



An interview with Jim Lundy, CPA, Partner at Ernst & Young

AICPA: What do you see coming in 2018? A challenge, issue, advances in technology, something political?

Jim: On the tax side, we have this tax bill that may or may not pass so we're having to do all of our planning with or without it. I'm assuming it is going to pass so 2018 will be incorporating that in our Construction Contractor clients so it's how do we live with that and how do we use it to their benefit somehow or avoid terrible disasters. Then the other thing is political. The President says he's going to spend a lot of money on infrastructure, which he obviously needs to, and this will obviously impact all our clients, for better or for worse. Sometimes when there's too much work people don't get it done. You can go broke having too much work or you can go broke not having enough. So that will be 2018's challenge if that passes, and I think it has to because the infrastructure is falling apart.

AICPA: You've been doing this for over 20 years. It sounds like you're waiting for the bill. What's that like waiting for a bill to pass?

Jim: It doesn't happen often but every 5-10 years you'll get a circumstance where you're in a totally fluid situation. Our clients are going to be mad if we come down on the wrong side. We therefore have to plan both sides. First, communicate everything to the client, get all the information out there and explain what's going on. Second, "here are your options, let's keep the lines of communication going and try to take advantage of that before it's too late."

AICPA: Tell us a little about the AICPA Construction & Real Estate Conference and what it has meant to you:

Jim: Here's what's so good about it: I tell people all the time that you can read the books and the financial statements that think this is what you are supposed to do. You can read the tax books that give instructions and predict what will happen but at the end of the day it's extremely hard to forecast and understand your most vital action points. Then you get to this conference and talk to the people that are really doing it and you find out, *this* is how it's done. That's why the attendees continue to come back. The same people have been in my class for more than 20 years and they think there's always something new and there's always the chance of getting new ideas.

Additionally, this isn't just a conference for those coming year after year. There's new faces every year. It's much younger and there's many more female accountants. It now looks about half [males] and half [females] which is great. They still laugh at my jokes, that's the most important thing.

AICPA: Tell us about your session from the 2017 AICPA Construction and Real Estate Conference:

Jim: At the 2017 event, I spoke at three sessions all tax-related. They're all driven by what's going on in the tax environment, which is very fluid right now. My first session was what to do by the end of the year. I called it "Hide the Money" just to get the IRS a little rattled. You're getting on the



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ground with your construction contractors, this is what you have to know. This is what you find out. You work it all through, calculations, talking with them, talking with their in-house accountants as well and you come up with a detailed plan to achieve what you want, financially and tax-wise. I can tell you there's great interaction with the group. Everybody's very interested in what they can do, what are the rules, where can we be and what kind of alternatives and options people have before the end of the year.

The second session was very technical. It was kind of a lookback, kind of a goofy thing that only contractors must deal with. When they finish jobs better or worse than recommended, the IRS will ask for money back or give them some money based on how it turned out.

I also take part in a tax panel with a few other speakers. This gives people a chance to ask questions. If you haven't received all the answers you want, you have one more shot at it. That's all we are there for is to answer the pressing questions still needed. You get a lot of bantering back and forth amongst the panelists and the attendees. When they leave the conference, the goal is for them to have all the ammunition they need to finish and start the year with Construction Contractors, which is what we're all hoping to accomplish.