



CLIENTTELL

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UPDATE ON PROJECT GRAY

BY ANDY HATFIELD

Happy summer to everyone! I'm not sure if our summers are getting hotter here in East Tennessee or if I'm getting older and it just feels hotter! Probably both! We have a quick update on Project Gray. Construction is moving along as planned and everything points to us being moved into Gray by Thanksgiving. Our move will include our folks from the Kingsport office on Wilcox Drive and everyone in Johnson City at our Sunset Drive location. Our Greeneville, TN and Boone, NC locations will remain - no changes there.

>> KEEP READING ON PAGE 2



>> CONTINUED FROM COVER STORY

Our lines of communication about the move will start to pick up steam as we head towards November. Please visit our website, check out our blog, and look for notices posted in the lobbies of our current locations. As always, you can call any of our offices for information. Our goal is to have a seamless

experience for our clients during this transition, which I fully expect!

To stay updated on the move for BCS Wealth Management and First Covenant Trust & Advisors (both currently at Sunset Drive in Johnson City) please visit their websites or contact their offices directly. They will be sending out their own forms of communication. ♦

The One Big Beautiful Bill Tax Implications

BY NICK HILL



The U.S. House of Representatives has passed the One Big Beautiful Bill Act (OBBBA), a tax reform package that proposes permanent extensions of key Tax Cuts and Jobs Act (TCJA) provisions and introduces several new tax policy

changes for individuals and businesses. If enacted as written, the legislation will have meaningful effects on income tax rates, business incentives, estate planning, and IRS enforcement.

As the bill awaits Senate consideration and possible amendments, a summary of the current tax changes included in the proposed bill is as follows:

Extension and Modification of TCJA Individual Provisions

Individual Income Tax Rates:

- The seven individual income tax brackets (10%, 12%, 22%, 24%, 32%, 35%, and 37%) are made permanent.
- This provision prevents scheduled rate increases set to take effect after 2025.

Standard Deduction:

- Would be made permanent, with a one-year inflation adjustment and a temporary increase of \$1,000 for single filers and \$2,000 for couples

who are married filing jointly.

Personal Exemption is Repealed Permanently

Child Tax Credit (CTC):

- The refundable portion of the CTC remains at \$2,000 per child in 2025.
- From 2026 through 2028, the maximum credit increases to \$2,500 per child.
- After 2028, the credit reverts back to \$2,000 per child.
- Income phaseouts for the credit remain consistent with current thresholds.

Medicare Tax and Net Investment Income Tax:

- The 0.9% additional Medicare tax on wages above \$200,000 for singles and \$250,000 for joint filers continues.
- The 3.8% Net Investment Income Tax (NIIT) remains in place without changes.

SALT Deduction Cap Increase

- The State and Local Tax (SALT) deduction cap increases substantially from \$10,000 to \$40,000.
- This change primarily benefits taxpayers in states with high property and income taxes, potentially lowering their federal tax burden.
- Taxpayers aged 65 or older, the bill would give you an extra \$4,000 standard deduction starting in tax year 2025 (up from an additional \$2,000 currently). The extra deduction would phase out at higher income levels once your AGI exceeds

\$75,000 for single filers or \$150,000 for those married filing jointly.

Corporate Tax and Business Incentives

Corporate Tax Rate:

- The corporate tax rate remains at 21%, avoiding the planned increase to 28%.

Bonus Depreciation:

- The bill restores 100% first-year bonus depreciation for qualified property acquired after January 19, 2025 and before January 1, 2030.

Section 179 Expensing:

- The Section 179 expensing limit increases to \$2.5 million, allowing businesses to immediately expense a larger amount of tangible personal property and certain improvements.

Research & Development (R&D) Expenses:

- Taxpayers can opt to fully deduct R&D expenses in the year incurred, reversing the current requirement to amortize over several years.

Qualified Business Income Deduction (Section 199A):

- The deduction rate increases to 23%.
- Phaseout thresholds and limitations related to specified service trades or businesses are adjusted accordingly.

Business Interest Deduction:

- Restrictions on business interest expense deductions are eased to encourage additional investment.

Electric Vehicle (EV) Credits

- EV tax credits require vehicles to meet domestic assembly and battery sourcing criteria to qualify.
- Income eligibility caps begin phasing out credits at \$150,000 for single filers and \$300,000 for joint filers.
- Credits will start phasing out in 2027.
- Taxpayers planning EV purchases should verify

vehicle eligibility under these updated rules.

Tip Income Taxation and Reporting Changes

- The bill introduces a new federal income tax deduction for qualified tips for employees earning less than \$160,000 per year (the IRS threshold for highly compensated employees).
- This deduction, effective from 2025 through 2028, allows eligible employees to deduct qualified tips from their federal taxable income, effectively exempting these tips from federal income tax during this period.
- However, this deduction does not exempt tips from Social Security and Medicare payroll taxes, so payroll tax obligations on tips remain unchanged.
- Employees earning above \$160,000 will not qualify for this deduction and continue to pay income tax on tips.
- Additionally, employers in tipped industries (such as hospitality and food services) face enhanced IRS reporting requirements on tip income to improve accuracy and compliance.

Excess Business Loss Limitations

- Current limits on excess business losses for non-corporate taxpayers are extended.

Estate and Gift Tax

- Raises the federal estate and gift tax exemption to \$15 million per individual, starting in 2026.
- The exemption would be indexed for inflation after 2026.
- This increase would be permanent under the bill, avoiding the scheduled drop to roughly \$7 million per individual in 2026.

Like-Kind Exchange Rule Changes

- Tighter restrictions are imposed on like-kind exchanges, particularly impacting real estate investors.
- These changes may reduce opportunities to defer capital gains taxes through property exchanges. ♦



A Guide to Reading Audit Reports

BY KEVIN PETERS



An audit report can be somewhat overwhelming and may leave a user or interested party asking what all the various pieces and parts are. To help with understanding, what follows is a general outline and key aspects of an audit report.

One of the most important pieces of information is the Independent Auditor's Report which is generally one of the very first items in the document. The report is on the auditing firm's letterhead and will be signed and dated by that firm. The goal of the audit is the expression of an opinion. Generally, the first paragraph, which will be the opinion, can be the most important. An auditor may issue an unmodified, modified, or adverse opinion or disclaim an opinion. An unmodified opinion is considered a "clean audit opinion" and the best the auditor may issue. An unmodified opinion means the independent auditor was able to state that the financial statements are materially correct. The opinion letter also includes language regarding the auditor's responsibilities, among other items. As stated previously, the opinion letter is signed

and dated by the auditing firm.

Following the independent auditor's report is generally the financial statements. The financial statements often include a balance sheet, income statement, and statement of cash flows. Most nonprofit organizations will also include a statement of functional expenses, which allocates expenses to program, management and general, and fundraising categories. As an interested party of an audit report, the financial statements are a critical part of the package in understanding the financial health of the entity. The notes to the financial statements usually follow the financial statements and will aid you in gaining a better understanding of the entity. Typically, note 1 includes general information including the type of organization and specific accounting policies adopted. Key notes to look at are on revenues, receivables, capital assets, debt, concentrations, and pensions. Subsequent events are often disclosed and reading this note may provide you with important insight.

Most governmental entities also include detailed statements and schedules regarding the budget including actual results compared to the final approved budget, pension related information, and detail on various funds.

Supplemental information which is typically after the notes may include detailed revenue and expenditures schedules, and for certain entities (usually governmental

and nonprofit entities), a schedule of expenditures of federal awards (SEFA) and state awards (i.e., grants). The SEFA and state awards schedules provide information regarding federal and state grant funds that were expended during the year. This schedule lists grants by grantor (federal) agency. Often, receipt of these grant funds are vital to the ongoing operations of the recipient.

Sometimes, depending upon the circumstances, the auditor is also engaged to report on internal control and compliance with Government Auditing Standards and the Single Audit Act (Uniform Guidance). When applicable, the auditor includes a report on

internal control and compliance along with any findings and possible questioned costs (depending upon the circumstances). For recipients of federal grant funds, these reports on internal control and compliance provide valuable insight into the overall policies and procedures the recipient has for expending federal and state funds.

Often the audit report can seem like an ongoing, never-ending parade of schedules, statements, and data. While that is true, understanding some of the basic components may help a reader or user become more likely to not only read through the report, but to also obtain a better understanding. ♦

The Times They Are A-Changin’

BY JEREMY WRIGHT



As Bob Dylan once said, “The Times They Are A-Changin’”. As we head into the summer months, I wanted to take this opportunity to provide an update on some things that are “a-changin’” for BCS and our clients.

First, we recently re-branded our Managed Accounting Services department into Client Advisory Services. We have begun updating our staff’s email signature and internal/external messaging, so you will be seeing the new name soon (if you haven’t already!). The name change was primarily driven by industry standards and was adopted by BCS to align with our accounting firm peers and robust service offering. While accounting, payroll, and state and federal compliance filings are our bread and butter, we can also offer advisory services such as outsourced controller/CFO consulting and new business start-up consulting.

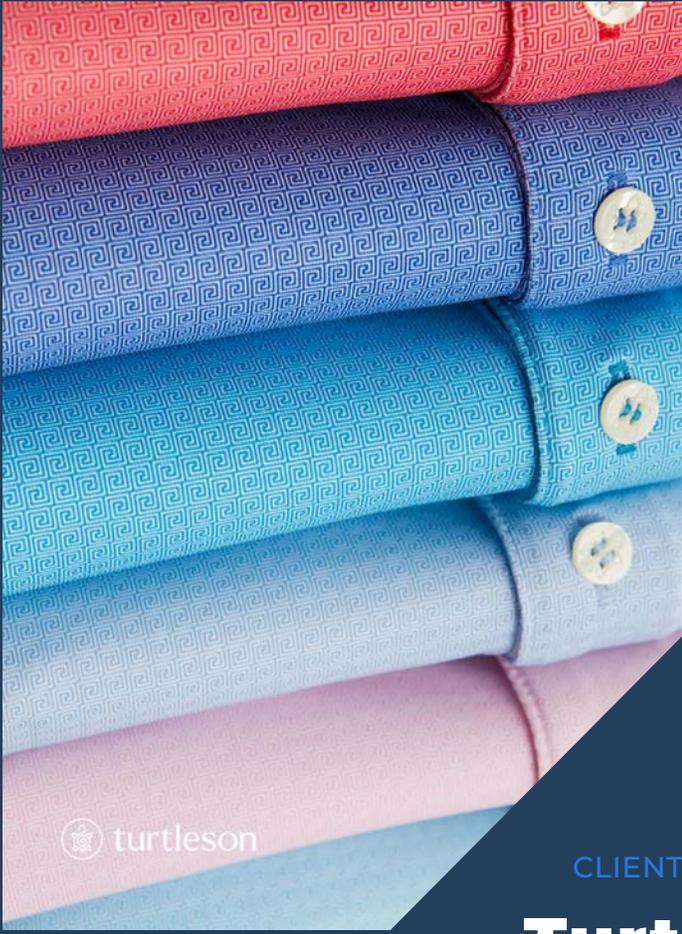
Second, in mid-February, Tennessee launched TNCaB, Tennessee’s Charity and Business Filing System. This is where Corporate Annual Reports and Charitable

Solicitation reports are filed online along with a host of new form types and capabilities on the new and enhanced website. Users will now be able to save draft filings, correct rejected filings, and review a list of completed filings all under their profile within TNCaB.

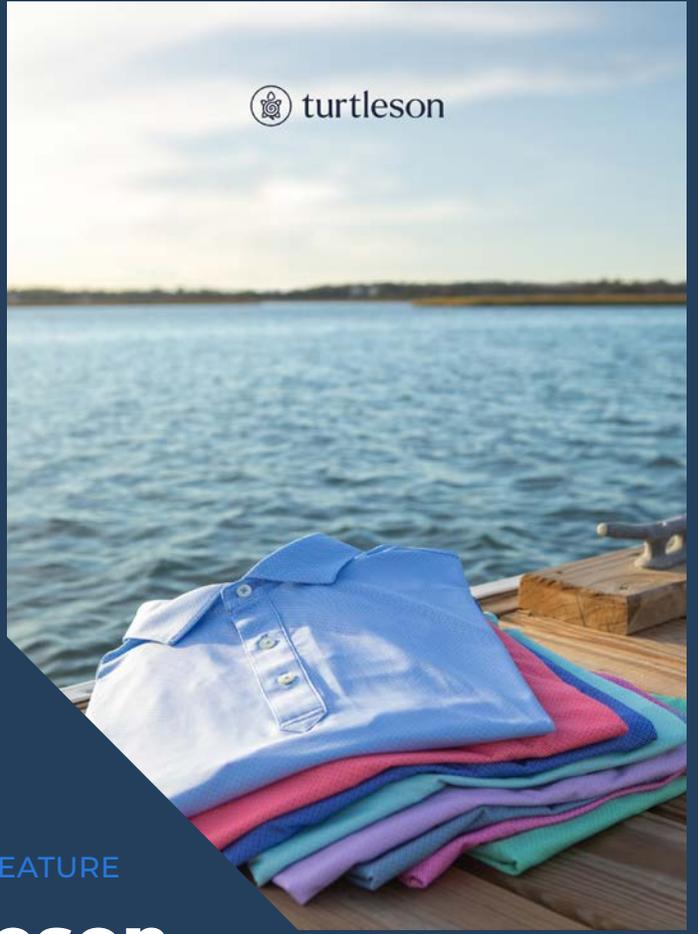
Third, on May 27th, Tennessee rolled out a new, fully modernized unemployment insurance system. The new system will go live on www.jobs4TN.gov, and similar to TNCab, will be home to new features and capabilities not available under the old TNPAWS website. On May 2, 2025, the TNPAWS and Third-Party Upload (TPU) systems ceased operation, so users will need to create a log-in on the new website.

Fourth, we continue to monitor President Trump’s “Big, Beautiful Bill” as it works its way through the Senate. Rest assured, once a final bill is passed, BCS will be on the forefront of analyzing the Bill’s provisions and its impact on our clients.

While these changes may seem overwhelming, rest assured BCS is working hard behind the scenes to be a leader in providing premier service to our clients. We will be posting blogs that provide more in-depth detail of these changes, and as always, are ready and able to help you if you have questions. ♦



turtleson

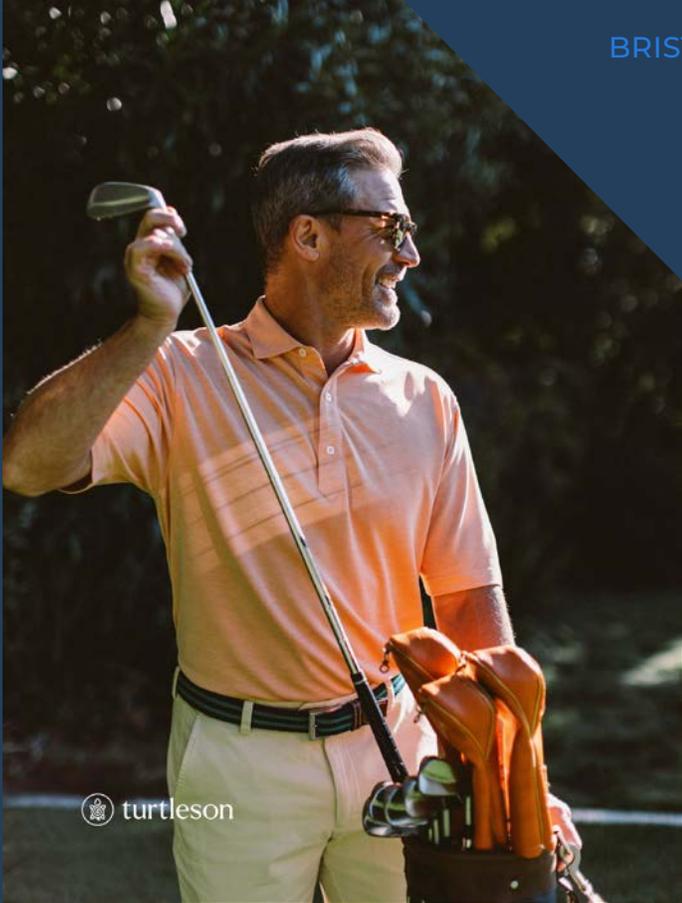


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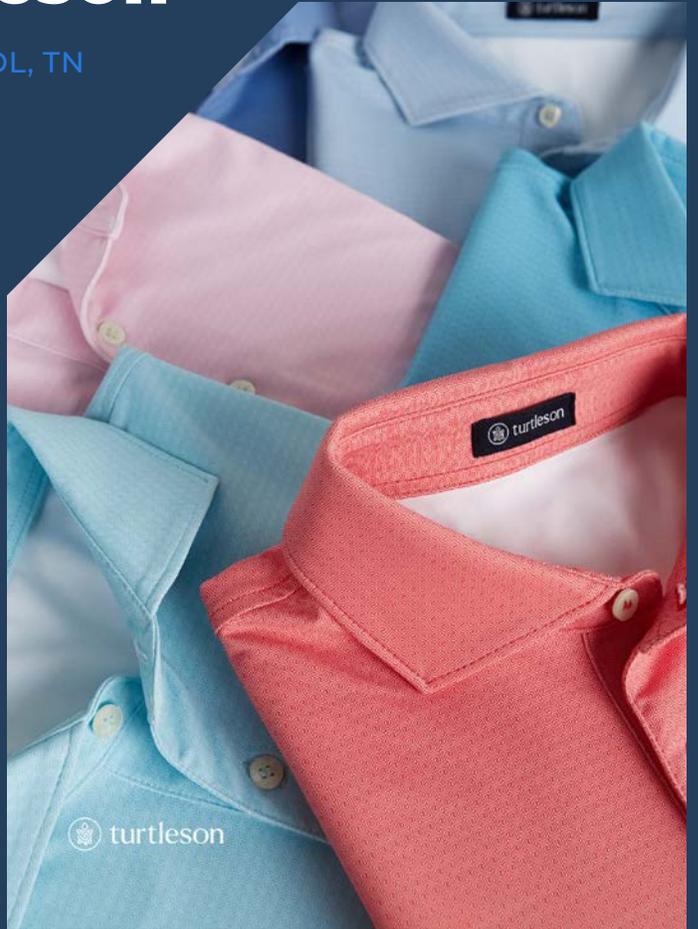
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Turtleson

BRISTOL, TN



turtleson



turtleson

Q+A with **GREG + CHET**

CO-FOUNDERS OF TURTLESON



Q. WHAT IS TURTLESON'S STORY?

A. Lifelong friends and business partners, Greg and Chet are the visionary co-founders of Turtleson, a premium lifestyle brand known for high-quality, performance-driven apparel. Both are respected in the industry for blending timeless design with modern functionality to create clothing that resonates with discerning customers.

Greg Oakley, Co-Founder and CEO, leads the brand's vision, strategy, and positioning. With decades of experience—including as a founding partner at Peter Millar—Greg is known for his eye for detail and commitment to quality. His decision to base Turtleson in his hometown of Bristol, Tennessee reflects his dedication to community and brand heritage.

As Co-Founder and Partner, Chet Sikorski drives strategic partnerships and brand outreach. Known for his innovative thinking and relationship-building, Chet has expanded Turtleson's presence through sponsorships and licensing, ensuring the brand remains true to its values while growing its reach.

Together, Greg and Chet have built Turtleson into a brand recognized for quality, style, and craftsmanship.

Q. WHAT ARE YOUR GOALS FOR THE FUTURE?

A. Our goals for the future are clear and grounded in who we are as a brand. Turtleson aims to be a thriving name in the global sportswear market—

not the biggest, but the most trusted for quality products and exceptional service. We're focused on being represented in the finest resorts, golf shops, and specialty stores around the world, while staying true to our roots in Bristol, TN.

We'll continue to prioritize timeless quality over trends, build meaningful relationships with those who share our values, and operate with care, thoughtfulness, and integrity. Our commitment to world-class service and long-term success guides everything we do.

Above all, we remain committed to our core principles: always keeping our word, acting with empathy, making a positive impact, being easy to work with, helping others reach their goals, and taking ownership when we fall short—fixing it and learning from it.

Q. HOW HAS BCS HELPED YOU?

A. BCS has been a great partner to us by bringing both our tax return preparation and financial review under one roof. That integration has saved us a significant amount of time and effort — especially compared to working with two separate firms, where we'd otherwise face redundant questions and duplicative requests for information. What really set BCS apart from the beginning was how they took the time to understand our business and how we operate. That early investment made tax season far more efficient and less stressful. They've been easy to work with, responsive, and consistently thoughtful in their approach. ♦

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2025 United Way
Week of Caring!