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The Official Publication of the Hawaii Society of Certified Public Accountants

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KALA (the Hawaiian word for money) is published monthly and is the official publication of the Hawai'i Society of Certified Public Accountants. Please direct all inquiries regarding editorial content to HSCPA, 1000 Bishop Street, Suite 802, Honolulu, Hawai'i 96813.

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# President's Message

By Ryan K. Suekawa

## Aloha Hawaii Society of CPAs Members!

As we approach the end of another fruitful year, I am delighted to share some highlights from our recent Annual Conference held in November 2023. The gathering was an incredible success, bringing together our community of dedicated professionals to celebrate our achievements and foster connections that strengthen our society.

At the Annual Conference, we had the privilege of hosting insightful keynote speakers, Ron Heller, Chuck Rettig, and Okorie Ramsey, who shared their expertise, providing valuable insights into the evolving landscape of our profession. I extend my sincere gratitude to each speaker for their time and dedication to our community. Your contributions enriched our event and enhanced the learning experience for all attendees.

I would also like to express our heartfelt appreciation to American Savings Bank, our lunch corporate sponsor. Their generous support allows us to organize events like the Annual Conference and provide valuable resources to

our members. Their commitment to the growth and success of the Hawaii Society of CPAs is truly commendable.

Behind the scenes, I want to acknowledge and thank our dedicated team of Kathy and Debbie. Their tireless efforts and commitment to excellence are the driving



force behind the success of our Society. Thank you for your unwavering dedication and passion for supporting our members.

Additionally, a special thank you goes out to our volunteers who generously give their time and expertise to further the goals of the HSCPA. Your contributions are

invaluable, and we are grateful for your commitment to the success of our Society.

Looking forward, we have an exciting year ahead with numerous events, workshops, and initiatives planned to further enhance your professional development and strengthen the bonds within our

community. I encourage you to stay engaged and take full advantage of the resources and networking opportunities available to you as a member of the Hawaii Society of CPAs.

As we approach the holiday season, I want to take a moment to express my heartfelt gratitude for your dedication and hard work throughout the year. Your commitment to excellence contributes to the success of our Society.

On behalf of the Hawaii Society of CPAs, I extend warm wishes to you and your loved ones for a joyous holiday season.

May this festive time bring

you moments of happiness, reflection, and renewal.

Thank you for being an integral part of the HSCPA 'Ohana.

*With warmest aloha!*

# Meet The Pros

## Meet the Pros with Hawaii's Best & Brightest

Our annual Meet the Pros accounting mixer event was held on November 16 at Dave & Buster's. Students from Chaminade University, Hawaii Pacific University, Kapiolani Community College, University of Hawaii at Manoa and University of Hawaii at West Oahu put their best foot forward to meet Professionals from various segments of the profession. They were also delighted to meet Okorie Ramsey, Chair of the AICPA and Association, who also visited table to table to speak with students.

Okorie inspired students to persevere, shared his accounting journey, and how he makes it work with "work-life integration". The students enjoyed and appreciated hearing his challenges being a minority.

Thank you to Deloitte & Touche LLP for their support and sponsorship of this event! Thank you also to the Y-CPA Squad for all they do for the students and the pipeline, and new Squad member, Momi Morgan, for emceeding the event. Prize donors always add an extra treat at the event – Thank you to Accuity LLP, CW Associates, KMH LLP, KPMG LLP, Laulima Tax & Advisory Group, N&K CPAs, TRUSTA and Verity CPAs!



# AICPA Chairman Visits with University of Hawaii at West Oahu

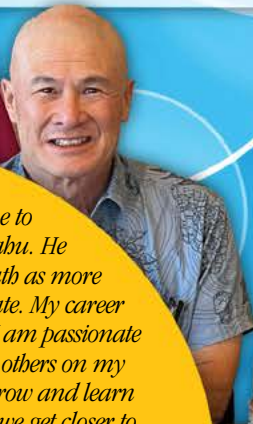
What an honor to have Okorie Ramsey, Chair of the AICPA and Association of International Certified Professional Accountants speak to our future accountants at the University of Hawaii at West Oahu!

Speaking to a packed room (some students even flew in from the neighbor islands to meet him and many others joined via Zoom), Okorie shared his story, insights into the profession, and words of advice. He talked to the students about his six principles of leadership:

1. You are more than your career.
2. Focus on developing your technical expertise... EARLY!
3. Know when you are no longer working in the right place for you.
4. Build relationship with a broad group of people.
5. Develop your personal brand.
6. Think and work beyond the benefit of yourself.

Thank you to the UH West Oahu accounting department for hosting the visit and for welcoming Okorie into your classroom!

We extend our appreciation to HSCPA members Frank Kudo, Katie Landgraf, Wendell Lee, Trisha Nomura and Fiorella Penazola for their time and hospitality!



*"I was very excited that Mr. Ramsey took the time to share his story with us at West Oahu. He made me think about my career path as more than just the job I want when I graduate. My career should include elements of my life that I am passionate about, the opportunity to connect with others on my journey, and a chance to continue to grow and learn beyond the classroom environment. As we get closer to earning our degree, we all seem to get so focused on the next step and getting a job that we might not see the big picture; despite that, Mr. Ramsey's talk was a reminder to take a breath and take a moment to let our experiences soak in and guide us to our next steps."*

— Amy Little, Accounting Student graduating Spring 2024

# TAX FOUNDATION OF HAWAII

Hawaii's Watchdog on Taxes & Government

By Tom Yamachika



If you're not already a supporter of the Tax Foundation of Hawaii (TFH), it's never too late. TFH is the 'watchdog' for Hawaii taxpayers and keeps us informed of what the government is doing with taxpayers' money. To support TFH's mission, [please donate here.](#)

## Wholesaling: What You Don't Know



Every so often, we at the Foundation are asked about Hawaii tax laws. A couple of recent inquiries focused on when the "Wholesale Rate" in the Hawaii General Excise Tax (GET) kicks in.

The answer is that you as a taxpayer can never really know, but you can protect yourself just the same.

Huh?

Most of us are familiar with the GET retail rate. It's 4% or 4.5%, and it appears on invoices as 4.166% or 4.712%. (This is because any dollar billed for tax becomes part of the seller's revenues and is taxed the same as the rest of its revenue.)

The wholesale rate applies when a seller's goods or services are being resold by its customer. So, if a farmer sells an avocado to a market for \$1 and the market sells it to me for \$1.50, the market pays the retail tax (4.5% of \$1.50) and the farmer pays the wholesale tax (0.5% on \$1.00). County surcharge is not allowed on wholesale sales, so the 0.5% doesn't get doubled to 1%.

But think about it for a minute. How does the farmer know what the market is going to do with the avocado once the sale

takes place? Sure, markets usually resell their inventory to retail buyers like you or me. But the farmer still doesn't know what happens to the avocado he sold. Maybe the market owner gets hungry and uses it in a sandwich. Maybe some punk sneaks into the store and swipes it. And if that avocado isn't in fact resold, then the farmer's wholesale rate may be in trouble.

Fortunately, there is a solution to this information gap. It's called a resale certificate (Form G-17 for goods). Basically, the market signs a paper saying that it intends to resell the avocado and gives that paper to the farmer. In that form, the market agrees that if it lied on the form and that lie caused the farmer's tax to go up, then the market would pay the farmer the difference in tax.

In that way, the farmer really doesn't know what is going to happen to the avocado but is protected by the market.

And if the market isn't willing to sign the paper, then the farmer can simply treat the avocado as sold at retail.

There are other kinds of wholesale sales recognized by the GET Law. If, for example, an accounting firm asks me to resolve a client's tax question, I bill the accounting firm, and the firm bills its cli-

ent, then my service is being resold and I get the wholesale rate. Just as with the farmer, however, I don't necessarily know whether my service is in fact resold. So, I ask the accounting firm to give me a resale certificate. For services the form number is G-82.

The determination of whether some good or service is being resold can get very complicated. If Ms. Clean manufactures little bars of soap and sells them to a hotel for them to leave in guest rooms, is that a resale on the theory that the hotel's guests are buying the amenities from the hotel with their room rate? (Under Hawaii law, the answer is yes.) In this situation also, Ms. Clean has only a general idea how the soaps are supposed to be used and, therefore, needs a resale certificate from the hotel saying that its soaps are going to be used in that way.

The wholesale rate under GET is not easy, but protecting yourself when the rate is claimed is not difficult.

*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.*

# Ethics – and CPAs – in Action at the HSCPA 63rd Annual Conference

CPAs proved they are the Coolest People Around! We got you out of your comfort zone – a morning and after-lunch mini workout – with Zumba fun. Yes, thank you to Y-CPA Squad member Dharyl Bongbonga for getting everyone on their feet to move and groove. So much fun to get the blood flowing – see it [here!](#)

Earning CPE while having fun, eating to your heart's content, hearing from great speakers, reacquainting with old friends and making new ones – that's what the HSCPA Annual Conference is about!

We were honored to have a line-up of distinguished speakers. AICPA Chairman, Okorie Ramsey, shared his passion of the profession and the many exciting initiatives we're working on. Recruitment and engagement efforts are clearly in the forefront and we need to continue to tell that story of why this is great profession. Okorie urged members to be leaders in the profession by supporting the next generation and giving them new opportunities to succeed.

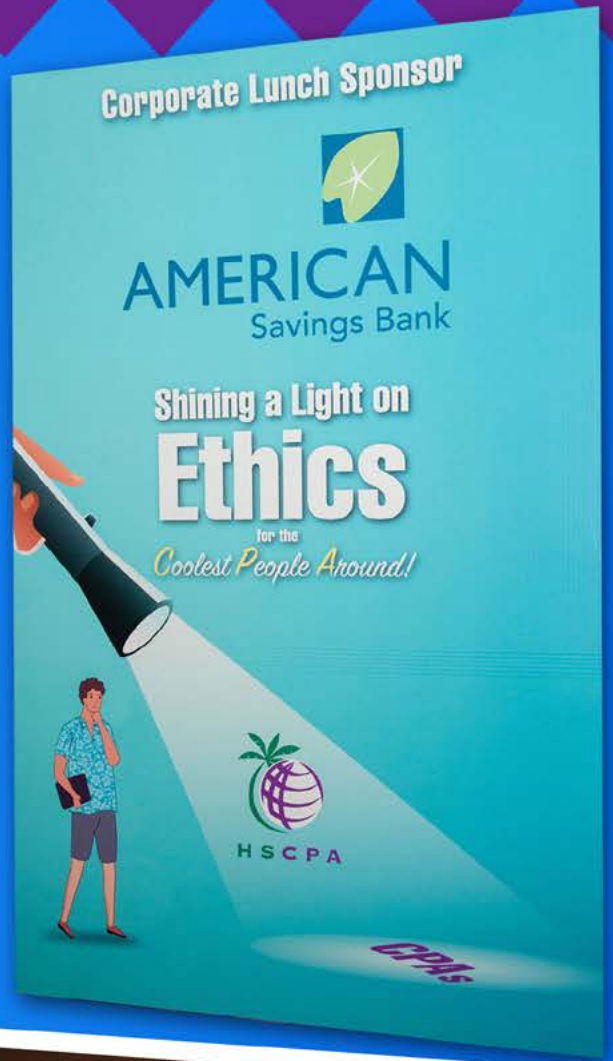
Our master of Ethics, Ron Heller, delivered an ethical presentation to fulfill the 4-hour CPE requirement. His presentation covered not only the AICPA Code, but also what's unique to Hawaii laws. A one-of-a-kind presentation, everyone learned something new.

Former IRS Commissioner and long-time friend of Hawaii, Chuck Rettig, spoke on his experience as IRS Commissioner. His 'golden rule' upon accepting the job was to treat everyone (staff) with respect and to be the voice for the usually unheard – taxpayers. His compassion for this staff and the public they served, gave you a very different perspective of the IRS. He is one of a kind – someone the IRS never had in its history of commissioners!

What's the Annual Conference without our Sponsors? A big Thank You to our sponsors! Gabe Lee of American Savings Bank has been by our side for the past 19 years – and still counting! We welcomed back Team ADP as our Happy Hour sponsor – and boy, did they keep us happy! The cookies were heavenly and kept our energies up for sure! It was great to welcome back CPACharge, a long-time supporter of the HSCPA!









For more Conference photos, [click here!](#)



Okorie Ramsey  
Ron Heller  
Chuck Rettig



American Savings Bank  
Team ADP  
CPACharge



Richard Ma  
Presentation Resources



Norman Okimoto  
HSCPA Board of Directors  
Y-CPA Squad



In preparation for the Y-CPAs' upcoming community service project with Family Programs Hawaii (FPH), Conference attendees donated toys and gift cards for the children in foster care. Thank you to Wendy C, Chad F, Adrian H, Michelle K, Darryl N, Emily N, Judy D, Shirley D, Loretta D and Yumi U – and the volunteers who have donated their time to gift wrap at FPH! CPAs are the best at giving!





# Best Practices for Managing Technology Inventory in Your Firm

By Erin Shively of Boomer Consulting, Inc.

Technology plays a pivotal role in the success of an accounting firm. Whether you are a small local practice or a Top 100 firm with locations across the country, managing your technology inventory effectively is crucial for operational efficiency, security and strategic decision-making.

This article will cover some guidelines for maintaining a comprehensive technology inventory, including hardware and software assets. While we might call these “best practices,” remember your approach to technology inventory management should be tailored to your firm’s unique type, needs and goals.

A business case for technology inventory management

Before delving into best practices, let’s explore why technology inventory management is essential for accounting firms.

- **Resource optimization.** An up-to-date inventory helps you make informed decisions about resource allocation. You can identify underutilized assets, reducing unnecessary expenses while ensuring you have the right tools for your team.
- **Security.** Knowing what hardware and software are used helps maintain a strong security posture. You can track vulnerabilities and apply updates promptly, reducing the risk of cyberattacks.

- **Compliance.** Accounting firms are held to a high standard for data security. Maintaining an up-to-date inventory helps with compliance by providing a clear view of your technology assets.
- **Budgeting and planning.** Effective inventory management enables better budgeting and long-term planning. You can anticipate when hardware needs replacing and plan software updates strategically.
- **Support and maintenance.** With a well-maintained inventory, IT support teams can be more proactive about support and maintenance, reducing downtime and improving productivity.

## Considerations for your hardware inventory management

The first step in any inventory management program is to create a centralized database to record all hardware assets. This database should include the purchase date, warranty information, serial numbers and the user assigned to each device.

In a smaller firm, a spreadsheet may be adequate. Larger firms may want to invest in more advanced inventory management tools.

Once you have a hardware database, consider the following steps and

whether they apply to your firm:

- **Assign unique asset tags to all hardware assets.** When your firm has a lot of equipment spread across locations or home offices, tags make identifying and tracking devices easier. Barcode or QR code labels can be particularly efficient for this purpose.
- **Lifecycle management.** Implement a hardware lifecycle management policy that outlines the expected lifespan of each device. This helps in proactively planning for replacements and upgrades.
- **Regularly audit your hardware inventory.** Conduct periodic audits of your hardware inventory to ensure accuracy. This should be done at least annually and whenever there is a significant change in your technology landscape.

## Considerations for your software inventory management

Many firms recognize the importance of maintaining a hardware inventory due to the tangible nature of these assets. However, software inventory sometimes takes a back seat. But managing your software inventory is equally important, as it directly impacts security, compliance, cost control and overall operational efficiency.

Here are some considerations for creating or improving your software inventory management program.

- **License management.** Keep a record of all software licenses, including purchase dates, renewal dates and compliance details. This prevents the unintentional use of unlicensed software.
- **Version tracking.** Regularly update your software inventory to track versions and patches. Outdated software can pose security risks, so it's essential to stay current.

- **User access control.** Implement strict access controls to ensure only authorized personnel can install or update software. This prevents shadow IT and unauthorized installations.
- **Software retirement.** Develop a policy for retiring outdated or unused software. Removing unnecessary applications frees up resources and reduces security risks.

Effective technology inventory management optimizes resource allocation and enhances security, compliance and

planning. By incorporating the considerations outlined in this article, your firm can maintain a well-organized and up-to-date hardware and software inventory and be better positioned for a rapidly evolving digital landscape.

*Erin Shively, IT Coordinator at Boomer Consulting, Inc., is excited to grow the company's existing tech stack with new and emerging technologies. Her role includes troubleshooting technology issues, tracking and creating internal processes, and handling on-site tech set up for events at the Accounting Innovation Center.*

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# Norman's Book Review

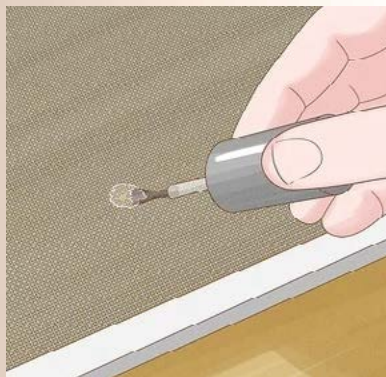
## *"Extraordinary Uses for Ordinary Things"*

by Reader's Digest



Starting with its first publication in 1922, Reader's Digest (RD) has been helping people for over 100 years. As noted on its website, "RD shares trusted advice and stories to help you and your family enjoy healthy, wealthy, and wise lives. We get to the heart of the matter and keep it simple, informative and fun."

When I saw this book and flipped through the pages, I was really excited because it was informative, easy to read and follow, and filled with colorful pictures ... a winning combination for any book. It contains thousands of ways to use 205 ordinary household products. The following are 10 items from the book that you can use in many ways you may not have thought of before.



### Nail Polish

The book lists 38 different uses of nail polish other than using it on your nails. Use nail polish to mark thermostat and shower knob settings, darken any measuring cup lines, seal an envelope,

prevent rusty toilet seat screws, stop a windshield crack from spreading, plug a hole in your cooler, repair lacquered items, get rid of a wart, seal out scuff on shoes, mend holes in window screens, etc. Remember to store your nail polish in the refrigerator to keep it fresh, and roll the bottle between your palms instead of shaking it to minimize bubbles to form.

### Club Soda

Increasingly, people are drinking club soda instead of soft drinks to minimize sugar intake and improve their health. Did you know club soda can also make pancakes and waffles fluffier, remove fabric stains, eliminate urine stains, clean precious gems, remove rust and restore hair color?



### Charcoal Briquettes

In addition to grilling steaks, charcoal makes a great dehumidifier, banishes bathroom moisture and odors and keeps books mold-free. Put charcoal in a container with holes and place it in your closet or other humid areas, bathroom corners and bookcase. Replace every few months.

### Chalk

Kids love to use chalk on driveways and sidewalks. It is also a great ant and slug repellent. Draw a chalk line around home entry points and scatter powdered chalk around garden plants. Ants and slugs don't like the calcium carbonate in chalk. Additionally, chalk reduces closet dampness, keeps silver from tarnishing, keeps tools rust-free, and stops screwdriver slips.



### Chewing Gum

While chewing gum can help lure a crab, fill cracks, repair eyeglasses and be used as a makeshift putty, the best use of gum is that it treats flatulence and heartburn. Chewing spearmint gum is the key, because spearmint acts as a digestive aid and the oils in the spearmint act as an anti-flatulent.

### Mothballs

In addition to keeping moths away, mothballs kill insects on potted plants, repel mice from the garage or shed, and keep dogs, cats and rodents away from the garden. Animals hate the smell of mothballs.

## Butter

While butter makes everything taste amazing, it is also a versatile household aid. It gets rid of fishy smell on your hands, makes swallowing tablets easier, keeps leftover onions fresh, prevents pots from boiling over, makes cutting sticky foods easier, and soothes aching feet.



## Mouthwash

Most mouthwashes contain alcohol. In addition to cleaning your mouth, it can clean your toilet, get rid of dandruff, disinfect a cut, cure underarm odor and treat athlete's foot.

## Baby Oil

Baby oil is another helpful household product. It can clean your bathtub or shower, shine stainless steel sinks and chrome trim, remove a band-aid with less ouch, buff up your golf clubs, polish leather bags and shoes, and slop off a stuck ring.



## Alka-Seltzer

I was amazed at how helpful Alka-Seltzer is. Aside from helping with heart burn, and stomach issues, it can clean your jewelry, coffeemaker, bottom of your vase, glass cookware, and toilet. It can also unclog your drain, whiten clothes, soothe insect bites, make an awesome lava lamp, and attract fish.

## Summary

This book will help you solve many of your household problems at a fraction of the cost because you will be using items you normally keep in your house. It is well organized with a great table of contents. It is also filled with bonus information and fun facts. Looking for a Christmas present or stocking stuffer for a friend who loves to read or is a do-it-yourself handy person? Give them this book.

Have a very safe and joyous holiday season and see you in 2024!!! Accountants Rock!!!

## Hawaii Practices For Sale

**Gross revenues shown:** Upcountry Maui, HI Tax \$67K; South Maui, HI Tax & Accounting \$228K; Lihue (Kauai Island) CPA \$271K; Kamuela/Waimea Area Tax & Bookkeeping \$225K; Honolulu, HI CPA \$250K; Kauai, Maui, Honolulu CPA \$530K; For more information, please call 1-800-397-0249 or visit [www.APS.net](http://www.APS.net) to see listing details and register for free email updates.

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# Be an HSCPA Sparkler!

The Hawaii Society of CPAs is committed to helping interested students chart their path to an accounting career with a lot more potential than they could imagine!

HSCPA “Sparklers” once again joined other state CPA societies and the AICPA in Accounting Opportunities Week from October 23-27, 2023 to raise awareness of the accounting profession within high schools nationwide. This event is a great way to ignite spark for those students to hear directly from CPA professionals.

High school students will soon be making college decisions and we’re hoping that our professionals have sparked their interest in majoring in accounting. Join us in making an impact by getting engaged and involved in this exciting partnership with Hawaii high schools!

Here are testimonials of HSCPA Sparklers:



**Rebecca Ersando**

As a part of Accounting Opportunities Week in October, I presented to 10th and 11th grade algebra students at Kohala High School. As an individual who entered the accounting profession after a few years as a social worker, I feel privileged to be able to provide students with some of the options they might have to become a future CPA. I personally know that I considered my love of math for future career opportunities, but wasn’t aware of what I could do with that

interest. HSCPA made the presentation easy by providing a template that I was able to customize, and the students were interested in hearing about the different roles and the most interesting parts of my job. So many CPAs come from families of accountants, but it is critically important to reach those who don’t!



**Adrian Hong**

The reason why I participate in Accounting Opportunities Week is because the accounting profession gave me so many opportunities. I have worked in public accounting and for FASB, and I was able to come back home and take over the family’s manufacturing business. I want our high school students to have the same opportunities and speaking at Hawaii’s high schools allows students to imagine career paths they never knew existed. They learn about how important good communications skills are to their future careers and how useful accounting can be to entrepreneurs starting out. Volunteering during Accounting Opportunities Week helps fill the pipeline with new accountants into the profession and helps students on their journey to a rewarding career.

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Jon F. Yamaguchi is a member of:



Partners with Japan Valuers (JV): <http://www.japanvaluers.com/en/>





**Katie Landgraf**

My favorite experience when discussing accounting opportunities with high school students is to give myself a chance to reflect on my growing career. I share my experiences with students to give them a chance to start their own career story. I tell them that theirs will look different than mine, but that they will have a story, so they need to be intentional about what they expose themselves with. This helps motivate students and gives them hope, even in a fast-paced changing world. Discovering your passion doesn't happen while sitting still. It takes work. If you want to enjoy your job someday, be intentional about creating the right opportunities to make that happen!



**Taryn Lau**

Overall, it was a good experience. While I used the slides provided to presenters, what was more helpful was to speak from my experience in the various jobs I have held in the accounting industry to help

them understand what an accountant does and both the pros and cons of being in the industry. I like that the teachers had questions to help prompt some discussions. This was a virtual presentation to students at Kohala High School.



**Trisha Nomura**

Visiting Pearl City High School with Katie Landgraf was awesome because we were able to each share our journeys and

show the flexibility that the accounting profession can offer. The students we spoke to had not considered a career in accounting (yet!), but we hope that we piqued their interest (especially for those aspiring to be entrepreneurs one day). You could tell that they had not thought about the importance of accounting if you want to own your own business, and it was great to see their eyes light up when they made the connection. It made a difference for them to hear from someone that was in their shoes at one point in time and to listen to stories from people that had experience in the field. I highly encourage everyone to visit their alma mater or neighborhood high school!

**SPARK INTEREST IN ACCOUNTING**  
**BE AN HSCPA SPARKLER!**

Join us in making a difference as we visit with middle and high school students to raise awareness of the accounting profession and how it can lead to endless opportunities.

For more information and to sign up as a "Sparkler", contact HSCPA at [info@hscpa.org](mailto:info@hscpa.org).







# Why indirect tax professionals should pay close attention to advances in technology... if they're not already

By Jeremiah LaRue of CPA.com

The indirect tax landscape is rapidly evolving, thanks not only to fast-changing regulations but also to a slew of technological advancements. From APIs to artificial intelligence, these emerging technologies are revolutionizing how tax practices operate.

Several factors are driving the adoption of tax technology, including a shortage of professionals. The latest AICPA Trends Report shows some sobering statistics around a continuing downward trend of accounting graduates, intensifying indirect tax complexity and a growing embrace of e-invoicing.

I recently spoke with Mo Huda, Senior Manager of Indirect Tax at top 25 firm, Moss Adams, and Lee Irwin, Solutions Engineer for leading indirect tax technology provider, Vertex, about how accounting firms and tax technology providers are leveraging advanced analytics, business intelligence, edge computing, AI and other advancements to optimize tax compliance activities and deliver insights that drive decision-making.

## Six key technologies

While some of these key technologies are more widely adopted than others, tax professionals should keep an eye on each of them:

- **Cloud:** Cloud-based solutions offer scalability, flexibility and accessibility, facilitating seamless integration between tax engines and finance systems.
- **APIs:** Application programming interfaces (APIs) can seamlessly connect e-commerce systems with enterprise resource planning (ERP) systems, integrated tax engines and other back-end applications. APIs ensure connectivity that allows for accuracy and data integrity which makes APIs a vital component of tax technology.
- **OCR and RPA:** Optical character recognition (OCR) automates data extraction from documents, eliminating manual data entry and continues to improve in terms of accuracy. Robotic process automation (RPA) deploys robotic agents to streamline repetitive tasks, enhancing tax processes' efficiency. Both are vital to help free up staff to focus on tax advisory.
- **Data analytics:** Advanced tax data analytics help organizations mine, cleanse and transform data into actionable insights. These insights encompass changes in customer behavior, marketing campaign effects, optimization opportunities and more.
- **BI Tools:** Business intelligence (BI) tools leverage data analytics to empower organizations and advisors to create key performance indicators (KPIs) and visually compelling dashboard views, providing insights into past, current and future performance across various business areas.
- **Machine learning and AI:** These technologies analyze vast datasets, identify trends and predict outcomes, improving decision-making. Machine learning (ML) and Artificial intelligence (AI) tools are rapidly evolving, and innovative tax professionals are regularly finding new ways to use them in practice.

## Practical Use Cases

To grasp the real-world impact of these technologies, below are three ways tax professionals are harnessing technology in an indirect tax setting:

- **Automating sales and use tax compliance and reporting:** Automation is now table stakes for many businesses, and the sales and use tax compliance process is no exception. Automating sales and use tax can involve a combination of cloud technology, APIs, edge computing and other components to drive accuracy, scalability and risk management. As we see the tax base expand and new ways of reporting such as e-invoicing creeping up on the horizon, it is crucial for businesses to implement sales and use tax automation as a foundation to optimize compliance and audit performance.
- **Streamlining refund review with OCR:** OCR-based, machine learning tools automate invoice review workflows, reducing the time required to process a refund review. This automation translates to significant time savings.

# Beneficial Ownership Reporting Requirements

- **Centralized data warehousing:**

A strong BI and analytics foundation, supported by a data analytics warehouse, enables organizations to develop advanced analytical insights using AI and ML tools. This includes detecting patterns in customer behavior, creating marketing and operational strategies and facilitating data-driven decision-making.

- **Choose substance over flash, the power of true expertise:**

While a plethora of shiny new tax technologies may entice you, it's crucial to approach adoption judiciously. Conduct a diligent technology evaluation process, cutting through the hype to identify solutions aligning with your organization's needs. Seek trusted vendors, establish repeatable processes, and evaluate technology proactively rather than reactively.

Read the white paper, [Practical Insights \(and Use Cases\) on Emerging Tax Technologies](#), for expanded analysis and commentary.

For more on the latest sales and use tax trends from Mo Huda, check out [this video](#).

About the author: [Jeremiah LaRue](#) is the senior product marketing manager of CAS at CPA.com. He has more than a decade of experience supporting the accounting profession as a technical consultant helping to lead firms through technology change.

The HSCPA has joined AICPA and dozens of other state CPA societies to ask the Financial Crimes Enforcement Network (FinCEN) to extend and expand the deadline for beneficial ownership information (BOI) reporting requirements, specifically for Reporting Companies Created or Registered in 2024. Effective January 1, 2024, existing companies, companies created or registered before January 1, 2024, will have one year, through January 1, 2025, to file their initial BOI reports. New companies, companies created or registered on or after January 1, 2024, will have 30 days to file their initial BOI reports. If there are inaccuracies in the initial BOI report filed or companies have a change in information, such as change in residential address or percentage of ownership, they will have 30 days to report changes or correct the inaccuracies.

The BOI reporting requirement is an anti-money laundering initiative enacted through the Corporate Transparency Act (CTA) in 2021, which mandates that BOI information is reported to (FinCEN). In a comment letter, sent October 30, 2023, the profession specifically recom-

mends that FinCEN extend the deadline from the proposed 90 days to one year and expand the applicability of the deadline to include not only new entities created in 2024 but ALL entities created thereafter, as well as entities making updates or corrections to their original filings.

Lack of awareness is highlighted in the letter, citing that most businesses are not familiar with the new BOI regulation, despite the campaigns put in place to inform them. The time and financial burdens on small businesses were also mentioned as a potential result of not instituting the recommended changes. The comment letter also hopes to avoid the steep taxpayer penalties that could accompany unawareness of the new reporting requirements.

"HSCPA has joined the AICPA and other state societies to call for improving BOI reporting requirements," said Frank Kudo, HSCPA President-elect, "We believe that extending and expanding these reporting requirements will have a beneficial impact on taxpayers, small businesses and our members, who are serving as their trusted advisers."

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## Hawaii Could Be Impacted California's Climate Corporate Data Accountability Act

By Adrian Hong

California Senate Bill 253 (SB 253), known as the Climate Corporate Data Accountability Act, was recently signed by Governor Newsom in California. It will require reporting of greenhouse gas (GHG) emissions for businesses based inside and outside of California. It may sound strange that a California law would be able to require reporting from businesses based outside of California, but the size of California's economy and the bill's Scope 3 reporting requirements mean businesses large and small across the country will be required to report their GHG emissions if the bill becomes law.

California's economy is the fifth largest in the world. That makes it a huge market for large U.S. companies. SB 253 mandates that partnerships, corporations, limited liability companies, and other business entities with annual revenues exceeding \$1 billion that do business in California must publicly disclose their scope 1, scope 2, and scope 3 greenhouse gas emissions.

Scope 1 emissions are all direct greenhouse gas emissions that stem from sources an entity owns or directly controls, including, but not limited to, fuel combustion activities. Scope 2 emissions means indirect greenhouse gas emissions from consumed electricity, steam, heating, or cooling purchased or acquired. And Scope 3 emissions are indirect upstream and downstream greenhouse gas emissions, other than scope 2 emissions, from sources an entity does not own or directly control and may include, but are not limited to, purchased goods and services, business travel, transportation and distribution, and processing and use of sold products.

This means that even corporations that are based outside of California will be required to comply with SB 253's reporting requirements if their total annual revenues exceed \$1 billion and they do business in California. In addition, reporting companies

will "push down" the reporting requirements to their vendors and customers to comply with the scope 3 reporting requirements. Certain small and medium sized businesses that supply or are customers of these large corporations will have to report their GHG emissions or activity data to the reporting companies so the reporting companies can disclose the upstream and downstream emissions in their supply chains. This chain of carbon accounting reporting will reach far beyond America's biggest corporations.

To comply with this bill, organizations of all sizes will need to develop or hire consultants with knowledge of Greenhouse Gas Protocol's Corporate Standard and Corporate Value Chain (Scope 3) Standard. These standards are the globally recognized standards for carbon accounting. With that knowledge, companies will need to create internal controls around collecting data, calculating emissions, and reporting those emissions. These controls will need to be rigorous as the bill also requires an assurance engagement on the annual GHG emissions report. This means that CPA firms will also need to develop expertise in carbon accounting and reporting.

Reporting companies will be required to start reporting their scope 1 and scope 2 emissions starting in 2026 for the 2025 period and their scope 3 emissions beginning in 2027 for the 2026 period. That does not give corporations much time to develop a whole new accounting and reporting system, nor does it give CPA firms much time to build the expertise necessary to provide assurance on the GHG emissions reports.

For more information about SB 253, please click on the following link: [www.leginfo.legislature.ca.gov](http://www.leginfo.legislature.ca.gov). It will take you to the text of the bill.