



# CLIENTTELL

60 YEARS *and ACCOUNTING* Vol. XXVII | No. 2 Summer 2021 | Blackburn, Childers & Steagall, PLC Quarterly Newsletter

## Advanced Child Tax Credits in 2021

3

BY TYLER TROUTMAN

## Employee Retention Credits

4

BY ALYSSA REED

CLIENT FEATURE

## Dan'l Boone Inn Restaurant

6

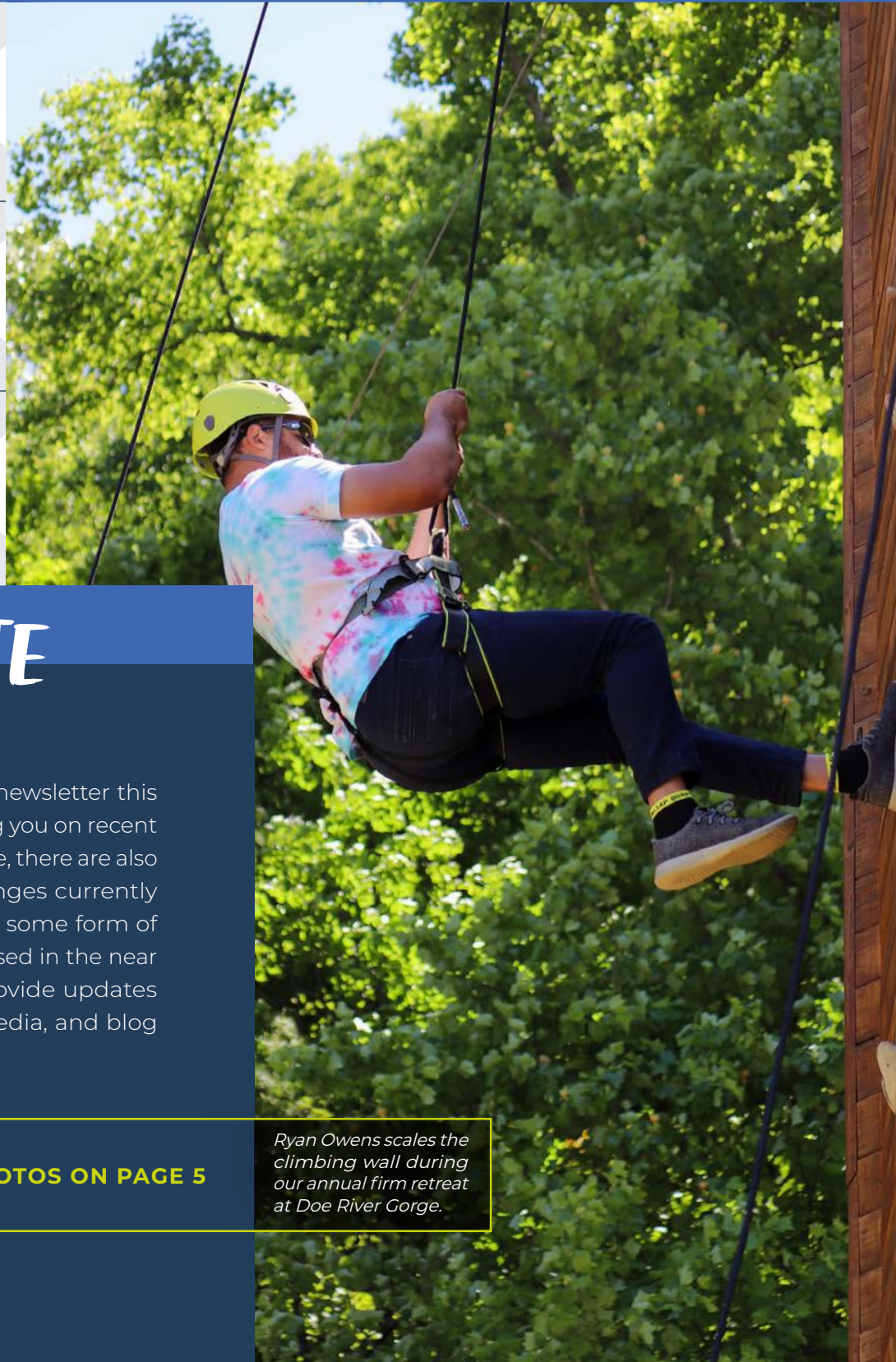
# TAX UPDATE

BY ANDY HATFIELD

You will find that much of the newsletter this quarter is dedicated to updating you on recent tax legislation. As many are aware, there are also some very significant tax changes currently being proposed. We anticipate some form of proposed legislation will be passed in the near future. We will continue to provide updates through our website, social media, and blog posts. Stay tuned!! ♦

**MORE FUN @ THE FIRM PHOTOS ON PAGE 5**

*Ryan Owens scales the climbing wall during our annual firm retreat at Doe River Gorge.*



# LEGISLATIVE CHANGES

## Some Unemployment Compensation not Taxed for Many

BY ANDY CLARK



For tax year 2020 only, the first \$10,200 of unemployment compensation is not taxable for most households. This benefit is available only to those whose modified adjusted gross income is below \$150,000 during 2020. The same income cap applies to all filing statuses. This means that those eligible, who haven't yet filed a 2020 return, can exclude the first \$10,200 of total unemployment compensation received from their income, and pay tax only on the difference. For couples, the \$10,200

exclusion applies to each spouse. For any eligible taxpayer who has already filed a tax return, and reported their total unemployment compensation as income, the IRS is automatically adjusting their return and providing them this tax benefit. Based on this adjustment, refunds are being issued in May and will continue through the summer. Refund amounts will vary and not all adjustments will result in a refund. ♦

## Repayment of Excess Advance Premium Tax Credit Suspended

BY ANDY CLARK



Taxpayers who purchased health insurance through a federal or state Health Insurance Marketplace in 2020 do not need to repay their 2020 excess advance payments of the premium tax credit (PTC). They will simply need to attach Form 8962, Premium Tax Credit, when they file their 2020 return to claim an additional credit.

If Advance Premium Tax Credit (APTC) was more than their allowable PTC based on their 2020 tax information (excess APTC), the new law suspends the requirement to repay excess APTC for 2020. This means that taxpayers

with excess APTC for 2020 do not need to report the excess or file Form 8962. Taxpayers who have already filed should not file an amended tax return. The IRS will automatically reduce the repayment amount to zero for anyone who already reported excess APTC for 2020. In addition, the agency will automatically reimburse anyone who has already repaid their 2020 excess when their return was filed. ♦



# 2

# Advance Child Tax Credit Payments in 2021



BY TYLER TROUTMAN



There have been important changes to the Child Tax Credit (CTC) that will help many families receive advance payments starting this

summer. The American Rescue Plan Act (ARPA) of 2021 expands the CTC for tax year 2021 only.

## EXPANDED CTC DETAILS

- The CTC amounts will increase from tax year 2020 amounts of \$2,000 per qualifying child under the age of 17 at the end of the year.
- Taxpayers will now receive \$3,000 per qualifying child between the ages of 6 and 17 at the end of 2021. The credit will include children who turn age 17 in 2021.
- Taxpayers will now receive \$3,600 per qualifying child under the age of 6 at the end of 2021.
- The increased amounts are reduced (phased out) for incomes over \$150,000 for married taxpayers filing a joint return and qualifying widows or widowers; \$112,500 for heads of household; and \$75,000 for all other taxpayers.
- The credit for qualifying children is fully refundable, which means that taxpayers can benefit from the credit even if they do not have earned income or do not owe any income taxes.

## ADVANCE PAYMENT DETAILS – WHAT THIS MEANS NOW

Taxpayers may receive part of their credit in 2021 before filing their 2021 tax return. Instead of taxpayers waiting to receive the credit when they file their 2021 tax return, they can receive an advance of half of the amount for which they qualify. If taxpayers receive the advance payments now, these will reduce the CTC when the tax return is filed. In other words, if taxpayers receive the funds in advance, they will not receive those funds when the tax return is filed.

On July 15, 2021, taxpayers qualifying for the 2021 advance CTC will begin receiving monthly advances of up to \$250 for children age 6 and above and up to \$300 for each child under age 6.

- The IRS will determine if taxpayers qualify for this credit and the monthly advance amount is based off of the 2020 tax return.

- Advance payments of the 2021 CTC will be made regularly from July through December to eligible taxpayers.
- The payments will be made on the 15th of each month, taking into account weekends and holidays.
- If the IRS has direct deposit information on file, the advance should be directly deposited into the taxpayer's bank account.

Eligible taxpayers who do not want to receive advance payment of the 2021 CTC will have the opportunity to decline receiving advance payments. These taxpayers will receive the full CTC for which they are eligible when they file the 2021 tax return. The IRS is currently working on a portal for this purpose.

Taxpayers will also have the opportunity to update information about changes in their income, filing status, or the number of qualifying children. The IRS is currently working on a portal for this purpose as well.

## ADVANCE PAYMENT DETAILS – WHAT THIS MEANS LATER

The advance payments operate similarly to the economic stimulus checks taxpayers received in 2020 and 2021. The payments are not taxable, but taxpayers must keep track of how much they receive because the 2021 tax return will include a reconciliation of the advance CTC payments. If there is a variance in the amount taxpayers received and the amount for which they were qualified, the difference will be recorded on the tax return and refunded to taxpayers as a CTC rebate.

**Please understand that accepting the advance CTC payments will affect your 2021 tax return.**

If you typically qualify for the CTC and receive a refund that includes those CTC amounts, your 2021 refund will be reduced by the advance CTC payments. In fact, taxpayers who may have received refunds in the past may instead owe tax this year. Because each situation is driven by its own fact pattern, please contact us if you have questions or concerns about the changes to the CTC. ♦

**>> READ PART 4 ON PAGE 4**



# Employee Retention Credit

BY ALYSSA REED



The Employee Retention Credit (ERC) is a payroll tax credit aimed at compensating employers who continue to pay employees during the pandemic.

## WHO QUALIFIES?

To qualify for the ERC, an employer must have either 1) a government mandated closure, whether full or partial (i.e. reduced operational hours) or 2) a significant decline in gross receipts. For 2020, a significant decline in gross receipts is met if there was a 50% decrease in any 2020 quarter sales as compared to the same quarter in 2019. For 2021, a significant decline is a 20% decrease in sales for any quarter compared to the same quarter in 2019.

## HOW MUCH?

This is a refundable credit on employer payroll taxes paid on the Form 941. The calculation of the credit depends on which time period is being considered.

For wages paid between March 13 and December 31st of 2020, the credit is capped at 50% of up to \$10,000 in annual wages paid per employee. This is a max credit of \$5,000 per employee.

For wages paid during 2021, the credit is capped at 70% of up to \$10,000 in qualified wages per employee per quarter. This is a max credit of \$28,000 per employee.

## HOW DO I CLAIM IT?

You will claim the credit on your 941 payroll tax returns as a reduction in employer payroll taxes. If you qualified for a prior period and did not claim the credit, you may file a Form 941-X to amend your payroll tax return and claim the ERC. Because this is a refundable credit, the amount by which the credit exceeds your payroll taxes can be issued to you as a refund or claimed as a credit against future payroll taxes due.

## HOW LONG CAN I CLAIM IT?

From the time period when an employer meets the qualifications, they may claim the ERC until either 1) they no longer meet the qualifications or 2) December 31, 2021, whichever is sooner. Should the employer no longer meet the qualifications (i.e. their sales increase to at least 80% of the previous year or they are no longer shut down by a government order), they will claim the ERC for the quarter in which the change occurs and the subsequent quarter.

## I HAVE A PPP, DO I QUALIFY?

You may claim both the ERC and forgiveness on a PPP loan. However, the wages paid that are being considered for the ERC cannot be used to claim forgiveness on the PPP and vice versa.

There are other nuances to the ERC calculation, including employee count, employee status, qualification exceptions, industry specific guidelines, etc. Please call our office if you have any questions regarding your specific situation. ♦

# STAY UPDATED

Get the latest tax legislation and other updates delivered straight to your inbox! We post relevant and timely information about the latest legislature and other industry updates that affect our clients. Sign up for our blog on our website!

[BCSCPA.COM/BLOG](https://bcscpa.com/blog)



# PERSONAL LINES

## NEWS FROM AROUND THE FIRM



### BRITTANY PETERS

Firm & HR  
Administrative  
Assistant



### CAMERON VANDEKROL

Managed  
Accounting  
Services and Tax



### CODY MUDRACK

IT Department  
(he has been an  
intern with us  
since 2019)



### ASHTON SNEED

Audit  
Johnson City



### KARSON LIGHT

Audit Intern,  
Johnson City



### NOAH SHELTON

Audit Intern,  
Johnson City

# 60 YEARS and ACCOUNTING

## GIVING BACK & FUN @ THE FIRM UPDATES

We didn't let extended busy season keep us from finding ways to give back and have fun in Q2. Here are the highlights from this quarter:

**\$7,800**

to Isaiah 117 House and  
Watauga County DSS for  
foster care ministry

### 31 FUREVER HOMES

for local animals.  
Supplies were also donated to  
BridgeHome No Kill Animal  
Shelter, Washington County  
Animal Shelter, and Watauga  
County Animal Shelter

### 21 SHEPHERD'S HOOKS

to local nursing facilities as part of  
Operation Shepherd's Hook, a  
project started by Shannon  
Morelock from Smoky Mountain  
Home Health and Hospice to  
bring cheer to those closed-in  
due to the pandemic.

**\$604**

to Agape Women's Services,  
Hope House, and the Hope  
Centers in Boone and Greeneville

### GROOVIN' INTO OUR SIXTIES

We tapped into the creative side  
of our brains and tie-dyed one-of-  
a-kind shirts thanks to our  
resident dye expert, Kristen Bare!

See photos and more at  
[bcscpa.com/about/sixty](https://bcscpa.com/about/sixty)



*Tracy Ramsey found a new furever friend when dropping off donations at Bridge Home Animal Shelter*



*Our Audit Department enjoyed tie-dyeing our Groovin' Into Our Sixties t-shirts*



*Sarah geared up for the climbing wall at our firm retreat at Doe River Gorge*



*Siena helped deliver hooks and bird feeders as part of Operation Shepherd's Hook*



CLIENT FEATURE

# Dan'l Boone Inn Restaurant

BOONE, NC



# Q+A with JEFF SHELLMAN

OWNER + GENERAL MANAGER

## Q. WHAT'S YOUR STORY? HOW DID YOU GET YOUR START?

**A.** Dan'l Boone Inn became a restaurant in 1959. Before becoming a restaurant the building was the doctor's home, which also served as Boone's first hospital. Once Boone built a hospital down the street, the home served as a rooming house for students until becoming a restaurant. We are the oldest "sit down" service restaurant in Boone.

I started in 1989 as a dishwasher. I worked at the restaurant throughout college and did a management internship my final year in school. After graduation I moved away for a short time but got the opportunity to return as an assistant manager. Three years later I was promoted to General Manager; a position I have held since 1996. I became an owner in 2009.

## Q. WHAT ARE YOUR GOALS FOR THE FUTURE?

**A.** Our goals for the future are to maintain the high quality of food and high caliber staff that we currently have. We are grateful to be growing, and would also like to add an additional dining room on the main level, if property comes available.

## Q. HOW HAS BCS HELPED YOU?

**A.** BCS has helped Dan'l Boone Inn with both bookkeeping and payroll services. They have been a huge part of our success by providing accurate and timely services in both areas.

## Q. ANYTHING ELSE YOU'D LIKE TO SHARE?

**A.** We are proud to have served the high country of North Carolina for 62 years with family style meals just like you would get at your grandmother's table. We feel like we provide a unique dining experience for locals and visitors to Boone. Be sure to stop by and eat with us when you're in town! ♦



### LOCATION

130 Hardin Street  
Boone, NC 28607

### WHAT THE LOCALS ORDER

Try the fried chicken or the country ham. Their biscuits are also fantastic!

### WEBSITE

[danlbooneinn.com](http://danlbooneinn.com)

### HOURS

Monday–Friday | 11:30 AM–8:00 PM  
Saturday–Sunday | 8:00 AM–8:00 PM

**FAMILY  
STYLE MEALS**  
JUST LIKE YOU  
WOULD GET AT  
**GRANDMA'S  
TABLE**



**BLACKBURN, CHILDERS  
& STEAGALL, CPAS**  
60 YEARS AND ACCOUNTING

801 B Sunset Drive | Johnson City, TN 37604  
Johnson City | Kingsport | Greeneville | Boone



**PRSRT STD  
US POSTAGE  
PAID  
JOHNSON  
CITY, TN  
PERMIT NO. 26**

CHANGE SERVICE REQUESTED

**BCSCPA.COM**

Vol. XXVII | No. 2 Summer 2021 | © 2021 Blackburn, Childers, & Steagall, PLC



## Required Minimum Distributions are Back!

BY ANDY CLARK



After being waived for 2020, required minimum distributions (RMDs) from retirement accounts are back and in force for 2021! It is important to make sure RMDs are taken timely, if required, in order to avoid steep penalties.

### HERE A FEW THINGS TO CONSIDER:

- If you were taking RMDs before 2020, you should continue taking them in 2021.
- If you reached, or will reach, age 70 ½ after 2019, those withdrawals are required to start at age 72 and not 70 ½. Therefore, anyone born July 1, 1949, or later can wait until age 72.
- Your first RMD must be taken by April 1 of the following year after you reach the RMD age. All subsequent years, you must take the RMD by December 31.
- If you turned 70 ½ in the first half of 2019 and planned to take your first RMD by April 1, 2020, the deadline for taking the RMD will be December 31, 2021.
- The 2019 Secure Act eliminated the ability for many beneficiaries to stretch out distributions across their own lifetime if the original account owner died on January 1, 2020, or after. In this case, the balance must be entirely withdrawn within 10 years, unless the beneficiary is the spouse or other qualified individual. ♦