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Should you accept Venmo, PayPal & Zelle?

Pros and cons of digital payments for businesses, landlords

Many people are exchanging money these days with new, electronic payment options such as Venmo, PayPal and Zelle. These online and app-based services make it easy to pay a friend for dinner or a roommate for half of this month's bills.

Many customers and renters don't have checking accounts, or prefer using digital payments, so the question of whether to accept these payments is arising regularly for small businesses and landlords. Such methods can be convenient for businesses, too, but they have some pitfalls.

With these payments, the time it takes for funds to transfer ranges from instantly, in the case of Zelle, to two to three business days for PayPal.

Here is a review of the options:

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PayPal

Many businesses use PayPal, an online credit card processing service. Customers can pay a merchant with a credit or debit card, or with money in their PayPal account. That makes it a great choice for someone who doesn't have a credit card or doesn't want to pay for a certain purchase or service on a credit card. PayPal charges 3 percent for a business transaction. While you can avoid the fee by saying you're paying a friend, you do risk PayPal closing the account.

PayPal provides fraud protection and sends alerts for any questionable activity.

A downside for businesses is that banks don't always look at the amount of money in a business's PayPal account when they decide whether to issue credit, unlike the way traditional accounts are handled.

Venmo

More and more customers are seeking to pay with Venmo, a digital wallet through which you can send and receive money.

It's free to use when you pay with cash. Credit card payments incur

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EEOC requires businesses provide pay info by Sept. 30

All businesses with 100 or more employees and federal contractors with 50 or more employees must submit their 2018 pay data to the U.S. Equal Employment Opportunity Commission (EEOC) by Sept. 30, a federal judge in Washington, D.C., has decided.

The information, which must include how much each employer paid workers of various sexes, races and ethnicities last year, is intended to be part of the EEOC's ongoing collection of demographic data.

Businesses must submit the data as Component 2 of the EEO-1 form.

The EEOC proposed the deadline after the U.S. District Court for the District of Columbia reinstated the data collection requirement adopted under President Barack Obama. The requirement was removed by the Trump administration in 2017, citing a paperwork burden.

The ruling requires the EEOC to provide periodic compliance updates to the court.

The EEOC must collect a second year of pay data in 2020. The data must be collected for either 2017 or 2019.

Businesses are advised to create auditing procedures to ensure equal pay in their workplaces. Consult with a business attorney to ensure that your business has the proper policies in place.

How to collect on a customer debt

Businesses need to get paid to stay afloat, and it's no fun to spend a lot of time collecting a debt from a customer.

When someone doesn't pay and you need to collect, here are some tips for doing it:

Be sure you know the rules where you live. State law debt collection rules vary. While the federal Fair Debt Collection Practices Act applies only to third-party debt collectors and lawyers, some state laws apply to any person who is owed a debt. Determine what actions you can legally take, such as whether it is possible to charge interest for late payment. A lawyer can help you make sure you're following all of the rules in your area.

Draft a script for calls. Make it easier to stay calm by planning out what you're going to say.

Maintain a professional tone. Explain why you are calling in a clear, confident way. Indicate that you were reviewing your accounts and saw that the bill was past due. Enter the call assuming it's an oversight and keep the introduction light. Then, pause to give the client a chance to process and respond.

Prepare for possible replies. Think about probable reactions in advance and plan your responses to them. For example, if the client says they can't afford to pay, suggest a partial payment or a payment plan. If the client says they have sent a check, let them know you will look for it and call back next week if you don't receive it.

Send immediate follow-up. Send a letter or email with a summary of the conversation and what you decided for next steps. Sometimes seeing the plan in writing can encourage the client to act on it.

Protect against possible hacking of company car GPS

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Businesses that insert GPS trackers in their employees' cars tend to see improved productivity, efficiency and safety.

These devices also come with concerns over employee privacy, but the benefits often trump the risks.

However, a recent report brought to light a measurable hacking risk with GPS trackers. The report in Motherboard stated that a hacker known as L&M has hacked into more than 7,000 iTrack accounts and more than 20,000 ProTrack accounts. Companies use these apps to monitor their vehicles' GPS tracking devices. The accounts were hacked in South Africa, Morocco, India and the Philippines.

What's more, the hacker alleges that he has the capacity to turn off the vehicles' engines remotely if the cars are stopped or moving more slowly than 12 miles per hour.

This type of hacking is possible because most devices come with common default passwords that are easy to guess and use.

Business can take the following steps to protect their trackers:

- Protect devices with passphrases to make them tougher to hack.
- Use different passwords and passphrases for each account.
- Change all passwords frequently.
- Never save your passwords on your devices.
- Use multifactor authentication to enhance security.

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a 3 percent fee.

Accounts are protected using encryption and monitored for fraudulent activity. If a user loses his or her phone, it's also possible to log in on a computer to block the phone from accessing Venmo. There is also a multifactor authentication option.

Venmo doesn't offer buyer or seller protection. As a result, it is safest to use when you know your customer well.

Zelle

Many people are also using Zelle. You can use it either through your bank's mobile app or directly through the Zelle app.

There is no charge to send or receive funds through Zelle, and it includes an authentication feature to keep payments secure.

Similar to Venmo, Zelle wasn't created for merchant transactions and isn't set up to protect the buyer or the seller. The site specifically states that if you don't know the person paying you, it recommends not using the service.

Collecting rent digitally

At first glance, it seems like these electronic payment options would be great for landlords, who are always seeking an easy way to get paid on time.

Landlords can choose which forms of payment to accept for rent. As a general rule, it's typical to offer at least two payment options.

Here are some pros and cons of landlords allowing digital payments:

The pros

It's easy. The rent transfers into the landlord's account with a simple click on a tenant's phone.

Funds are deposited quickly. The money moves quickly: right away with Zelle, if both the tenant and the landlord have accounts; in one business day for Venmo; and within two or three business days for PayPal.

The cons

A payment can be sent to the wrong person accidentally. If the tenant incorrectly inputs the recipient's information, the rent could land in the wrong person's account. That means the tenant might think the rent is paid, and the landlord might be wondering where the money is.

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No protection is given to the landlord or the tenant. With payments through Zelle and Venmo, neither the landlord nor the tenant is given any protection. If the tenant misdirects the payment to the wrong person, the service will not issue a refund or transfer the money to the intended recipient. The only option in that case is for the tenant to contact the accidental recipient and try to get the money back.

PayPal will issue a refund, but the dispute process can take time and the rent payment can end up being late.

The payment isn't always immediate. Even if a tenant thinks he or she submitted the rent on time, it might not land in the landlord's account until the next day or later. The landlord could end up having to charge late fees and having to convince tenants who thought they paid on time to pay the fees.

A partial rent payment goes through automatically, which can cause issues if you're trying to evict. On these payment apps, the user can choose to pay whatever amount he or she wants to pay, and the payment goes through automatically. That can become an issue, especially if the landlord is evicting a tenant for nonpayment. That's because an eviction can be stopped or cured when the landlord accepts any amount of payment. Essentially, a tenant could make a tiny payment on Zelle and bring the eviction to a halt, and the landlord has no way to decline the payment.

If you're concerned about accepting the newer payment options, there is another, more traditional, digital option known as ACH payments. This method is a direct way to move money from the customer's or tenant's account to the business's account. It's an option you can turn on in most accounting software systems, such as QuickBooks, and there is no processing fee.

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Can noncompete be enforced against independent contractor?

A noncompete clause in an employment contract can be an effective way to keep a worker from leaving to work for a competitor for a defined period of time after he or she stops working for you.

Sometimes independent contractors have as much, or nearly as much, company-specific knowledge as employees. So the question is whether you should include a noncompete clause in your independent contractor agreement.

If you require independent contractors to sign a noncompete and they challenge the agreement, you run the risk of a court reclassifying them as an employee.

The existence of the noncompete clause in and of itself can be a key factor in defining the person as an employee. Such a change can lead to requirements to pay penalties, overtime and workers' compensation insurance.

If the person is still classified as an independent contractor, it's possible the noncompete clause will be unenforceable.

Independent contractors are typically self-employed experts in their field. They typically have multiple clients at any given time.

Most courts will find a noncompete unenforceable if the agreement, in effect, bars the person from finding work with other clients.

For example, if a shoe store hired an independent contractor to design and develop its marketing materials, the store cannot use a noncompete clause to prevent the designer from creating materials for another shoe store.

On the other hand, some relevant contract clauses may be enforceable against an independent contractor, such as:

- A provision that bars an independent contractor from creating a competing business while working for the original business that hired him or her.
- A confidentiality or nondisclosure provision.
- A nonsolicitation clause that blocks an independent contractor from soliciting current clients, prospective clients or current employees.

Consult a business lawyer to determine what provisions are appropriate to include in your independent contractor agreements.