

AICPA TOWN HALL

EXAMINING THE PROFESSION'S MOST PRESSING ISSUES

September 2, 2021

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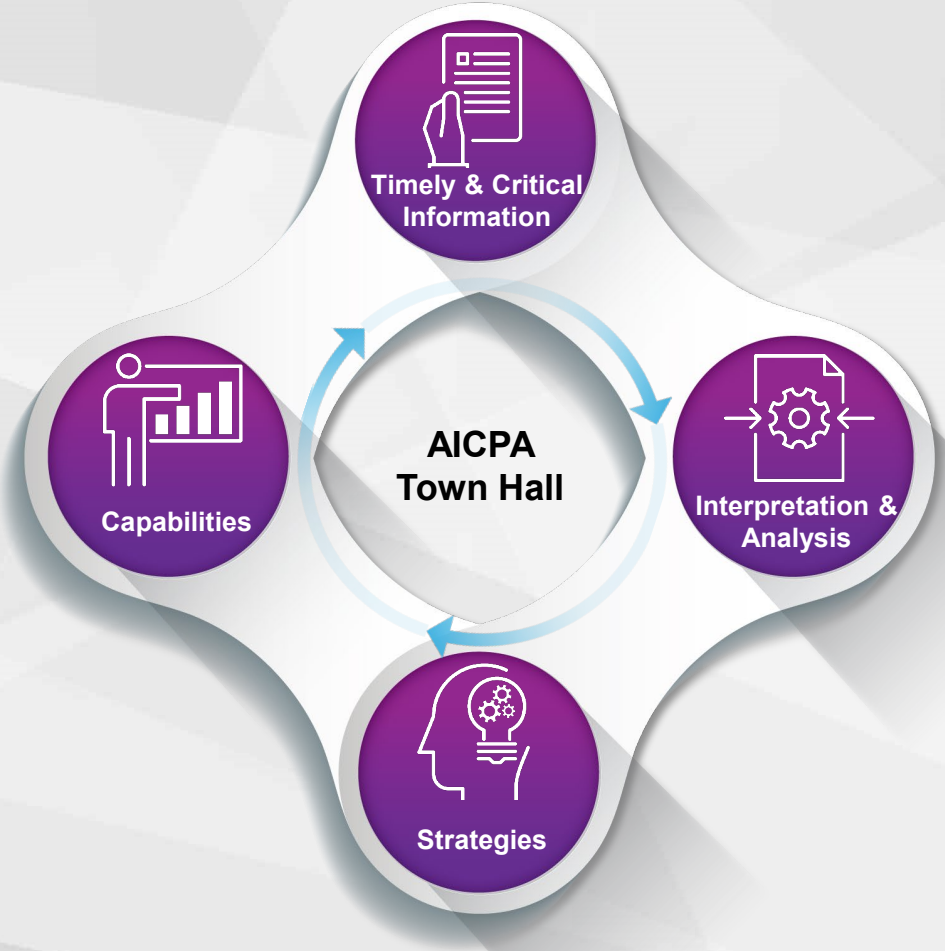
AICPA Town Hall Series

A high-impact news broadcast that delivers:

- Timely information for the profession
- Real-time interpretation and analysis
- Broader discussion on strategies and capabilities to drive success.



- **A Dynamic Connection Between AICPA, Members & Profession on Critical Matters**
- **8,000+ participations per week**
- **Thursdays, 3pm ET**

AICPA Town Hall Agenda

1. Profession & Legislative Update
2. Technical Updates & New Guidance
3. 2021 CPA Firm Top Issues
4. Practice Strategies
5. Open Forum and Closing Remarks



Presenters

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In the News

Bloomberg

Business

Deloitte to Require Staff to Be Vaccinated at U.S. Locations

By Matthew Boyle
August 24, 2021, 10:53 AM EDT



Joe Ucuzoglu *Photographer: Jim Spellman/Getty Images*

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▶ 1:04

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Professional services firm Deloitte will require vaccination against Covid-19 for employees to enter its office beginning Oct. 11.

The requirement will go into effect seven weeks after the U.S. Food and Drug Administration's full approval of the Pfizer Inc.-BioNTech SE vaccine, the company said in a statement. Workers will have to disclose their vaccination status on a secure Deloitte website, Joe Ucuzoglu, chief

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JOURNAL OF ACCOUNTANCY

NEWS / PRACTICE MANAGEMENT

Staffing and COVID-19 relief programs are firms' top concerns in 2021

By Courtney L. Vien
August 26, 2021

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August 16, 2021
How to retain staff amid surging turnover

August 1, 2021
How CPAs helped save businesses during COVID-19

August 1, 2021
How to effectively support working parents during a crisis

TOPICS

COVID-19

Firm Practice Management

Human Capital

Firm Operations

Finding qualified staff is an enduring concern that continues to challenge CPA firms this year, according to the 2021 AICPA Private Companies Practice Section (PCPS) CPA Firm Top Issues Survey. Hiring staff emerged as the No. 1 issue affecting firms that employ 6–10, 11–20, or 21 or more professionals.

Carl Peterson, CPA, CGMA, the AICPA's vice president–Small Firm Interests, Public Accounting, said this result did not surprise him. "Staffing is a perennial concern," he said, though he added that many firms are seeing increased turnover this year. "Firms I've spoken with, including both small and larger firms, have been losing staff since tax season ended, and they've been surprised at who's leaving," he observed.

Staying current with COVID-19 relief programs such as the Paycheck Protection Program (PPP) was the top concern of firms employing 2–5 professionals, the survey found, and was a top-three concern for firms of all sizes.

Keeping up with tax law changes was sole practitioners' top concern this year. Since 2011, this has been the No. 1 concern of sole practitioners every time the survey has been conducted.

Seven hundred and twenty-seven firms completed the survey, which was conducted in May and June. Firms were given a list of issues and asked to rank each on a scale of one to five, with one indicating that an issue was of no concern to them and five indicating that it was of extreme concern.

Staffing issues largely rounded out the list of top concerns for firms employing six or more professionals, Training next-generation leaders, retaining staff, and handling work/life balance all appeared on the list of top-five concerns for firms of this size.

Lisa Simpson, CPA, CGMA, vice president–Firm Services at the AICPA, said she saw firms' interest in next-generation leaders as "a positive sign."

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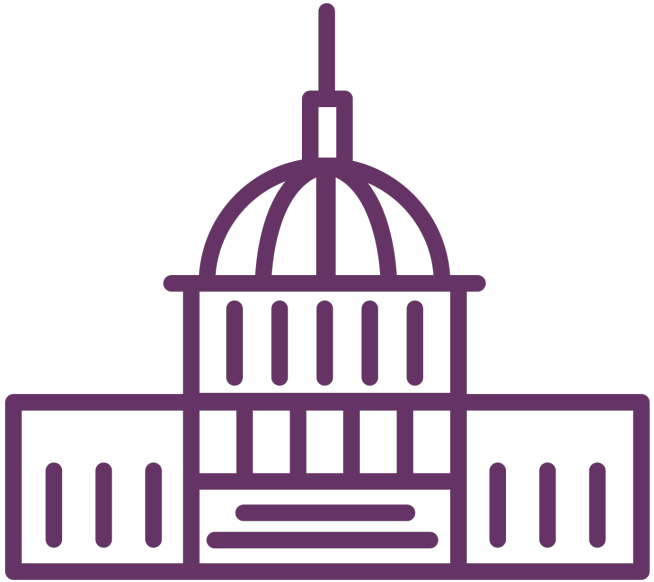
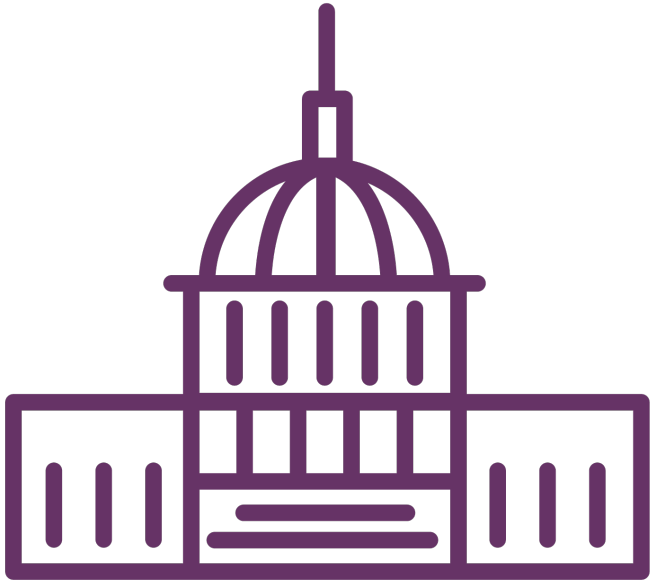
DC Update



- Update on Infrastructure and Reconciliation bills
  - Implications of bills
  - 2021 Key deadlines and Expirations
  - Tax issues to watch
- AICPA Tax Advocacy Priorities

DC Update



- Senate Passage of bipartisan Infrastructure Bill
- House Democrats pass a consolidated rule
  - Advances $3.5 T budget reconciliation package and guarantees a House vote by 9/27
  - Moderate 9 negotiations – what did they really get and at what cost?
- 2021 Key deadlines and Expirations
  - September will be a mess

2021 Key Deadlines and Expirations

Date	Event
Sept. 15	• House and Senate committees to report their portions of Democrats' reconciliation package – Budget committees will compile the proposals that could total $3.5 trillion under budget resolution
Sept. 27	• Deadline for House consideration of the Senate-passed bipartisan infrastructure package
Sept. 30	• Fiscal 2021 funding and other major programs expire, including: – Surface transportation authorization (FAST Act) – National Flood Insurance Program – Transportation Security Administration – Temporary Assistance for Needy Families
October-November	• Debt limit could be reached, according to Congressional Budget Office estimate – Treasury Department using "extraordinary measures" to extend deadline since Aug. 1 – Congressional Democrats reportedly plan to include extension in stop-gap spending bill, though Senate Republicans have vowed to oppose such a move
Dec. 31	• Several tax extenders, including for energy and mortgage insurance premiums, expire

Notes: FAST Act — Fixing America's Surface Transportation Act, which was extended an additional year.

SOURCE: Bloomberg Government

Democrat-Only Reconciliation Bill

Possible New Spending: $3.5T Over 10 Years

Potential Investments - Categories

- Healthcare
- Caregiving and Education
- Clean Energy / Climate Change



Anticipated Offsets – Categories

- Corporate Tax Changes
- Individual Income Tax Changes
- International Tax Changes
- Dynamic Scoring

AICPA Top Advocacy Priorities

IRS Services and Penalty Relief
- Congresswoman Chu's Bill
- Social Media Campaign



Preparer Regulation

Disaster Legislation

Transfers of Appreciated Property

PPP Basis Issue
- Practice Support

Other Advocacy Issues

- OECD digital tax project
- AICPA legislative compendium
- Sen. Wyden QBI / 199A legislation
- Centralized partnership audit regime (CPAR)



Social Campaign to Congressional Leaders on Penalty Relief



What – Raise Awareness on Penalty Relief

- Share stories of pandemic-related hardships
- Tag members of Congress, media and gov't officials on social media posts
- Include hashtag **#COVIDPenaltyRelief** in all social media posts
    - Tag AICPA on your posts:
    - Twitter: @AICPA
    - Facebook: @AICPA
    - LinkedIn: @AICPA
    - Instagram: @theaicpa

When

- September 7 – 8, 2021

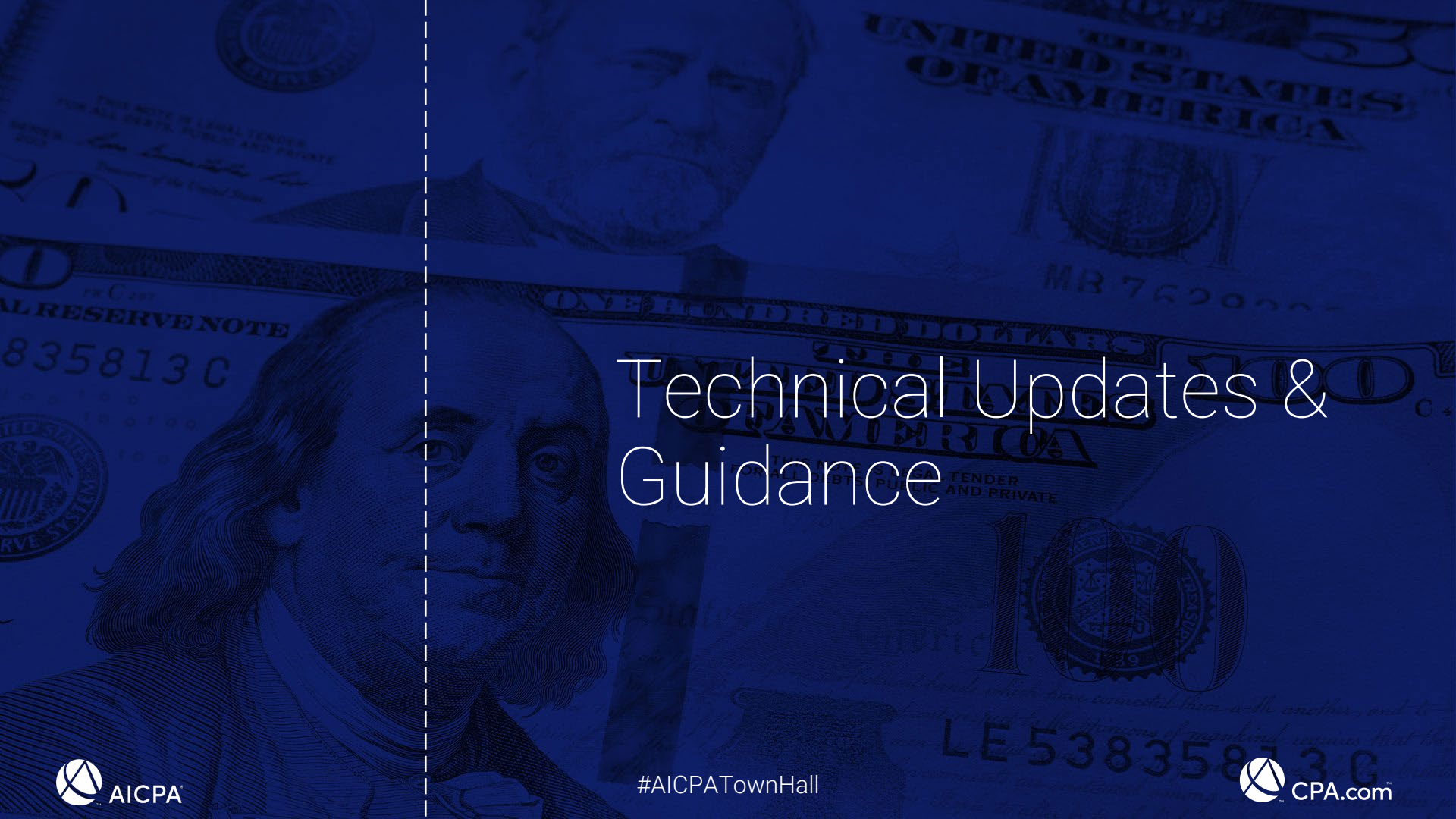
Message

- Share story or template post:

The pandemic has caused a lot of personal and economic suffering in our country. Taxpayers need relief from tax penalties now – we ask the @IRS to grant penalty relief. #COVIDPenaltyRelief @AICPA @[mediaoutlet] @[member of Congress]

Resources

Find your rep: https://www.house.gov/representatives/find-your-representative
Members of Congress Twitter handles: https://twitter.com/i/lists/34179516/members
IRS Social Media: @IRS



Technical Updates & Guidance

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Business Relief Programs

- PPP Forgiveness
- Shuttered Venue Operators Grant
- Employee Retention Credit

PPP Forgiveness Statistics as of 8/15/21

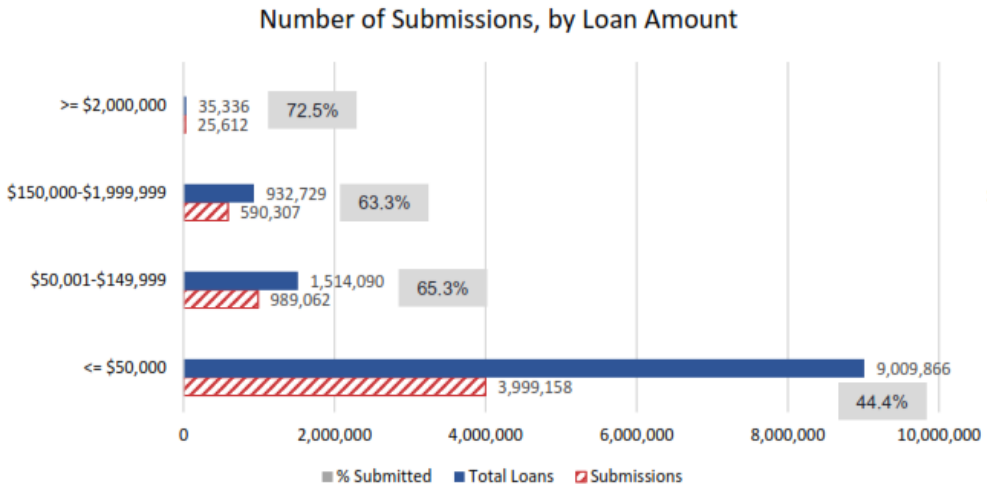
Total PPP volume	11.5M	$793B
Applications for Forgiveness	5.6M	$498B
Forgiven	5.2M	$471B
In process	400K	$27B
Applications not yet received	5.9M	$295B

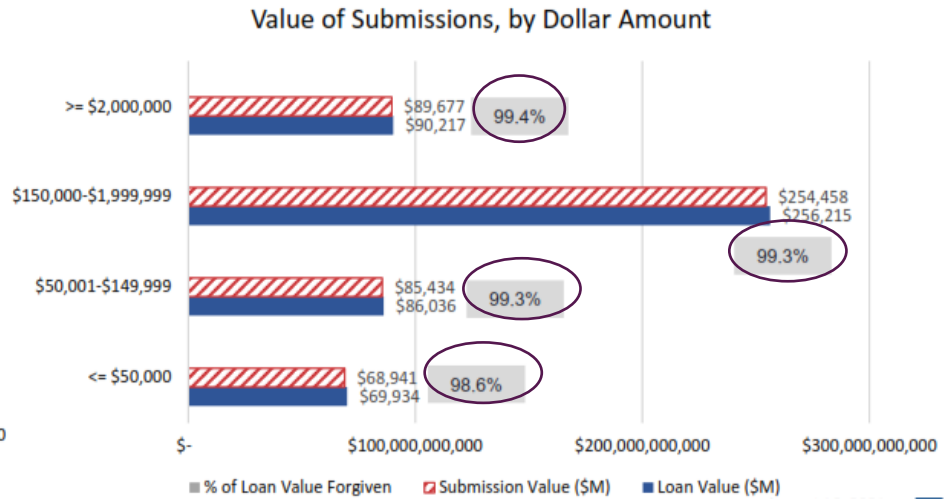
A significant number of 2020 PPP loans are beginning to require payments if not submitted for forgiveness. Remember:
Per IFR on PPP - Requirements—Loan Forgiveness: *If the amount remitted by SBA to the lender exceeds the remaining principal balance of the PPP loan (because the borrower made scheduled payments on the loan after the initial deferment period), the lender must remit the excess amount, including accrued interest, to the borrower*

- 52% of Total # of PPP Loans Have Not Yet Applied for Forgiveness, representing 37% of PPP Loan $.
- For 2020 loans, 84% have submitted forgiveness applications, representing 88% of PPP Loan $. That leaves 804k 2020 loans totaling $65B.
- Consider prioritizing 2020 loans since 2021 loans still have time before payments will be required.

New PPP Data Released by Loan Amount

For 2020 and 2021 PPP loans





Loan forgiveness rate is over 99% through August 15, 2021

Source: SBA

SBA's direct forgiveness portal

- Direct forgiveness portal
  - Only for borrowers with loans of $150,000 or less
  - Since opening August 4th, 670k+ borrowers used the portal; 2/3 processed & forgiven $ paid to bank
  - Lenders must opt-in to use the portal (around 1,300 currently of 5,500 lenders)
  - Lender still reviews and approves forgiveness application
  - User guide available along with list of participating lenders
- COVID revenue reduction score
  - For second-draw loans of $150,000 or less where the borrower did not submit documentation of revenue reduction at the time of the loan application
  - Created by Dun & Bradstreet based on a variety of economic inputs tied to industry, geography, etc.
  - If score meets or exceeds the value required for validation of the borrower's revenue reduction, **no additional documentation of 25% revenue reduction is required.**
  - Lenders who don't opt-in to direct forgiveness portal can also use this score.

Shuttered Venue Operators Grant Data

SVOG Overview as of August 30, 2021

Applications Submitted	Applications Submitted within first 60 days	$ Requested Funding Submitted	# Grants Awarded	$ Grants Awarded	Avg. Grants Awarded	$ Grants Disbursed
17,643	14,591	$13.3bn	11,608	$9.4bn	$809K	$8.9bn

Submitted Applications by Stage of Review

SBA has issued decisions on 90% of all applications

New	In Review	Awarded	Declined
SBA has not yet begun review	SBA is actively working on review	Notice of award issued	Notice of decline issued
914	786	11,608	4,335
5%	5%	90%	

- $5.41B awarded to businesses <50 FTE
- See SBA site for program info including allowable use of funds and FAQ for SVOG Awardees
- AICPA resource: Understanding the Shuttered Venue Operators Grant Program
- Coming soon: Video on accounting for SVOG and RRF

Shuttered Venue Operators Grant News

- As of August 20th, SVOG is no longer accepting new applications
- SBA will soon open supplemental SVOGs
  - 50% of the original award amount, capped at a total of $10 million (initial and supplemental combined)
  - For live entertainment venues and other entities that received an initial grant and reported at least a 70% reduction in 2021 first-quarter revenue as compared to the same period in 2019
  - Began sending invitations Aug. 27
- Supplemental award recipients can extend the time to use their grant funds for expenses accrued through June 30, 2022
- If sufficient funding isn't available, priority will be given to applicants that have reported the greatest revenue loss for the first quarter of 2021 compared with the first quarter in 2019..

Employee Retention Credit Resources

- ERC Hub
- AICPA ERC FAQs
  - Answers to the common ERC questions after IRS Notice 2021-49
- Video: Employee Retention Credit: Your Questions Answered
- Podcast: ERC — What we know now | Tax Section Odyssey
  - Kris Esposito, CPA, MST, Director – AICPA Tax Policy & Advocacy, and April Walker, CPA, CGMA, Lead Manager – AICPA Tax Section, **summarize the ERC guidance highlighted in Notice 2021-49**





2021 CPA Firm Top Issues

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2021 CPA Firm Top Issues

Top Issue	Firm Size # of Professionals				
Keeping up with COVID relief programs	1	2-5	6-10	11-20	21+
Finding qualified staff		2-5	6-10	11-20	21+
Keeping up with changes and complexity of tax laws	1	2-5	6-10	11-20	
Challenges when working with the IRS	1	2-5	6-10	11-20	
Developing next generation of firm leadership			6-10	11-20	21+
Seasonality/layering of deadlines	1	2-5			
Effective staff utilization and management				11-20	21+
Retaining qualified staff					21+
Managing work/life balance initiatives					21+
Keeping up with changes in technology and managing associated costs	1				

Source: 2021 AICPA PCPS CPA Firm Top Issues Survey

CPA Firm Top Issues – Impact Over Next 5 Years

Top Issue -Impact over Next 5 years	Firm Size # of Professionals				
Staffing (recruiting and retaining)	1	2-5	6-10	11-20	21+
Changes in regulatory environment	1	2-5	6-10	11-20	21+
Capability to adapt to changing client needs	1	2-5	6-10	11-20	21+
Emerging technologies (data analytics, blockchain, AI, etc.)	1	2-6	6-10	11-20	21+
Managing a hybrid workforce			6-10	11-20	21+
Political instability (local, regional global)	1	2-5			

Source: 2021 AICPA PCPS CPA Firm Top Issues Survey

Key Takeaways – it's about talent

Top Issue	Firm Size # of Professionals				
Keeping up with COVID relief programs	1	2-5	6-10	11-20	21+
Finding qualified staff		2-5	6-10	11-20	21+
Keeping up with changes and complexity of tax laws	1	2-5	6-10	11-20	
Challenges when working with the IRS	1	2-5	6-10	11-20	
Developing next generation of firm leadership			6-10	11-20	21+
Seasonality/layering of deadlines	1	2-5			
Effective staff utilization and management				11-20	21+
Retaining qualified staff					21+
Managing work/life balance initiatives					21+
Keeping up with changes in technology and managing associated costs	1				

Source: 2021 AICPA PCPS CPA Firm Top Issues Survey

Practice Strategies

What are the key drivers in recruiting, retaining and developing talent?

Recruiting

- Challenging diversity approach
- Hiring remote staff to recruit from a larger footprint
- Involving younger staff in high school and college classrooms
- Messaging the “good” CPAs do
- Highlighting opportunities to use technology, expand into new/developing service lines

Retention

- Strengthening firm culture: accountability, engagement, leadership and inclusion
- Examining compensation levels
- Adopting a flexibility mindset
- Recognizing and supporting health and wellness

Development

- Investing in leadership development
- New business development opportunities

Practice Strategies



- Business models
  - Billing strategies
  - Service lines
  - Managing client expectations
  - Evaluating/terminating clients
- Leveraging technology

Open Forum

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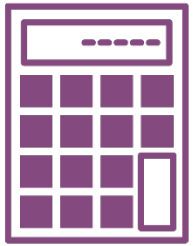
Recent AICPA Town Hall Series

- August 12th AICPA Town Hall
  - Legislative Update, New Guidance, Single Audit Update from GAQC, Workplace Engagement through Accountability: A conversation with Alex Dorr
- July 27th Special Edition AICPA Town Hall
  - Live from ENGAGE; profession update with Barry Melancon, economic outlook with Jill Schlesinger, firm perspectives with Lindsay Stevenson and Jim Bourke.
- July 22nd AICPA Town Hall
  - Susan Coffey and EY US Chair Kelly Grier, firm strategies with Barry Melancon.
- July 8th AICPA Town Hall
  - Former US Treasury Assistant Secretary, Michael Faulkender; Payroll costs for PPP forgiveness.
- June 24th AICPA Town Hall
  - DC update and discussion of guidance needed for ERC and hot tax topics, former Deloitte CEO Cathy Engelbert, deep dive into PPP forgiveness.
- June 17th AICPA Town Hall
  - Critical issues update with Barry Melancon; Tom Hood discusses changing CFO role with TIAA's Jennifer Reilly

- Note: Replays can also be found at AICPA TV - select the Town Hall Series link

AICPA.org/SBA

AICPA PCPS-developed PPP Program resources



Calculators

- Loan amounts
- Loan forgiveness (incl. simple version)
- FTEs and safe harbors



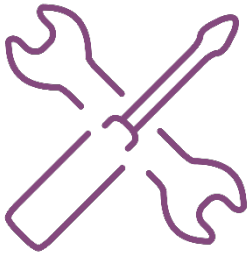
Education

- Summary of PPP updated as program changes
- FAQs
- Overviews of forgiveness



CPA Resources

- Accounting & Reporting (CPEA)
- CPA service matrix
- Sample AUP engagement letters, reports procedures
- Independence & ethics



Lenders

- CPAloanportal.com
- Updated list of guidance & forms
- Forgiveness filing decision aid
- Fillable forgiveness applications

Further Learning Opportunity

CPA.com

Excellence Now: Extreme Humanism

Wednesday, September 22nd 2-3pm EST
1.0 CPE



Erik Asgeirsson
President & CEO
CPA.com



Tom Peters
NY Times Best
Selling Author

In this free webcast, Tom Peters joins President and CEO of CPA.com, Erik Asgeirsson to discuss how leaders can create a sustainable and humane workplace in the age of COVID-19

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