday accounting and tax practice were invaluable in the litigation support arena, and having the CVA designation enhanced my credibility in the courtroom and with the attorneys I worked with. In 2005, I earned the ABV designation as a way to further my education and training in business valuation.

The ABV credential is granted exclusively by the AICPA to CPAs and qualified valuation professionals.

Requirements for a CPA to obtain the ABV include, among other requirements, passing the ABV Examination, obtaining a minimum of 1,500 hours of valuation experience and completing 75 hours of valuation-related CPE within a 5-year period before applying for the ABV credential.

In the years I've been providing business valuation and litigation support services, I've had a chance to work on business valuations for many purposes, including gift and estate, marital dissolution, and transaction and succession planning and have served as an expert witness in numerous cases, many of which required testimony at trial, reference hearings and arbitrations.

At a recent BV seminar, a young attendee asked the speaker what it took to be a good BV analyst. The speaker said a BV analyst needs to have intellectual curiosity in the work they're doing. Like a book, financial statements tell a story, and an analyst needs to be inquisitive to understand that story.

If you're intellectually curious and want to develop a practice in a unique and interesting field, consider obtaining a BV designation.

— — — NETWORKING /SOCIAL OPPORTUNITIES — — —

Aug. 27

5-6 p.m.

Battle of the Bridge Virtual Trivia

In inviting Jeopardy master **Ken Jennings** to emcee our Trivia Challenge vs. the New Hampshire Society of CPAs, we told him we knew a 'yes' was unlikely but that there'd be no chance it could happen if we didn't ask.

Citing an avalanche of similar pandemic-related requests, his answer was: "This is actually one of those 'it won't ever happen even if you do ask' things, sorry. :) ... Best of luck with your event, though."

Points for trying? Stay tuned for details soon!

November

Influencers Seminar & MECPA Recognition Program

Nearly all programming is being delivered virtually for now, but we're hoping this inaugural event can happen live (remember live?!) in November.

Many thanks
to event sponsor



Going, going ... GONE

Sadly, the **3rd Annual Accountants vs. Attorneys Summer Softball Showdown** had to be canceled this year. We look forward to defending our title (winning) next summer.



During a great summer storm on July 8 at Kettle Cove, Cape Elizabeth. Photo by Patricia McCarthy

Need lightning to strike? Try the Connector Challenge

To stand out and thrive in the technology-driven profession ours is becoming (Think AI!), we must emphasize our so-called soft skills, too. Here's a good way to do that:

By Terry L. Sumerlin

I have an all-occasion gift for you. Ultimately, provided you choose to accept this challenge, the gift will be one you give to yourself.

It is this: Starting right now and from now on, let's apply the following connector skills every day with everyone. If we're consistent in the application of these common-sense skills, I have no doubt that our relationships will be better and our lives richer, whatever the circumstances.

The challenge is in the first person. Each of us is that person.



attitude that's worth sharing.

- Communicate in terms of the other person's interest and, when possible, eliminate first-person pronouns from my communication. I will measure all that I say by the standard of "value or vanity."
- Listen more than I speak, ask more questions and make no more pronouncements.
- Encourage those who need encouragement. I will determine who needs encouragement by merely noticing facial expressions, body language or who's breathing.
- Go the second mile to connect, keeping in mind that those who do more than expected as connectors are widely accepted by others.
- Live with enthusiasm, realizing that as I can make myself happy by singing I can also make myself enthusiastic by acting with enthusiasm. I will pick my head up,

look others in the eye (or, if virtual, look into the camera), call them by name and smile.

- Speak my opinions sparingly and give advice cautiously, keeping in mind the proverb that says, "A fool speaks all his mind."
- Build relationships instead of walls. Life is too short for pettiness.
- Speak positively. If I can think of nothing positive to say, I'll say nothing.
- Be open-minded to new ideas and ways of thinking as well as doing.
- Keep in mind the words of comedian Victor Borge: "Laughter is the shortest distance between two people." Especially during difficult times.

Terry Summerlin has been a professional speaker on communication for 25 years and has written five books on the subject. [Learn more here.](#)

Stay in the know by frequently visiting our [site](#), [LinkedIn](#), [Facebook](#), [Twitter](#) & [Instagram](#)!

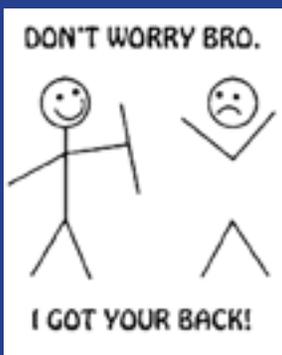
We've got you covered, advocating for you all the time

The MECPA team and its Pierce Atwood lobbyists, Jon Block and Elizabeth Frazier, have been in regular communication with Maine Revenue Service, the Legislature's Taxation Committee and other legislators and Gov. Janet Mills' office about a variety of tax-conformity issues.

These have included PPP Loan Forgiveness, NOLs for 2020, Business Interest Expense, QIP and Nexus (remote workers).

Because the Maine Legislature is out of session, many of these issues cannot be fully addressed. Similar situations exist in many other states.

In the next few weeks, we'll work with the Maine Chamber of Commerce and other state CPA Societies to advocate for limited liability protection from COVID-19 litigation and continue efforts to join about 29 states that have enacted firm mobility legislation.



ListenUP! Connect with a fellow member

Have you checked out our members audio feature yet? It's a quick-hit Q&A between a member and MECPA Executive Director Trish Brigham that we post at mecpa.org for 90 days.

[Tune into our latest episode](#), with **Amy Chute**, Tax Manager at Dufour Tax in Portland.

Want to introduce yourself and your business to other professionals? Don't be shy! [Contact Trish.](#)

More credits and incentives could be included in next COVID-19 relief bill

By Rick Meyer, CPA, MBA, MST
Illinois CPA Society

Congress soon will return for a short period before an August recess and take a hard look at the next round of measures to help with the impact of COVID-19.

The R&D credit that has been used to encourage economic growth, is on the list. Business owners should seriously consider if they qualify for these incentives to help with cash-flow needs.

The new proposals include: doubling the R&D tax credit; allowing businesses to use their R&D tax credit and other credits rather than having to carry-forward unused credits if they're in a loss situation; expanding the R&D tax credit percentage for domestic manufacturing; and increasing the refundable R&D credit for startups.

Newly increased credits could be used as an effective tool to encourage U.S. companies to do more manufacturing in the United States instead of overseas.

Also being discussed is having an expanded employee retention credit (with a much higher dollar threshold than currently in place) and a payroll tax holiday for both employees and employers. In addition, Congress will consider issuing another round of checks to families and individuals. This one is a struggle with the \$600 add-on weekly payment for unemployment expiring at the end of the month.

Other key non-tax provisions are: looking at funding for state and local government (to replace lost tax revenues); appropriations for health/testing-related for COVID; and supplemental payments to frontline health workers. These have passed the House and now go to House/Senate talks.

The thinking is that if there is a deal, it will be more modest than the \$3 trillion dollar House package passed in May. The compromise likely would be some relief for state and local governments; an assist to health workers; liability protections; tax incentives for hiring and retention of workers as well as some additional relief for families (probably another round of checks) and support for business,

including the R&D tax credit.

The law has changed over the last several years, mostly for the better for taxpayers. So, if you've looked before and thought you or your client didn't qualify, it's worth looking again. Basically, if a company makes something, or is improving something it already makes, it may qualify. The credit is not just about basic research, but also includes activities for applied research.

Too often, companies think they aren't eligible for the R&D tax credit because they are being paid / contracted to do certain work. However, a recent Tax Court case, *Populous*, has good news for contractors, especially government contractors and their potential eligibility for the R&D tax credit. The court in *Populous* found that the contractor was eligible even though the contractor was paid. It found that the contractor had economic risk and retained substantial rights.

The biggest change for small and medium businesses in recent years is that it is now permanent law that these business owners can take the R&D tax credit against their individual AMT. This R&D credit utilization will increase necessary cash flow to business owners in these tough times.

More recently, Congress made the R&D tax credit partially refundable (against employer payroll tax) and allowed start-ups to benefit. Congress is also looking closely at expanding the refundable piece of the credit.

Also, IRS regulations were updated to allow for a bigger window for companies to potentially qualify for the R&D tax credit for developing internal-use software. Many businesses that historically weren't good candidates for the R&D tax credit (finance; banks; stores) should look again.

I expect things to move pretty fast and furious before the August break. A key is that Sen. Mitch McConnell (R-Ky.) has recently signaled his openness to moving another relief package forward.

Rick Meyer is a director for alliantgroup, which works with businesses and their CPAs to identify government-sponsored tax credits and incentives. [Contact him here.](#)