



NECOG Development Corporation

RLF Newsletter
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Best Hiring Practices: What You Can and Can't Ask a Job Applicant

By Barbara Weltman ([SBA Blog Contributor](#))

According to the National Federation of Independent Business, 62% of small businesses recently reported hiring or trying to hire employees. If you are in the market for a new employee, there are many considerations: Does the applicant have the skills to do the job? Will he or she fit into your company culture? Can you afford the cost of a potential new employee? Great questions to ask. But in the course of your search for your next employee, be sure you don't run afoul of federal and state rules. If you go about it the wrong way, you not only can lose out on hiring the next best employee, but can be exposed to possible legal action against you. Here are federal and state rules to observe so you can hire wisely.

Federal rules

Under various federal laws, it is illegal to discriminate against a job applicant because of that person's race, color, religion, sex (including gender identity, sexual orientation, and pregnancy), national origin, age (40 or older), disability, or genetic information. This ban on discrimination translates into the following best hiring practices you need to observe.

Job postings. You can't advertise a preference that could discourage other classes of individuals from applying for your position. For example, the U.S. Equal Employment Opportunity Commission (EEOC) says a help-wanted ad that seeks "recent college graduates" may discourage people over 40 from applying and may violate the law.

Recruitment. You can't use recruitment practices that discriminate against any class of people. The EEOC's example: relying on word of mouth recruitment among mostly Hispanic workers if this would result in all new hires being Hispanic.

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What is Use Tax?

(taken from "Use Tax – Business" fact sheet from SD Department of Revenue)

The South Dakota use tax is the counterpart of the South Dakota sales tax. The two taxes apply to the sales of the same products and services, have the same tax rates, and have similar laws. The difference is in how the taxes are applied. Use tax applies when state and applicable municipal sales tax has not been paid on products and services (including products and services transferred electronically) that are used, stored, or consumed in South Dakota.

When is Use Tax Owed?

Use tax is owed if:

- Sales tax was not paid at the time of purchase
- The sales tax paid to another state was less than South Dakota's sales tax rate

Use tax is not due on payments to contractors for construction services. Realty improvements are subject to contractor's excise tax. Use tax may be due on the materials used for the project.

Use tax is due on the full purchase price, including delivery charges, or other fees, where the product is received or removed from inventory. Applicable municipal sales and use tax rates are based on the location the product or service is received.

A business donating items, such as prizes for a contest or fundraiser, owes use tax on the cost of the donated item if sales tax was not already paid on the item. A business does NOT owe use tax on items donated to entities that are exempt from sales and use tax.

Examples

- *A grocery store gives food samples to customers.* The grocery store owes use tax on the cost of the food given away.
- *A South Dakota business hires an unlicensed North Dakota accountant to do their monthly payroll.* Everything is done through the mail or by phone. Use tax is owed on the

Reminder to Send in Tax Returns, Financial Statements

Happy New Year!

This is a reminder for NECOG-DC borrowers that as you complete your tax return for 2019, you are required to send a copy of your tax return and financial statements (Profit & Loss and Balance Sheet or similar statements) to NECOG-DC.

Looking at the tax returns and financial statements helps us determine how the business is doing financially.

You can mail or email the tax returns to us. You can even have your accountant send them directly.

Here's to a prosperous 2020!

State Minimum Wage Increases

Effective January 1, 2020, the state minimum wage increases to \$9.30 per hour. The hourly minimum wage for tipped employees is \$4.65/hour. Wages and tips combined must equal at least the minimum wage.

These increases apply to all South Dakota employers with some limited exceptions.

payroll services.

- *A furniture store purchases computer desks exempt from tax to resell to customers. The store uses on of the desks in their office for three months.* The store owes use tax on the cost of the desk. When the desk is sold, sales tax is due on the selling price.

If you have any questions, please contact the South Dakota Department of Revenue at 800-829-9188 or bustax@state.sd.us or visit their website at <http://dor.sd.gov>

Business Scams Abound. Be Aware.

by Kelly Weaver, Small Business Development Center Regional Director

We continue to hear reports of small businesses and organizations within South Dakota being affected by computer scams, hackers and ransomware. While most of the defenses are common sense, we are all busy and it never hurts to remind ourselves and our staff to always be on the lookout and act with care. It is easy to think that it will never happen to your business, but just like any disaster, you can never be sure.

The key is how can you be prepared if it does, and likewise, how badly will your business be affected if you aren't prepared.

The most common threats businesses face are malicious software (malware) and phishing.

Malware is a broad term for software designed to cause damage to a computer or network. Malware includes both viruses and ransomware. In the case of ransomware, hackers will restrict access to a computer until a ransom is paid – pay the price or risk losing all your data on the affected device(s).

Phishing involves a type of attack that uses email or a website link to infect the computer, collect sensitive data or even cause an employee to take an action. Phishing attacks often include 'social engineering' like making the request/email seem urgent, making it look like it is coming from a trusted source, or proposing a penalty of some sort if an action is not taken.

These attacks take advantage of our human nature and are much harder to guard against than just installing antivirus software or a firewall. As scammers get more sophisticated, it is getting harder and harder to readily spot these phishing emails.

You can find out more about common threats, how to assess your business risk, and cyber security best practices at the SBA website. Go to this link and choose Manage Your Business and then Small Business Cybersecurity: [https://](https://www.sba.gov/business-guide)

www.sba.gov/business-guide

Kelly Weaver is the Regional Director of the Small Business Development Center in Aberdeen which offers free, confidential business consulting to start up and existing businesses. She can be reached at (605) 626-2565 or kelly@growsd.org. The Center is hosted by GROW South Dakota.

(Hiring Practices cont. from Page 1)

Screening. You can't use testing or other screening methods that effectively discriminate against a class of people. For example, it is illegal to make an inquiry about a person's disability *before* you make a job offer. Once this is done, you can ask the question so you can determine whether any reasonable accommodations are needed.

Arrest and conviction. The majority of states have "ban-the-box" laws that prohibit employers from making hiring decisions based on criminal records. However, the laws differ, with some banning any inquiries about arrests and convictions, while others permitting requests for information about recent felony convictions. You can find a [listing from the National Employment Law Project*](#) of states, counties, and cities that have adopted ban-the-box. However, South Dakota has not adopted ban-the-box.

Salary history. More than half a dozen states and cities prohibit employers from inquiring about a job applicant's prior salary history. In other words, you must offer pay based on the job position; this cannot be impacted by the salary that an applicant received for a prior job.

Final thought

Review your current hiring policies to make sure you not only hire a diverse and talented group of people, but also avoid any hiring missteps that violate federal and/or state law. If you have questions, be sure to discuss them with an employment law attorney.

NECOG-DC Seeks Board Member Candidates

NECOG-DC is currently seeking to compile a list of candidates to fill any openings on the board of directors. Board meetings are typically held once a month. The board of directors is responsible for reviewing all loan applications and making all financing decisions. Board members should bring unique knowledge and experience to the position, including a strong knowledge of small businesses and the NECOG region. If you would like more information or are interested in adding your name to the list, please contact Alison Kiesz at 626-2595 or alison@necog.org.

UPCOMING EVENTS

QuickBooks: The Basics | February 19 | 9:00 – 12:00 | Aberdeen

Designed for those considering a computer-based system or those QuickBooks users who feel they would benefit from the topics covered (Chart of Accounts, Items, Customers, Vendors, Invoicing, Check Writing, Bills, and Reports).

QuickBooks: Inventory and Payroll | February 19 | 1:30 – 4:00 pm | Aberdeen

This training will provide an overview of how inventory and payroll are processed and the basic concerns to be addressed when setting up and using these features. Topics covered include Inventory Items, Inventory Types, Purchase Orders, Payroll Items, Payroll Checks, Payroll Liabilities, and Reports.

\$70 for one class or \$125 for both classes

For more information contact Kelly Weaver at SBDC. 626-2565 or kelly@growsd.org

Power Hour—Empowered Leadership | February 25 | 12:00 – 1:00 | Aberdeen | \$15

Studies have shown, the average person will influence 10,000 people in their lifetime. You don't have to be in a high-profile occupation to be an influencer; whenever your life connects with another person, you exert influence. Everything you do— at home or at work — has an impact on the lives around you. No matter what your goals are in life, you can achieve them faster, you can be more effective and the contribution you make can be longer lasting if you learn to develop your influence. For more information, contact Aberdeen Development Corporation at taylorwall@adcscd.com or 229-5335.

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