

**Tax
and
IRS
Issues**

LOCAL CHURCH TAX REPORTING REQUIREMENTS

[http://www.gcfa.org/PDFs/TaxPacket2006\(Current\)/Tax_Information_for_Local_Churches/Tax_Reporting_and_Filing_Requirements/Local_Church_Tax_Reporting_Requirements.pdf](http://www.gcfa.org/PDFs/TaxPacket2006(Current)/Tax_Information_for_Local_Churches/Tax_Reporting_and_Filing_Requirements/Local_Church_Tax_Reporting_Requirements.pdf)

1. PAYROLL TAXES FOR CHURCHES

A. Withhold taxes on staff employees, file forms and comply with deposit requirements

1. Federal Social Security (NO CLERGY WITHHOLDING)
2. Federal Income Tax (NO **REQUIRED** CLERGY WITHHOLDING)
At the request of the clergy, the employer may withhold income tax for that clergy, pursuant to a Form W-4 and state equivalent of federal Form W-4. (Keep W-4 forms on file).
3. State income tax withholding (requirements vary from state to state)

There is no mandatory federal income tax withholding for clergy; income tax withholding can be done at clergy request, but Social Security is never to be withheld for clergy.

B. Quarterly Filing Requirements (April 30, July 31, October 31 and January 31 for the first, second, third and fourth quarters)

1. Form 941 – Federal
2. State equivalent form (may vary from state to state)

See separate memo on Form 941 Filing Requirements - clergy compensation is shown on 941 but no information on Social Security and Medicare wages and withholding.

C. Annual Filing Requirements

1. January 31: Form W-2 must be given to employees.
2. February 28: Form W-3 must be filed with the Social Security Administration.

(**Note:** W-2 and W-3 filings can be made electronically in some cases.
See the Social Security Administration Web site at <http://www.ssa.gov> for more details.)

3. State filing requirements vary from state to state.

2. FILING REQUIREMENTS FOR PAYMENTS TO SELF-EMPLOYED INDIVIDUALS (Such as independent contractors supplying repair or other services to the church)

- A. January 31: Form 1099-MISC must be given to individuals (who receive compensation of \$600 or more).
- B. February 28: Form 1099-MISC must be filed with the IRS
- C. February 28: File Form 1096 with the IRS together with the 1099-MISC forms.