

“How to Navigate Complex Contractor Sales and Use Tax Laws.” Seminar

February 05, 2020 | 8:30 AM - 4:00 PM Appleton Location

The Sales and Income Tax Advisory Network LLC and BCMA Wisconsin invite you to participate in a two-part seminar titled, “How to Navigate Complex Contractor Sales and Use Tax Laws.”

Holly Hoffman (former WI DOR auditor, speaker, and contractor tax law specialist) will share tips, tricks, and resources available to help you comply with complex sales and use tax laws.

Click [here](#) for more details.

“Commercial Collections” Webinar

February 12, 2020 | 9:00 - 10:00 AM

What NOT to do and WHY

In this fast-paced and interactive program, we will examine:

- What NOT to say to a delinquent debtor customer
- What NOT to do when customers break commitments
- How NOT to measure | evaluate collectors’ performance
- What NOT to do when customers bounce checks
- How NOT to address disputes and deductions taken by customers
- Debt collection DO’S and DON’TS!

Click [here](#) for more details.



INSIDE THIS ISSUE

Is it Time to Improve Your Credit App?.....2-3

Educating Debtors Who "Walk Away".....3-4

Forum Q&A: What hierarchy do you use to prioritize your customer's historical credit documentation?.....4-5

Contact Information 6

Board of Directors 6

Industry Credit Group Meetings..... 7

Upcoming Events..... 7

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Association





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Is it Time to Improve Your Credit App?

ABOUT THE BUSINESS CREDIT MANAGEMENT ASSOCIATION

Regardless of whether your company is large, medium or small, the one consistent common denominator of all business concern is the timely and efficient conversion of your companies sales/receivables into cash, and the proper extension of business credit while minimizing exposure to bad debts.

The Association is the credit persons support and professional management organization. Our organization provides you with:

- The latest techniques in managing your receivables
- Optimal techniques in tactful collection, fraud and bad debt avoidance and;
- The opportunity for education that will raise the performance and efficiency of your credit and collection personnel to the highest level

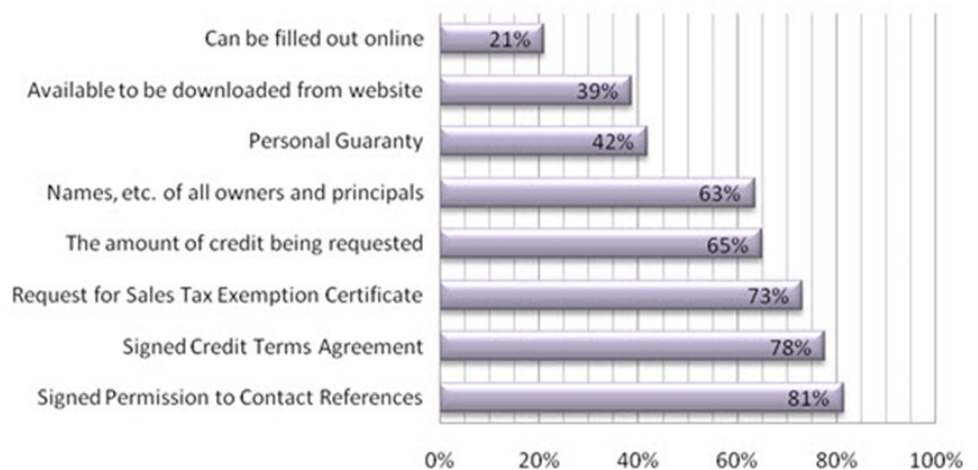
Your company needs a membership in the BCMA. Utilization of the above programs and additional services will reduce your credit administration costs & improve your collections and cash flow. Take advantage of all BCMA has to offer and receive a multi-fold return on your investment.

If you are like most, you probably have a relatively old credit app that you have copied and re-copied for many years. But it certainly pays to periodically revisit this important document to see if it is the best, you can make it.

Even with real-time access to new data from sources that weren't available five years ago, this basic document is still one of the most important you'll use in your credit operations. It sets the tone up front, establishes your relationship with your customers, and of course, helps you gather vital data for your immediate and longer-term credit and collection decisions.

In a Credit Today benchmarking survey, we explored the entire credit app process. One of the more interesting tables we generated shows the frequency of some of the most common components of credit applications:

Frequency of Credit Application Components



Is it Time to Improve Your Credit App (Continued)

What is interesting about the data from this graphic is not so much what is included on credit applications, but what is being left off. For example:

- 58% do not include a personal guaranty.
- At least 50% do not provide online access to their credit application form.
- 37% do not ask for the names and other details of all the owners and principals of the business.
- 35% do not ask how much credit is being requested.
- 27% do not ask for a Sales Tax Exemption Certificate.
- 22% do not include a Signed Credit Terms Agreement on their application form.
- 19% do not get signed permission to contact references, which is absolutely essential for bank reference checking.

Of course, some situations may not require that all of these data be captured, but we expected the percentages to be higher.

So maybe now is a good time to pull yours out and see if you cannot make a few improvements.

Educating Debtors Who "Walk Away"

It is not done on impulse. It is usually carefully planned. The struggling customer, rather than filing for bankruptcy, folds the business and walks away. Then he reorganizes under a new LLC and sets up shop, sometimes literally across the street and not even bothering to change phone numbers. He may even reapply for credit from the same vendors he failed to pay before. In addition, it is all legal. What do you do? Try "educating" them.

All taxpayers have consequences when debts are cancelled. Under the Internal Revenue Code, the discharge of indebtedness is known, as Cancellation of Debt or "COD Income," must be included in a taxpayer's gross income.

This is the basis of the 1099 CASH FLOW OPTIMIZER (CFO), a tool devised by Assa Abloy Corporate Credit Manager **Steve Savino** to "leverage IRS rules and regulations to 'educate' debtors as to the extent of their liabilities in situations like these.

Savino explains that the 1099 CFO is neither a collection letter writing service nor a demand for payment. "Nowhere in the wording is there a request or plea for payment, an implied threat of IRS or legal action," he explains. "It's a series of 'educational' memos along with the required 'disclaimers,' detailing in clear and precise language contents of [IRS Form 4681](#) as it relates

'YES' TEMPORARY HELP SERVICES

THE ASSOCIATION IS A PREMIER SOURCE FOR TEMPORARY HELP AND OUTSOURCING SERVICES IN BUSINESS CREDIT, COLLECTION & ACCOUNTS RECEIVABLE MANAGEMENT

Our specialized and experienced staff is available to help you obtain immediate results, help you maximize your collection efforts, help you get caught up, maintain your credit and collection efforts and improve your cash flow at YOUR office or at OUR OFFICE, you choose: OUR EMPLOYEES WORKING AT YOUR OFFICE

Who Needs YES Temporary Services?

- Companies who do not have sufficient staff to collect receivables on a timely basis.
- Companies who have or will be downsized. (Rightsized)
- Companies looking for quick turn over of receivables.
- Companies involved in acquisitions, requiring short-term help from experienced people to collect, validate or resolve disputes on past-due accounts.
- Companies who are under a hiring freeze but can use outsourced or temporary help.

People In the News

The Association is pleased to inform you that the Credentialing Standards Board has Awarded the following individuals their professional designations.



Karen S Johnson has earned the professional designations of Certified Credit

Professional (CCP) and Certified Professional Collector (CPC) in October 2019. Ms. Johnson has over 30 years experience in business credit, collection & Accounts Receivable, including supervising & management experience. Karen has received a degree in Associate of Arts Business & Associate of Arts Customer Service Technology.

Natasha Ruggles has earned the professional designations of Certified



Credit Professional (CCP) and Certified Professional Collector (CPC) in October 2019. Ms. Ruggles has a solid background in Office Administration, Accounting & Collection and A/R with a major focus on A/R and Collection.

We wish to extend our most sincere congratulations to them on attaining and being recognized with these prestigious designations.

Educating Debtors Who "Walk Away" (Continued)

specifically to the individual debtor's situation. Done properly, the results greatly exceed standard collection agency returns."

Savino's 1099 CFO procedures begin with a review of the Corporate Dissolution Statutes of the state where the customer is incorporated. If the customer has failed to follow these regulations, neglecting to properly dissolve the "old" LLC that leads to the agent of record (owner) becoming personally responsible for the existing debt of the "inactive" corporation.

"Every state has specific and often exacting procedures for these dissolutions," Savino explains. "Very often these "walk away" debtors are led to believe they can dissolve their corporation simply by not paying corporate annual fees or by dropping the secretary of state a notice of termination. It does not work that way.

"When the corporate veil is pierced, amounts written off or deemed uncollectable by creditors become income to debtors, income which is required to be reported on their personal income tax returns."

When one recent "walk away" from Assa Abloy was educated as to the option of amending his tax return to include \$200,000 of additional income or assigning the proceeds coming in from his folded business to cover this debt, via a UCC assignment, he chose the latter.

"What we're doing is prioritizing the debt," Savino says. "Who will be paid first, the creditor who places him with a collection agency or the one in a position to require him to file an amendment to his personal tax return? Prioritizing debts in this way opens opportunities that simply don't exist within standard collection flows."

Forum Q&A: What hierarchy do you use to prioritize your customer's historical credit documentation?

On Credit Today's email-based forum for senior level credit executives, a Member posted the following question:

I have questions regarding the hierarchy, (for lack of a better word) of documentation that you may have in place for some of your customers.

So my customer XYZ Industries opened a new company, XYZ Millworks, in 2014.

I procured a 'Cross Corporate Guarantee from "Industries" for "Millworks" debt in 2014. Also in place is a personal guarantee

Forum Q&A: What hierarchy do you use to prioritize your customer's historical credit documentation? (Continued)

from 'Industries' on their credit app, and 'Millworks' had no personal guarantee. The owner wanted to go on the strength of the cross-corporate guarantee since Industries is well established, and Millworks was new, has struggled, and is still struggling.

Enter a non-owner ops manager at 'Millworks'. For some reason he signed a whole new credit application in May 2018. Here are my questions:

1. Does the non-owner ops manager's credit application of May 2018 override or 'trump' the one we already had in place in 2014 for Millworks? Or is it null because he is a non-owner, and our 2014 application is still in place.
2. Should we obtain a new application with the owners signature dated 2018 to 'fix' the erroneously signed application by the non-owner?
3. Will anything in 1 and 2 affect the cross-corporate guarantee signed in 2014? The Cross Corporate Guarantee does not address our credit application for either organizations.

Please don't say 'consult your attorney' I am aware of that and may likely will go that route, but I was curious what the list thought or if you had any experience with litigation when something like this takes place.

Regards,

National Credit and AR Manager

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Hi,

1. No, the non-owner has no authority unless he/she has been made an Officer of industries-. 2014 App is valid.
2. Yes, get the Industries-owner to sign the Millworks credit application and you should be good.
3. Yes, 1 negates the contract because Ops Manager possibly does not have authority. 2 would resolve the matter; although I might try to update the cross-corporate guarantee to include both entities.

Best Regards,

Credit Manager

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The premier online community & resource for trade credit execs

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Commercial Recovery Collections

You can trust WCA Commercial Recovery Services Department to assist with debt recovery here in the United States or anywhere in the world.

BACKGROUND....WCA Commercial Recovery Services Department offers effective results. Regardless of your company's size or location, the consistent common denominator of all business concerns is professional and efficient recovery specialists who can help with your delinquent accounts.

CREDENTIALS.....WCA Commercial Recovery Services Department is recognized and acknowledged for establishing and setting industry standards for generally accepted credit and collection practices and principles and is integrally associated with the Commercial Law League of America. To ensure our financial responsibility, WCA Inc is licensed by the Wisconsin Department of Financial Institutions.

PERSONALIZED SERVICE.....Our experienced professional staff acts as an extension of your collection function working with you to obtain results. We pride ourselves on our ability to analyze each case, take the necessary and appropriate action (s) and recover your receivable in the shortest time possible. Our number one goal is to protect our members' interests at all times. Our recovery services staff can provide you with professional and practical advice at critical times during the collection process.

INDIVIDUALIZED & STATISTICAL INFORMATION.....Effective no-nonsense communications is key to keeping you informed on your debtors. We report significant timely information to you as your case proceeds. We provide, upon request, a computerized status report to keep you apprised on all of your debtor accounts, allowing you to track individual debtor progress.

Need credit card payment solutions for your business? Whether large or small, TSYS has the customized solutions to



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fit your business needs. BCMA partners with TSYS because they are focused on creating more value in our client relationships than ever before, and their voice has emerged as one of the most trusted in the payments industry. This true spirit of partnership, and the accompanying understanding that our success is determined by our clients' success, infuse everything we do. Whether you're LOOKING TO BEGIN ACCEPTING CREDIT CARDS, or LOOKING TO LOWER YOUR CREDIT CARD SURCHARGE FEES... TSYS will help. Contact the Association at 262.827.2880. We'll put you in touch with a representative that will assist you. **TSYS was named to Ethisphere's 2013, 2014-2018 World's Most Ethical Companies List!**

**NACS Credit Services, Inc*

**The Business Credit Management Association Wisconsin*



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International & Industrial Group
Administrator

Gail Venne, X223

Credit Reporting
Group Administrator

Chrys Gregoire X221

Administrative Support
General Questions or
Information
Data Transmissions
Group Services
E-Commerce
Credit Reporting

Patty Hughes X227

Recovery Specialist
Credit Reporting



GOT AN IDEA?

Would you like to contribute to the BCMA Newsletter? Just write to us at admin@wcacredit.org with your idea!

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UPCOMING INDUSTRY CREDIT GROUP MEETINGS

FEBRUARY 11, 2020

Regional Paper & Packaging Industry Credit Group
Book of Reports Only
Fine Paper/Graphic Arts Industry Credit Group
Book of Reports Only

FEBRUARY 12, 2020

Plumbing & Heating Industry Credit Group
Brookfield, WI

FEBRUARY 14, 2020

Electrical Suppliers Industry Credit Group,
Pewaukee, WI

FEBRUARY 17, 2020

Western Electrical Suppliers Industry Credit Group
Madison, WI

FEBRUARY 18, 2020

Building & Construction Materials Credit Group
Milwaukee, WI

FEBRUARY 19, 2020

Minnesota Electrical Suppliers Credit Group
Brooklyn, MN

FEBRUARY 20, 2020

Construction Industries Credit Group
Appleton, WI

FEBRUARY 21, 2020

IL Fine Paper Industry Credit Group
Lombard, IL

FEBRUARY 25, 2020

WI/IL HVAC Industry Credit Group
Teleconference Call

FEBRUARY 26, 2020

Food Service Supply Hospitality Industry Credit
Group
Milwaukee, WI

BCMA

Business Credit
Management Association

Education Events

YOU CAN TRUST THE
ASSOCIATION TO
ASSIST IN
COLLECTION
RECOVERY FROM
YOUR DEBTORS
ANYWHERE IN THE
WORLD.

LET THE
ASSOCIATION HELP
WITH EMPLOYMENT
OPPORTUNITIES.

February 05, 2020 ~ Appleton Location

“How to Navigate Complex Contractor Sales and Use Tax
Laws.” Seminar

February 12, 2020

“Commercial Collections” Webinar

April 22, 2020

“Measuring Credit Department Performance” Webinar