

DECEMBER 2021

# KĀLĀ

The Official Publication of the Hawaii Society of Certified Public Accountants

A vibrant Christmas tree stands on a sandy beach, decorated with colorful ornaments and a gold star. The tree is surrounded by numerous wrapped gifts with red ribbons. The background features a blue sky, ocean waves, and lush tropical foliage framing the scene.

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# President's Message

By Ed Nakano

## Traits Every Great Accountant Has (and We Should Strive For)

Accountants and CPAs with education and training, learn and maintain strong technical skills. However, to advance to higher levels in the profession, there are key soft skills which are extremely valuable to achieve leadership success. These soft skills were covered in two articles: "10 Traits Every Great Accountant Has" written by Torri Myler of Accounting Web and "Top Soft Skills for Accounting Professionals" written by Ryan Chabus of the AICPA CPA Insider.

### 1. Excellent Organization.

Accountants work with a myriad of information which requires that they have a system that makes them readily available and organized to maximize productivity. Technology, servers and organized files are valuable tools that can be utilized to enhance this skill.

### 2. Killer Time Management Skills.

Managing priorities and contributing to timely strategic decision making require following organized time schedules with the use of technology to manage these tasks. Digital Calendars and daily To Do Lists are two of the best practices to achieve this skill. Networking and learning from other successful professionals continue to be valuable resources.

### 3. Attention to Detail.

Attention to detail and due diligence for accuracy are required critical skills especially in providing correct numbers. A subsequent self-review and/or inde-

pendent review of the detailed work are practical processes to enhance accuracy and mitigate risks.

### 4. Focus on the Client.

Accountants require an understanding of the industry, sector and client to meet their client's requirements and expectations. The presentation of information and service to the client must be easy to understand and appropriate to the client.

### 5. Creativity and Critical Thinking Skills.

Great accountants have creative minds. Some problems are not text book cases and require out of the box thinking to arrive at fresh solutions. Networking, understanding processes, reviewing past similar situations and utilizing digital resources can enhance this skill.

### 6. Commitment to the Sector.

Commitment to a specific industry and being passionate about it can make Accountants attractive hires and valuable to their clients and or employers, resulting in long term and productive engagements. Hiring and training an Accountant without these industry experiences can be costly and time consuming and therefore, this skill can prove valuable for the client and/or employer.

### 7. Extreme Trustworthiness.

Information that Accountants deal with are confidential in nature and is a critical ethical process to conduct accounting business.

### 8. Great Communication Skills.

Accountants must be able to communicate and collaborate with colleagues from different departments and with non-financial backgrounds. Using data visualizations and user-friendly terms will ensure that their insights are properly understood. It will also facilitate successful relationships with the receivers of this information.

### 9. Collaboration.

Teamwork and support from various departments are critical to a successful functioning work environment. Accounting and Finance teams are expected to work cross functionally and collaboratively with other employees and stakeholders.

### 10. Flexibility.

Accountants who embrace challenges and respond to changes in this dynamic work environment become valuable members of any organization. The digital age accelerated the pace of changes in work environments, and the accounting and tax issues require a high degree of agility. As covered in my October President's Message, we need to be strong, resilient and flexible as the bamboo.

Let's continue to strive to achieve these soft skills to further enhance our careers and our profession.

**Take care and be safe.**



# Upcoming Webinars

## **December 7: Year 2021 Tax Update**

This comprehensive federal Tax Update will cover all new tax legislation, including a comprehensive review of the changes made by the American Rescue Plan Act, the Consolidated Appropriations Act, and other new tax legislation enacted by the Biden administration.

## **December 8-9: Individual Tax Workshop-Advanced**

Review the rules, regulations, and forms required for the filing of the individual income tax return. This two-day program will use the Form 1040 to highlight commonly encountered problems.



## **January 6: Critical Issues Involving Taxation of Construction Contractors**

This is a critical presentation tailor-made for CPAs who either work for or represent construction contractors. No other industry has so many elections and considerations that need to be considered and made in order to reduce or defer accounts owed to the IRS.

## **January 12: Preparation and Compilation Engagements Under the SSARS**

This course will bring you up to date on SSARS requirements and guidance as it relates to preparation and compilation engagements. SSARS 25 is effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021. Early implementation is permitted.

## **January 14: What Tax Practitioners Need to Know About Medicare**

This program covers many of the areas of the Medicare program that clients are most interested in.

## **January 18: IRS Tax Examinations and Hot Issues**

Due to IRS issue-focused examinations, CPAs need to understand what types of returns are selected for examinations and ways to help clients survive an IRS audit with little or no change. It is critical for CPAs to understand the procedures necessary to resolve this matter for their clients.

## **February 10: Critical Issues That CPAs in Industry Will Need to Face This Year**

This session will tackle pressing issues the a need-to-know level and then discuss the practical implications. Preparedness is half the battle, so do not miss this critical briefing.





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# 5 Reasons CPAs Should Let Clients Pay Using QR Codes

If you're not familiar, a QR code is a barcode that can be scanned using the camera on a mobile device to access certain web pages automatically. By scanning a QR code from CPACHarge, your client can be automatically directed to your unique payment page and have the option to submit a payment from their device.

We'll cover five of the best advantages QR code payments can offer you and your clients.

## 1. Makes Payments Faster and Easier

By implementing QR code payments into your firm, you can give your clients several easy opportunities to pay your bill, increasing the rate you get paid and increasing your revenue stream as a result.

For example, you could display your QR code within your office, allowing your clients to submit a payment before they step out the door. You can also print your QR code onto your mailed invoices, allowing your clients to make electronic payments without needing to type in your payment page URL.

## 2. Modernizes Your Payment Experience

A recent study from MasterCard showed that almost 80 percent of today's consumers use contactless payments (such as QR code payments), saying that safety, cleanliness and convenience are their main reasons for doing so.

Simply put, today's clients are gravitating toward paying with mobile options such as QR codes, and it would be in your best interest to offer this form of payment as soon as you can.

## 3. Allows for Socially Distanced Payments

QR codes let your clients submit payments in person while still adhering to social distancing guidelines. By using their phones or mobile devices, your client never has to hand you their card or payment data, and can safely submit a payment entirely with their device.

## 4. Increases Payment Security

Any time your client scans your CPACHarge QR code, they're sent to your payment page that is hosted on our secure networks, ensuring their payment data is kept as safe as possible. Our systems work to encrypt it, and the data is kept safe in our secure vault rather than stored locally.

Plus, since your client enters their own information, you can reduce your firm's liability since you aren't required to handle and store their data yourself.

## 5. Enhances the Client Experience

Accepting QR code payments is an excellent way to expand your payment options, make payments more convenient, and ensure payments are processed as safe as possible. By offering easy-to-use and modern payment options, you can position your firm as one that values the time and interests of its clients and can be flexible to accommodate their needs.

The more you can demonstrate this level of attention to your clients, the more likely they will return to you with more work, either of their own or by way of referrals.

To learn more about CPACHarge's new QR code payment feature, as well as all the other great features CPACHarge can provide to your firm, schedule a personalized demo today at [cpacharge.com](https://cpacharge.com)!

*In Memory Of*  
*Paul M. Hutchinson*  
*1942 - 2021*

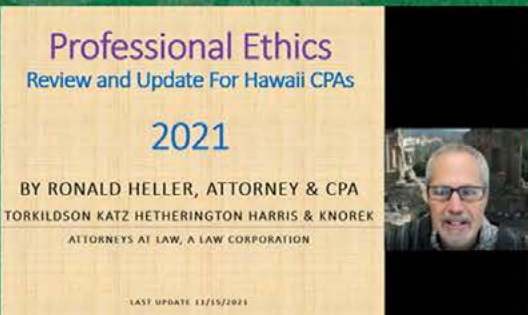
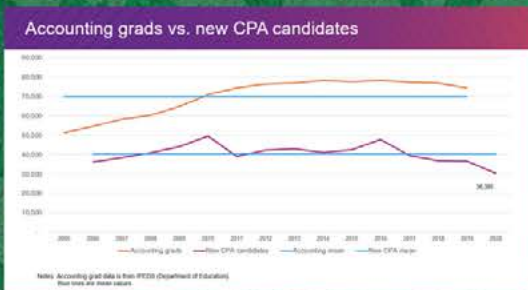
Our sincere regret at the loss of a colleague,  
friend and member of the HSCPA since 1982.

We wish to express our deepest sympathy to  
his family and friends.





# HSCPA 61ST ANN



## Ethics CPE Fulfilled While Having Fun

### at the HSCPA 61st Annual Conference

Multiple screens were filled with smiling faces (and camera-shy ones) ready to fulfill the ethics CPE requirement for this year's license renewal. Participants got more than they bargained for with great speakers, fun games, happy hour and entertainment! Our favorite MC and HSCPA's official book reviewer, Norman Okimoto showed us his many 'faces and personalities' to kick off the Conference.

Swag boxes were filled with special logo items, snacks, emojis, "lunch", and "Happy Hour". Thank you to our sponsors for providing amenities and door prizes! Big *MAHALO* to our corporate lunch sponsor for the past 17 years, American Savings Bank; CPACHarge for Happy Hour ; conference partners: ADP, CAMICO and Mutual of America! We enjoyed having you join us on screen, too.

Opening the Conference from Rhode Island was Bill Pirolli, AICPA Chairman, who delivered the most up-to-date developments within the profession. The most compelling information he shared was regarding the pandemic's impact on accounting graduates. *"Total undergraduate college enrollment is down over 1 million students from September 2019 to September 2021."* HSCPA hopes to increase the pipeline with its DEI CPA Review Course grant, CPA Exam scholarship, and various scholarships offered through the colleges, UH Foundation and Hawaii Community Foundation.

Mr. Ethics, Ron Heller, always gives more than is ex-

**BUBBLE GUM CHALLENGE**

Ethical blowers...  
and not-so-ethical ones

8 KALA DECEMBER 2021





# UAL CONFERENCE

pected to keep CPAs ethical and a reminder to act with integrity according to standard codes. If you haven't taken Ron's ethics course, you should!

Former United States Attorney, Kenji Price, joined us from Washington, DC. Kenji shared his expertise on cyber security, money laundering and tax fraud issues. While serving in Hawaii from 2018 to 2021, he dealt with a devastating storm on Kauai, volcano eruption on Big Island, two shutdowns of the federal government, and the global pandemic.

In between the great speakers, we did a Bubble Gum Challenge – Who blew the biggest bubble? Winner was Johnny Pascual, CPA from Maui – it was confirmed with a video and photo! Adding to the fun breaks was Name That Tune. This brought back the good 'ole days with songs from the past. Players had to guess the song – and its artist for extra points. Winner was Jenna Noga from Lemke Chinen & Tanaka, CPA, Inc. Congratulations to our winners and to everyone who participated!

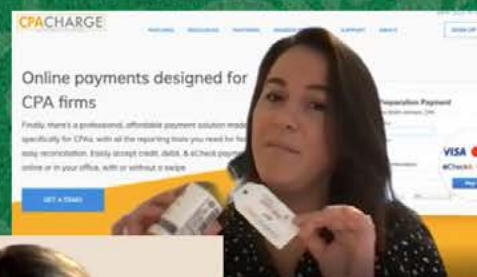
With their favorite adult beverage or Koloa Mai Tai, we zoomed in with The Flying Ivories, dueling pianos from New Jersey! This was a sing along or dance to your own tune or do your 'internal rock out'. Happy Hour was really HAPPY!

*Thank you to our virtual photographers:  
Jessica Gluck,  
Jill Ishimitsu and  
Trisha Nomura!*



Thank you to all Conference attendees, Bill Pirolli, Ron Heller, Kenji Price, Norman Okimoto, American Savings Bank, CPACHarge, ADP, CAMICO, Mutual of America, HSCPA Staff, and our A/V team, Presentation Resources!

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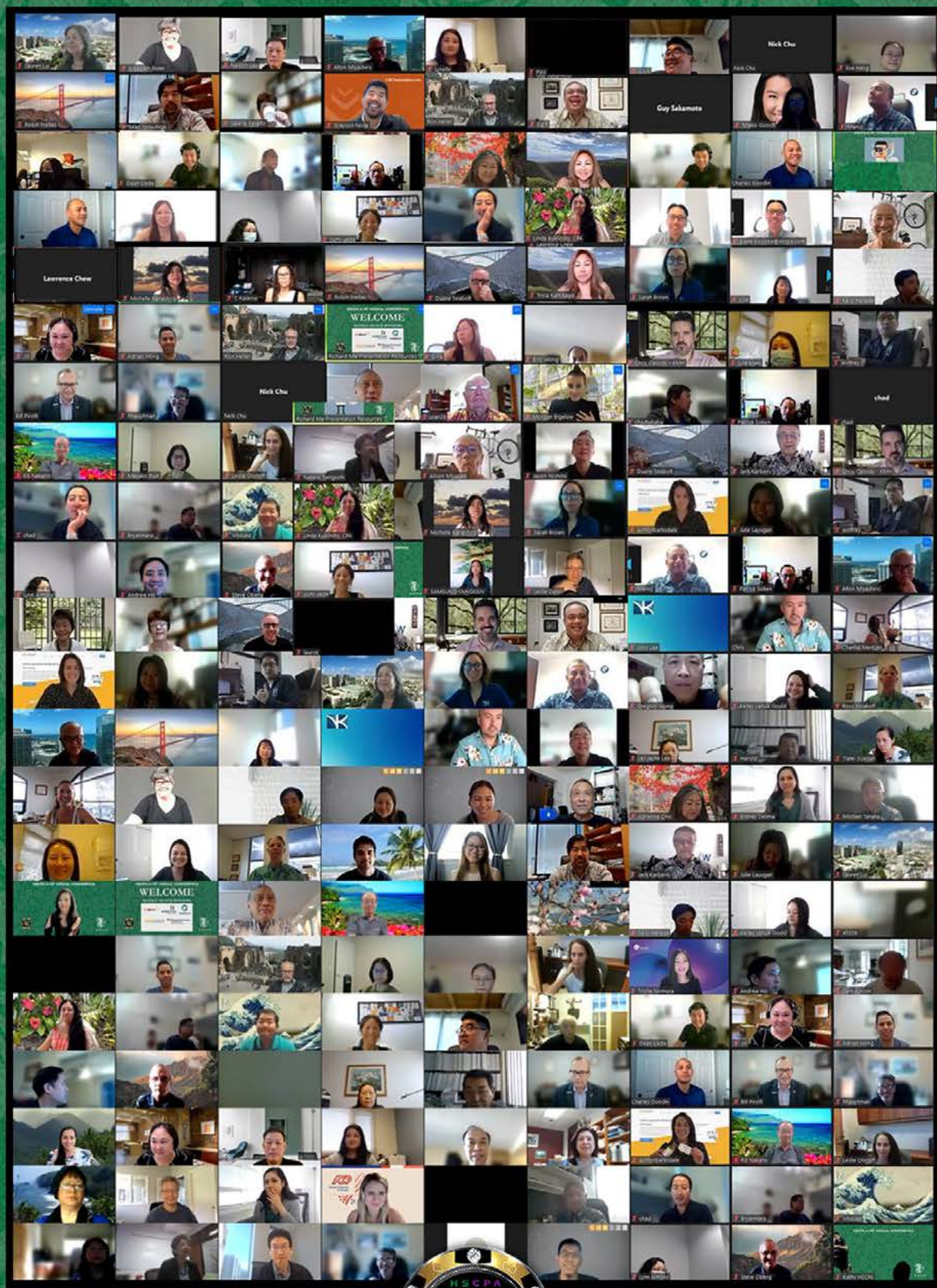
  
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# HSCPA 61ST ANNUAL CONFERENCE

*Some of the many smiling faces from our conference*





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# Valuing the Perspectives of Others

By Deanna Perkins of Boomer Consulting, Inc.

I recently began the John C. Maxwell Certification Program to help me become a better coach and leader in our organization. One aspect of the training jumped out at me immediately: the reminder that everyone has their own view of the world, shaped by their personal history and beliefs. As a result, every individual looks at a situation through their own filter.

Perhaps the fact that people see things differently seems obvious, but here's a difference between saying or hearing that and really understanding it — especially in the context of coaching others.

## Individual perspectives

Your perspective is how you see the world. It comes from your personal point of view, and it's shaped by your life experiences, values, current state of mind, assumptions you bring to the situation, and many other things.

Your perspective is your reality, but it might not be the reality for the person you're coaching. For example, say one of your direct reports turns in poor-quality work and does not respond to your attempts to coach them to perform better. From your perspective, they're not committed to the job. They've checked out and are unwilling or uninterested in changing.

But what's reality from the other person's point of view? Maybe they feel like they haven't received enough training to handle the assignments they've been given. They're trying their best but are worried that they'll be seen as

You might even try a perspective-taking exercise. Imagine yourself taking the point of view of the other person. If you were them, what would you want? What would you fear? Your perspective-taking exercise might not get you fully centered

on their perspective, but it will help you see that your own perspective is just your personal point of view.



incompetent if they admit to not understanding the work.

Which perspective is right? When you enter a coaching conversation with this person, do you consider your perspective as reality? Or recognize that you might not have the full picture?

Here's how you can use this knowledge before, during and after your coaching conversations to have better results.

## Before: Remind Yourself

Before having a coaching conversation with someone, take a few moments to remind yourself that the other person has a point of view. Your perspective isn't necessarily closer to reality than theirs.

If the other person is upset about feedback that you thought was neutral, ask why it upsets them or why they see it as negative. How they react to that feedback doesn't define who they are. They may react a certain way to protect themselves.

Ask open-ended questions like:

- What do you make of this situation?
- What course of action do you think is best?
- How does this look to you?
- What if it doesn't work?
- Could you help me understand that better?
- Will you elaborate?
- What other ideas do you have about it?
- If you had your choice, what would you do?

## During: Ask Questions

During your coaching conversation, ask questions not to guide them to your perspective but to understand theirs.



Through these conversations, you may not reach an agreement, and that's okay. You don't have to agree, but you do have to respect each other's perspectives.

Don't take it personally. Just try to diffuse a negative situation and focus on the actual problem rather than their reaction.

After the conversation, follow up with the person to confirm your mutual understanding about what comes next. This helps to clarify expectations and ensure that emotion and differing perspectives don't lead to further disagreements.

For example, say, during your conversation, you agreed to have another em-

ployee provide one-on-one training on a task they're having trouble with and meet again in two weeks to discuss how it's going.

Confirm that in an email after your meeting. Again, this confirms each person's understanding of what they're going to do. You can get on the same page about the next steps, even if you don't agree about how you got here.

Our work lives are fast-paced, and we rarely take the time to step back and understand the perspectives of others. What would be different in your firm if you were more generous in your interpretations of other people's perspectives?

*As the Solutions Manager for Boomer Consulting, Inc., Deanna works to help clients and prospective clients identify their dangers, opportunities and strengths. Once these are identified, she works to develop a personalized game plan for their firm to focus on the area, or areas, they need to improve on most. These areas are critical to a firm's success and future-readiness; Leadership, Talent, Technology, Process and Growth.*

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# Norman's Book Review

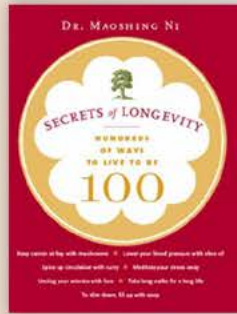
## “Secrets of Longevity”

by Dr. Maoshing Ni

Universally, people would like to live a long time, IF they are able to do it with good health and financial freedom.

I thought I would end 2021 with a book filled with hundreds of tips to help you live to be 100. (Jill Schlesinger's book in the October 2021 KALA gave us excellent financial advice.) Dr. Ni “is a 38th generation doctor of Chinese medicine and an authority in the field of Taoist anti-aging medicine. He is co-founder of Yo San University of Traditional Chinese Medicine and the Tao of Wellness in Los Angeles, CA.” Yo San University is a non-profit university that was established in 1989.

As noted in the book's introduction, the book “marries thousands of years of wisdom from the East with the latest scientific advances from the West. It has time-tested and well-researched advice for achieving a long, healthy and happy life.” The book is divided into the following five major chapters with a total of 278 helpful advice. Although the book is over 300 pages, Dr. Ni has a very engaging, and humorous, yet serious writing style which makes the book really awesome!



The following are helpful hints from the book to give you a glimpse of how amazing the book is.

Chapter	No. of Tips
What You Eat	67
How You Heal	56
Where You Are	40
What You Do	71
Who You Are	44
Total	278

### Diets of Centenarians

Dr. Ni notes centenarians generally “live modestly, under eat, and practice fasting at times.” Regarding diet, centenarians consume “a variety of legumes, whole grains, vegetables, fruits, nuts and seeds. Heavy carnivores are the exception.”

### Open Sesame!

“The most common oil consumed by Chinese centenarians is sesame oil. Sesame is rich in phytic acid, an antioxidant that may prevent cancer.”

### Prunes' Other Benefit

In addition to helping with our digestive system, “prunes have the highest oxygen radical absorbance capacity (ORAC) score on the scale.” What this means is prunes has the highest antioxidant content of any food,



which gives you the best chance to “neutralize cell-damaging free radicals that lead to cancer. Raisins, blueberries and blackberries also have high ORAC scores.”

### The Rule of 5: Aging with Flying Colors

“Chinese believe there are five elemental energies in our universe as well as our bodies, which also have corresponding colors: wood (green), fire (red), earth (yellow and orange), metal (white), and water (black, blue and purple). Our diet should include these five elemental energies daily, and each category of food should include all the corresponding colors.”

### Anti-Aging Herb

“Panax ginseng is the world's best-known herb and has been used medically in Asia for more than 5,000 years. In China, ginseng is more valuable than gold due to its seemingly miraculous properties of restoring health.” “There is strong evidence that ginseng can help the body fight off infection, protect liver and heart health, normalize cholesterol and blood sugar levels, regulate the function of hormones, and improve memory and cognitive functions.”





## Brain-Shaped Herb Keeps You Smart

“The leaf of the ginkgo tree is shaped like the human brain. Ginkgo boosts circulation to the brain and other organs, improving memory and cognitive functions. The ginkgo nut is said to strengthen lung function.”

## Secrets of Chinese Women

“Angelica root, or dong quai, has been maintaining women’s health throughout China and Asia for thousands of years. It is traditionally used to regulate menstrual periods, enhance fertility, build blood, strengthen bones, and maintain healthy hair, skin and nails. It also helps with menopausal changes, increases immune function and reduces levels of damaging free radicals in the bloodstream.”

## Nature’s Fire Fighters

“Inflammation in our bodies is painful, can be very destructive, and can lead to degenerative diseases such as heart disease, arthritis, Alzheimer’s, Parkinson’s, and senility. Nature’s best inflammation fighters are papaya, pineapple, kiwi, cherries and grapes.”

## Get In Line With Earth’s Energy

“Feng shui, or geomancy, is the study of the energy meridians that crisscross the Earth and the practice of aligning with them. Arranging your surroundings in harmony with the earth’s energy meridians will bring health, while violating this energy web can result in imbalance and illness. For example, your sleep position should be on a north-south longitude line.”

## Bedroom Tips

“A relaxing ambiance in your bedroom will promote better health rest, fundamental to good health and long life. Televisions, computers and plants should not be placed in your bedroom. The décor should be minimalist and in soothing colors.”

## Danger In Dampness

“Dampness can be dangerous to your health because it encourages fungal mold growth which causes ill effects. Dr. Ni encourages us to periodically “bake” our homes by closing all doors and windows and turning up the heat to above 100 degrees for a weekend while we are away.”

## Centenarians’ Lifestyle Secrets

“The secret to longevity lies in action – engaging in the activities that make your body supple, your mind clear, and your spirit content. Centenarians lead active lives and get plenty of rest. They are lifelong learners and avid travelers.”

## Ease Awake to Ward Off Stroke

“Strokes and heart attacks occur most commonly between 6 a.m. and 12 noon. Why? Most people quickly get out of bed and plunge into the activities of the day. This taxes your body and creates strain on your weak artery walls. It’s better to gradually wake up with soft music, stretches and self massage before getting into the shower or driving.”

## Spiritual Faith Can Conquer Illness

“Centenarians around the world share a common characteristic – strong spiritual faith. Faith is a belief in a higher power, universal order or force behind creation. Faith allows one to find peace within, to accept what is, and to reconcile the difference between one’s expectation and reality.”

## Loving Family, Longer Life

“Centenarians are beloved by their family members, and studies show that people with happy family lives tend to have less illness and a longer life span. Fill your family with happiness based on trust, mutual help, love, peace, listening, humility, honesty, justice and sharing.”

## Practice Wu Wei

“The renowned Chinese sage Lao Tzu promoted a concept and practice called wu wei, which means effortless being and doing. If you practice wu wei in your life, you will be rewarded with increased joy, flow, health and longevity.”

*Continued on page 17*



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# CPA FIRM



# MICROCOMPUTER TECHNOLOGY

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By Joy Takaesu of The CPA Collective



Microsoft started rolling out the Windows 10 November 2021 Update, also known as Windows 10 21H2. 21H2 is a

relatively modest update. New features include support for Wi-Fi 6E (802.11ax) and the WPA3 H2E (Hash-to-Element) protocol, the ability to run Azure Virtual Desktop apps as if they are installed locally, and more mobile device management (MDM) configuration settings.

Going forward, both Windows 10 and Windows 11 will receive feature updates once per year (down from twice a year). The 21H2 update will receive 18 months of support for Home and Pro editions, while Enterprise and Education will get 30 months. The next Windows 10 feature update is expected in the latter half of 2022. Microsoft currently plans to end support for Windows 10 on October 14th, 2025.



As of December 14, 2021, Windows 10 version 20H2 (the April 2020 Update) will reach end of support. Microsoft recommends updating to one of the newer versions. To check your Windows 10 version, you can go to Start > Settings > System > About.

Microsoft is also expanding its rollout of Windows 11 to eligible Windows 10 systems. The company currently projects that all eligible Windows 10 devices will be offered the free Windows 11 upgrade by mid-2022. Microsoft has identified Windows 11 compatibility issues on sys-

tems with Oracle VirtualBox with Hyper-V or Windows Hypervisor enabled, and systems with Intel Smart Sound Technology (SST) audio drivers installed. For now, Microsoft put safeguards in place to prevent Windows 11 from being installed on affected systems. Microsoft advises customers not to manually force the Windows 11 upgrade on these systems.

Microsoft announced<sup>2</sup> that it will stop supporting OneDrive desktop for legacy Windows 7, 8, and 8.1 systems on January 1, 2022. After that, OneDrive desktop updates will only be provided for systems on Windows 10 or 11. Per the OneDrive Team, "Personal OneDrive desktop applications running on [Windows 7, 8, and 8.1] operating systems will stop syncing to the cloud on March 1, 2022. After March 1st, 2022, your personal files will no longer sync and should be uploaded/accessed directly on OneDrive for web."

If you have any questions or comments, please call me at (808) 837-2517, or send e-mail to [jtakaesu@thecpacollective.com](mailto:jtakaesu@thecpacollective.com).

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Continued from page 15

## Don't Be Greedy

“Successful centenarians know that the key to long life and health is having control over their desires, not being controlled by them. Greed for food, sex, money and power becomes an addiction and an obsession. When controlled by their desires, human beings soon become worn out and broken in health.”

## Importance of Goodwill

“We all need intangible prosperity, or goodwill. Accumulating goodwill is part

of human nature. Goodwill is like nutrition for the soul: the more you accrue, the more content you become.”

## Exercise Is a Promise Not to Break (Your Bones)

Did you know “bone fractures are the main reason why people in the U.S. end up in old age homes, and a frequent reason they end up in cemeteries? Often the broken bones are due to falls. To help prevent falls and fractures, Dr. Ni says we need to exercise the right muscles,

primarily those related to our ankles. Elderly people often lose their balance due to weak ankles.”

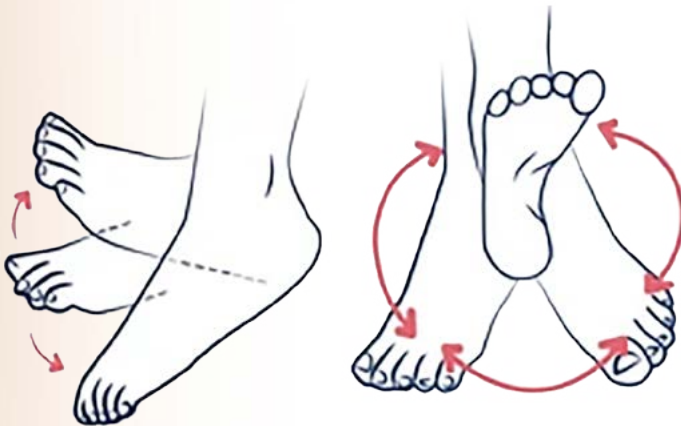
## Summary

This book could be the springboard to make sure you are taking good care of yourself and living a healthy and full life. As Dr. Ni notes, “do not fret about the past. What you do from this moment on is what matters. The good news is that you can positively affect your health and longevity right now.”

Have a wonderful and joyous holiday season! I sincerely hope this book helps you be one of the lucky ones who live happily until at least 100!!!

**“A votre sante!”  
(To your health!)**

“You achieve immortality through your legacy. To construct your legacy, you will need time.” (Dr. Ni)



# Hawaii Practices For Sale

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# TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government



By Tom Yamachika

## Tax Isn't a Peanut Butter Cup

Once upon a time there were some property developers on Oahu.

They thought that agricultural development would be a good thing. There were lots of tax incentives associated with agricultural development.

Then they got the idea that putting some solar panels on the land would be a good thing too. There were lots of tax incentives associated with renewable energy.

So, they put some solar panels on the agricultural land too.

We have agriculture. And we have renewable energy. Are these two great tastes that taste great together?

Come on. Let's be real. We're talking about property tax, not a peanut butter cup. It turned out to be a recipe for disaster.

Clearway Energy Group, for example, [submitted testimony](#) to the Honolulu City Council of their plight. These folks built two solar projects on agricultural land, and, they said, incorporate compatible agriculture into their ongoing operations. Solar energy generation is an allowable use on agricultural zoned land under the city's Land Use Ordinance, they argued.

But the real property tax folks saw the situation a little differently.

To get the special ultra-low property tax rate for agricultural use, the landowner

had to make a "dedication agreement" with the tax authorities. Basically, the landowner promised to use the property for agriculture for a certain period of time. The tax folks saw solar panels on the properties and said, "Uhm, that's not agriculture." So, they took away the ultra-low tax rate, and, while they were at it, they took away the property's agricultural classification. It's industrial property, they said, which happens to be taxed at a rate more than double the agricultural rate even without any dedications.

At the end of the day, Clearway had a real property tax bill of \$30,154 for the 2020-21 tax year (they go with a fiscal year ending June 30), but for the 2021-22 tax year the bill jumped to an eye-popping \$835,710.

Clearway's tale of woe attracted a lot of attention, so much that the Council is now considering [Bill 39](#), which is supposed to address this problem, and state agencies aplenty, including the Governor, the State Energy Office, and DBEDT, have weighed in.

One of the reasons behind this kerfuffle is that this is not just Clearway's problem. Any solar project that is located on agricultural land is subject to this kind of reclassification, and the financial impact would vary depending on how much solar went on the land and how much of the land was previously subject to the ultra-low rates for land dedicated to agriculture.

And then, of course, there is the issue of who is going to pay the enhanced tax if the real property tax folks' methodology is upheld. Clearway and the other power producers have long-term agreements with power buyers such as Hawaiian Electric. If this enhanced charge becomes Hawaiian Electric's problem, it then becomes a problem for all of us who pay electric bills. If the enhanced charge impacts the developers, it will send shock waves through the industry of people who finance renewable energy projects because of the risk of a property developer getting overwhelmed by this tax surprise and thereby going into default on its financing.

What a mess!

Ultimately, the City might legislate itself out of this situation, making some allowances for solar and agriculture peanut butter cups. But for the rest of us the moral of the story is that two great tax-favored tastes won't always taste great together, and one must be extremely careful when mix-matching tax incentives.

*Tom Yamachika is President of the Tax Foundation of Hawaii - the 'watchdog' that keeps an eye on Hawaii's taxes. Tom is also the owner of Aloha State Tax, a small law firm with emphasis on State taxes. Prior to going solo and the TFH, Tom was a principal with Accuity LLP where he managed the tax consulting practice, including quality and risk management and practice development.*





## 5 Things You Can Start Doing Now If You Want To Buy Your First Home in 2022

By Colin



As we near the end of this year (and hopefully this pandemic), we all have realized that having a

home that you enjoy living in is very important. People have spent more time in their home and their neighborhood in the past couple years than they ever have before. Owning a home not only allows you to grow your roots but also gives you a sense of security as opposed to renting where you have no control. If your goal is to one day own your own piece of Hawaii, here is what you can do to get started.

### Check your credit score

Usually you will need to speak with a lender to get a true read on your credit but there are ways to easily see the general ballpark of where your credit score is. 620 is considered the lowest for a conventional loan. There are other programs out there for lower credit scores depending on your personal situation. If your score is lower than 620, there are many ways to fix it and we often help people fix their credit before they buy a home.

### Research first-time home buyer programs

You might be qualified for a first time home buyer program that lets you have a low downpayment. There are also “affordable” housing projects such as the new Ulana building at Ward Village that recently started sales. For example, a single person can potentially qualify for an Ulana studio or 1 bedroom as long as they don’t earn more than \$103,900 per year.

### Talk to a lender

There are mortgage loan officers who are very knowledgeable that can help guide you through the pre-approval process. Usually getting a referral for a mortgage broker would provide for a more personal and educational experience as opposed to just walking up to a bank and going with a randomly assigned person.

### Talk to a local and knowledgeable Realtor

Just like any other profession, there are good and bad realtors. You can start your search for a realtor online by looking at reviews on Zillow or

Realtor.com or ask friends/family for a referral. No matter how you find your Realtor, it is always best to make sure you sit down and interview them mainly to make sure that you are comfortable talking with them because you will be spending a lot of time together at some point. Make sure they are a full-time realtor, sell a lot of homes every year and most importantly that they actually care about helping you.

### Set up a new budget and practice living on it

After speaking to the loan officer and Realtor you will know roughly what your max monthly payment will be to buy a home. Take that amount and figure out how much you are comfortable paying for mortgage/taxes/insurance/utility costs and set that money aside each month. Then try to live off the remaining amount to simulate home ownership. You might surprise yourself how doable it is.

If you need help getting started, feel free to email me at [Colin1@betterhawaii.com](mailto:Colin1@betterhawaii.com)



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