STATES ARE REWRITING THE SALES TAX MAP — FAST

The state and local tax landscape is shifting faster than it has in years, and the second half of 2026 is shaping up to be a moving target for any firm advising multistate clients. The driver is fiscal: state rainy-day funds are shrinking for the first time in over a decade, and lawmakers are responding by stretching the sales tax base into new territory.

Some changes are already live or imminent. Chicago rolled out the country's first local tax on social media advertising in January. Utah extends sales tax to digital products and prewritten software on July 1. Maryland's digital advertising tax, meanwhile, remains tied up in court — it has raised far less than projected, raising the prospect of sizable taxpayer refunds and a cautionary tale about untested levies.

AI taxability is the next frontier, and still unsettled. Some states have ruled generative AI chatbots outside sales tax for now; others are eyeing new approaches, from New York's proposed "Robot Tax" on AI-driven worker displacement to states expected to fold generative AI into existing data-processing or SaaS frameworks. Expect inconsistency for a while.

The compliance plumbing is changing too. Illinois dropped its economic-nexus transaction threshold in January and Kentucky follows in August, simplifying some determinations. The penny's retirement has prompted at least seven states to adopt transaction-rounding rules, and more than 20 states are weighing limits on interchange fees charged on the sales tax portion of card transactions.

Add unsettled tariff policy after a Supreme Court ruling on the federal government's emergency tariff authority, and the message for clients is clear: the rules are in motion on multiple fronts at once. Firms that track these shifts and flag exposure early turn compliance noise into a real advisory service.

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FIVE PAYROLL MISTAKES QUIETLY DRAINING YOUR SMALL BUSINESS CLIENTS

Payroll is the single largest fixed cost most small businesses carry, yet it's often the least scrutinized line on the books. Owners assume it's fine because checks go out on time — but on time isn't the same as accurate, and the errors that hide in payroll quietly drain cash a business can't spare. Here are five of the most common, and the fixes worth raising with clients.

Misclassifying employees as contractors lowers costs in the short term and creates serious liability in the long one. When authorities reclassify a worker, the back taxes, penalties, and interest can span years and land all at once. A proactive review of working relationships — based on how the law defines them, not how they feel — is far cheaper than a regulator's version.

Miscalculated overtime is insidious. Variable schedules and shifting rates produce small errors each cycle that compound into real money over a year. Automated time tracking that feeds payroll directly removes the guesswork.

Missed filing deadlines draw automatic penalties — the IRS doesn't distinguish between a business that couldn't pay and one that simply forgot. A payroll calendar with alerts set two weeks ahead prevents most of them.

Treating payroll tax funds as spending money is how small shortfalls become emergencies. Those dollars should move to a separate, untouchable account the moment payroll runs.

Finally, lagging on raises and role changes creates retroactive corrections, back pay, and employee distrust. Centralizing payroll and financial data keeps changes current and surfaces problems before they cost anything.

Lunch Is Back:
A Quiet Opening for Restaurant-Focused Firms

For accountants with restaurant and hospitality clients, there's a revenue story worth flagging this year: lunch is coming back. As more employers pull staff back to the office — full-time or hybrid — daytime traffic that vanished during the remote era is returning, and the midday slot that had become dead weight is a growth opportunity again.

The drivers are simple. Teams need places to meet, interview, network, and host clients, and getting out of the office has its own appeal. Breakfast meetings, working lunches, and client presentations all push demand back into hours many restaurants had written off.

The advisory angle is where firms add value. A client sitting on underused lunch capacity is sitting on margin. One operator generated an immediate bump simply by assembling small gift baskets — signature bread, a menu, a handwritten note — and having staff walk them to nearby businesses with an invitation to host lunch meetings. Guest counts rose within days, at almost no cost.

There's a timing angle too. With many employees still hybrid and leaving earlier, shifting happy hour earlier in the day — and leaning into non-alcoholic options and shareable plates — can capture spend the traditional five-to-seven window now misses.

For firms that advise restaurants, this is a chance to move past the books and into the part clients actually feel: helping them spot a recovering revenue stream and build a plan to capture it before competitors do.

THE ACCOUNTANT'S UNFAIR ADVANTAGE IS REAL-TIME

For years, accountants have been small business owners' most trusted advisors — the people they turn to for clarity and direction. That role isn't being replaced; it's being accelerated. With advisory services now embedded in 94% of firms, the work is shifting from compliance toward real-time financial guidance, and a new divide is opening inside the profession itself.

The split isn't about who has data. A typical five-person e-commerce client already generates plenty — across its bank, payments platform, receivables, payables, and subscriptions. The problem is that the information is fragmented and reviewed weeks late, stitched together by hand after the decisions have already been made. By then, the accountant can only explain what happened, not shape what comes next.

What separates the firms pulling ahead is speed of interpretation. When transactions are categorized as they flow and cash-flow trends are visible in context, the accountant can operate in the present — advising whether a client can afford to hire, flagging when spending is outrunning revenue, planning ahead for taxes and financing. That accountant becomes embedded in decisions and very hard to replace. The one still emailing last month's reports starts to look interchangeable.

This is exactly where AI earns its place. By handling categorization, summaries, and anomaly detection, it frees accountants to focus on judgment, strategy, and guidance — the work clients actually value. Small businesses rarely lack data; they lack clarity. The accountant who can turn financial information into a clear next move becomes one of the most valuable people in the business, and that's an advantage technology only widens.

JULY 2026 CPE COURSES

CPE Course Title	Date	Link
Q2 2026 IFRS Accounting Standards Quarterly Update	Wednesday, July 15, 2026 — 12:00 PM EST	https://engage.bdo.com/wcc/eh/4850573/lp/5125041/q2-2026-ifrs-accounting-standards-quarterly-update?utm□source=website&utm□medium=BDOSite&utm□

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WHEN YOUR COMPLIANCE POLICIES OUTRUN THE TOOLS MEANT TO ENFORCE THEM

Many firms have written supervisory procedures that are genuinely sophisticated. They account for nuance — the context of a recommendation, whether a product suits a particular client, patterns of behavior across a relationship. Then firms hand enforcement of all that nuance to a system that scans for keywords. That gap is where the real compliance risk lives.

Keyword and Boolean tools made sense in an earlier era of fewer channels and lower volume, when a flagged message reliably got human review. That world is gone. Business conversations now run through texts, WhatsApp, iMessage, and other channels never designed with compliance in mind, generating volume no keyword system can meaningfully process. It can produce flags. It can't tell signal from noise.

The cost of that mismatch is concrete. Benchmark data put the average firm at 308 hours a year reviewing mobile false positives alone — roughly $232,000 in staff time spent on alerts that turned out to be nothing. Worse is the quieter cost: genuine risk buried in the noise and missed, while exhausted reviewers make fast calls on misleading flags.

Real enforcement requires context — understanding what a message means, not just which words appear, and recognizing patterns across a relationship rather than scoring messages one at a time. Regulators have signaled the same expectation: it's no longer enough to show that procedures exist; firms must show they actually catch what the policy says they should.

The policies are already well-written. The open question is whether the technology enforcing them can read for meaning. The firms closing that gap are moving toward fewer, more pertinent alerts — and measuring success by whether the ones that surface represent real risk, not by how many the system generates.

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