



The MAPAN

“MAPA assists members in achieving success in the profession of accounting and taxation through the advocacy of practice rights and the promotion of high standards in ethics, education, and professionalism.”

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President’s Message



Tax season is upon us. For us things really pick up starting Jan 30th 2023. That leaves us with 79 days of working 12 hour days, but who is counting. I might be counting down to my vacation. Where am I going? Anywhere but to the office, staying in bed is even a vacation. Currently we are still in prep week(s). Finishing year end payroll filing and those 1099s that keep showing up even though you asked for them by the 10th of January. I hope everyone has the season they are planning for. Lets start the year off with some fun and jokes no reason to wait till April.

1. Welcome to the accounting department, where everybody counts.

2. A fine is a tax for doing wrong. A tax is a fine for doing well.

3. What do you call an accountant with an opinion? An auditor.

4. How does Santa’s accountant value his sleigh? The Net

Present Value.

5. Why are accountants so cool, calm, and collected? They have strong internal controls.

6. What do you call a trial balance that does not balance? A late night.

7. What do accountants suffer from that ordinary people don’t? Depreciation.

8. They say that two things in life are unavoidable: death and taxes. At least death only happens once!

9. There are two steps to creating a successful accounting business: (1) Don’t tell them everything that you know. (2) [redacted]

10. For every tax problem encountered there is a solution that’s straightforward, uncomplicated, and wrong.

11. What does an accountant say when getting on a train? Mind the GAAP.

12. How many accountants does it take to screw in a lightbulb? How many did it take last year?

13. What do you call an accountant without a spreadsheet? Lost.

14. What do accountants like most about the weekends? They get to wear casual clothes to work!

15. Children may be tax deductible, but they’re still taxing.

16. Why don’t skunks have to pay taxes? They’ve only got one scent.

17. Why do accountants make good lovers? They’re great with figures!

18. What do actuaries do to liven up their parties? Invite an accountant.

19. It’s an accrual world.

20. How was copper wire invented? Two accountants were arguing over a penny. (via parade.com)

I look forward to our time together on the other side of this busy season.

Respectfully,

Diane St. Sauver, President

Executive Director's Report • Erin Nebben, EA



Hello! Here it is February, and I'm writing my first quarter message to you. I've held off on this, as I wanted to wait until we had a clear idea on how our new website was coming along and what you should expect as a MAPA member. One of our goals in implementing a new website was to give you a better experience online with MAPA. We want our website to be your go to for gathering information, registering for events and locating your event information all in one spot. Along with the website, comes a membership software that we have been setting up our membership types, events, directory information and more. It's been a lot, and I'm hoping that you find it a great addition to your MAPA membership. I did want to note one piece that I will not be able to do for you any longer. I will not have access to individual

membership portals. Your membership profile and login is solely yours. Therefore, at this time, I will be unable to import your CE Certificates into your profile. After an event, you will receive an email from me and you can upload your certificate from there, or print and save your certificate however you wish. Once we have everything set up and ready to go, you will receive an email of your membership activation from MAPA and Glue Up. Current memberships will be active through 4/30/23. After that date, you will receive email reminders to renew and you will also receive the usual packet in the mail with all your renewal and event information.

MAPA has an amazing calendar of events for 2023. (see page 7) As with most everything lately, we have been informed from TaxSpeaker that their minimum fees and speaker rates will increase this year. You will see an increase in seminar costs this year. We have only three in person events this year, and plan to alternate years of having some of our smaller events in person vs online. I would like to highlight our September Business Tax In Depth class. This is a class that we have gotten a lot of requests to hold it virtually. Well, this year we are going to try the simulcast option with TaxSpeaker. This means that if you want to attend in person, you sure can! But, if you want to attend virtually, you can do that as well. TaxSpeaker brings in all the equipment, all the technology, and you are able to participate from home. The only thing you will be missing is the fabulous lunch and desserts from the Crowne Plaza!

I hope you all have a successful tax season. I'm looking forward to seeing you at one of our events in 2023. Stay tuned for more information on the new website and how to access your member portal. I'm excited to see this in action, and I just pray that I've set everything up correctly so it works! Your membership packet and complete event information will be sent in the mail to you mid April. Until then, I wish you all the best!

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Legislative Update • Troy Olsen

Federal Tax Conformity

The Minnesota Legislature moved quickly early in the legislative session to pass a [\\$100 million bill](#) that aligns Minnesota state tax policy with federal tax law.

The bill was the first bill in 2023 to pass the House, Senate, and arrive at the governor's desk after being fast tracked through the House and Senate Committee process. In a refreshing display of bipartisanship, this long overdue legislation passed 132-0 in the House and 67-0 in the Senate.

It has been six years since the last conformity bill passed the legislature and newly appointed Minnesota Department of Revenue Commissioner, Paul Marquart, stated that the department would immediately get to work updating tax forms and that Minnesotans can start filing their taxes on Jan. 23. People can also file amended returns for each of the tax years since 2017, when the state last conformed its taxes to federal law.

Originally, the bill only gave filers six months to file amended returns, but feedback from tax prepares and tax filers convinced the legislature to move the deadline to December 2023.

HF31 (Gomez, DFL-Minneapolis) conforms the state taxes that reference either federal adjusted gross income or federal taxable income to the federal Internal Revenue Code (IRC) as amended through December 15, 2022.

This update encompasses the following seven federal acts*:

- The Further Consolidated Appropriations Act, 2020 (Public Law 11694), enacted on December 20, 2019.
- The Families First Coronavirus Response Act (Public Law 116-127), enacted on March 18, 2020.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136), enacted on March 27, 2020.

- The Consolidated Appropriations Act, 2021 (Public Law 116-260), enacted on December 27, 2020.

- The American Rescue Plan Act (ARPA), (Public Law 117-2), enacted on March 11, 2021.

- The Infrastructure Investment and Jobs Act (Public Law 117-9), enacted on November 15, 2021.

The Inflation Reduction Act (Public Law 117-169), enacted on August 16, 2022.

The bill largely conforms to the changes in the above listed acts retroactively.

For a more complete summary of HF31, [click here](#).

Minnesota State Board of Accountancy

The Board will be considering proposed Administrative Rules. The process will include the Board's Laws and Rules Committee chaired by Board Member Godson Sowah, CPA. The committee will consider input from MAPA and MNCPA members, educators and other stakeholders.

Watch for additional information in future updates.

As always, please do not hesitate to contact me with questions and/or comments.

Troy Olsen

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Peer Review • Steve Pattison, CPA

Lease Accounting, the end is here...

Private companies and not-for-profits need to implement the new lease accounting standards on calendar year 2022 GAAP basis financial statements. Hopefully you have been proactive in communicating the upcoming changes to the financial statements with your clients and financial institutions. Existing loan covenants and new loan agreements may need to be modified to avoid covenant violations as a result of the implementation of this new accounting standard. Some firms may be thinking they do not need to implement the new standard if they have an “oral lease” or a “month to month lease”. The guidance states, especially when dealing with related party leases, firms will need to look at economic substance of the arrangement and not the lease agreement when implementing this standard.

Under the new standard all leases are classified as either finance or operating leases. The accounting and classification of operating leases is very different from current guidance. Under ASU No. 2016-2, regardless of classification, leases will recognize a right-of-use asset and a corresponding liability at commencement of a lease. This additional debt will impact the debt-to-equity ratios and cause covenant violations in many loan agreements. Income statement effects vary according to classification of the lease. Operating leases result in a single straight-line lease expenses; whereas, finance leases result in both amortization and interest expense. The ability to expense payments as they are made will not be in option. This standard will make it very difficult to have any “off-balance-sheet” financing.

Review Engagements and SSARS No. 25

Has your firm implemented the provisions of SSARS No. 25 on Review Engagements?

Materiality

This standard requires the accountant determine materiality for the financials statements as a whole and apply this materiality in designing the

procedures and evaluation the results obtained from those procedures. The accountant will need to obtain sufficient appropriate review evidence as a basis for a conclusion on the financial statements as a whole and to design and perform the analytical procedures and inquires to address all material items in the financial statements, including disclosures.

Review Report

Review reports are required to include a statement that the accountant is required to be independent and to meet other ethical responsibilities.

Going Concern Reporting Considerations

SSARS No. 25 addresses the implications for the Accountants Report when substantial doubt exists about the entity’s ability to continue as a going concern. With the impact of inflation, supply chain issues and higher interest rates, this year accountants will need to determine if there is a substantial doubt about their client’s ability to continue as a going concern. If, after considering conditions or events and management’s plans, the accountant concludes that substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time remain, the account should include a separate paragraph in the accountants’ review report. The information presented in the report and footnote would include conditions or events identified, management’s plans, and that substantial doubt exists about the ability to operate as a going concern.

Save the Date!
MAPA
Annual Convention
June 25 –26, 2023
Arrowwood
Alexandria , MN

What's New at Revenue • Minnesota Revenue



Happy New Year, MAPAN readers. 2023 is going to be a busy year, and we rely on the excellent work you do to help Minnesotans meet their filing obligations.

We've been busy updating our system and services to handle the changes impacting the 2023 filing season, including early tax law changes, Frontline Worker Pay, and 9/11 Veteran Service Bonus.

To help guide our work, Governor Walz appointed Paul Marquart as the Commissioner of Revenue. Before joining Revenue, Marquart was a member of the House of Representatives where he served 18 years on the House Taxes Committee, including four years as committee chair. He also chaired the House Education Finance Committee (2013-2014) and the Property Tax Division (2007-2010).

As you prepare for the coming year, be sure to check our [Tax Law Changes page](#) and [subscribe to our Tax Law Changes email list](#) to get the latest information.

Federal Conformity

The Minnesota Legislature recently passed and the governor signed a conformity bill into law, updating several provisions in the state's tax code to match the federal tax code for tax years 2017 through 2022.

Because the law passed before the opening of filing season, Revenue was able to make changes to 2022 tax forms and work with software providers to apply updates to their software before the season opens. If your clients' prior year returns were impacted by the law change, they will need to amend their returns.

For more information on what is included in the federal conformity bill, [visit our 2023 Federal Conformity for Income Tax page](#).

Frontline Worker Pay

Last year, more than 1 million Minnesotans applied for and were approved to receive Frontline Worker Pay. This payment is taxable income on the federal return and subtracted on Schedule M1M for Minnesota. Depending on their situation, a dependent's pay Frontline Worker Pay may be taxable and included in federal income. For more information visit the [Minnesota Frontline Worker Pay website](#) and the [Frontline Worker Pay payment FAQs](#).

9/11 Veteran Service Bonus

Last year, the Minnesota Department of Veterans Affairs began distributing the [Post-9/11 Veteran Service Bonus](#).

Servicemembers needed to apply for this payment, and they should have records that indicate the amount received. The payment may be taxable on the federal return but is not taxable on the Minnesota return.

If the payment is not included in FAGI, it is considered household income. Include the payment amount on line 5a of Schedule M1ED and line 20 of the M1PR-AI, Additions to Income.

If the payment is already included in FAGI, then no adjustment needs to be made on Schedule M1ED or M1PR.

If you have general questions about the Post-9/11 Veteran Service Bonus, contact the [Minnesota Association of County Veteran Service Officers](#) or call 1-888-LINKVET (1-888-546-5838).

If you have Minnesota individual income tax questions, call us at 651-296-3781 or 1-800-652-9094.

New Local Sales, Use, and Excise Taxes

Renville County will implement a new 0.5% transportation tax. The tax applies to sales and purchases starting January 1, 2023. This revenue will fund transportation projects within the county.

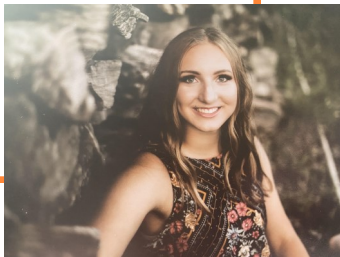
To stay up-to-date on new local sales, use, and excise taxes, see our [Local Sales Tax Information page](#).

MAPA 2022 Scholarship Winners

The MAPA Scholarship Program is 501(c) (3) charitable organization established in 1998. The corporation was organized and is operated exclusively for charitable and educational purposes, and in particular, to establish and maintain a scholarship program for accounting students. Since 1998 the MAPA Scholarship Program has supported many students throughout the state pursuing accounting degrees and careers.

This year, MAPA received 18 scholarship applications and we were able to distribute scholarships to 6 recipients. We would like to introduce the scholarship winners to you! Thank you to those of you that have donated to the scholarship program. Your continued support is appreciated.

Brooke Fredrickson is a Junior at Bemidji State University. Brook is involved in the Accounting Club, Choir and Women's Rugby Club at Bemidji. Her declared major is Accounting.



Lydia Hagstrom is a Junior at Bethel University. She is involved in many campus organizations, such as the Bethel Accounting Society and Bethel Business and Economics Association. She is also on the Bethel women's basketball team. Lydia was the recipient of the 'Ed Silbernack Memorial Scholarship'.

Nick Lucas is a Senior at Saint John's University. Nick has declared his major as Public Accounting and a minor in Economics. Nick has played on the Saint John's hockey team for the last three years.

Cristina Marcino is a Junior at the University of Saint Catherine, with an anticipated graduation date in the fall of 2023. Cristina's major is Accounting.

Parker Grahm is a Junior at the University of Northwestern – St. Paul. Parker has declared his major(s) as Finance and Accounting with a minor(s) in Bible and Leadership.



Sarah Kessler is a Junior at Bemidji State University. Sarah is involved in many volunteer positions and leadership roles. She has declared her major Accounting and a minor in Business Administration.



WANTED: ACCOUNTING PRACTICE

Established expanding CPA firm specializing in small business looking to acquire accounting and tax practices in the Minneapolis/St. Paul metro area. If you have a write-up practice for small businesses, I am very interested. Please call Gary at 952-484-4343 or email: ghaworth@haworthco.com

2023-2024 Seminar and Event Schedule

Additional seminars may be added to this schedule

Date	Topic	Time (Central)	CE Hours	Type
5/30/2023	Accounting & Auditing Update	8am – 4pm	8	Webinar
6/5/2023	Complete Retirement Guide	8am – 4pm	8	Webinar
6/6/2023	Social Security & Medicare	8am – 4pm	8	Webinar
6/16/2023	Preparations, Compilations & Review	8am – 4pm	8	Webinar
6/19/2023	Mid-Year Tax Update	11am – 1pm	2	Webinar
6/24 – 6/25/2023	MAPA 83 rd Annual Convention	-----	N/A	Arrowood – Alexandria, MN
8/30/2023	1041's for Trust's & Estates	8am – 4pm	8	Webinar
9/19/2023	Payroll Hiring	2pm – 3pm	1	Webinar
9/20/2023	Vacation Homes	7am – 9am	2	Webinar
9/20/2023	From Tires to Blinkers	9:30am – 11:30am	2	Webinar
9/20/2023	Employee Independent Contractor	12pm - 2pm	2	Webinar
9/20/2023	Choosing a Business Entity	2:30pm – 4:30pm	2	Webinar
9/20/2023	Schedule A	11am - 1pm	2	Webinar
9/20/2023	Schedule B	2pm - 3pm	1	Webinar
9/21/2023	Schedule C	7am – 9am	2	Webinar
9/21/2023	Schedule D	9am – 10am	1	Webinar
9/21/2023	Schedule E	11am – 1pm	2	Webinar
9/22/2023	Estates & Gifts Form 706/709	10am - 6pm	8	Webinar
9/25-9/26/2023	Business Tax In Depth	8am - 4pm	16	Plymouth, MN/ Webinar
10/23/2023	Federal Tax Update – Business	8am - 4pm	8	Webinar
10/24/2023	Federal Tax Update - Individuals	8am - 4pm	8	Webinar
10/31/2023	LLCs & Partnerships	8am - 4pm	8	Webinar
11/8/2023	Federal Tax Update – Business & Individuals	8am - 4pm	8	Webinar
November – Date TBD	Ethics	Time TBD	4	Webinar
November – Date TBD	MN Tax Update	Time TBD	4	Webinar
12/11/2023	Payroll Year End	11am – 1pm	2	Webinar
12/11-12/12/2023	1040 Tax In Depth	8am - 4pm	16	Plymouth, MN
12/18-12/19/2023	1040 Tax In Depth	7am - 3pm	16	Webinar
12/18-21 & 12/26-29	8 Nights of 1040 Tax In Depth	5pm - 7pm	16	Webinar
1/4 – 1/5/2024	1040 Tax In Depth	8am - 4pm	16	Plymouth, MN
1/8 – 1/9/2024	1040 Tax In Depth	11am - 7pm	16	Webinar
1/11-1/12/2024	From Trial Balance to Tax Return – A Boot Camp for Business Returns	9am - 5pm	16	Webinar



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Strategic Planning

Volunteers Needed

Student Conference

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