



# CLIENTTELL

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# TENNESSEE WORKS TAX ACT

BY NATHAN HSIAO

As the hectic nature of Spring for tax accountants gives way to a more balanced summer, we are seeing changes to more than just the weather. The TN General Assembly has approved roughly \$400 million in tax cuts through the passing of the Tennessee Works Tax Act. Some of these modifications will go into effect as

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early as the 2023 tax year. Others will be introduced in the years to come. This is one of the largest tax cuts in state history, and greatly benefits Tennessee families and businesses. The Tennessee Works Tax Act includes:

### Grocery Tax Holiday

From August through October 2023, grocery stores will not charge sales tax on food and food ingredients. This does not include alcoholic beverages, tobacco, candy, or dietary supplements.” The average family in Tennessee will save over \$100 in taxes, according to the Tennessee Department of Revenue.

### Paid Family Leave Credit

Tennessee is offering a Paid Family and Medical Leave Tax Credit for tax years 2023 and 2024. Companies offering paid leave may be eligible for a tax credit reducing their franchise and excise tax liability. The credit mirrors the federal credit and is calculated based on the percentage of the normal wages paid to a qualified employee on family and medical leave. To qualify for the base credit of 12.5%, the employer must pay at least 50% of the employee’s normal wages. The credit percentage increases as the percentage of normal wages paid increases, but the total credit allowed cannot exceed 50% of the franchise and excise tax due in the year wages are paid.

### Changes to Business Tax Filing Threshold

Effective for businesses with year ending December 31, 2023 or later, the business tax filing threshold is increasing from \$10,000 to \$100,000. Any business with gross receipts under \$100,000 is not required to file an annual business tax return, though businesses with gross receipts between \$3,000 and \$100,000 must obtain a minimal activity license from the local county and/or incorporated municipality. The minimal activity license is required to be renewed annually. Any business with less than \$3,000 in annual gross sales does not need a business tax license. The filing requirement is determined by gross receipts in a jurisdiction. For businesses with multiple locations

in the same jurisdiction, total gross receipts across all locations in the given jurisdiction will be used to determine if a filing requirement exists.

### Single Sales Factor

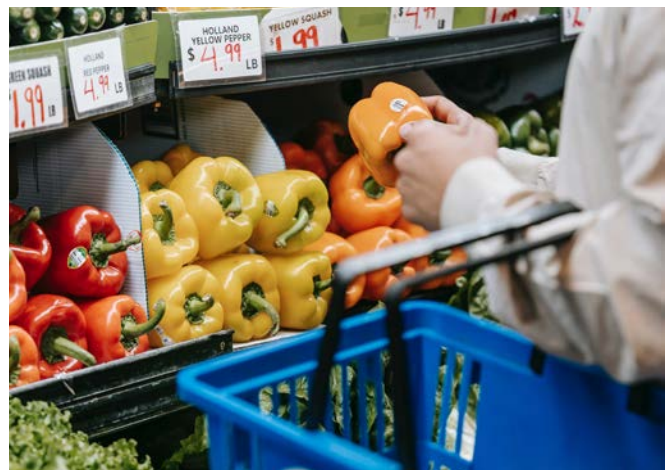
Tennessee is moving from multi-factor apportionment to the single sales factor apportionment for franchise and excise tax. In tax years 2022 and prior, Tennessee has used an even weight of property, payroll, and sales in the state vs. total property, payroll, and sales to determine the percentage of tax allocable to Tennessee. Beginning in tax year 2023 and each succeeding year, the sales factor will be weighted increasingly more, until 2025 when sales will be the only factor to determine apportionment.

### Bonus Depreciation

Tennessee will now conform with federal depreciation rules. Effective for tax year 2023, bonus depreciation will be available for assets purchased in 2023 or later if the taxpayer takes bonus depreciation on the assets for federal tax purposes. This allows for an accelerated method of depreciation that was not available in the past.

### Franchise & Excise Exemptions

Effective for businesses with year ending December 31, 2024 or later, the first \$50,000 of net income will be exempt from the 6.5% excise tax and the first \$500,000 of property will be exempt from franchise tax. Franchise tax is still based on the greater of net



worth of the business or the franchise tax property base, and the \$500,000 exclusion only applies to the franchise property base. Therefore, more business owners will find themselves paying franchise tax based on net worth than on their property. The \$100 minimum franchise tax will still apply.

## Other Changes

The carryforward period for certain franchise and excise tax credits will increase from 15 years to 25 years. The new carryforward period will be applied

automatically, and includes qualifying credits earned in tax year 2008 or later.

The business tax rate for manufacturers (Classification 5A) will be reduced to 0.1% from 0.3%.

With so many changes in the Tennessee tax world, strategies will undoubtedly shift to maximize the benefit for small businesses. Consult your tax advisor to determine how these changes may affect you and your business in the coming years. ♦

# GIVING BACK

## A LOOK AT RECENT PROJECTS



*MeLissa reading to an elementary school class for Read Across America Day.*



*Stephen delivering food donations to Casting Bread in Boone, NC.*



*Our team bowling to raise money for Brother's Keeper.*



*Brittany and Kristen delivering donations from our Mother's Day drive to Agape Women's Services.*



# Artificial Intelligence in the Job Market

BY DAVID BABB



It's 3AM in Knoxville and I'm frantically refreshing the webpage that displays CPA Exam scores. There's no sound from neighbors, television, flip phones, or a barking chihuahua; just the constant

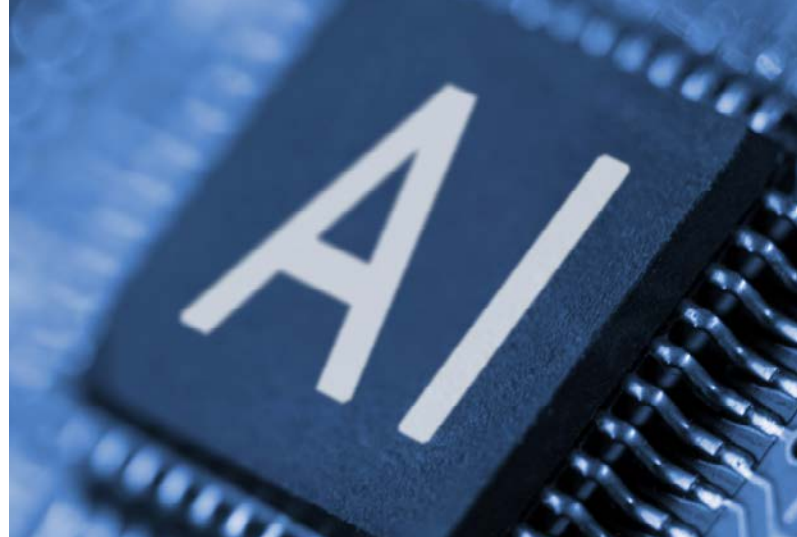
humming of my computer, the crashing sound of my finger on the F5 key, and a heartbeat that could give a cardiologist reason for concern.

It had been several weeks since I had taken the final section of the CPA Exam, and my body is tired from being up all night doing exactly this. My brain is recovering from the largest amount of "brain dump" I've ever experienced. My heart is racing, but my uncontrollable anxiety is actually winning the race, with thoughts of backup plans, areas to re-study, excuses to tell family members, and learning opportunities to give to my supervisors at the office.

The F5 key was depressed one, final, time. It was the most satisfying click I've ever felt. The screen changed its appearance from the usual "check back later" landing page to a beautiful, new screen with a four letter word that will make any young accountant cry: "PASS". I'll never forget the feeling I had that night, along with the terror I gave my family members by calling them in the middle of the night to wake them.

Fast forward over a decade to 2023, to a world absent of flip phones, but filled with artificial intelligence (AI), including the newest AI such as ChatGPT.

ChatGPT is a computer program designed to understand and generate human-like text. It uses artificial intelligence to read and respond to messages in a conversational manner. It has been trained on a vast amount of text from various sources, allowing it to understand and provide information on a wide range of topics. Its purpose is to assist users in finding answers, offering suggestions, and engaging in natural language conversations.



You may have heard that, recently, ChatGPT was put to the test (well, the exam). It took all four parts of the CPA Exam and failed each of them. It was also tasked with taking the Bar Exam that attorneys must pass before becoming licensed - It had no trouble with that exam. However, while writing this article, a white paper from a university announced that they were able to use the latest release of ChatGPT, along with several layers of additional assistance via machine learning techniques, to pass the CPA Exam.

Hearing of this gave me pause and allowed me to take time to consider what this means. My first thought was for our younger staff at Blackburn, Childers & Steagall that are currently taking the exam and how our current CPAs need to give them encouragement for what they are going through. Studying for, and passing the exam takes a toll on someone's life and requires a personal commitment on a level rarely understood by the general public. Secondly, it proved the point that there is absolutely no substitute for a trained accountant with the ability to truly understand our clients' situations using judgement and provide value that AI cannot. Is this a guarantee that we won't be replaced one day? No, but I promise I'll be sleeping really well tonight.

While accountants may be cheering the failure of this modern technology, we remain conscious of the vast potential it has proven to possess. Where do we go from here?

I'll leave you with a new disclaimer you may start seeing on print and digital media:

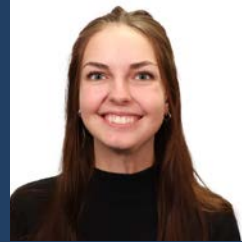
*This article was 13% generated using artificial intelligence. ♦*

# WELCOME!

TO ALL OF OUR RECENT NEW HIRES!



**CHRISTINA  
SMITH**  
Admin Assistant,  
Boone



**SIERRA  
MALONE**  
Tax Associate,  
Johnson City



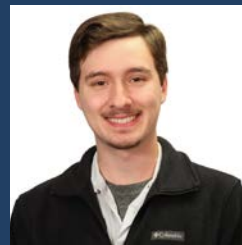
**KAITLYN  
TIPTON**  
MAS Associate,  
Greeneville



**WADE  
MILLER**  
MAS Associate,  
Johnson City



**RYAN  
CHUPA**  
Director of Finance,  
Johnson City



**JORDAN  
OSBORNE**  
Tax Associate,  
Johnson City



**JOSHUA  
CLOER**  
Tax Associate,  
Johnson City



**LINDSEY  
HAMLY**  
Tax Associate,  
Kingsport



**LOGAN  
HILL**  
Tax Associate,  
Johnson City



**DORRIE  
MULLIGAN**  
Tax Senior Associate,  
Kingsport



CLIENT FEATURE

## MiaBella's Salon

JOHNSON CITY, TN





# Q+A with **AUDRA FRANGIPANI**

OWNER + STYLIST

## **Q. WHAT IS YOUR STORY? HOW DID YOU GET YOUR START?**

**A.** Hi, my name is Audra, and I live here in Northeast Tennessee. I am married to my soulmate Thomas. I am a Certified Redken Colorist and Redken Specialist, I am Certified with Keratin Complex, and I am also a Certified Olaplex Professional.

I have been doing hair professionally since January 1986, and before that I spent a lot of time with my aunt when she was a professional hairdresser. I am her namesake. I received my initial training at Science Hill High School, where I was privileged to learn under an Artistic Professional from Helen Curtis Inc. Ms. CL Trentham had traveled the US training licensed stylists in creative hair color and precision hair cutting. Ms. Trentham had just stepped off the platform and into my training class the first year I started. What a Blessing! Within six months, I was coloring and cutting her hair just as well as many teachers at the high school. I worked for Fantastic Sams for five years after graduating before moving on. I eventually met a wonderful lady named Moneen from Redken 5th Avenue NYC, and she opened me up to Redken knowledge.

In 1992 I began working for Jerry Slagle's Hair Fashion Forum where I trained under Redken Artist Jeannie Basinger (Slagle) & Jerry Slagle himself. I owe a tremendous amount of my love for hair to these two wonderful people! I am ever grateful! This is where I began going to Redken 5th Avenue New York for a much more in depth specialized education and training.

I have received several certifications under Redken, and I continue to train under World Renowned Redken Global Artists such as; Sam Villa, Chris Baran, Justin Issacs, Hugo Urias, Daniel Doud, Lindsay Marie Olsen and many more. It has been a dream for a while to open my own salon. I

# MIABELLA'S — Salon —

finally took a step of faith and opened a salon suite (MiaBella's) in August 2021 in the midst of the COVID-19 Pandemic.

The name is special to me because it is what my husband has called me since we first met. In Italian, Mia Bella means My Beauty, so MiaBella's Salon means My Beauty's Salon. I want the salon to be a place my beautiful guests call their own!

Gratefully and humbly, on Monday, June 5th, 2023, MiaBella's Salon opened as a full scale salon with independent stylist renting stations. The salon is a modern, airy, Christian environment where guests can escape and enjoy themselves while we bring out the beauty from within them. We want them to leave our salon feeling empowered by their new look. Our stylists can utilize and grow in their skills within an encouraging, uplifting environment that is also loving and fun. A team that works together and watches each other fulfill their dreams.

It has been a dream of mine to offer other stylists a peaceful, happy place to use their artistic skillset where they are appreciated and celebrated regularly. That dream has finally come true. We invite you to experience our services specialized to your needs by our talented team!

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

**A.** I would love to see our salon expand further as we move forward. While keeping MiaBella's Salon focused on the quality of the guest experience, our

**>> KEEP READING ON PAGE 8**



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goals will continue to include new ways to uplift, love, encourage, and celebrate our talented team to follow and fulfill the dreams God has placed in their hearts. While every team member has unique gifts, I would love to help them reach their full potential. Physically, I would love to eventually move to a bigger space to enhance the guest experience and also become a special place guests want to come to even when not being serviced...but I will disclose those ideas as we approach upon that time.

### **Q. HOW HAS BCS HELPED YOU?**

**A.** BCS, specifically Sarah Presnell, has helped us gain a clear understanding of where we are in regards to our finances. In addition to providing peace of mind that work is completed honestly and professionally,

Sarah is also encouraging us to step out to fulfill our dreams! She has shown us ways to make things flow together easily and how to make our dream a reality! Without her, I am not sure we would be where we are today.

### **Q. ANYTHING ELSE YOU WOULD LIKE TO SHARE?**

**A.** To be honest, we had many concerns about finances, taxes, and more in the past. At this point, Sarah and BCS have helped us move past taking care of current business practices to pushing through to see what the future can hold for us, and we know Sarah and BCS will be there for us! I highly suggest anyone in business, even an independent stylist, seek out BCS and find out what all they offer! There is a bright future ahead, and together we will run with it! ♦