

WINTER 2016-17

# The Capitol Account



A summary of key **legislative activities** and **MSCPA initiatives** as they relate to the accounting profession.



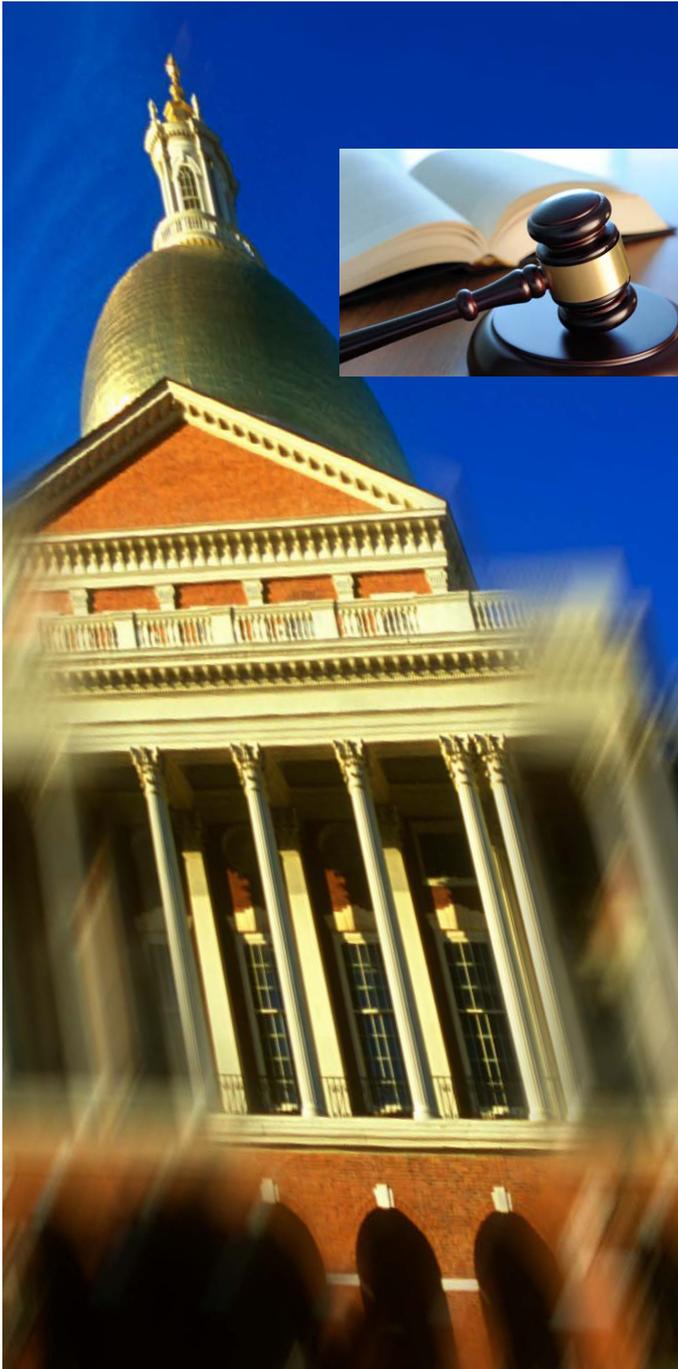
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## BEACON HILL BEAT

State Legislative Update



### Massachusetts Fails to Conform to New Federal Due Dates

Despite an aggressive lobbying campaign led by the MSCPA's membership, Massachusetts remains one of only two states nationwide that has not complied with the new federal due dates impacting C-corporations and partnerships. Massachusetts lawmakers failed to pass legislation last session; however, several bills have already been filed to address this issue. The new federal due dates, which moved the due date for C-corporation returns from March 15 to April 15, will apply for 2016 tax returns.



**MORE INFO** ►

### MSCPA Announces 2017-2018 Legislative Agenda

The MSCPA's Government Affairs Department has put forth several bills on behalf of the membership for consideration during the 2017-2018 legislative session. Our legislative agenda was formed with comments and suggestions from you! These bills seek to achieve the following objectives:

- ♦ Conform with the federal tax due dates;
- ♦ Amend the state's independent contractor law to conform with the IRS's 11-factor test;
- ♦ Update the statutes governing the accounting profession to further comply with the Uniform Accountancy Act (UAA);
- ♦ Increase the entry-level tax imposed on S-corporations; and
- ♦ Adopt changes to laws governing nonprofits to conform to the federal requirements.

*The MSCPA will monitor these and other issues as they arise. Please contact Zach Donah at [zdonah@mscpaonline.org](mailto:zdonah@mscpaonline.org) if you have any questions or concerns.*



Photographs: Joanne DeCaro / Sam Berube / Alastair Pike, Office of Governor Charlie Baker / Sam Berube



## BEACON HILL BEAT

### State Legislative Update

## Governor Baker Files FY 18 Budget

Governor Charlie Baker filed his budget proposal for Fiscal Year 2018. The \$40.5 billion budget contains several noteworthy provisions, including:

- ♦ A \$2,000 assessment per full-time employee on employers that do not offer a qualifying insurance plan. This plan aims to reduce the flow of full-time employees from enrolling in Medicaid and reducing the stress on the state budget;
- ♦ The framework for instituting a tax regime on short-term rentals, such as Airbnb;
- ♦ A proposal to collect sales tax from online retailers that do not have a physical presence in the Commonwealth, but have more than \$500,000 in sales here;

- ♦ A proposal to require third-party processors (predominantly credit card companies) to remit to the Commonwealth, on a daily basis, the portion of a sale that is attributable to sales tax, provided that the transaction involves a vendor or operator that employs 50 or more people;
- ♦ A \$2,000 credit for businesses that hire veterans. Eligible businesses could take the credit in the first two years in which a veteran is employed; and
- ♦ A proposal to allow the Department of Revenue to implement new criteria for 1099-K notifications, allowing the Commissioner discretion to require reporting using criteria that may not match the federal criteria.

The state budget process will continue with a series of statewide hearings on the Governor's plan before the Massachusetts House of Representatives files their budget plan in April and the Senate in May. For more information and for copies of the proposed language, please click the link below.



**MORE INFO** ►



## CAPITOL HILL CONNECTION

### *Federal Legislative Update*

Donald J. Trump was inaugurated as the 45<sup>th</sup> President in January. President Trump's election was a shock to many, supporters and foes alike, and his unprecedented style has left even the ultimate DC insiders at a loss when trying to predict his agenda for the next four years.

One thing is certain—Trump will enjoy Republican control of Congress and a seemingly shared agenda with congressional leadership on two key issues of his campaign—tax reform and repeal of the Affordable Care Act (ACA). President Trump has already issued executive orders to begin dismantling key parts of the ACA and several proposals have been floated that may be incorporated into a comprehensive tax reform proposal within the first 100 days.

The AICPA submitted a series of recommendations to the House Republican's Tax Reform Tax Force, advocating for simplification to the tax system to reduce taxpayers' compliance costs, encourage voluntary compliance through an understanding of the rules and greater respect for the system and improve enforcement actions.

The MSCPA, in coordination with the AICPA, continues to advocate on behalf of the profession's priorities before Congress, including:

- ♦ Preservation of the cash basis method;
- ♦ Adoption of the mobile workforce legislation;
- ♦ Implementation of permanent disaster relief provision; and
- ♦ Adequate funding of the IRS.



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## White House Issues

### Regulatory Freeze

President Trump issued an executive order requiring all executive agencies to freeze new and pending regulations. The order will allow the new administration to review all regulations prior to final publication. Proposed rules that may be impacted involve:

- ♦ Master limited partnerships and dividend equivalent payments;
- ♦ Valuation, which may limit the availability of estate and gift tax valuation discounts (Section 2704); and
- ♦ Overtime pay.

The AICPA has been monitoring this activity and will continue to post updates as they become available.



[MORE INFO](#) ▶



## REGULATORY RECAP

*Latest Regulatory News Affecting CPAs*



## MA Board of Public Accountancy Launches e-Licensing Portal

BoPA has activated a new e-filing system for Massachusetts licensees. The system, ePLACE, allows aspiring and current licensees to electronically apply for and renew their certifications. Firms are also eligible to apply for and renew their licenses through the portal. For more information on how to create an account, please click below.



[MORE INFO](#) ►



## Board of Public Accountancy Issues Marijuana Guidance

The Massachusetts Board of Public Accountancy (BoPA) has voted to approve guidance for CPAs engaged with recreational and/or medical marijuana dispensaries. Based on the guidance, so long as a licensee is complying with state law, the Board will take no action against the licensee. The guidance does warn that use and possession of marijuana and providing services to the industry remains illegal under federal law. The Board holds the right to revoke the license of a CPA who is convicted of a federal crime.



[MORE INFO](#) ►

## ECONOMY BY THE NUMBERS

### STATEWIDE

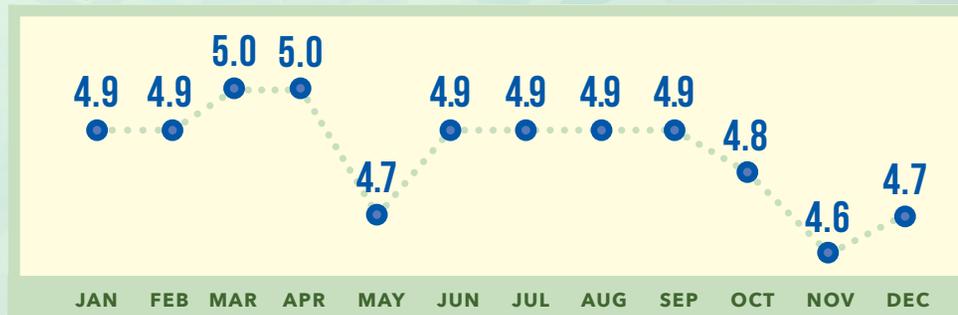
Unemployment rate down to 2.8% (December 2016)



Via the *Executive Office of Labor and Workforce Development*

### NATIONAL

Unemployment rate down to 4.7% (December 2016)



Via U.S. Dept. of Labor, *Bureau of Labor Statistics*

### MASSACHUSETTS ECONOMIC GROWTH



Via *Mass. Dept. of Revenue*

### DECEMBER REVENUE COLLECTIONS

\$2.49 billion; \$49 million above the monthly benchmark



Via *MassBenchmarks.org*

## Contact Us!

The Massachusetts Society of Certified Public Accountants (MSCPA) is the state's premier professional organization with more than 11,000 members in public accounting, industry and business, government and education. The MSCPA's advocacy program is a key component of our organization, striving to protect your license to practice accounting, and to promote an economy in Massachusetts where the profession and your business will prosper.

Please contact our Government Affairs Director Zach Donah at [zdonah@mscpaonline.org](mailto:zdonah@mscpaonline.org) with any questions, concerns or suggestions.

### The MSCPA Political Action Committee ★ (MSCPA/PAC) ★

The **MSCPA/PAC** ensures that the collective voice of the accounting profession is heard on Beacon Hill. We support legislators who work to make Massachusetts a place where your business can thrive, and we provide informed counsel to the committees handling important legislation to CPAs.

Donate today at:  
[mscpaonline.org/pac](http://mscpaonline.org/pac)