



# CLIENTTELL

60 YEARS and ACCOUNTING

Vol. XXVII | No. 4 Winter 2021 | Blackburn, Childers & Steagall, PLC Quarterly Newsletter

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# A YEAR OF GIVING BACK

BY ANDY HATFIELD

It's hard to believe that we are closing in on the end of another year. For us here at BCS, it's been a very busy year but also a very rewarding year as we have celebrated our 60th anniversary! The main focus of the year was to give back to the community and enjoy the fun that goes along with that. One of our goals was for our people to exceed 2,021 community service hours. We reached our goal back in September and continue to add to those hours.

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Jeff Blackburn assembling water filters at our filter build with Wine to Water.

>> CONTINUED FROM COVER STORY

One of our core values is Stewardship, which we describe as passionately sharing time, talent, and resources for the good of our community. I'm very proud of all our employees and partners for living this out in 2021! I think we would all say that the one who serves often receives as much or more benefit than the one who is served!

I want to thank our clients and friends in the communities that we serve for your partnership with BCS. Our efforts to give back wouldn't be possible if it weren't for you. Happy Holidays! ♦

## Venmo Issuing 1099s

BY ALYSSA REED



Many clients are receiving letters from Venmo and other cash transfer apps stating the app will begin issuing users a 1099-K. This is creating questions for clients regarding the tax implications of using Venmo.

### 1. WHY ARE CASH TRANSFER APPS ISSUING 1099-KS?

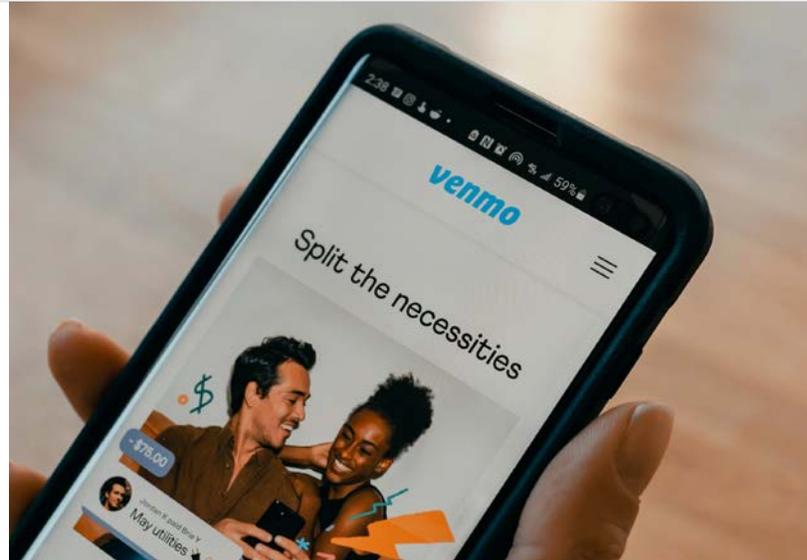
The American Rescue Act, the third coronavirus stimulus package which was passed under the Biden administration in March of 2021, decreased the reporting threshold of 1099-Ks from 200 transactions and \$20,000 in deposits down to \$600 in deposits and no minimum transaction count. Venmo and other person to person cash transfer apps (Zelle, PayPal, CashApp, etc.) have always been required to issue 1099-Ks but this lower threshold captures more users.

### 2. IF I TAKE MY FRIENDS OUT TO DINNER AND WE SPLIT THE BILL AND THEY REPAY ME WITH VENMO, DO I CLAIM THAT AS INCOME ON MY TAXES?

No. There are two types of Venmo accounts – business and personal. The personal is for personal transactions and reimbursements (such as dining out, paying to join a little league team, repaying a friend for gas, etc.) and are not taxable to you. The business accounts are taxable income.

### 3. WHAT DOES IT MEAN THAT THE BUSINESS ACCOUNTS ARE TAXABLE INCOME?

The cash transfer apps are going to issue a 1099-K. They are going to issue one only if you had over \$600 in deposits.



You will receive the 1099-K but a copy also goes to the IRS. The IRS will look at your tax return to ensure that you are claiming income for your business at least equal to the deposits reported to you on the 1099-K. BCS contacted Venmo and Venmo said they are only looking at issuing 1099-Ks to business accounts and are not currently evaluating transactions that occurred in a personal account.

### 4. WHAT IF I RAN BUSINESS TRANSACTIONS THROUGH MY PERSONAL VENMO ACCOUNT?

When you sign up on Venmo, you select which type of account (business or personal) you desire. To use the personal account for your business transactions violates the user agreement between Venmo and yourself.

### 5. WHEN DOES THIS GO INTO EFFECT?

The lower threshold takes effect starting in tax year 2022. This gives you a few months to ensure your account type with Venmo reflects the manner in which you use the account. Keep personal reimbursements in the personal account types and business income in the business account. ♦

# WELCOME!

TO ALL OF OUR RECENT  
NEW HIRES!



**JANET  
WYLIE**

Admin Assistant,  
Boone



**KELLY  
SMITH**

Admin Assistant,  
Johnson City



**JOELLE  
PENNINGTON**

Executive Admin  
Assistant,  
Johnson City



**MONICA  
JONES**

Managed  
Accounting Services,  
Johnson City

## 60 YEARS and ACCOUNTING

We surpassed our goal of  
2021 service hours!



# PERSONAL LINES

NEWS FROM AROUND THE FIRM

## MAKING WAVES!

Jeremy Wright was  
named a 2021  
40 Under Forty honoree!



## BABIES GALORE!

Brandon Graham, Christy Hollar, Nathan Hsiao, and  
Cody Mudrack all welcomed their new born babies  
this quarter.





## Bearings and Great(ish) Expectations

BY TRAVIS MCMURRAY



As we wind down 2021 and look ahead to 2022, we find that we still have much uncertainty about a great number of things. I had hoped that after 2020, this past year would be a year of clarity and focus. It hasn't been. So it seems we will enter 2022 with nearly everything still a bit chaotic...but at least we're now well-seasoned when it comes to uncertainty and chaos. As we attempt to look forward with optimism (and a healthy dose of skepticism), we consider what lies ahead. And with tax season around the corner, we work to find our bearings and set expectations. Here are a few things to keep in mind:

### **WILL APRIL 15TH BE THE DUE DATE FOR INDIVIDUAL RETURNS THIS YEAR?**

Probably...possibly. The reality is that this time last year and the year before, we really didn't think the deadline would be anything different than April 15th. Getting back to a normal tax deadline is actually our preference, but the reality is that we have some team members who have now worked through two tax seasons but have yet to see an April 15th tax deadline. This means that we all have to hit 2022 with a bit more focus. With continued additions to info required to be disclosed on K-1s and 1099s, these forms tend to come later and later each year. As a result, most individuals don't receive their tax info until late February,

and tax season really ends up being about seven weeks. So, as always, we encourage you to get your info to us as early as possible

### **WHAT ABOUT STIMULUS PAYMENTS – WASN'T THAT JUST FOR LAST YEAR (2020 TAX RETURNS)?**

There were two rounds of stimulus payments that impacted the 2020 tax returns. The second round was confusing because the advance payments hit in January of 2021. But there was

a third round of payments that will affect the 2021 tax returns. These payments should have been received beginning in late March of 2021. The third payment was done much like the previous payments with phase-outs for taxpayers over an adjusted gross income threshold. The third economic impact payment amount was \$1,400 per individual. We will need to know the amount you received for this last round of advance payments.

### **WHAT ABOUT THE ADVANCE CHILD TAX CREDIT PAYMENTS?**

It's a hot mess. Not the bad hair, didn't brush your teeth hot mess, but the cereal spilled on your pajama top, your lounge pants on inside out, your coffee didn't take this morning, and you're missing one house slipper kind of hot mess. However, the good news is that you should be receiving a letter from the IRS indicating how much you received in advance child tax payments. We need to have that letter so that we can reduce the credit on your tax return by the amount of the advanced payments. It is conceivable (and probably likely) that for married couples each spouse would receive a separate letter for 50% of the advance payments. The IRS does have a webpage for frequently asked questions regarding these advanced payments. I would put the link here...but it would take you ten minutes to type that into your web browser correctly. So, just go to [www.IRS.gov](http://www.IRS.gov) and type child tax credit FAQ into the search bar and it should be the first hit. This will lead you to seemingly important information like how to update the number of children in your household and how to opt out of the advanced payments. These options, while available, will take much

patience and determination. In the words of a great philosopher, "that's all I have to say about that".

### WHAT IS THE DEAL WITH THE IRS?

The first thing to keep in mind is that the IRS didn't really cause the chaos. They certainly haven't managed it well, but it was inflicted on them by our lawmakers. A few statistics:

1. There was an 8% increase in the number of tax returns filed from 2019 to 2020. This was due to individuals who wouldn't otherwise be required to file attempting to qualify for the economic stimulus payments
2. There was a 400% increase in the number of phone calls received by the IRS from 2019 to 2021
3. Only 7% of phone calls to the IRS were answered – at its peak, the IRS was inundated with over 1,500 phones calls per second
4. At the end of filing season, there were 5 times as many unprocessed tax returns as compared to 2019 (from 7.4 million to over 35 million)

There are several reasons for this – the standard answer has been /is/ will be: the IRS is understaffed and underfunded. That may be true, but the stimulus packages and the payment of advance tax credits really has created an overwhelming amount of work for the service that was not anticipated. Couple this with IRS employees working from home during the pandemic (which gives me whatever

feeling is opposite to warm & fuzzy) with ongoing concerns about identity theft and the IRS is truly experiencing unprecedented challenges in service. As a result, you can expect everything taking much longer including resolving notices and receiving refunds.

### SHOULD JOE MANCHIN BE CONSIDERED FOR SAINTHOOD?

That's a politically charged question that I won't weigh in on here, but he has emerged as the most powerful person in the country at this point. The House of Representatives has passed the Build Back Better Act and we are waiting to see what the Senate response is at this point. The real challenge is while we want to keep an eye on tax proposals, it's difficult to make hard decisions before we really know the rules of engagement. Most of the early significant tax proposals from the Biden administration have transitioned to more moderate changes to the tax code at this point. Keep up to date on important changes through our website where you can sign up to receive our blog postings ( [www.BCSca.com](http://www.BCSca.com) ).

I often tell people that I may be more gifted at coming up with questions than answers – that does seem to be the current ongoing reality. I will leave you with a final motivational cat poster-esque quote that was given to me by a former ballroom dance instructor, "Embrace the weird". ♦

## 60 YEARS and ACCOUNTING

### GIVING BACK UPDATE

We spent Q4 working together to meet some very important needs within the community from building beds to providing clothing items for our youth.

We are happy to announce that we have crushed our 2021 goal of having two thousand and twenty one service hours! Great job, team!



*Brittany and Bridgett gifting donations to Johnson City School System's homeless program.*



*Beds being built by our team at Sleep in Heavenly Peace Johnson City.*



*Our team painted fences and hung Christmas lights for the Holston Home Project in Greeneville.*



*Our team rallied together for the Making Strides Walk in honor of Jane Eddy.*



CLIENT FEATURE

## Wine to Water

BOONE, NC



# Q+A with DOC HENDLEY

FOUNDER + PRESIDENT

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

**A.** When I was growing up, I was always hyper and didn't necessarily follow all of the rules. I didn't think someone like me would be able to make a difference in the world, I thought you had to be famous, or someone like Bill Gates to make an impact. I was working as a bartender, and I loved to serve people. It wasn't until I went to visit my parents who had just recently retired to Boone at the time did the thought of Wine to Water come about. I had learned that there were 1 billion people out there that either did not have access to running water and/or had to walk miles just to get it, and I wanted to do something about it. Therefore, we started fundraisers to raise money for materials to build filters and dig wells so that we could provide clean water to these individuals.

Currently, there are 60 people who have come together as a community that makes up Wine to Water. Out of those 60 people, 40 live in those areas that are directly impacted by the lack of resources and clean water. We have reached over 1 million people since we started in February of 2004. We are just ordinary people making a difference, and that is what this world needs - more regular and imperfect people coming together as a community.

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

**A.** My goal is for us to continue doing the great work that we have done, and keep growing on it. We are now able to do more than just water filters and digging wells. We have been building water towers in these communities to run piped water to every hut and home in the village. We want to be able to continue these types of holistic water community projects. We also want to start building operations in the United States and helping in areas that don't have safe water to drink such as Flint, MI, and other regions that have carcinogenic chemicals in the water.

Beyond that, we want to have a greater impact. We want people to have the opportunity to do this work alongside us,



and go to places such as the Dominican Republic and build these filters and experience different cultures. You'll discover that the things that make us different are the things that make us beautiful.

## Q. HOW HAS BCS HELPED YOU?

**A.** BCS just recently helped us by building 1,000 water filters, an impact that may seem small, but will actually help a family for the next 10 years. By building these filters, we are able to respond quickly to natural disasters and ship them easily to areas in need. We reached out to the CEO of a backpack company that made it possible for us to have filters that are small and durable enough to ship easily, however, this meant that the filters would come to us in pieces. By companies helping us build these filters, we can respond to these emergencies more efficiently.

BCS has also helped us by streamlining our bookkeeping and accounting. We used to do everything in-house, and with the help of BCS, we have saved money, and have more time and funds to put into Wine to Water. You all have allowed us to do more with less by doing what you all are great at.

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

**A.** For 2022, we challenge everyone to turn off social media and the news and focus on being the light and serving one another. We would love for people to join us in going to these areas that we serve and help us build filters and enjoy experiencing other cultures. Let's do what we were made to do, which is love and serve one another. ♦

◆  
**ONE MILLION**  
LIVES IMPACTED  
*with*  
**CLEAN WATER**  
◆



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

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CHANGE SERVICE REQUESTED



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**MERRY CHRISTMAS**  
*and*  
**Happy Holidays!**

