



# CLIENTTELL

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# HURRICANE HELENE

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Clients and Friends,

We are deeply saddened by the devastation that has hit our region. All the communities around us are experiencing loss and it's heartbreaking to see. It is a priority of ours to devote time and resources wherever it's most needed to help restore our region. We will continue to pray and assist our community however we can during this difficult time.

Our Boone, North Carolina office will be closed until further notice to repair flooding damage from Hurricane Helene. We have secured a

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## >> CONTINUED FROM COVER STORY

temporary office space located at 584 State Farm Road, Suite 106. We will communicate updates on the office as we receive them. If you have any questions, please call 828-264-3595 or email [contactus@bcscpa.com](mailto:contactus@bcscpa.com) with your contact information and a staff person

will reach out as soon as possible.

We are here to help however we can, including answering any questions you might have about IRS tax relief for affected taxpayers.

Stay safe and God bless ♦

## Electric Vehicle Credits

BY JORDAN OSBORNE



Thinking of going electric? Buyers could see a nonrefundable tax credit of up to \$7,500 on qualifying new electric vehicle (EV) purchases in 2024. Of course, there are some hoops to jump through. The vehicle

must be for personal use (not resale) and must be primarily used in the US. Taxpayers' modified adjusted gross income (MAGI) cannot exceed \$300,000 for married filing jointly and surviving spouses, \$225,000 for head of household, and \$150,000 for everyone else. We will cover specific requirements for the vehicle and further credit information below.

### VEHICLE REQUIREMENTS

1. The EV's battery capacity must be over 7 kilowatt hours.
2. The gross vehicle weight must be under 14,000 pounds.
3. The vehicle must be made by a qualified manufacturer or have US assembly.
4. The vehicle must not exceed MSRP limits: \$80,000 for vans, SUVs, and pickups and \$55,000 for other vehicles.
5. The final and most complex vehicle test relates to the critical mineral and battery component. These requirements vary by year and deal with the dollar value and chemical makeup of batteries. For 2024, the critical mineral test requires that 50% of all critical minerals in the battery be extracted, processed, or recycled in the US or US free trade nation. And for 2024, the battery

component test requires 60% of the battery's component dollar value to be made or assembled in North America.

If all five requirements are met, the last hurdle is receiving a seller's report from the IRS-licensed dealership during purchase.

### CREDIT AMOUNTS

Assuming a 2024 purchase, the maximum nonrefundable credit is one of three numbers: \$7,500 if the vehicle meets all above requirements; \$3,750 if the vehicle meets all but the critical mineral or battery component rule; or \$0 if the vehicle fails both the critical mineral and battery component rules. There are two approaches to using the credit: (1) claiming the credit on a tax return or (2) transferring the credit to the dealer for a price reduction.

1. If claiming the credit on a tax return via Form 8936, the taxpayer receives the lesser of two numbers as the credit: their maximum credit from above or their tax liability. Remember, nonrefundable credits offset tax liability and do not increase an existing refund.
2. Beginning in 2024, taxpayers may now choose to transfer the credit to the vehicle dealership at purchase rather than receive a tax credit. This new transfer option effectively reduces the sales price by the amount of the credit, typically \$7,500. This option may be beneficial to buyers who are financing the vehicle since the lower price may decrease the car payment or even the loan's life. However, buyer beware. Transferring the credit does not grant immunity from requirements like the MAGI limits. If a taxpayer's 2024 MAGI lands above the limits, this can trigger a full credit recapture as additional taxes due on the return.

For more information, visit [FuelEconomy.gov](https://www.fueleconomy.gov) or check with vehicle dealers. ♦



## Corporate Transparency Act

BY NICK HILL



Effective January 1, 2024, a substantial number of business owners must file a new report as part of the federal Corporate Transparency Act (CTA). The goal of the CTA is to enhance the U.S. government's ability to combat

money laundering, terrorist financing, and other illicit activities by providing law enforcement and regulatory authorities with better access to information about the true ownership of companies. Failure to comply with this act may result in severe civil and criminal penalties, including hefty fines and possible time behind bars.

Under the CTA, reporting companies must file a Beneficial Ownership Information (BOI) report with Financial Crimes Enforcement Network (FinCEN). The information provided in the report will include the beneficial owner names, addresses, dates of birth, and identification numbers. A beneficial owner is an individual who, directly or indirectly, either 1) exercises substantial control over the reporting company or 2) owns or controls at least twenty-five percent (25%) of its ownership interests.

A reporting company created or registered before January 1, 2024 must file a report by January 1, 2025. A reporting company created or registered on or after January 1, 2024 and before January 1, 2025 must file its initial BOA report within ninety (90) days of the date on which the company receives actual or public notice that its creation has become effective. A reporting company created or registered on or

after January 1, 2025 must file its initial BOI report within thirty (30) calendar days of the effective creation date.

Entities that are already subject to close federal or state regulation and thus already must disclose their beneficial ownership information to the government are exempt from filing. These entities include publicly traded companies meeting specified requirements, many nonprofits, and certain large operating companies. Large operating companies are ones that 1) employ more than twenty (20) full-time employees in the U.S., 2) operate at a physical office in the U.S., and 3) have filed a federal tax return for the previous year reporting gross receipts or sales of more than \$5 million.

Most small corporations and LLCs likely will not qualify for an exemption. Trusts are considered a reporting company if it was created by the filing of a document with the secretary of state or similar office. S-Corporations, despite their pass-through tax treatment, are subject to beneficial ownership reporting requirements if they qualify as reporting companies. A comprehensive list of the companies that are exempt from the reporting requirement can be found on the FinCEN website: [https://www.fincen.gov/boi-faqs#C\\_2](https://www.fincen.gov/boi-faqs#C_2)

The beneficial owner must complete this federal filing and submit it electronically through a filing system on FinCEN's website: <https://www.fincen.gov/boi>. The CTA mandates only the submission of an initial BOI report and, when necessary, an updated or corrected report. Notably, there is no state filing involved. If you have any questions, please contact your tax advisor. ♦



## Audit Fraud Tips

BY ERIK STEWART



It seems like almost everywhere you go now, if you are purchasing a product or service some screen asks if you want to tip. Whether it be for your daily coffee, restaurant, service or even some self-checkout stations asking if you want to tip.

Who doesn't love the tipping culture that we are currently engulfed in?

As an auditor and fraud examiner, I love tips. No, maybe not necessarily all the types of tips mentioned above but fraud tips. These tips can point the organization and/or auditors in a specific direction or to look at some particular item or group of items. Being alerted to these tips could help detect fraud or potentially alleviate concerns by investigating and not uncovering any issues.

Based on information provided from the Association of Certified Fraud Examiners (ACFE) 2024 Report to the Nations, tips were the most common method to detect fraud. And it is not like tips barely squeezed out 1st place for the most common method, tips were 3 times more likely than the second-place method (internal audit) to detect fraud. The ACFE studied almost 2,000 fraud cases for the 2024 Report and approximately 43% of those frauds were detected by tips. Based on previous versions of the ACFE Report to the Nations, tips have always been one of

the most consistent and common ways that a fraud is detected.

Businesses might have a way for employees to make a fraud report or tip, which is important as fraud tips from employees account for more than half of the overall fraud detecting tips. However, based on some surprising information from the data in the Report, businesses should also make sure that they have ways for people external to the company to report fraud tips. This is due to almost one third of the fraud detecting tips being reported by customers and vendors.

Additionally, companies need to consider having multiple options for whistleblowers to be able to report the tips. The telephone hotline was the go-to method for tips for many years, but its use as a reporting method has been decreasing for several years now. As the world has become more digitized, both email and web-based reporting methods have surpassed the telephone hotline as the most common reporting method for fraud tips. Whistleblowers preferred method for reporting fraud tips is constantly evolving and will likely continue to evolve as technology changes.

Given how important tips are to fraud detection, it would be good to regularly evaluate your organization's fraud detection and reporting methods to make sure that you have various ways to receive fraud tips while also making sure that both internal and external parties are aware of how to make a report.

# Energy Efficient Home Improvements

BY AARON COUCH



Homeowners, are you thinking about renovating your house? Certain energy-efficient improvements could be eligible for the Energy Efficient Home Improvement Tax Credit. This

credit will allow taxpayers to offset some of their tax burdens by recovering a portion of the upgrades to their home. The goal of this credit is to help Americans on the push to a more energy-efficient nation.

Through 2032, the credit percentage is 30% of qualified expenses with a combined energy credit limit of \$3,200 annually. That credit is broken down into two portions: some types of property are subject to a total credit of \$1,200; other types of property are subject to a total credit of \$2,000. These improvements must be on your primary residence that is located inside the United States, must be on an existing home (no new builds), and must be new materials or systems (cannot be used). For self-employed individuals, the business use of your home, up to 20% of the total area of your home, will be allowed the full \$3,200 credit. Business use over 20% will have a prorated amount of the credit based on nonbusiness use expenses. Finally, any public utility

subsidies, rebates, or state incentives will generally (not always) be subtracted from qualified expenses for energy efficient property. Currently, the State of Tennessee is working on a state-funded incentive for TN residents.

The annual credit for energy property costs and certain energy-efficient home improvements is limited to \$1,200. This tax credit covers doors, window, skylights, insulation, central air conditioners (credit limited to \$600), and certain water heaters (credit limited to \$600). You cannot include the installation costs for doors, windows, skylights, or insulation; you are only allowed to use the purchase price of these types of property for the calculation of the credit. However, you can include installation costs for central air conditioners and certain water heaters. Additionally, any electrical upgrades required for these improvements can also qualify for a tax credit of up to \$600. Central air conditioners and certain water heaters must meet the Consortium for Energy Efficiency (CEE) highest efficiency tier. Windows, doors, and central air conditioners must have Energy Star approval. For more information on the Energy Star Program, visit <https://www.energystar.gov/>.

The annual credit for qualified heat pumps, heat pump water heaters, furnaces, biomass stoves, and biomass boilers is limited to \$2,000. You may include the purchase price and installation cost for this property. The property must meet the CEE highest efficiency tier. A searchable CEE database, including brand names and model numbers for qualified property, can be found at <https://www.ahrinet.org/certification/cee-directory>. ♦

## WEDDING BELLS



Noah and Emily Shelton got married on August 19th!



Candace and Freddie Lyle got married on August 10th!



Jordan and Brittany Osborne got married on June 22nd!



CLIENT FEATURE

# BrightRidge

JOHNSON CITY, TN



Q+A with

# BRIAN BOLLING

CFO AND SUPPLY CHAIN OFFICER



## Q. WHO IS BRIGHTRIDGE?

**A.** BrightRidge is your local, not-for-profit public electric utility. Originally known as Johnson City Power Board, we've been delivering electric services in this region since 1945 and have provided state-of-the-art broadband service since 2019 with the launch of our internet division, BrightRidge Broadband. BrightRidge is one of 153 power companies throughout Tennessee, Alabama, Georgia, North Carolina, Mississippi, Virginia, and Kentucky that purchase electricity from TVA. We distribute electricity to approximately 83,800 metered locations throughout our service area. BrightRidge is the tenth largest power distributor in TVA's service area and ranks as the 38th largest public power utility by customers served, as reported by the American Public Power Association. BrightRidge Broadband was the first internet provider in the region to offer up to 10 Gig internet to its residential customers. Our fiber optic network is robust and reliable, serving over 17,000 customers with internet, telecommunications, and advanced data services.

## Q. HOW DID BRIGHTRIDGE GET STARTED?

**A.** In early 1945, the Tennessee Valley Authority acquired East Tennessee Light & Power Company. TVA began selling portions of the newly acquired distribution networks to local communities. On June 18, 1945, BrightRidge came into existence when the City of Johnson City approved a resolution, where City Officials executed and delivered to the Tennessee Valley Authority a sales agreement for the purchase by Johnson City of an electric distribution system serving portions of Washington, Sullivan, Greene, and Carter Counties, and the Johnson City Power Board was formed. In March

2017, Johnson City leaders advocated for state legislation to adopt a new, more flexible business format, which resulted in a modern energy authority charter. Following this charter, the Johnson City Power Board became the Johnson City Energy Authority. On Tuesday, October 3, 2017, at a special called Board Meeting, the Johnson City Energy Authority changed its name to BrightRidge. BrightRidge has remained a not-for-profit, local power company since 1945.

## Q. WHAT IS YOUR MISSION?

**A.** Our mission is to empower our customers' connection to the world by offering efficient, reliable energy and connective services, while promoting community growth and economic development. And that's what you'll see our over 200 employees doing every day in the communities, counties, and cities we're privileged to serve here in northeast Tennessee.

## Q. WHAT ARE SOME CURRENT INITIATIVES?

**A.** Our commitment to our customers and community is evident in our local reinvestment electric infrastructure and fiber optic infrastructure. In the last five years alone, we have invested more than \$50 million in fiber optic infrastructure and more than \$89 million in electric infrastructure. During this period, BrightRidge has installed more 105 intellirupters which are automated distribution switches that help improve reliability by detecting and isolating outages. This restores electricity more efficiently and faster. Recently, BrightRidge Broadband launched a new 2.5 Gig residential internet product to give customer

[>> KEEP READING ON BACK](#)



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another speed choice between our 1 Gig and 10 Gig products. We recently launched a redesign of website [www.BrightRidge.com](http://www.BrightRidge.com) introducing a new streamlined site to improve access for customers. During 2025 and 2026, BrightRidge will be expanding broadband to unserved areas of Washington and Greene Counties through a Middle Mile broadband grant from the Tennessee Department of Economic & Community Development. The State's broadband grant is \$6.68 million and BrightRidge's matching portion \$2.86 million for a total investment of \$9.54 million. Phased construction started in October in the following order: areas south of Fall Branch, South Central, areas near Bowmantown, Lamar community, south of Jonesborough (Mill Springs Road, Bennett Road), and south of Gray (Buckingham Road, Sanders Road, and half of Buffalo Ridge Road). This project will take approximately two years to complete. These areas were selected based on a lack of broadband internet availability according to guidelines provided by Tennessee EC&D's Broadband Office.

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

**A.** BrightRidge is required to have an independent annual audit by various entities, including the State of Tennessee and our federal regulator, the Tennessee Valley Authority. Rather than dread seeing our BCS auditors arrive for a new audit, we view the audit as an opportunity to validate the things we are doing right and to gain ideas and suggestions for financial improvement. Having an audit performed provides the credibility and endorsement to our organization, which is important to a public organization like BrightRidge. BrightRidge appreciates and values the professionalism of BCS staff in performing the audit and yes, we look forward to working with them each year. ♦

**THANK YOU TO THE LINEMEN WHO  
WORKED TIRELESSLY TO RESTORE  
POWER IN OUR REGION AFTER  
HURRICANE HELENE. - BCS**