



THOUGHT LEADERS

STATE OF NY TAXES

Navigating the state tax code challenges CPAs, businesses



ALL PHOTOS: JOED VIERA

Attorney Elizabeth Pascal, above left, joined accounting executives Cheryl Prout, Gregory Urban and Andrew Toth in a discussion of the complexities of the New York state tax code. Prout, below, says certain industries, such as craft brewers and filmmakers, benefit from state tax breaks.

BY ALLISSA KLINE
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Sweeping federal tax law changes have kept local CPAs plenty busy in recent years, but that's not the only big-ticket tax item on their plates in recent years.

Accountants also are helping clients figure out whether they have to collect tax on sales made in other states, how they might qualify for certain state business incentives and how to navigate expansion into other parts of the world.

Those are some of the topics that arose during Business First's Sept. 19

"Thought Leaders" discussion on New York state taxes. Hosted by Hodgson Russ LLP at the law firm's headquarters in Buffalo, the event was attended by Cheryl Prout, partner at the Bonadio Group LLP; Andrew Toth, partner at Tronconi Segarra & Associates LLP; and Gregory Urban, partner at Dopkins & Co. LLC.

Hodgson Russ attorney Elizabeth Pascal, whose practice focuses on state and city tax law, also participated.

The U.S. Supreme Court's June 2018 decision on South Dakota v. Wayfair Inc. is among the many issues with which CPAs must deal.



with CHERYL PROUT, ANDREW TOTH and GREGORY URBAN

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ATTORNEYS

“We can’t just focus on federal (tax law changes). In many cases, New York state taxes are a significant factor.”

CHERYL PROUT, partner/team leader,
The Bonadio Group



“Instead of an April 15 (tax) deadline, there’s a deadline every month.”

ANDREW TOTH, partner,
Tronconi Segarra & Associates LLP



“2019 should be a little bit smoother now that we have (federal tax reform changes) under our belt.”

GREGORY URBAN, partner,
Dopkins & Co. LLP

► HODGSON’S TAKE



“What’s taxed and what’s not taxed can be a very complicated area ... because every jurisdiction is different.”

ELIZABETH PASCAL,
partner,
Hodgson Russ LLP

► CLOSER LOOK AT THOUGHT LEADERS

Thought Leaders is an ongoing series of discussions with Western New York business leaders and attorneys at Hodgson Russ LLP.

Throughout the year, leaders in diverse industries meet for a roundtable discussion moderated by Business First journalists. Excerpts from the conversation are published after the roundtable.

Discussions are held in the law firm’s Pearl Street offices in Buffalo.



Andrew Toth says last year’s U.S. Supreme Court decision that allows states to require out-of-state retailers to collect sales tax from in-state customers has had an impact on businesses in New York.

The decision upheld that states can require out-of-state retailers to collect sales tax from in-state customers, regardless of whether retailers have physical locations there.

Businesses that exceed certain annual sales and dollar volume are now required to register as New York state vendors.

“Probably the biggest issue right now is Wayfair,” Toth said. “We are overwhelmed with people who need to register.”

The state Department of Taxation and Finance did not issue guidance on the decision until this past January, which left some companies and their accountants to wonder what the effect would be on the individual companies.

All three CPAs said that, for their clients, it adds to the cost of doing

business.

“For a lot of our clients, it’s changed the economy of their business,” said Urban, who works with closely held businesses and their owners. “Companies used to be able to sell something like garden supplies into an area where they didn’t have a physical presence. They were collecting dollars in an area where they had the pricing advantage. Now that advantage has been neutralized.”

Whether it’s Wayfair or federal tax reform or Start-Up NY tax breaks, it’s all about educating clients about what to expect and how to plan for the future.

At Bonadio, Prout is team leader in tax planning and compliance. Like her peers, she makes a point to keep up with new regulations and pro-

posed legislation in order to be able to best advise her clients.

“It’s constant education and being aware of things,” she said. “There’s a lot of reading and a lot of training we all do throughout the year.”

Other highlights from the discussion:

► Some business owners are exploring residency changes and aren’t always driven by income taxes. Sometimes it’s about estate taxes.

“Our experience is that the majority of conversations about leaving the state come down to what it means down the road for estate taxes,” Urban said.

“The federal government raised it to \$11.4 million (meaning estate taxes are owed for estates exceeding \$11.4 million) and it’s portable (from one spouse to another). In New York state,

the exemption is \$5.7 million but it’s not portable.”

► New York offers tax breaks to businesses, but only in certain industries.

“There are lots of incentives out there from New York ... for filmmakers or breweries or real estate developers, but you must be in that industry,” Prout said. “If it’s a general type of business or service, it’s not as friendly.”

► Education is imperative for not only clients but staff who work with clients.

“It’s getting them to recognize that this client is selling into another state or has employees in another state or has employees selling through Amazon,” Toth said. “That light has to go off (for staff members) to recognize what’s going on.”