

## YEAR-END TAX CALENDAR & IMPORTANT REMINDERS

Throughout the year – **Acquire completed W-9 and Certificate of Insurance forms from ANYONE who provides service for the church**

Nov / Dec - If preparing church tax forms manually (W-2s and 1099-MSC forms), **order blank tax forms FREE** from the state and federal government (see below)

The local church BOA is to document the amount of **pastor's housing allowance** desired BEFORE YEAR-END for the upcoming year. The church (if a church parsonage) or the pastor (if not owned by the church) determines the amount based on the FMV or their rent/mortgage payment PLUS utilities, insurance, etc. and must substantiate the amount at year-end when preparing their income tax returns. In the event of an IRS audit, the dollar amount must be documented in the church minutes before the year begins. Be sure to remind your senior pastor of this in a timely fashion.

Begin church **budget** process for the church BOA and Society approval.

January 31 - **Contribution statements** must be provided to all individuals who have donated to the church. This applies to all gifts totaling \$250 or more, and ALL churches, no matter how small. (See additional information below.)

\* **1099-MISC forms** have been replaced with **1099-NEC** form beginning with 2020. These must be provided to payees and **government copies must sent** to IRS with form 1096. (See additional information below.)

\* **W-2 statements** must be provided to employees and **government copies of each W-2 must** to the Social Security Administration with form W-3

The **FM Denominational Annual Report** is typically due by January 31 every year and is to be entered on FM Connect. See your Senior Pastor or contact the Conference office for a copy of the finance section of the report showing what is needed. Addition info can be found at [www.wabashconference.org](http://www.wabashconference.org) under the "FMCUSA Annual Report" section of our Finance page.

### NOTES>

- \* Government copies of tax forms should be completed and reconciled with the preparation of the employee and vendor forms early in January. We HIGHLY recommend that you send the employee copies early in January and hold the government copies until late in January to make sure that the recipients do not uncover any necessary corrections.
- When a tax deadline falls on a weekend or holiday, the due date is the next business day.
- Keep copies of all accounting records, including all tax filings for 7 years. (See CHURCH GOVERNMENT FILINGS REQUIREMENTS below.) All accounting records are the property of the church.
- See the **Treasurer Responsibilities** document on our *Finance* page of our web site
- The approved **IRS mileage** rate changes annually (usually announced by IRS in December or January). See the *Finance* page of our web site for updates and adjust the church policy accordingly.

## TAX FORMS TO BE ISSUED AT YEAR-END

Keep copies of ALL tax filings for 7 years. These records are property of the CHURCH.

### Reporting requirements for Subcontractors

1099 forms are required to ANY individual or LLC that is not a S or C corporation that the church (or business) has paid \$600 or more in a tax year. The government considers these individuals *subcontractors*. There are significant fines if caught for not filing properly. 1099 forms are due to the recipients no later than January 31 following the tax year.

*How does IRS view an Employee vs. Subcontractor?* - See the link on the *Finance* page of our web site for important information.

### *Notes for Preparing 1099-NEC Forms:*

Common forms of payment requiring 1099 filings that churches may encounter include honorariums, love offerings (regardless if from collections or the church budget), payment to subcontractors or self-employed janitors, and any payment to an attorney (regardless of the amount). See IRS instructions for further information. If you have questions about this, please contact the Conference Office.

- **Throughout the year** (prior to or with their first payment) **acquire all subcontractor's tax ID numbers and proper mailing address via IRS W-9 form**. If you make payments to anyone that could potentially be required to receive a 1099, the completed W-9 form gives you their proper company name, address, and tax identification number.
- The federal government requires their original red copy of the 1099 form along with copy A of form 1096 (transmittal form). These are due to the federal government by Jan. 31.
- Federal tax forms can be ordered for FREE through IRS or can be completed via various software options on the internet (at a very reasonable cost).
- The state of Indiana does not require a copy of the 1099. If you are in another state, check your state requirements. For the recipient, and you are not sure, it's safe to include state copies for them (1 & 2).

### Reporting requirements for all Employees & Pastors

**W-2 forms are to be issued to anyone who received payment from the church during the calendar year.** W-2s are due to the recipient no later than January 31 following the tax year. If you do not have a service to prepare these forms, there are several software options on the internet for preparing W-2s and 1099s. If you are preparing the forms "manually", order your tax forms FREE from the government...

- The federal government requires their original red copy of the W-2 form, along with copy W-3 form (transmittal form). These are due to IRS by January 31. For forms, call 1-800-TAX-FORM or go to [www.irs.gov/formspubs](http://www.irs.gov/formspubs)
- State forms are available through your state government office (Indiana requires copies of the W-2; however, it is our understanding that state of IL does not require copies.) for Indiana forms [www.in.gov/dor](http://www.in.gov/dor); for Illinois, see [www.revenue.state.il.us/](http://www.revenue.state.il.us/)

For important information regarding the preparation of Pastor W-2s see the *Notes for Preparing Pastor's W2s* link on the *Finance* page of our website.

### Outside payroll service reminder

We strongly recommend that each church use an Outside payroll service even if they have only one employee. A payroll service not only simplifies the work for the local church, it also provides another level of accountability for the finance team. And, they file all of the payroll

taxes for you! While you may have a company that you might consider, below are the companies that we would recommend because they are specialists in church/clergy payroll (while they may attempt, not all are knowledgeable in Pastor's payroll requirements). While the initial process for signing up with a payroll service may be complicated, the service itself will simplify the treasurer's work. We highly recommend that you work with our office through the setup of the church's payroll service. Jody Belton, Conference Bus. Mgr. has first-hand experience with these companies and would be happy to assist you. The Conference office uses *ChurchShield*.

- **Stewardship Payroll Services dba ChurchShield** [www.spspayroll.org](http://www.spspayroll.org)
- **Brotherhood Mutual Insurance dba MinistryWorks** [www.MinistryWorks.com](http://www.MinistryWorks.com)

### **Donor Contribution Statements**

In order for a non-for-profit organization to maintain its non-for-profit status, contribution statements are to be provided to all donors no later than January 31 each year. The following information was taken from [www.irs.gov](http://www.irs.gov).

- **A donor giving \$250 or more is to be provided a written acknowledgment from the recipient (the church) of the gift.** The written acknowledgment must state whether the donee provides any goods or services in consideration for the contribution\*\*
- A charitable organization must also provide a written disclosure statement to donors of a quid pro quo contribution in excess of \$75. A *quid pro quo contribution* is a payment made to a charity by a donor partly as a contribution and partly for goods or services provided to the donor by the charity. For example, if a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. In this example, the charitable contribution portion of the payment is \$60. Even though the part of the payment available for deduction does not exceed \$75, a disclosure statement must be filed because the donor's payment (quid pro quo contribution) exceeds \$75. The written acknowledgment must include a good faith estimate of the value of the goods or services.
- The church is subject to penalty for not providing required statement(s). Although there is no prescribed format for written acknowledgment, it must provide sufficient information to substantiate the amount of the contribution. For more information, contact IRS.

\*\* We recommend the following be placed on each statement: *Pursuant to Internal Revenue Code requirements for substantiation of charitable contributions, no goods or services were provided in return for the Tax Deductible contributions.*

## **WABASH CONFERENCE OBLIGATIONS**

**Wabash Ministries Budget Share** – remains at **8%** for the upcoming year.

**FMCUSA E.P.P. Obligations** – The church's obligation is based on the church's annual reports and the amount changes every January (on the report due February 10). The rates for the upcoming year can be found on our website under the *Finance* page

**Pastor's Insurance** - The Wabash Life, LTD, and AD&D premiums remain at \$32/mo. Information about coverages can be found on our website - *Pastoral Salary & Benefits* page. Any premium cost of employer provided life insurance that exceeds \$50,000 is to be reported on the W- 2; notices will be sent from our office to those affected.

**Pension** – Remains at 13.5% of eligible pastor's salary. Updated salary information is needed every time there is a change in pastor's salary. Please send this information to the Conference Office. See the *Pension* section under *Pastoral Salaries & Benefits* for additional information.

# CHURCH GOVERNMENT FILINGS REQUIREMENTS TO MAINTAIN NON-FOR-PROFIT/EXEMPTION STATUS\*\*

## **STATE OF INDIANA**

### ***Nonprofit Organization's Annual Report***

Due on the 15th day of the 5th month following the end of the tax year (form NP20)  
[www.in.gov/dor/3506.htm](http://www.in.gov/dor/3506.htm)

### ***State Personal Property Tax Forms and Exemption Applications***

Due annually by May 15. Some townships require a 103/104 form annually even if there are no changes, or if you have been approved as exempt. Some counties require updated form 136 periodically. Check with your local government agency so that you don't risk this exemption! Forms are available at [www.in.gov/dlgf](http://www.in.gov/dlgf)

### ***Secretary of State Business Entity Report***

Due annually the month in which the corporation was formed [www.in.gov/sos/business/2427.htm](http://www.in.gov/sos/business/2427.htm)

### ***State Department of Revenue (report of payroll earnings and withholdings)***

If your church has any employees (a pastor is an employee), you must file the Employer's Quarterly Tax Return Form 941 is due quarterly. IRS instructions are available at [www.irs.gov/pub/irs-pdf/i941.pdf](http://www.irs.gov/pub/irs-pdf/i941.pdf).

## **STATE OF ILLINOIS**

### ***Nonprofit Organization's Annual Report***

Due prior to the first day of the corporation's anniversary month each year (form NFP 105.10/105.20) [www.cyberdriveillinois.com/publications/business\\_services/nfp.html](http://www.cyberdriveillinois.com/publications/business_services/nfp.html)

### ***State Personal Property Tax Forms and Exemption Applications***

Due annually - complete Form CDF-7, Commercial Distribution Fee Sales Tax Exemption Certification – to be renewed every 5 years (search sales tax exemptions at [www.tax.illinois.gov/publications](http://www.tax.illinois.gov/publications))

### ***Secretary of State Business Entity Report***

Due by the 1st of the anniversary month in which the corporation was formed each year (Domestic/Foreign Corporation Annual Report – form C54)  
[www.cyberdriveillinois.com/departments/business\\_services/business\\_not-forprofit/home.html](http://www.cyberdriveillinois.com/departments/business_services/business_not-forprofit/home.html)

### ***State Department of Revenue (report of payroll earnings and withholdings)***

If your church has any employees (a pastor is an employee), you must file the Employer's Quarterly Tax Return Form 941 is due quarterly. Instructions are available online at [www.tax.illinois.gov/taxforms/withholding/prioryears/il-941.pdf](http://www.tax.illinois.gov/taxforms/withholding/prioryears/il-941.pdf) and IRS instructions are available at [www.irs.gov/pub/irs-pdf/i941.pdf](http://www.irs.gov/pub/irs-pdf/i941.pdf). The form is available online at [www.tax.illinois.gov/TaxForms/Withholding/2015/IL-941.htm](http://www.tax.illinois.gov/TaxForms/Withholding/2015/IL-941.htm).

\*\* While every attempt has been made to ensure the accuracy of the information presented here, no guarantee is given. Be sure to seek the advice and assistance of a qualified tax preparer for your needs