

YEAR-END TAX CALENDAR & IMPORTANT REMINDERS

THROUGHOUT THE YEAR >

- * Acquire completed IRS form W-9 and a Certificate of Insurance forms from **ANYONE** who provides service for the church. The amount that the church pays must be reported on a 1099-NEC to ANY individual or LLC that is not a S or C corporation that the church has paid \$600 or more in a tax year. See additional information below.

NOVEMBER / DECEMBER >

- * All local church BOAs are to approve and document in the minutes the amount of **pastor's housing allowance** desired each year 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, if the dollar amount has not been properly documented by the church before the year begins, it could be denied causing taxes due on the housing amount. Be sure to remind your senior pastor of this in a timely fashion.
- * If you do not have a service provider to prepare the church tax forms (W-2s and 1099-NEC forms) you must do this internally:
 - Electronically - You can e-file W-2 forms online at **the SSA's Business Services Online website**. It is free and secure, and is the method preferred by the SSA over submitting paper records. See <https://www.ssa.gov/bso/bsowelcome.htm>
 - If you do not have the ability to prepare/file these forms electronically, they must be filed manually - **order blank tax forms** FREE from the state and federal government (see below).
- * Begin church **budget** process for the church BOA and Society approval.

NO LATER THAN 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**. Churches (regardless how small) who do not comply could lose their non-for-profit status. (See additional information below.)
- * Beginning in 2020, **1099-MISC forms** were replaced with **1099-NEC** form. 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 be sent** to the Social Security Administration with form W-3 and per state regulations where the church resides.
- * The **FM Denominational Annual Report** is typically due by January 31 every year. 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 under the "FMCUSA Annual Report" section of our Finance page.

ADDITIONAL NOTES>

- * Government copies of tax forms should be completed and reconciled with the preparation of the employee and vendor forms early in January. If preparing manually, we **HIGHLY** recommend that you send the employee copies early in the month and hold the government copies until later to make sure that the recipients do not uncover any necessary corrections. Again, all copies are due by January 31.
- 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

Reporting requirements for Subcontractors

1099 forms are to be submitted to ANY individual or LLC that is not a S or C corporation who was paid \$600 or more (in a tax year) by the church, AND to ALL attorneys who was paid any amount during the year. The government considers these individuals *subcontractors*. There are significant fines if caught not filing properly. These forms are due to the recipients and the government 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 valuable information.

Common forms of payment requiring 1099 filings that churches may encounter include: honorariums, love offerings (regardless if from collections or from 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 should be filed at <https://www.ssa.gov/bsowelcome.htm> or can be ordered for FREE through IRS if you do not have access to the internet.
- 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 is safe to include state copies (1 & 2) for them.

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. W-2s must include any premium cost of employer-provided life insurance that exceeds \$50,000. Notices will be sent from our office to those affected. 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. <https://www.ssa.gov/bsowelcome.htm> is your best option for W-2s. 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
- 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; for Illinois, see www.revenue.state.il.us/

For valuable 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 that specializes in church/pastor payroll even if the church only has one employee. A payroll service not only simplifies the work for the local church, but it also provides another level of accountability for the finance team and shifts any liability to them. Payroll Services file all payroll taxes for you, can provide direct deposit, and can even manage the pastor's estimated tax payments through payroll withholdings! If you have any questions, please contact Jody Belton at Wabash Conference.

Donor Contribution Statements

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.

- **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 more than \$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.*

Again, keep copies of ALL tax filings for 7 years. These records are property of the CHURCH.

WABASH CONFERENCE MONTHLY OBLIGATIONS

Wabash Ministries Budget Share – has been reduced to **6.8%** and a flat monthly amount has been established for each church. See the *WABASH apportionment and EPP church obligations document* on the finance section at <https://www.wabashconference.org> for amounts beginning with the month of January 2022 (due February 10)

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.

Electronic draft of obligations to Wabash - If you wish to have the funds drawn from the church bank account, please complete the ACH form on our website and return to the Conference office.

Pension – Remains at 13.5% of eligible pastor's salary. Please complete a *Change of Status* form at: <https://hr.fmcusa.org/forms> every time there is a change in the pastor's salary. 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

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 do not risk this exemption! Forms are available at 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

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. These are due quarterly. IRS instructions are available at 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

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)

Secretary of State Business Entity Report

Due by the first 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

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. These are due quarterly. Instructions are available online at www.tax.illinois.gov/taxforms/withholding/prioryears/il-941.pdf and IRS instructions are available at www.irs.gov/pub/irs-pdf/i941.pdf. The form is available online at 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