

LOCAL CHURCH TAX REPORTING REQUIREMENTS

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 website at 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.