



S T R A T E G I E S

Tax & Accounting

Stories That Could Affect Your Accounting in 2020

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As your organization fine tunes its strategy in the New Year, you're likely monitoring different trends. From the global markets to issues closer to home, here are three major stories that may affect your accounting in 2020.

Global Economic Uncertainty

There is quite a bit of global economic uncertainty. With countries including China and India experiencing slower growth and the United Kingdom's "Brexit" from the European Union, the global economy could face a recession. A slowed transport of goods in and out of the United Kingdom, trade conflicts and worry about the long-term repercussions of a slow-down could lead to a difficult year.

Climate change presents another major risk factor for the economy in 2020. As many areas see record flooding, extreme temperatures and drought, companies may struggle to maintain their bottom line. There could also be long-term consequences; a 2019 study from the International Monetary Fund (IMF) projects a 7.22% decline in global GDP by 2100. The study suggests the dip could result from the effects that higher temperatures have on industries, including agriculture, manufacturing and tourism.

Global uncertainty may increase the challenges in evaluating accounting estimates such as impairment assessments and fair value. Public companies may need to consider and enhance risk disclosures made in their required SEC reports.

Tariffs

Tariffs are often understood as an additional cost imposed on the exporter of foreign goods, but they are actually levied against the importer of those goods. It is typically the country issuing the tariffs that is most affected by these taxes as importers decide whether to raise their prices or seek alternative measures to lower costs in order to offset tariffs.

As trade conflicts continue and tariffs are levied that make imports less desirable for consumers, [this could quickly create challenges for American companies' cost accounting and accounting estimates](#). If your business has been directly



affected by the tariffs, you may benefit from an adjustment to your accounting policies in order to effectively handle the impact on your business and prevent additional complications.

Cybersecurity

One of the biggest threats facing global security today is cyberattacks. And as regulations and best practices continue to evolve at the local, state, federal and global levels, companies will likely have their hands full maintaining compliance and improving their data protection efforts. [Cyber risk assessments will continue to be important planning tools](#). Cybersecurity presents liability issues and requires management oversight. Public companies will also be responsible for cybersecurity disclosures.

Another movement to watch is activity around data protection laws. As the EU's [General Data Protection Regulation \(GDPR\)](#) wraps up its second year, the U.S. federal government is considering how national cybersecurity regulations may be used stateside. Preparing for increased cybersecurity regulations now could help your organization make a much smoother transition if or when new rules are introduced.

Companies that are mindful of these accounting trends are more likely to be prepared for a successful year. Working with an accounting advisor who understands the emerging developments and their potential impact on your business can help ensure a successful 2020. 📌



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