

This workbook compiled by:

Barbara Spess

400 W. Caddo, Cleveland, OK 74020, 918-358-3824

Mrs. Spess is a Certified Public Accountant and has had her own practice in Cleveland, Oklahoma for 38 years. She has been leading the BGCO tax seminars for 33 years and has worked directly with many churches in several states through this time.

Norma Woodard

PO Box 146, Choctaw, OK 73020, 405-761-4080

Mrs. Woodard is retired from the Internal Revenue Service after 24 years service in increasingly responsible positions. She is President of EagleView Consulting, Inc., which specializes in tax preparation for ministers and representing clients before the IRS. She is an Enrolled Agent licensed to practice before the IRS and is accredited by the National Society of Accountants as a Tax Preparer and as a Business Advisor. Along with Mrs. Spess, Mrs. Woodard teaches tax seminars for Oklahoma Baptists and serves as a consultant for ministers and church staff in Oklahoma. Mrs. Woodard has also served as a member of the Taxpayer Advocacy Panel (TAP), a Federal Advisory Committee charged with providing taxpayer and practitioner input to the IRS.

Thomas Jordan

Thomas Jordan, Church and Employee Benefits Director, Oklahoma Baptists, has served Oklahoma Baptists for over 15 years. He is a licensed attorney in Oklahoma.



The work of Oklahoma Baptists is supported by gifts through the Cooperative Program and your conference fees.

Dr. D. Hance Dilbeck, Jr., Executive Director-Treasurer
Dr. Joe Ligon, Senior Associate Executive Director

Oklahoma Baptists
3800 North May Ave
Oklahoma City, OK 73112
(405)942-3800
www.oklahomabaptists.org

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

©2020 Oklahoma Baptists, Barbara Spess, and Norma Woodard. All rights reserved. No part of this publication may be reproduced without prior written permission.

Table of Contents

Employees and Reporting Requirements	1
Who Is An Employee?	1
Who Is An Employer?	2
Employer’s Duty to Withhold Taxes from Employee Wages	3
Eighth Street Baptist Church vs. IRS	3
Penalties for Failure to Withhold	3
The “100 Percent Penalty”	3
Penalty for Failure to Deposit	4
26 USC § 6656—Failure to Make Deposit of Taxes	4
IRS Form 8809	5
Who Is A Volunteer?	7
Who Is A Minister for Tax Purposes?	7
IRS Instructions for Reporting Minister’s Income	8
Minister As An Employee vs. Contract Labor	8
Withholding Taxes for Ministers	9
Social Security Offset	9
Determining Self-Employment Income	9
Computation of Self-Employment Base	9
Is It Income?	10
The Church Parsonage as Taxable Income	10
Ordained Employee	10
Non-Ordained Employee	10
Gift or Bonus from the Employer	11
Most Gifts from Employers Not Excludable from Income	11
Exceptions to the Rule: Valid Tax-Free Gifts from an Employer	11
Special Categories of Income	14
Debt Forgiveness	14

Reporting Group-Term Life Insurance	16
Discretionary Funds	17
Church Credit and Debit Cards	17
Monies Gained from Embezzlement	18
IRS Form 3949 A: Information Referral	19
Forms Used to Report Income and Withholding	19
IRS Form 941: Employer's Quarterly Federal Tax Return	20
IRS Form 7200: Advance Payment of Employer Credits Due to Covid-19	31
IRS Form 944: Employer's Annual Federal Tax Return	39
IRS Form W-2 for Ordained Staff	41
IRS Form W-2 for Non-Ordained Employee	42
Form W-2 Reporting of Employer-Sponsored Health Coverage	45
Reporting on the Form W-2	45
Temporary Relief	45
IRS Form W-3 Transmittal of Wage and Tax Statements	46
IRS Form W-2c Corrected Wage and Tax Statements	47
IRS form W-3c Transmittal of Corrected Wage and Tax Statements	48
OK Instructions	49
IRS form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund	52
Oklahoma Quarterly Wage withholding Tax Return/ Withholding Payment Coupon	57
Unemployment Insurance	59
Workers' Compensation Insurance	59
Oklahoma Baptists Workers' Compensation General Application	60
Contractor Notice and Agreement	64
Checklist for Reporting Employee Information	65
Oklahoma Reporting Requirement for New Employees	65
Oklahoma New Hire Reporting Form	66
E-Verify with the Department of Homeland Security	67

Form I-9 Employment Eligibility Verification	68
IRS Form W-4	71
Independent Contractors and Reporting Requirements	75
Who Is An Independent Contractor?	76
Withholding and Reporting Requirements for Independent Contractors	76
Independent Contractor Checklist	77
IRS Form W-9 Request for Taxpayer Identification Number and Certification	78
IRS Form 1099 - NEC	80
IRS Form 1096 Annual Summary and Transmittal of U.S. Information Returns	81
IRS Form 945 Annual Return of Withheld Federal Income Tax	82
CC Form 36A Affidavit of Exempt Status Under the Workers' Compensation Act	83
CC Form 36C (Cancellation of Affidavit of Exempt Status)	85
Contractor Agreement	86
Oklahoma Workers' Compensation Exemption—Family of Five	87
Housing Allowance	88
Who Gets it and How Much	88
Who Qualifies for a Housing Allowance?	88
Housing Allowance Requirements	89
What Expenses are Included in the Housing Allowance?	90
How Much of A Minister's Salary Can be Excluded?	90
Notes on Fair Market Rental Value	91
Minister's Estimate of Housing Allowance	92
Employee Business Expenses	94
The Devastating Effects of <i>Dalan v. Commissioner</i>	94
Accountable Reimbursement Plans for Professional Business Expenses	95
Sample Reimbursement Policy	96
2020 Mileage Rates/Per Diem Rates	97
Non-Accountable Reimbursement Plan	98
IRS Revokes Ruling on Salary Reduction	98

Reimbursed Travel Expenses of Spouse	98
Entertainment Expenses	99
How to Prove Certain Business Expenses	100
Reporting Travel, Entertainment, Gift, and Car Expenses and Reimbursements	101
Commuting vs. Business Mileage	102
Key Points on Commuting vs. Business Mileage <i>Corey L. Wheir, TC Summ OP. 2004-117</i>	102
Health Care Expenses - Reducing Taxable Income	104
Flexible Spending	105
Reimbursing Medicare Premiums	105
Health Insurance Reimbursement	105
Health Reimbursement Options	106
IRS Form 720	114
IRS Form 123	123
The Employee Compensation Package	127
Charitable Contributions	130
Church Administration	145

CHAPTER I

EMPLOYEES AND REPORTING REQUIREMENTS

Only employees are subject to withholding of income tax. An “employee” is an individual who performs services subject to control by an employer BOTH as to what services shall be performed and as to how they shall be performed. It does not matter that the employer permits the employee considerable freedom of discretion and action so long as the employer has the legal right to control both the method and the result of the services. It is not necessary that a person actually direct or control the manner in which services are performed in order for that person to be an employer; it is sufficient that he has the right to do so.

Who Is An Employee?

In 1987, the IRS developed a list of 20 factors to be used “as an aid in determining whether an individual is an employee under the common law rules.” (Revenue Ruling 87-41.) The factors were “developed based on an examination of cases and rulings considering whether an individual is an employee.” The IRS cautioned that “the degree of importance of each factor varies depending on the occupation and the factual context in which the services are performed,” and that “if the relationship of employer and employee exists, the designation or description of the relationship by the parties as anything other than that of employer and employee is immaterial.” The 20 factors are set forth below.

1. **Instructions.** A person who is required to comply with instructions about when, where, and how to work is ordinarily an employee.
2. **Training.** Training of a person by an experienced employee or by other means is a factor of control and indicates that the worker is an employee.
3. **Integration.** Integration of a person’s services into the business operations generally shows that the person is subject to direction and control and accordingly is an employee.
4. **Services rendered personally.** If the services must be rendered personally by the individual employed, it suggests an employer-employee relationship. Self-employed status is indicated when an individual has the right to hire a substitute without the employer’s knowledge.
5. **Hiring, supervising, and paying assistants.** Hiring, supervising, and payment of assistants by the employer generally indicates that all workers on the job are employees. Self-employed persons generally hire, supervise, and pay their own assistants.
- *6. **Continuing relationship.** The existence of a continuing relationship between an individual and the organization for whom the individual performs services is a factor tending to indicate the existence of an employer-employee relationship.
7. **Set hours of work.** The establishment of set hours of work by the employer is a factor indicating control and accordingly the existence of an employer-employee relationship. Self-employed persons are “masters of their own time.”
8. **Full time required.** If the worker must devote full time to the business of the employer, he or she ordinarily will be an employee. A self-employed person on the other hand may choose for whom and when to work.
9. **Doing work on employer’s premises.** Doing the work on the employer’s premises may indicate that the worker is an employee, especially if the work could be done elsewhere.
10. **Order or sequence of work.** If a worker must perform services in an order or sequence set by the organization for whom he or she performs services, this indicates that the worker is an employee.

- 11. Oral or written reports.** A requirement that workers submit regular oral or written reports to the employer is indicative of an employer-employee relationship.
- 12. Payment by hour, week, month.** An employee usually is paid by the hour, week, or month, whereas a self-employed person usually is paid by the job on a lump sum basis (although the lump sum may be paid in intervals in some cases).
- 13. Payment of business expenses.** Payment by the employer of the worker's business or travel expenses suggests that the worker is an employee. Self-employed persons usually are paid on a job basis and take care of their own business and travel expenses.
- ***14. Furnishing of tools and materials.** The furnishing of tools and materials by the employer indicates an employer-employee relationship. Self-employed persons ordinarily provide their own tools and materials.
- ***15. Significant investment.** The furnishing of all necessary facilities (equipment and premises) by the employer suggests that the worker is an employee.
- 16. Realization of profit or loss.** Workers who are in a position to realize a profit or suffer a loss as a result of their services generally are self-employed, while employees ordinarily are not in such a position.
- 17. Working for more than one firm at a time.** A person who works for a number of persons or organizations at the same time is usually self-employed.
- 18. Making services available to the general public.** Workers who make their services available to the general public are usually self-employed. Individuals ordinarily hold their services out to the public by having their own offices and assistants, hanging out a "shingle" in front of their office, holding a business license, and by advertising in newspapers and telephone directories.
- ***19. Right to discharge.** The right to discharge is an important factor in indicating that the person possessing the right is an employer. Self-employed persons ordinarily cannot be fired as long as they produce results which measure up to their contract specifications.
- 20. Right to terminate.** An employee ordinarily has the right to end the relationship with the employer at any time he or she wishes without incurring liability. A self-employed person usually agrees satisfactory completion or is legally obligated to make good for failure to complete the job.

Who Is An Employer?

Generally, an employer is a person or organization for whom a worker performs a service as an employee. The employer usually gives the worker the tools to work and has the right to fire the worker. A person or organization that pays wages to a former employee after the work ends is also considered an employer.

Employer’s Duty to Withhold Taxes from Employee Wages

Eighth Street Baptist Church vs. IRS

The Eighth Street Baptist Church went to District Court with the IRS claiming that their organist and janitor were exempt from withholding provisions of the law as they were not employees. The IRS contended that wages paid to church employees (organist, janitor, etc.), who also were members of the church and were elected to their posts by the congregation, were not exempt from withholding.

Revenue Ruling 76-341 further states that “the small remuneration paid by a religious organization, qualifying under Code Section 501(c)(3), to its members for services they performed pursuant to contracts between the organization and third parties is wages for income tax withholding.

For income tax withholding purposes, the term "employer" includes organizations that are exempt from income, social security, and Federal Unemployment Tax Act (FUTA) taxes. Most employers must withhold, deposit, report, and pay Income tax and Social Security taxes.

Penalties for Failure to Withhold

For each whole or part month a return is not filed when required, there is a penalty of 5% of the amount that should have been shown on that return. The maximum penalty is 25%. Also, for each whole or part month the tax is paid late a penalty of 0.5% of the amount of tax generally applies. The maximum for this penalty is also 25%. The penalties will not be charged if there is an acceptable reason for failing to file or pay.

The “100 Percent Penalty”

In cases where income and social security taxes to be withheld are not withheld or are not paid to the IRS, the “100 percent penalty” may be applied. Under this penalty, certain officers or employees of a corporation, or certain members or employees of a partnership become personally liable for the payment of the taxes and penalized for an equal amount.

Sec. 6672 (a) General Rule—Any person required to collect, truthfully account for, and pay over any tax imposed by this title who willfully fails to collect such tax, or truthfully account for and pay over such tax, or willfully attempts in any manner to evade or defeat any such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and paid over.

Penalty for Failure to Deposit

26 USC § 6656—Failure to Make Deposit of Taxes

a. Underpayment of deposits

In the case of any failure by any person to deposit (as required by this title or by regulations of the Secretary under this title) on the date prescribed therefore any amount of tax imposed by this title in such government depository as is authorized under section 6302(c) to receive such deposit, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be imposed upon such person a penalty equal to the applicable percentage of the amount of the underpayment.

b. Definitions

For purposes of subsection (a)—

1. Applicable percentage

A. In general

Except as provided in subparagraph (b), the term “applicable percentage” means—

- i. Two percent if the failure is for not more than five days,
- ii. Five percent if the failure is for more than 5 days but not more than 15 days, and
- iii. 10 percent if the failure is for more than 15 days.

B. Special rule

In any case where the tax is not deposited on or before the earlier of

- i. the day 10 days after the date of the first delinquency notice to the taxpayer under section 6303, or
- ii. the day on which notice and demand for immediate payment is given under section 6861 or 6862 or the last sentence of section 6331(a), the applicable percentage shall be 15 percent.

2. Underpayment

The term “underpayment” means the excess of the amount of the tax required to be deposited over the amount, if any, thereof deposited on or before the date prescribed therefore.

c. Exception for first-time depositors of employment taxes

The Secretary may waive the penalty imposed by subsection (a) on a person’s inadvertent failure to deposit any employment tax if—

1. Such person meets the requirements referred to in section 7430(c)(4)(A)(ii),
2. Such failure—
 - A. occurs during the first quarter that such person was required to deposit any employment tax; or
 - B. if such person is required to change the frequency of deposits of any employment tax, relates to the first deposit to which such change applies, and
3. The return of such tax was filed on or before the due date.

For purposes of this subsection, the term “employment taxes” means the taxes imposed by subtitle C.

d. Authority to abate penalty where deposit sent to Secretary

The Secretary may abate the penalty imposed by subsection (a) with respect to the first time a depositor is required to make a deposit if the amount required to be deposited is inadvertently sent to the Secretary instead of to the appropriate government depository.

e. Designation of periods to which deposits apply

1. In general
A deposit made under this section shall be applied to the most recent period or periods within the specified tax period to which the deposit relates, unless the person making such deposit designates a different period or periods to which such deposit is to be applied.
2. Time for making designation
A person may make a designation under paragraph (1) only during the 90 day period beginning on the date of a notice that a penalty under subsection (a) has been imposed for the specified tax period to which the deposit relates.

Form 8809
(Rev. August 2019)
Department of the Treasury
Internal Revenue Service

**Application for Extension of Time
To File Information Returns**
(For Forms W-2, W-2G, 1042-S, 1094-C, 1095, 1097, 1098, 1099, 3921, 3922, 5498, and 8027)
▶ This form may be filled out online. See *How to file* below.
▶ Go to www.irs.gov/Form8809 for the latest information.

OMB No. 1545-1081

Do not use this form to request an extension of time to (1) file Form 1040 or 1040-SR (use Form 4868), (2) file Form 1042 (use Form 7004), or (3) furnish statements to recipients (see Extensions under part M in the General Instructions for Certain Information Returns).

<p>1 Payer's/filer's information. Type or print clearly in black ink.</p> <p>Payer's/filer's name _____</p> <p>Address _____</p> <p>City _____ State _____ ZIP code _____</p> <p>Contact name _____ Telephone number _____</p> <p>Email address _____</p>	<p>2 Taxpayer identification number (TIN) (Enter the payer's nine-digit number. Do not enter hyphens.)</p> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>																														
<p>3 Check your method of filing information returns (check only one box). Use a separate Form 8809 for each method.</p> <p><input type="checkbox"/> Electronic <input type="checkbox"/> Paper</p>	<p>4 If you are requesting an extension for more than one payer/filer, enter the total number of payers/filers and attach a list of names and TINs. See <i>How to file</i> below for details. ▶</p>																														
<p>5 Check this box only if you already requested the automatic extension and you now need an additional extension. See instructions. ▶ <input type="checkbox"/></p>																															
<p>6 Check only the box(es) that apply. Do not enter the number of returns.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Form(s)</th> <th style="width: 10%;">✓ here</th> <th style="width: 25%;">Form(s)</th> <th style="width: 10%;">✓ here</th> <th style="width: 25%;">Form(s)</th> <th style="width: 10%;">✓ here</th> </tr> </thead> <tbody> <tr> <td>W-2</td> <td></td> <td>5498</td> <td></td> <td>8027</td> <td></td> </tr> <tr> <td>1097, 1098, 1099, 3921, 3922, W-2G</td> <td></td> <td>5498-ESA</td> <td></td> <td>1094-C, 1095-C</td> <td></td> </tr> <tr> <td>1099-MISC reporting NEC only</td> <td></td> <td>5498-QA</td> <td></td> <td>1095-B</td> <td></td> </tr> <tr> <td>1042-S</td> <td></td> <td>5498-SA</td> <td></td> <td>1099-QA</td> <td></td> </tr> </tbody> </table>		Form(s)	✓ here	Form(s)	✓ here	Form(s)	✓ here	W-2		5498		8027		1097, 1098, 1099, 3921, 3922, W-2G		5498-ESA		1094-C, 1095-C		1099-MISC reporting NEC only		5498-QA		1095-B		1042-S		5498-SA		1099-QA	
Form(s)	✓ here	Form(s)	✓ here	Form(s)	✓ here																										
W-2		5498		8027																											
1097, 1098, 1099, 3921, 3922, W-2G		5498-ESA		1094-C, 1095-C																											
1099-MISC reporting NEC only		5498-QA		1095-B																											
1042-S		5498-SA		1099-QA																											
<p>7 If you are requesting an extension for Forms W-2 or 1099-MISC reporting NEC only, or if you checked the box on line 5, you must meet one of the following criteria. Check the applicable box(es) that describes your need for an extension.</p> <table style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>The filer suffered a catastrophic event in a federally declared disaster area that made the filer unable to resume operations or made necessary records unavailable <input type="checkbox"/></p> <p>Fire, casualty, or natural disaster affected the operation of the filer <input type="checkbox"/></p> </td> <td style="width: 50%; vertical-align: top;"> <p>Death, serious illness, or unavoidable absence of the individual responsible for filing the information returns affected the operation of the filer <input type="checkbox"/></p> <p>The filer was in the first year of establishment <input type="checkbox"/></p> <p>The filer did not receive data on a payee statement such as Schedule K-1, Form 1042-S, or the statement of sick pay required under section 31.6051-3(a)(1) in time to prepare an accurate information return <input type="checkbox"/></p> </td> </tr> </table>		<p>The filer suffered a catastrophic event in a federally declared disaster area that made the filer unable to resume operations or made necessary records unavailable <input type="checkbox"/></p> <p>Fire, casualty, or natural disaster affected the operation of the filer <input type="checkbox"/></p>	<p>Death, serious illness, or unavoidable absence of the individual responsible for filing the information returns affected the operation of the filer <input type="checkbox"/></p> <p>The filer was in the first year of establishment <input type="checkbox"/></p> <p>The filer did not receive data on a payee statement such as Schedule K-1, Form 1042-S, or the statement of sick pay required under section 31.6051-3(a)(1) in time to prepare an accurate information return <input type="checkbox"/></p>																												
<p>The filer suffered a catastrophic event in a federally declared disaster area that made the filer unable to resume operations or made necessary records unavailable <input type="checkbox"/></p> <p>Fire, casualty, or natural disaster affected the operation of the filer <input type="checkbox"/></p>	<p>Death, serious illness, or unavoidable absence of the individual responsible for filing the information returns affected the operation of the filer <input type="checkbox"/></p> <p>The filer was in the first year of establishment <input type="checkbox"/></p> <p>The filer did not receive data on a payee statement such as Schedule K-1, Form 1042-S, or the statement of sick pay required under section 31.6051-3(a)(1) in time to prepare an accurate information return <input type="checkbox"/></p>																														

Under penalties of perjury, I declare that I have examined this form, including any accompanying statements, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ▶ _____ **Title ▶** _____ **Date ▶** _____

General Instructions

Purpose of form. Use Form 8809 to request an initial or additional extension of time to file only the forms shown on line 6 for the current tax year.

Note: Extension requests for Forms 1099-MISC reporting nonemployee compensation (NEC) in box 7, 1099-QA, 5498-QA, and W-2 must be submitted on paper.

Who should file. Payers/filers who need more time to file information returns with the IRS should file this form before the filing due date. See *When to file*, later.

How to file. Extensions may be requested:

- Online by completing a fill-in Form 8809 through the FIRE System at <https://fire.irs.gov> for an automatic 30-day extension (not available for Form W-2, 1099-MISC reporting NEC, 1099-QA, 5498-QA, or additional 30-day extension requests for all form types listed in box 6). Acknowledgements are automatically displayed online if the request is

made by the due date of the return. **Note:** A list that contains names and TINs cannot be attached to the fill-in Form 8809.

- Electronically through the FIRE System in a file formatted according to the specifications in Pub. 1220.
- On paper Form 8809. Mail the form to the address shown in *Where to file*, later. You are encouraged to submit your requests electronically.

CAUTION

There are no automatic extension requests for Forms W-2 or 1099-MISC reporting NEC. Requests must be submitted on paper with line 7 completed and signed by the filer/transmitter or person duly authorized to sign a return.

Where to file. Send Form 8809 to:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0209


Need help? If you have questions about Form 8809, call the IRS toll free at 866-455-7438 or 304-263-8700 (not toll free). Persons with a hearing or speech disability with access to TTY/TDD equipment can call 304-579-4827 (not toll free).

Also, see Pub. 1220 and Pub. 1187. For additional information, see Topic 803, Waivers and Extensions, at www.irs.gov/TaxTopics.

Note: Specifications for filing Forms W-2, Wage and Tax Statement, electronically are only available from the Social Security Administration (SSA). Call 800-772-6270 for more information or visit the SSA's Employer W-2 Filing Instructions & Information page at www.socialsecurity.gov/employer.

When to file. File Form 8809 as soon as you know an extension of time to file is necessary, but not before January 1 of the year in which the return is due. Form 8809 must be filed by the due date of the returns. See the chart below that shows the due dates for filing this form on paper or electronically. Payers/filers of Form W-2 whose business has terminated should see *Terminating a business* in the *Special Reporting Situations for Form W-2* section of the General Instructions for Forms W-2 and W-3 to request an extension.

If you are requesting an extension of time to file several types of forms, you may use one Form 8809, but you must file Form 8809 by the earliest due date. For example, if you are requesting an extension of time to file both Forms 1098 and 5498, you must file Form 8809 by February 28 (March 31 if you file electronically). You may complete more than one Form 8809 to avoid this problem. An extension cannot be granted if a request is filed after the filing due date of the information returns.

 **If you plan to file Form 1099-MISC reporting nonemployee compensation (NEC) payments in box 7, you must request an extension no later than January 31.**

The due dates for filing Form 8809 are shown below.

IF you file Form(s) . . .	ON PAPER, then the due date is . . .	ELECTRONICALLY, then the due date is . . .
W-2	January 31	January 31
W-2G	February 28	March 31
1042-S	March 15	March 15
1094-C	February 28	March 31
1095	February 28	March 31
1097, 1098, 1099	February 28	March 31
1099-MISC (NEC only)	January 31	January 31
3921, 3922	February 28	March 31
5498	May 31	May 31
8027	Last day of February	March 31

If any due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

Note: File your information returns as soon as they are ready and do not send a copy of Form 8809 or any letters with the returns you file (see *Exception* below).

Exception. When filing Form 8027 on paper only, attach a copy of your timely filed Form 8809.


Extension period. For all forms other than Forms W-2 or 1099-MISC reporting NEC, you may request an automatic extension of 30 days from the original due date. For these forms, you may request one additional extension of not more than 30 days by filing a second Form 8809. For Forms W-2 or 1099-MISC reporting NEC, only one 30-day extension of time is available. You can request the one extension for Forms W-2 or 1099-MISC reporting NEC or the additional extension for the other forms if you meet and select one of the criteria listed on line 7.

Note: Any approved extension of time to file will only extend the due date for filing the information returns with the IRS. It does not extend the due date for furnishing statements to recipients.

Penalty. Payers/filers may be subject to a late filing penalty if they file a late return without receiving a valid extension. For more information on penalties, see *part O* in the *General Instructions for Certain Information Returns*, and *Penalties* in the Instructions for Form 1042-S, the Instructions for Form 8027, and the General Instructions for Forms W-2 and W-3.

Specific Instructions

Line 1. Enter the payer's/filer's name, in care of name, and complete mailing address, including room or suite number of the filer requesting the extension of time. Use the name and address where you want correspondence sent. For example, if you are a preparer and want to receive correspondence, enter your client's complete name, care of (c/o) your firm, and your complete mailing address.

 **The legal name and TIN on your extension request must be exactly the same as the name you provided when you applied for your EIN using Form SS-4, the Online Internet EIN Application, or the EIN Toll-Free Telephone Service. If a name change has been submitted to the IRS, supply the current legal name and TIN. Do not use abbreviations.**

Enter the name of someone who is familiar with this request whom the IRS can contact if additional information is required. Please provide your telephone number and email address.

Line 2. Enter the payer's nine-digit employer identification number (EIN), qualified intermediary employer identification number (QI-EIN), withholding foreign partnership employer identification number (WP-EIN), or withholding foreign trust employer identification number (WT-EIN). If you are not required to have an EIN or QI-EIN, enter your social security number. Do not enter hyphens.

Line 5. Check this box only if you have already received the automatic 30-day extension, and you need an additional extension for the same year for the same forms. Do not check this box unless you requested an original extension. Additional 30-day extension requests **must** be submitted on paper.

If you check this box, be sure to complete line 7.

Signature. No signature is required for the automatic 30-day extension (not available for Forms W-2 or 1099-MISC reporting NEC). For an additional extension or to request a 30-day nonautomatic extension for Form W-2 and/or Form 1099-MISC reporting NEC, Form 8809 must be signed by the filer/transmitter or person duly authorized to sign a return.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We use this information to determine if you qualify for an extension of time to file information returns. You are not required to request an extension of time to file; however, if you request an extension, sections 6081 and 6109 and their regulations require you to provide this information, including your identification number. Failure to provide this information may delay or prevent processing your request; providing false or fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 4 hr., 4 min.
- Learning about the law or the form** 18 min.
- Preparing and sending the form to the IRS** 22 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/FormComments. Or you can send your comments to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send the form to this address. Instead, see *Where to file*, earlier.

Who Is A Volunteer?

The Volunteer Protection Act of 1997 defines a "volunteer" as an individual performing services for a nonprofit organization or a government entity who does not receive:

A) Compensation (other than reimbursement or allowances for expenses already incurred);

B) Any other thing of value in lieu of compensation in excess of \$500 per year, and such term includes a volunteer serving as a director, officer, trustee, or direct service volunteer.

Employees of nonprofit organizations may not volunteer to provide services for the organization that are the same as, similar, or related to their regular job duties. Also, nonprofit organizations cannot request employees to perform volunteer work during the employee's normal working hours.

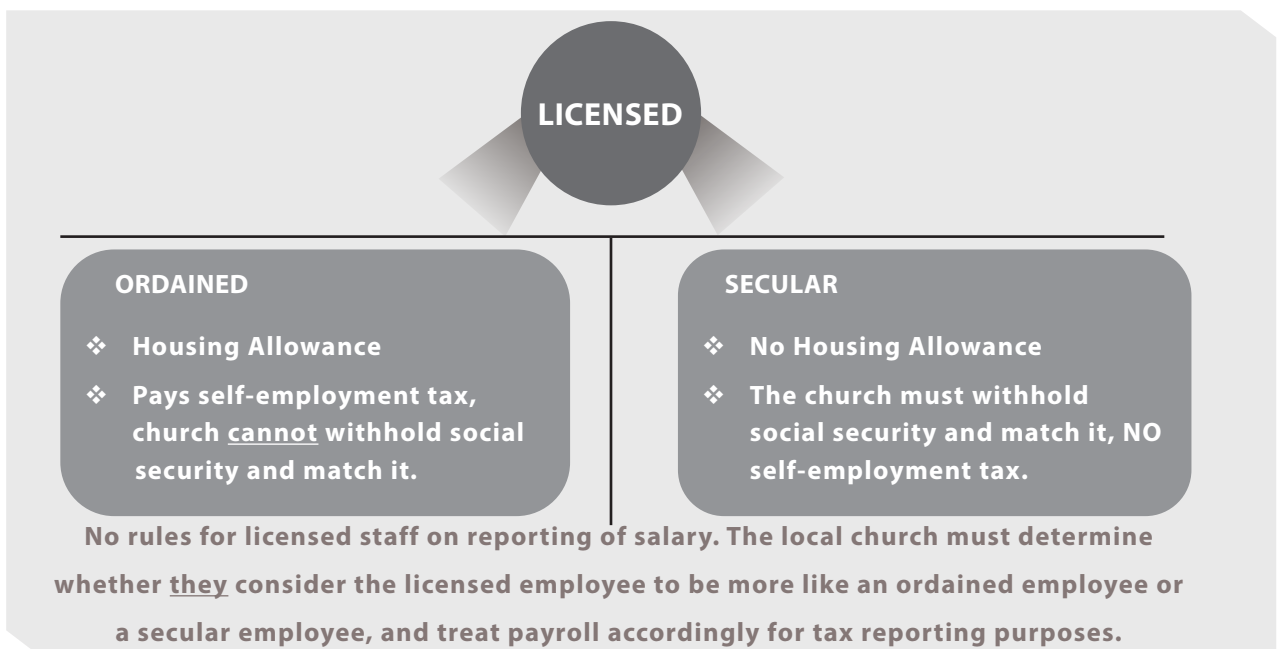
Who Is A Minister for Tax Purposes?

To qualify for the special tax provisions available to ministers, an individual must be a "minister" and must perform services "in the exercise of his ministry." The minimum requirement to qualify as a minister for tax purposes is that the individual must be a duly ordained, commissioned, or licensed minister of the church.

In addition to the minimum requirement, there must be other factors present in the role and responsibilities of the individual to qualify as a minister for tax purposes. These factors must be weighed and balanced together to see whether the individual qualifies. These are the factors to be considered:

- ❖ Does the minister administer "sacraments"?
- ❖ Does the minister conduct religious worship?
- ❖ Does the minister have management responsibility in a local church or religious denomination?
- ❖ Is the minister considered to be a religious leader by the church or denomination?

The IRS also recognizes that a minister for tax purposes may have the duties of teaching and administrative duties at theological seminaries and not just the duties listed in the factors above.



In summary, to be a minister for tax purposes, the individual must (1) have the recognized status of a minister in a church (i.e. ordained, commissioned, or licensed) AND (2) perform the functions or duties recognized by the IRS as the duties of a minister.

IRS Instructions for Reporting Minister's Income

All earnings received by a duly ordained, commissioned, or licensed minister from ministerial services are deemed to be income from a trade or business and are treated as earnings from self-employment for purposes of social security coverage.

In most, if not all, instances, a minister who is employed by a congregation on a salaried basis is a common-law employee, not a self-employed individual. Ministers who also receive fees directly from individuals for performing marriages, baptisms, and other personal services, must report those fees as earnings from self-employment. The correct way for ministers to report their income is as follows:

1. An employer (the church) is required to prepare a W-2 form showing the salary received (See IRS Pub. 1828). Travel allowances would be included as salary unless the minister is required to "account" to the employer church for the expenses. Accountable plans for employee business expenses are discussed in Chapter VI.

A housing allowance is not required to be reported on the W-2 form, provided the entire amount of the allowance is excludable under section 107 of the Code. However, the IRS prefers that the housing allowance be reported on Form W-2; and, if it is reported on Form W-2, it should be separately stated and properly described.

2. The minister should attach a Schedule C to the Form 1040 showing income and expenses related to self-employment such as revivals, weddings, funerals, etc.
3. Schedule SE should be attached to the return and should show in Part I, line 2, income from Schedule C and income from the W-2, plus the housing allowance.

Minister As An Employee vs. Contract Labor

A minister that serves as a supply minister, occasionally filling the pulpit or leading worship, would be classified as a contract laborer.

A minister that leads a revival, performs music at a revival, or serves as a guest speaker at a revival would also be classified as a contract laborer.

A minister that serves in an interim capacity such as a transitional pastor, would not be classified as a contract laborer, but an employee. A minister that serves in a position that is intended to be short-term but for an indefinite period of time would also be classified as an employee.

Withholding Taxes for Ministers

A minister's income is exempt from the withholding provisions of the law. However, duly ordained, licensed or commissioned ministers who are considered to have an employer-employee relationship with a church may request that income tax be withheld from their salary under the voluntary withholding provisions. The minister may also request additional withholding to cover amounts due for the self-employment tax.

Social Security Offset

When an employer provides extra payments to ordained ministers to pay all or part of the self-employment tax, the additional payment must be shown as taxable salary. This additional payment is often referred to as the "Social Security offset." Ordained, licensed or commissioned ministers are treated as self-employed taxpayers when computing their self-employment taxes on Schedule SE. (Licensed ministers may be treated as secular. See previous page.) Their rate of self-employment tax is 15.3%. It may be convenient to have the employer pay this amount on a quarterly basis to the minister to coincide with the due dates of his estimated tax payments.

Determining Self-Employment Income

Computation of Self-Employment Base

1. Salary from W-2	+ \$ _____
2. Schedule C Income	+ \$ _____
3. Value of Parsonage and/or Utilities Provided	+ \$ _____
4. Housing Allowance	+ \$ _____
5. Unreimbursed Moving Expense	- \$ _____
6. Unreimbursed Employee Business Expense	- \$ _____
7. TOTAL (enter on Schedule SE, Line 2)	\$ _____

Note: Both directly paid and reimbursement of moving expenses are now being reported as taxable salary.

Note: If the minister has opted out of self-employment tax by timely filing IRS Form 4361, this computation may be omitted.
Write "Exempt-Form 4361" on the self-employment line, Form 1040, Page 2.

How much should I withhold?

Federal Income Tax Withholding (Estimate)	10%
Self-employment Tax 14.13% of SE Wages (line 7 above)	14.13%
Oklahoma Income Tax Withholding	<u>5.00%</u>
Total Withholding (Estimate*)	29.13%

Use this estimate until the annual tax returns are filed and adjust to the tax return amounts.

Is It Income?

Generally, everything that is received as payment for personal services is included in gross income. For specific examples of exclusions and inclusions of gross income, see IRS publication 525, Taxable and Nontaxable Income. This publication can be found online at <http://www.irs.gov/pub/irs-pdf/p525.pdf>.

The Church Parsonage as Taxable Income

The tax treatment of a church parsonage is a complex area of tax law because there are so many variables that can affect the tax treatment. The rules differ depending on whether the employee living in the parsonage is ordained or secular. The rules also differ depending on whether the parsonage is located on church grounds or across town.

Ordained Employee

Ordained employees do not pay income tax on the rental value of the parsonage, nor do they pay income tax on the value of utilities provided by the church. However, they do pay self-employment tax on the value of the parsonage and utilities, if provided. The value of the parsonage is taxable for self-employment tax whether the parsonage is located on church grounds or not.

The rental value is not reported on the W-2 (unless it is shown as a memo item in Box 14). The church is not responsible for any of the self-employment taxes as the minister must report and pay his own on the income tax return.

Non-Ordained Employee

If the parsonage is located on church grounds (or touching church grounds), living in the parsonage is a condition of employment, and is for the convenience of the employer, then there is no federal or state income tax or Social Security or Medicare taxes on the imputed value of the parsonage. It is not a taxable event. Also, it should be noted that under the circumstances listed above, the utilities could also be provided tax free. In this situation, there are NO reporting requirements.

If the parsonage is NOT located on church grounds and does NOT TOUCH church premises, the non-ordained staff member must be taxed on the rental value of the house provided. If the utilities are also provided by the church, the cost of the utilities must also be taxed. The taxable salary of the staff member must be increased by the rental value (and utilities if provided). Social Security and Medicare wages must also be increased. Therefore, the church must withhold the applicable Social Security and Medicare taxes on the housing **and they must also match this amount!**

The church must make the determination on licensed staff members as to whether to treat them as ordained or secular. If a licensed staff member lives in a parsonage that is not on church grounds, the church will be responsible for matching Social Security and Medicare taxes if they elect to treat the individual as secular.

	Is the parsonage on or touching church grounds?	Are federal and state income taxes due?	Are Social Security and Medicare taxes due?
Non-Ordained Employee	Yes	No	No
	No	Yes	Yes

Gift or Bonus from the Employer

When an employer gives a love gift or bonus to an employee it is simply additional salary, and should be included in the W-2, Box 1. When the donors have been given receipts for deductible contributions to the church and the church pays the gift or bonus to the employee, it is taxable. Gifts other than cash should be considered at their fair market value; and if from the employer, included in the W-2. A common occurrence involves a contributor giving an auto to the church. The church then “pays” or transfers the auto to their pastor. The contributor should be given a statement that the auto was given to the church, then it is a Schedule A contribution at the Fair Market Value. The church then must include in the pastor’s income the Fair Market Value of the auto given as extra compensation.

Some confusion surrounds the tax treatment of employee gifts. An employer must determine whether its transfer to an employee is a taxable form of compensation given for services or whether it is a tax-free gift. Despite a change in the Tax Code that seems to emphatically support the compensation perspective of employer transfers, tax planners and preparers need to be aware that a few tax-free employee gift exceptions still exist.

Most Gifts from Employers Not Excludable from Income

A gift is a voluntary transfer of property from one person to another without valuable consideration or without being given compensation. For the most part, gifts are excludable from gross income. The voluntary generosity underlying gifts exempts these transfers from taxation. However, in 1986, the Tax Code was amended so that most amounts transferred by or for an employer, to, or for the benefit of, an employee were no longer excludable from gross income. Prior to this change, the controlling factor in the determination of a gift was the employer’s intent, not the employee’s perception of the nature of the payment. Since the change, almost all gifts are classified as taxable transfers given the employee as a form of compensation. The change was necessitated by a perceived increase in attempts by employers to disguise taxable compensation as tax-free gifts.

Exceptions to the Rule: Valid Tax-Free Gifts from an Employer

The De Minimis Gift (Non-Cash)

There are still some forms of employer transfers that are considered tax-free gifts. A *de minimis* fringe benefit qualifies as an excludable transfer. *De minimis* fringe benefits are transfers of property or services, the value of which, is so small that accounting for it becomes administratively impractical or unreasonable. One limitation on the exclusion of such a benefit involves the frequency with which the benefit is given. The more frequently an employee receives the property or service regardless of its value, the more the transfers begin to look like compensation and less like employee gifts. Also, gifts to promote employee goodwill, such as holiday turkeys and hams, fall into this category.

Length of Service and Safety Awards (Non-Cash)

Another form of an excludable transfer from an employer is an employee achievement award. Generally, prizes and awards are included in gross income. However, an employer may exclude from an employee’s taxable compensation the receipt of an achievement award in limited circumstances. Only length-of-service awards and safety achievement awards qualify as excludable awards.

A length-of-service award must be an item of tangible personal property—NOT CASH. These awards must be a presentation for length of service that is given under circumstances that do not create a likelihood of disguised compensation.

An employee achievement award must be provided for under an established written plan. A length-of-service award cannot be received during the employee's first five years of service, and cannot be awarded any more often than every five years.

The exclusion is available only to the extent that the cost of the award is within the allowable deduction limits of the employer. If the employer presents awards based on an established nondiscriminatory written plan or program, the deduction limit is \$1,600 per employee each year. Under such a qualified plan, the average cost of an award may not exceed \$400. However, the employer's deduction is limited to \$400 per employee each year for awards given under a non-qualified plan.

Example: You received three employee achievement awards during the year: a nonqualified plan award of a watch valued at \$250, and two qualified plan awards of a stereo valued at \$1,000 and a set of golf clubs valued at \$500. Each award by itself would be excludable, but since the total exceeds \$1,600, you must report \$150 (\$1,750 total received minus the \$1,600 limit).

The church can offer members of the congregation an opportunity to give tax-free love gifts to church employees at holidays and other special occasions by providing a money tree or passing the plate for a special collection. Ask that checks not be made to the church's name. These love gifts will not be recorded on the donors' contribution records nor will they be included in the employees's taxable wages.

Staff Honorariums after Departure from Service (Cash and Non-Cash)

Donative intent is the determining factor in characterizing ministerial honorariums as taxable or nontaxable gifts. Usually, these payments are made to ministers upon their retirement. Sometimes, the honorarium is bestowed upon a minister when the minister becomes ill or disabled. In either case, the payment is considered a nontaxable gift to the member of the clergy if it was motivated by the "love and affection" of the congregation.

In order to be reasonably certain that such payments will be tax free to the minister, the church should specify in the recorded actions of the governing body (e.g. business meeting minutes) that the authorized payments (1) are made without consideration for past services, (2) have no relation to salary or length of service, (3) are not conditioned on further services or on a consideration for an agreement to retire, (4) paid after the pastor's departure, and (5) but for love and affection.

It is important to remember that departing employees taking paid vacation after the last day of work are still employees until the paid vacation has ended. Tax free parting love gifts should not be given until the conclusion of the paid vacation.

The following section is from the IRS Minister Audit Technique Guide published in 2009:

Gift or Compensation for Services

You need to look at the facts and circumstances of each transfer. Some transfers are obvious gifts while others might actually be compensation for services.

IRC § 61(a) provides that gross income includes all income from whatever source derived unless specifically excluded by the Code. Compensation for services in whatever form received is definitely included in income. IRC § 102(a) excluded from gross income the value of property acquired by gift. Whether an item is a gift is a factual question and the taxpayer bears the burden of proof. The most significant fact is the intention of the taxpayer. The Supreme Court provided guidance in this area in two key cases which were summarized in Charles E Banks and Rose M Banks v. Commissioner, T.C. Memo. 1991-641 as follows:

"In Commissioner v. Duberstein, 363 U.S. 278, 4 L. Ed. 2d 1218, 80 S. Ct. 1190 (1960); at 285-286, the Supreme Court stated the governing principles in this area: the mere absence of a legal or moral obligation to make such a payment does not establish that it is a gift. And, importantly, if the payment proceeds primarily from "the constraining force of any moral or legal duty," or from "the incentive of anticipated benefit" of an economic nature, it is not a gift. And, conversely, "where the payment is in return for services rendered, it is irrelevant that the donor derives no economic benefit from it." A gift in the statutory sense, on the other hand, proceeds from a "detached and disinterested generosity," "out of affection, respect, admiration, charity or like impulses." And in this regard, the most critical consideration, is the transferor's "intention." "What controls is the intention with which payment, however voluntary, has been made."

The intention of the transferor is a question of fact to be determined by "the application of the fact-finding tribunal's experience with the mainsprings of human conduct to the totality of the facts of each case." Commissioner v. Duberstein, supra at 289. We must make an objective inquiry into the circumstances surrounding the transfer rather than relying on the transferor's subjective characterization of the transfer. Commissioner v. Duberstein, supra at 286; Bogardus v. Commissioner, 302 U.S. 34, 43 (1937).

In the Charles E Banks and Rose M Banks v. Commissioner, T.C. Memo. 1991-641, case a structured and organized transfer of cash from members of the church took place on four special days of each year. Prior to making the transfers, members of the Church met amongst themselves to discuss the transfers. The amounts of the transfers were significant. Several members testified in Court. Their testimony indicated "the primary reason for the transfers at issue was not detached and disinterested generosity, but rather, the church members' desire to reward petitioner for her services as a pastor and their desire that she remain in that capacity." The Court ruled the transfers were compensation for services hence included in gross income.

In Lloyd L. Goodwin v. U.S., 870 F. Supp 265, 269 (S.D. Iowa 1994), aff'd 67 F. 3d 149 (8th Cir. 1995), a similar situation existed. Cash was collected from the congregation as a whole on established special occasion days. The collection was done by the congregation leaders in a structured manner. The fact was revealed that the congregation knew that it probably could not retain the pastor's service at his relatively low salary without the additional payments. The Court ruled the funds as compensation for services, not gifts.

There are numerous court cases that ruled the organized authorization of funds to be paid to a retired minister at or near the time of retirement were gifts and not compensation for past services. Rev. Rul. 55-422, 1955-1 C.B. 14, discusses the fact pattern of those cases which would render the payments as gifts and not compensation.

The Tax Court had ruled in Potito v. Commissioner, T.C. Memo 1975-187, aff'd 534 F2d 49 (5th Cir. 1976), that the value of a boat, motor and boat trailer was included in gross income as payment for services. The taxpayer, a minister, had not produced any evidence regarding the intention of the donors that the transfer of the property was out of "detached and disinterested generosity".

Special Categories of Income

Interest Free Loans to Employees

Occasionally, churches loan money to employees in order for the employee to make major purchases or obtain housing. These loans are usually made without any interest or at a rate that is considerably below the market value of interest. Several problems can arise from such loans, including each of the following:

- ❖ Loans to officers and directors are not allowed by several state nonprofit corporation laws. Therefore, no church should make a loan, even with interest, to a minister who also serves as an officer or director of the church before determining whether such loans are allowed under current state law.
- ❖ Interest-free or low-interest loans made to employees may be seen as “inurement” of the church’s assets to the employee. This could endanger the tax-exempt status of the church. Also, the IRS is currently taking the position that these type loans constitute taxable income and if not reported as such, can subject the non-profit organization and its key employees and officers to substantial penalties as an excess benefit transaction.
- ❖ When a church loans \$10,000 or more, or when the loan is made with the intention of avoiding taxes, the value to the employee of receiving an interest-free or low-interest loan must be added to the employee’s reportable income. In other words, although loans to employees may be allowed by your state nonprofit corporation law, loans of \$10,000 or more must be recognized as income to the employee and must be reported on the employee’s W-2 and Form 1040. Failure to make this assessment could result in prohibited “inurement” of the church’s income to a private individual.

Debt Forgiveness

Occasionally, churches loan money to their ministers or other employees with no interest or very low interest, and sometimes the minister fails to repay the loan. Often in these situations, church treasurers are unsure of their responsibilities or how to manage the dilemma. In order to explain such a matter, consider this example:

The First Baptist Church has a newly employed youth pastor, Brother Baker. Upon arrival in the town, Brother Baker decides he would like to buy a house rather than rent one. Unable to afford the \$10,000 down payment, Brother Baker asks the church for a loan. The church decides to give Brother Baker a \$10,000 interest-free loan, requiring repayment in 36 payments of \$277.78. Brother Baker meets all of the payments in the first year of the loan, but in the second year he only paid one half of each of the payments. Shortly after the end of the second year, Brother Baker leaves town for a new position of pastor in another church and refuses to repay his existing balance on the loan, which is \$4,999.96. After several failed attempts at contacting Brother Baker, the church board decides to forgive the debt.

This situation is very confusing to most church treasurers, who wonder whether the forgiven debt should be considered income to the pastor. Most forgiven debt is ordinarily considered as taxable income to the debtor, which would hold true in this situation. Therefore, if a church makes a loan to a minister or other employee, which is later forgiven by the church, the treasurer should report the forgiven debt as income. The following guidelines should be followed concerning this situation:

- ❖ If a W-2 has not yet been issued by the church to the employee for his or her last year of employment, the forgiven debt should be included on the W-2.
- ❖ If a W-2 has already been issued to the employee, then a corrected W-2 should be issued. A corrected W-2 is prepared using a Form W-2C. Be sure to use the same year on Form W-2C as the original W-2.
- ❖ An employee who has been forgiven a debt would also be considered as receiving income from the lack of interest charged on the loan. In other words, because the employee paid no interest to the church, the amount of interest that he or she would have paid if the loan had been received at a financial institution with the prevailing commercial interest rate, must be considered as income as well. A loan of less than \$10,000 would not be subject to this rule, assuming that one of its principal purposes is not the avoidance of taxes.



Reporting Group-Term Life Insurance

If the church provides group-term life insurance coverage in excess of \$50,000 for church employees, the church must report additional, or “imputed”, income on the W-2 for the employees. The imputed income is reported in boxes 1, 3, 5, 12, and 16 on the W-2 (in box 12 report as C). For ministers, the imputed income is reported in boxes 1, 12, and 16 on the W-2 (in box 12 report as C).

The amount of imputed income is determined by using a table provided in IRS Publication 15-B. The amount of imputed income is based on the age of the employee and the amount of coverage.

Also, if the church provides group-term life insurance coverage in excess of \$2,000 on the life of a spouse or dependent of the employee, the church must include imputed income for that benefit as well.

IRS Uniform Premium Cost

Age Bracket	Cost Per \$1,000 of Coverage Per Month
Under 25	.05
25-29	.06
30-34	.08
35-39	.09
40-44	.10
45-49	.15
50-54	.23
55-59	.43
60-64	.66
65-69	1.27
70 and Above	2.06

Group Term Life Insurance Example

Patrick Pastor is 42 years old. The church pays the entire premium for a \$250,000 group term life insurance policy as part of his benefits package. He was employed for 11 months in 2017. The amount of imputed income for Patrick is computed as follows:

Step 1: $\$250,000 - \$50,000 = \$200,000$ (\$50,000 of life insurance is excludable from income)

Step 2: $\$200,000 / \$1,000 = 200$

Step 3: $200 \times .10$ (age factor from table in IRS Pub15-B) = \$20

Step 4: $\$20 \times 11$ months = \$220

This amount is then reported in boxes 1, 12, and 16 (in box 12 report as C)

Discretionary Funds

Discretionary funds that are not correctly administered by the church may be taxable to the church leader who is responsible for distributing money from a discretionary fund. Discretionary funds should have written guidelines specifying that the funds cannot be distributed to the church leader, or to his or her family. The written guidelines must also specify that every distribution must be reviewed by another church leader.

Discretionary fund distributions must fall within strict IRS definitions of charitable or needy. Charitable distributions include aid to the poor, distressed, or underprivileged. Distributions to the needy include aid to those who are:

1. Financially impoverished,
2. Temporarily lacking food or shelter and have no means of providing these necessities,
3. The victim of a natural or civil disaster, or
4. Temporarily not self-sufficient as a result of a sudden and severe personal or family crisis.

Church Credit and Debit Cards

Church Credit Card Policy

Employees provided a church credit card must adhere to certain requirements to maintain the privilege of having a church credit card. The church credit card cannot be used to obtain cash advances or for personal expenditures. All of the original receipts must be turned into the church office within 10 business days of the statement date. The business purpose for the expenditure must be noted on the receipt. Personal expenses that are discovered on a church credit card must be reimbursed by the employee or the personal expense will be deducted from the employee's next paycheck. The employee will be responsible to discuss any issue of missing receipts with _____ before the next payroll to avoid the payroll deduction.

The credit card limit will be \$ _____. Changes to this limit must be approved by the Finance Committee.

I have read and understood the statement of Church Credit Card Policy. By this form, I give permission for the church to withhold from my paycheck personal expenses incurred by me using the church credit card and also for items unsubstantiated by receipts. I will return the card to the church upon demand during the period of my employment. I further agree to return the card upon termination of employment.

Signature

Date

Church Credit Card Reporting

The church is required to verify EVERY charge made on the employee church credit cards with receipts provided by the employees. If receipts are not received in a timely manner, the church is required to add the amount of the unsubstantiated charges to the employee's W-2 Form as taxable wages. These additional wages will need to be added to the quarterly payroll tax forms. Because the church is charged interest on late credit card payments, a timely manner for credit card substantiation by the employee would be one that would allow for timely payments of the credit card bill by the employer. If a non-ordained employee fails to provide necessary substantiation, the employer may consider using a Form 1099 to report the income in order to avoid having to match social security taxes that would be due on W-2 income. Failure to report the income from unsubstantiated credit card expenses of employees could subject the church to a penalty of up to \$20,000 for aiding and abetting in the substantial understatement of taxable income.

Monies Gained from Embezzlement

When embezzlement has been committed at the church, the church may have reporting requirements to the IRS. When embezzlement is discovered at the church, the embezzler should disclose how much money was embezzled; make full restitution by paying back all embezzled funds, plus interest, within a specified period of time; and immediately and permanently be removed from any position within the church with access to church funds.

Often, the embezzler will be unable to repay the funds insisting that the funds have already been spent. This presents the church leaders with a difficult decision, since the embezzler has received unreported taxable income from the church.

When embezzlement occurs, the church reporting requirements differ on whether the identity of the embezzler and the amount of money taken are known by the church. If the person returns the money immediately or in accordance with a signed promissory note, then no reporting is necessary to the IRS. If, however, the embezzler and the amount taken is known and is not returned, the amount taken should be reported on a Form 1099 Misc in Box 3 (Other Income).

When it is clear that funds are missing, but the exact amount cannot be determined even if the identity of the embezzler is known, no Form 1099 Misc is filed. A Form 1099 Misc should be filed ONLY when the identity of the embezzler AND the amount misappropriated are both known. When the amount taken is uncertain, Form 3949 A 'Information Referral' should be filed with the IRS. On Question 3, "Alleged Violation of Income Tax Law" (Check all that apply), check the box "Unreported Income". These forms should be sent to the Internal Revenue Service, Stop C2003, Fresno, CA 93888.

The IRS should launch an investigation based upon the information provided. There is also an IRS Tax Fraud Referral Hotline (1-800-829-0433). This is an automated line with instructions for how to obtain the Form 3949 A at www.irs.gov/forms.

Use this form to report suspected tax law violations by a person or a business.

CAUTION: READ THE INSTRUCTIONS BEFORE COMPLETING THIS FORM. There may be other more appropriate forms specific to your complaint. (For example, if you suspect your identity was stolen, use Form 14039.)

Section A – Information About the Person or Business You Are Reporting

Complete 1, if you are reporting an Individual. Complete 2, if you are reporting a business only. Complete 1 and 2 if you are reporting a business and its owner. (Leave blank any lines you do not know.)

1a. Name of individual		b. Social Security Number/TIN		c. Date of birth	
d. Street address		e. City		f. State <input type="text"/>	g. ZIP code
h. Occupation		i. Email address			
j. Marital status <i>(check one, if known)</i> <input type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Head of Household <input type="checkbox"/> Divorced <input type="checkbox"/> Separated				k. Name of spouse	
2a. Name of business		b. Employer Tax ID number (EIN)		c. Telephone number	
d. Street address		e. City		f. State <input type="text"/>	g. ZIP code
h. Email address		i. Website			

Section B – Describe the Alleged Violation of Income Tax Law

3. Alleged violation of income tax law. *(Check all that apply.)*

<input type="checkbox"/> False Exemption	<input type="checkbox"/> Unsubstantiated Income	<input type="checkbox"/> Unreported Income	<input type="checkbox"/> Failure to Withhold Tax
<input type="checkbox"/> False Deductions	<input type="checkbox"/> Earned Income Credit	<input type="checkbox"/> Narcotics Income	<input type="checkbox"/> Failure to File Return
<input type="checkbox"/> Multiple Filings	<input type="checkbox"/> Public/Political Corruption	<input type="checkbox"/> Kickback	<input type="checkbox"/> Failure to Pay Tax
<input type="checkbox"/> Organized Crime	<input type="checkbox"/> False/Altered Documents	<input type="checkbox"/> Wagering/Gambling	<input type="checkbox"/> Other <i>(describe in 5)</i>

4. Unreported income and tax years
 Fill in Tax Years and dollar amounts, if known *(e.g., TY 2010- \$10,000)*
 TY ____ \$ _____ TY ____ \$ _____ TY ____ \$ _____ TY ____ \$ _____ TY ____ \$ _____

5. Comments *(Briefly describe the facts of the alleged violation-Who/What/Where/When/How you learned about and obtained the information in this report. Attach another sheet, if needed.)*

6. Additional information. Answer these questions, if possible. Otherwise, leave blank.

a. Are book/records available? *(If available, do not send now. We will contact you, if they are needed for an investigation.)* Yes No

b. Do you consider the taxpayer dangerous? Yes No

c. Banks, Financial Institutions used by the taxpayer

Name			Name		
Street address			Street address		
City	State <input type="text"/>	ZIP code	City	State <input type="text"/>	ZIP code

Section C – Information About Yourself

(We never share this information with the person or business you are reporting.)
 This information is not required to process your report, but would be helpful if we need to contact you for any additional information.

7a. Your name		b. Telephone number		c. Best time to call	
d. Street address		e. City		f. State <input type="text"/>	g. ZIP code

Please print and send your completed form to: Internal Revenue Service
 Stop 31313
 Fresno, CA 93888

Forms Used to Report Income and Withholding

Examples of the following income and withholding reporting forms are included in this section: IRS Form 941: Employer’s Quarterly Federal Tax Return; IRS Form W-11: HIRE Act Employee Affidavit; IRS Form 944: Employer’s Annual Federal Tax Return; IRS Form W-2 for ministers; IRS Form W-2 for non-ministers; IRS Form W-3 Transmittal

Employer identification number (EIN) -

Name (not your trade name)

Trade name (if any)

Address
Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Report for this Quarter of 2020
 (Check one.)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Go to www.irs.gov/Form941 for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

Part 1: Answer these questions for this quarter.

1 Number of employees who received wages, tips, or other compensation for the pay period including: *June 12* (Quarter 2), *Sept. 12* (Quarter 3), or *Dec. 12* (Quarter 4) . . . 1

2 Wages, tips, and other compensation . . .
Always include ordained minister's taxable salary

3 Federal income tax withheld from wages, tips, and other compensation . . .
Include minister's voluntary withholding

4 If no wages, tips, and other compensation are subject to social security or Medicare tax Check and go to line 6.

	Column 1		Column 2
5a Taxable social security wages . . .	<input type="text" value="3,019.50"/>	$\times 0.124 =$	<input type="text" value="374.42"/>
5a (i) Qualified sick leave wages . . .	<input type="text" value="."/>	$\times 0.062 =$	<input type="text" value="."/>
5a (ii) Qualified family leave wages . . .	<input type="text" value="3,019.50"/>	$\times 0.062 =$	<input type="text" value="87.57"/>
5b Taxable social security tips . . .	<input type="text" value="."/>	$\times 0.124 =$	<input type="text" value="."/>
5c Taxable Medicare wages & tips . . .	<input type="text" value="."/>	$\times 0.029 =$	<input type="text" value="."/>
5d Taxable wages & tips subject to Additional Medicare Tax withholding . . .	<input type="text" value="."/>	$\times 0.009 =$	<input type="text" value="."/>

Never include ordained minister's taxable salary

Don't forget to check the box if Section 5 is blank

If exceeding \$200,000 for Single, \$250,000 for Married Filing Jointly

5e Total social security and Medicare taxes. Add Column 2 from lines 5a, 5a(i), 5a(ii), 5b, 5c, and 5d **5e**

5f Section 3121(q) Notice and Demand—Tax due on unreported tips (see instructions) . . . **5f**

6 Total taxes before adjustments. Add lines 3, 5e, and 5f . . . **6**

7 Current quarter's adjustment for fractions of cents . . . **7**

8 Current quarter's adjustment for sick pay . . . **8**

9 Current quarter's adjustments for tips and group-term life insurance . . . **9**

10 Total taxes after adjustments. Combine lines 6 through 9 . . . **10**

11a Qualified small business payroll tax credit for increasing research activities. Attach Form 8974 **11a**

11b Nonrefundable portion of credit for qualified sick and family leave wages from Worksheet 1 **11b**

11c Nonrefundable portion of employee retention credit from Worksheet 1 . . . **11c**

Name (not your trade name)

Employer identification number (EIN)

Part 1: Answer these questions for this quarter. (continued)

11d Total nonrefundable credits. Add lines 11a, 11b, and 11c 11d

12 Total taxes after adjustments and nonrefundable credits. Subtract line 11d from line 10 12

13a Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, or 944-X (SP) filed in the current quarter 13a

13b Deferred amount of the employer share of social security tax 13b

13c Refundable portion of credit for qualified sick and family leave wages from Worksheet 1 13c

13d Refundable portion of employee retention credit from Worksheet 1 13d

13e Total deposits, deferrals, and refundable credits. Add lines 13a, 13b, 13c, and 13d 13e

13f Total advances received from filing Form(s) 7200 for the quarter 13f

13g Total deposits, deferrals, and refundable credits less advances. Subtract line 13f from line 13e 13g

14 Balance due. If line 12 is more than line 13g, enter the difference and see instructions 14

15 Overpayment. If line 13g is more than line 12, enter the difference Check one: Apply to next return. Send a refund.

Part 2: Tell us about your deposit schedule and tax liability for this quarter.

If you're unsure about whether you're a monthly schedule depositor or a semiweekly schedule depositor, see section 11 of Pub. 15.

16 Check one: Line 12 on this return is less than \$2,500 or line 12 on the return for the prior quarter was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. If line 12 for the prior quarter was less than \$2,500 but line 12 on this return is \$100,000 or more, you must provide a record of your federal tax liability. If you're a monthly schedule depositor, complete the deposit schedule below; if you're a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.

You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter, then go to Part 3.

Tax liability: Month 1

Month 2

Month 3

Total liability for quarter Total must equal line 12.

You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941. Go to Part 3.

▶ You MUST complete all three pages of Form 941 and SIGN it.

Next ▶▶

Name (not your trade name)

Employer identification number (EIN)

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

- 17 If your business has closed or you stopped paying wages... 18 If you're a seasonal employer... 19 Qualified health plan expenses allocable to qualified sick leave wages... 20 Qualified health plan expenses allocable to qualified family leave wages... 21 Qualified wages for the employee retention credit... 22 Qualified health plan expenses allocable to wages reported on line 21... 23 Credit from Form 5884-C, line 11, for this quarter... 24 Qualified wages paid March 13 through March 31, 2020, for the employee retention credit... 25 Qualified health plan expenses allocable to wages reported on line 24...

Part 4: May we speak with your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

Yes. Designee's name and phone number

Select a 5-digit personal identification number (PIN) to use when talking to the IRS.

No.

Part 5: Sign here. You MUST complete all three pages of Form 941 and SIGN it.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Signature line

Print your name here

Print your title here

Date

Best daytime phone

Paid Preparer Use Only

Check if you're self-employed

Preparer's name, signature, firm's name, address, city, state, PTIN, date, EIN, phone, ZIP code

Form 941-V, Payment Voucher

Purpose of Form

Complete Form 941-V if you're making a payment with Form 941. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

Making Payments With Form 941

To avoid a penalty, make your payment with Form 941 **only if**:

- Your total taxes after adjustments and nonrefundable credits (Form 941, line 12) for either the current quarter or the preceding quarter are less than \$2,500, you didn't incur a \$100,000 next-day deposit obligation during the current quarter, and you're paying in full with a timely filed return; or
- You're a monthly schedule depositor making a payment in accordance with the Accuracy of Deposits Rule. See section 11 of Pub. 15 for details. In this case, the amount of your payment may be \$2,500 or more.

Otherwise, you must make deposits by electronic funds transfer. See section 11 of Pub. 15 for deposit instructions. Don't use Form 941-V to make federal tax deposits.



Use Form 941-V when making any payment with Form 941. However, if you pay an amount with Form 941 that should've been deposited, you may be subject to a penalty. See Deposit Penalties in section 11 of Pub. 15.

Specific Instructions

Box 1—Employer identification number (EIN). If you don't have an EIN, you may apply for one online by visiting the IRS website at www.irs.gov/EIN. You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If you haven't received your EIN by the due date of Form 941, write "Applied For" and the date you applied in this entry space.

Box 2—Amount paid. Enter the amount paid with Form 941.

Box 3—Tax period. Darken the circle identifying the quarter for which the payment is made. Darken only one circle.

Box 4—Name and address. Enter your name and address as shown on Form 941.

- Enclose your check or money order made payable to "United States Treasury." Be sure to enter your EIN, "Form 941," and the tax period ("1st Quarter 2020," "2nd Quarter 2020," "3rd Quarter 2020," or "4th Quarter 2020") on your check or money order. Don't send cash. Don't staple Form 941-V or your payment to Form 941 (or to each other).

- Detach Form 941-V and send it with your payment and Form 941 to the address in the Instructions for Form 941.

Note: You must also complete the entity information above Part 1 on Form 941.

✂ **Detach Here and Mail With Your Payment and Form 941.** ✂

Form 941-V Department of the Treasury Internal Revenue Service	Payment Voucher ▶ Don't staple this voucher or your payment to Form 941.	OMB No. 1545-0029 2020								
1 Enter your employer identification number (EIN).	2 Enter the amount of your payment. ▶ Make your check or money order payable to "United States Treasury"	Dollars Cents								
3 Tax Period	4 Enter your business name (individual name if sole proprietor).									
<table style="width: 100%; text-align: center;"> <tr> <td style="width: 50%;">1st Quarter</td> <td style="width: 50%;">3rd Quarter</td> </tr> <tr> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr> <td>2nd Quarter</td> <td>4th Quarter</td> </tr> <tr> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> </table>	1st Quarter	3rd Quarter	<input type="radio"/>	<input type="radio"/>	2nd Quarter	4th Quarter	<input type="radio"/>	<input type="radio"/>	Enter your address.	
1st Quarter	3rd Quarter									
<input type="radio"/>	<input type="radio"/>									
2nd Quarter	4th Quarter									
<input type="radio"/>	<input type="radio"/>									
	Enter your city, state, and ZIP code; or your city, foreign country name, foreign province/county, and foreign postal code.									

Instructions for Form 941

(Rev. April 2020)



Department of the Treasury
Internal Revenue Service

Employer's QUARTERLY Federal Tax Return

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 941 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form941](https://www.irs.gov/Form941).

At the time these instructions went to print, Congress was considering changes to some of the recent legislation discussed in these instructions. If new legislation impacts these instructions, updates will be posted to [IRS.gov/Form941](https://www.irs.gov/Form941).

What's New

Changes to Form 941 for coronavirus (COVID-19) related employment tax credits and other tax relief. The following significant changes have been made to Form 941 to allow for the reporting of new employment tax credits and other tax relief related to COVID-19.

- The new credit for qualified sick and family leave wages is reported on line 11b and, if applicable, line 13c. The employee share of social security tax on qualified sick and family leave wages is reported on lines 5a(i) and 5a(ii). Qualified sick and family leave wages aren't subject to the employer share of social security tax. Qualified sick and family leave wages not included on lines 5a(i) and 5a(ii) because the wages reported on that line are limited by the social security wage base are included on line 5c. Qualified health plan expenses allocable to qualified sick and family leave wages are reported on lines 19 and 20. See the instructions for line [11b](#) for information about the new credit for qualified sick and family leave wages.
- The new employee retention credit is reported on line 11c and, if applicable, line 13d. Qualified wages (excluding qualified health plan expenses) for the employee retention credit are reported on line 21 (these amounts should also be included as wages on lines 5a and 5c, and, if applicable, line 5d). Qualified health plan expenses allocable to the qualified wages for the employee retention credit are reported on line 22. For the second quarter Form 941 only, qualified wages (excluding qualified health plan expenses) for the employee retention credit and qualified health plan expenses allocable to the qualified wages for the period from March 13, 2020, to March 31, 2020, are reported on lines 24 and 25, respectively. See the instructions for line [11c](#) for information about the new employee retention credit.
- Employers, including government employers, can defer the deposit and payment of the employer share of social security tax otherwise due during the calendar quarter. The amount of deferral is reported on line 13b. See the instructions for line [13b](#) for more information.
- Employers that requested an advance of the sick and family leave credit and/or the employee retention credit would have filed a Form 7200, Advance Payment of Employer Credits Due to COVID-19, for the quarter. The amount of all advances received from Forms 7200 filed for the quarter is reported on line 13f. See the instructions for line [13f](#) for more information.

- The credit for qualified sick and family leave wages (reported on lines 11b and 13c) and the employee retention credit (reported on lines 11c and 13d) are figured on [Worksheet 1](#).



Don't use the April 2020 revision of Form 941 to report employment taxes for the first quarter of 2020. Use the January 2020 revision of Form 941 to report employment taxes for the first quarter of 2020.

Reminders

2020 withholding tables. The federal income tax withholding tables are included in Pub. 15-T, Federal Income Tax Withholding Methods.

Social security and Medicare tax for 2020. The social security tax rate is 6.2% each for the employee and employer, unchanged from 2019. The social security wage base limit is \$137,700.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2019. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,200 or more in cash wages in 2020. Social security and Medicare taxes apply to election workers who are paid \$1,900 or more in cash or an equivalent form of compensation in 2020.

Qualified small business payroll tax credit for increasing research activities. For tax years beginning after 2015, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit against the employer share of social security tax. The payroll tax credit must be elected on an original income tax return that is timely filed (including extensions). The portion of the credit used against the employer share of social security tax is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The election and determination of the credit amount that will be used against the employer share of social security tax are made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities. Form 8974 is used to determine the amount of the credit that can be used in the current quarter. The amount from Form 8974, line 12, is reported on Form 941, line 11a. If you're claiming the research payroll tax credit on your Form 941, you must attach Form 8974 to that Form 941. For more information about the payroll tax credit, see Notice 2017-23, 2017-16 I.R.B. 1100, available at [IRS.gov/irb/2017-16_IRB#NOT-2017-23](https://www.irs.gov/irb/2017-16_IRB#NOT-2017-23), and [IRS.gov/ResearchPayrollTC](https://www.irs.gov/ResearchPayrollTC). Also see [Adjusting tax liability for nonrefundable credits claimed on lines 11a, 11b, and 11c](#), later.

Certification program for professional employer organizations (PEOs). The Stephen Beck, Jr., ABLE Act of 2014 required the IRS to establish a voluntary certification program

for PEOs. PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go to [IRS.gov/CPEO](https://www.irs.gov/CPEO).

CPEOs must generally file Form 941 and Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, electronically. However, CPEOs are permitted to file a paper Form 941 and its accompanying schedules in lieu of electronic submissions for the second, third, and fourth quarters of calendar year 2020. For more information about a CPEO's requirement to file electronically, and the waiver for 2020, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14), and Notice 2020-35, 2020-25 I.R.B. 948, available at [IRS.gov/irb/2020-25_IRB#NOT-2020-35](https://www.irs.gov/irb/2020-25_IRB#NOT-2020-35).

Outsourcing payroll duties. Generally, as an employer, you're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. Before you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer, such as a payroll service provider or reporting agent, go to [IRS.gov/OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic. If a CPEO pays wages and other compensation to an individual performing services for you, and the services are covered by a contract described in section 7705(e)(2) between you and the CPEO (CPEO contract), then the CPEO is generally treated for employment tax purposes as the employer, but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal employment taxes imposed on wages and other compensation paid by the CPEO to such employees. For more information on the different types of third-party payer arrangements, see section 16 in Pub. 15.

Aggregate Form 941 filers. Approved section 3504 agents and CPEOs must complete and file Schedule R (Form 941) when filing an aggregate Form 941. Aggregate Forms 941 are filed by agents approved by the IRS under section 3504. To request approval to act as an agent for an employer, the agent files Form 2678 with the IRS unless you're a state or local government agency acting as an agent under the special procedures provided in Rev. Proc. 2013-39, 2013-52 I.R.B. 830, available at [IRS.gov/irb/2013-52_IRB#RP-2013-39](https://www.irs.gov/irb/2013-52_IRB#RP-2013-39). Aggregate Forms 941 are also filed by CPEOs approved by the IRS under section 7705. To become a CPEO, the organization must apply through the

IRS Online Registration System at [IRS.gov/CPEO](https://www.irs.gov/CPEO). CPEOs file Form 8973, Certified Professional Employer Organization/Customer Reporting Agreement, to notify the IRS that they started or ended a service contract with a customer. CPEOs must generally file Form 941 and Schedule R (Form 941) electronically. However, CPEOs are permitted to file a paper Form 941 and its accompanying schedules in lieu of electronic submissions for the second, third, and fourth quarters of calendar year 2020. For more information about a CPEO's requirement to file electronically, and the waiver for 2020, see Rev. Proc. 2017-14, 2017-3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB#RP-2017-14](https://www.irs.gov/irb/2017-03_IRB#RP-2017-14), and Notice 2020-35, 2020-25 I.R.B. 948, available at [IRS.gov/irb/2020-25_IRB#NOT-2020-35](https://www.irs.gov/irb/2020-25_IRB#NOT-2020-35). Schedule R (Form 941) has been modified to include information about the employer's credit for qualified sick and family leave wages, the employee retention credit, and the deferral of the employer share of social security tax.

Other third-party payers that file aggregate Forms 941, such as non-certified PEOs, must complete and file Schedule R (Form 941) if they have clients that are claiming the qualified small business payroll tax credit for increasing research activities, the credit for qualified sick and family leave wages, or the employee retention credit, or clients deferring the employer share of social security tax.

TIP *If both an employer and a section 3504 authorized agent (or CPEO or other third-party payer) paid wages to an employee during a quarter, both the employer and the section 3504 authorized agent (or CPEO or other third-party payer, if applicable) should file Form 941 reporting the wages each entity paid to the employee during the applicable quarter and issue Forms W-2 reporting the wages each entity paid to the employee during the year.*

If a third-party payer of sick pay is also paying qualified sick leave wages on behalf of an employer, the third party would be making the payments as an agent of the employer. The employer is required to do the reporting and payment of employment taxes with respect to the qualified sick leave wages and claim the credit for the qualified sick leave wages, unless the employer has an agency agreement with the third-party payer that requires the third-party payer to do the collecting, reporting, and/or paying or depositing employment taxes on the qualified sick leave wages. If the employer has an agency agreement with the third-party payer, the third-party payer includes the qualified sick leave wages on the third party's aggregate Form 941, claims the sick leave credit on behalf of the employer on the aggregate Form 941, and separately reports the credit allocable to the employees on Schedule R (Form 941). See section 6 of Pub. 15-A, Employer's Supplemental Tax Guide, for more information about sick pay reporting.

Work opportunity tax credit for qualified tax-exempt organizations hiring qualified veterans. Qualified tax-exempt organizations that hire eligible unemployed veterans may be able to claim the work opportunity tax credit against their payroll tax liability using Form 5884-C. For more information, go to [IRS.gov/WOTC](https://www.irs.gov/WOTC).

Correcting a previously filed Form 941. If you discover an error on a previously filed Form 941, make the correction using Form 941-X. Form 941-X is filed separately from Form 941. For more information, see the Instructions for Form 941-X, section 13 of Pub. 15, or go to [IRS.gov/CorrectingEmploymentTaxes](https://www.irs.gov/CorrectingEmploymentTaxes).

Federal tax deposits must be made by electronic funds transfer (EFT). You must use EFT to make all federal tax deposits. Generally, an EFT is made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of the Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

For more information on making federal tax deposits, see section 11 of Pub. 15. To get more information about EFTPS or to enroll in EFTPS, go to [EFTPS.gov](https://www.irs.gov/eftps), or call 800-555-4477 or 800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966.



For an EFTPS deposit to be on time, you must submit the deposit by 8 p.m. Eastern time the day before the date the deposit is due.

Same-day wire payment option. If you fail to submit a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Collection Service (FTCS) to make a same-day wire payment. To use the same-day wire payment method, you will need to make arrangements with your financial institution ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you will need to give your financial institution to make a same-day wire payment, go to [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

Timeliness of federal tax deposits. If a deposit is required to be made on a day that isn't a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. The term "legal holiday" for deposit purposes includes only those legal holidays in the District of Columbia. Legal holidays in the District of Columbia are provided in section 11 of Pub. 15.

Electronic filing and payment. Businesses can enjoy the benefits of filing tax returns and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make filing and paying easier. Spend less time worrying about taxes and more time running your business. Use e-file and EFTPS to your benefit.

- For e-file, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/employmentefile) for additional information. A fee may be charged to file electronically.
- For EFTPS, go to [EFTPS.gov](https://www.irs.gov/eftps), or call EFTPS Customer Service at 800-555-4477 or 800-733-4829 (TDD) for additional information.
- For electronic filing of Forms W-2, Wage and Tax Statement, go to [SSA.gov/employer](https://www.ssa.gov/employer). You may be required to file Forms W-2 electronically. For details, see the General Instructions for Forms W-2 and W-3.



If you're filing your tax return or paying your federal taxes electronically, a valid employer identification number (EIN) is required at the time the return is filed or the payment is made. If a valid EIN isn't provided, the return or payment won't be processed. This may result in penalties. See [Employer identification number \(EIN\)](#), later, for information about applying for an EIN.

Electronic funds withdrawal (EFW). If you file Form 941 electronically, you can e-file and use EFW to pay the balance due in a single step using tax preparation software or through a tax professional. However, don't use EFW to make federal tax deposits. For more information on paying your taxes using EFW, go to [IRS.gov/EFW](https://www.irs.gov/efw).

Credit or debit card payments. You can pay the balance due shown on Form 941 by credit or debit card. Your payment will be processed by a payment processor who will charge a processing fee. Don't use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, go to [IRS.gov/PayByCard](https://www.irs.gov/PayByCard).

Online payment agreement. You may be eligible to apply for an installment agreement online if you can't pay the full amount of tax you owe when you file your return. For more information, see [What if you can't pay in full](#), later.

Paid preparers. If you use a paid preparer to complete Form 941, the paid preparer must complete and sign the paid preparer's section of the form.

Where can you get telephone help? For answers to your questions about completing Form 941 or tax deposit rules, you can call the IRS at 800-829-4933 or 800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability), Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time).

Photographs of missing children. The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

General Instructions:

Purpose of Form 941

These instructions give you some background information about Form 941. They tell you who must file Form 941, how to complete it line by line, and when and where to file it.

If you want more in-depth information about payroll tax topics relating to Form 941, see Pub. 15 or go to [IRS.gov/EmploymentTaxes](https://www.irs.gov/EmploymentTaxes).

Federal law requires you, as an employer, to withhold certain taxes from your employees' pay. Each time you pay wages, you must withhold—or take out of your employees' pay—certain amounts for federal income tax, social security tax, and Medicare tax. You must also withhold Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.

Federal law also requires you to pay any liability for the employer share of social security and Medicare taxes. This

share of social security and Medicare taxes isn't withheld from employees.

Who Must File Form 941?

If you pay wages subject to federal income tax withholding or social security and Medicare taxes, you must file Form 941 quarterly to report the following amounts.

- Wages you've paid.
- Tips your employees reported to you.
- Federal income tax you withheld.
- Both the employer and the employee share of social security and Medicare taxes.
- Additional Medicare Tax withheld from employees.
- Current quarter's adjustments to social security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance.
- Deferred amount of the employer share of social security tax.
- Qualified small business payroll tax credit for increasing research activities.
- Credit for qualified sick and family leave wages.
- Employee retention credit.

Don't use Form 941 to report backup withholding or income tax withholding on nonpayroll payments such as pensions, annuities, and gambling winnings. Report these types of withholding on Form 945, Annual Return of Withheld Federal Income Tax. Also, don't use Form 941 to report unemployment taxes. Report unemployment taxes on Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

After you file your first Form 941, you must file a return for each quarter, even if you have no taxes to report, unless you filed a final return or one of the exceptions listed next applies.

Exceptions

Special rules apply to some employers.

- If you received notification to file **Form 944**, you must file Form 944 annually; don't file Form 941 quarterly.
- **Seasonal employers** don't have to file a Form 941 for quarters in which they have no tax liability because they have paid no wages. To tell the IRS that you won't file a return for one or more quarters during the year, check the box on line 18 every quarter you file Form 941. See section 12 of Pub. 15 for more information.
- Employers of **household employees** don't usually file Form 941. See Pub. 926 and Schedule H (Form 1040 or 1040-SR) for more information.
- Employers of **farm employees** don't file Form 941 for wages paid for agricultural labor. See Form 943 and Pub. 51 for more information.

TIP *If none of the above exceptions applies and you haven't filed a final return, you must file Form 941 each quarter even if you didn't pay wages during the quarter. Use IRS e-file, if possible.*

Requesting To File Forms 941 Instead of Form 944, or Requesting To File Form 944 Instead of Forms 941

Requesting to file Forms 941 instead of Form 944. Employers that would otherwise be required to file Form 944, Employer's ANNUAL Federal Tax Return, may contact the IRS to request to file quarterly Forms 941 instead of annual Form 944. To request to file quarterly Forms 941 to report

your social security and Medicare taxes for the 2020 calendar year, you must either call the IRS at 800-829-4933 between January 1, 2020, and April 1, 2020, or send a written request postmarked between January 1, 2020, and March 16, 2020. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed to Forms 941. You must receive written notice from the IRS to file Forms 941 instead of Form 944 before you may file these forms. If you don't receive this notice, you must file Form 944 for calendar year 2020.

Requesting to file Form 944 instead of Forms 941. If you're required to file Forms 941 but believe your employment taxes for calendar year 2020 will be \$1,000 or less, you may request to file Form 944 instead of Forms 941 by calling the IRS at 800-829-4933 between January 1, 2020, and April 1, 2020, or sending a written request postmarked between January 1, 2020, and March 16, 2020. After you contact the IRS, the IRS will send you a written notice that your filing requirement has been changed to Form 944. You must receive written notice from the IRS to file Form 944 instead of Forms 941 before you may file this form. If you don't receive this notice, you must file Forms 941 for calendar year 2020.

Where to send written requests. Written requests should be sent to:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0038

or
Department of the Treasury
Internal Revenue Service
Cincinnati, OH 45999-0038

If you would mail your return filed without a payment to Ogden, as shown under [Where Should You File](#), later, send your request to the Ogden address shown above. If you would mail your return filed without a payment to Kansas City, send your request to the address for Cincinnati shown above. For more information about these procedures, see Rev. Proc. 2009-51, 2009-45 I.R.B. 625, available at [IRS.gov/irb/2009-45_IRB#RP-2009-51](https://www.irs.gov/irb/2009-45_IRB#RP-2009-51).

What if You Reorganize or Close Your Business?

If You Sell or Transfer Your Business . . .

If you sell or transfer your business during the quarter, you and the new owner must each file a Form 941 for the quarter in which the transfer occurred. Report only the wages you paid.

When two businesses merge, the continuing firm must file a return for the quarter in which the change took place and the other firm should file a final return.

Changing from one form of business to another—such as from a sole proprietorship to a partnership or corporation—is considered a transfer. If a transfer occurs, you may need a new EIN. See Pub. 1635 and section 1 of Pub. 15 for more information.

Attach a statement to your return with:

- The new owner's name (or the new name of the business);
- Whether the business is now a sole proprietorship, partnership, or corporation;
- The kind of change that occurred (a sale or transfer);
- The date of the change; and

- The name of the person keeping the payroll records and the address where those records will be kept.

If Your Business Has Closed . . .

If you permanently go out of business or stop paying wages to your employees, you must file a final return. To tell the IRS that Form 941 for a particular quarter is your final return, check the box on line 17 and enter the final date you paid wages. Also attach a statement to your return showing the name of the person keeping the payroll records and the address where those records will be kept.

See *Terminating a business* in the General Instructions for Forms W-2 and W-3 for information about earlier dates for the expedited furnishing and filing of Forms W-2, Wage and Tax Statement, when a final Form 941 is filed.

If you participated in a statutory merger or consolidation, or qualify for predecessor-successor status due to an acquisition, you should generally file Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations. See the Instructions for Schedule D (Form 941) to determine whether you should file Schedule D (Form 941) and when you should file it.

When Must You File?

File your initial Form 941 for the quarter in which you first paid wages that are subject to social security and Medicare taxes or subject to federal income tax withholding. See the table titled [When To File Form 941](#), later.

Then you must file for every quarter after that—every 3 months—even if you have no taxes to report, unless you're a seasonal employer or are filing your final return. See [Seasonal employers](#) and [If Your Business Has Closed](#), earlier.

File Form 941 only once for each quarter. If you filed electronically, don't file a paper Form 941. For more information about filing Form 941 electronically, see [Electronic filing and payment](#), earlier.

When To File Form 941

Your Form 941 is due by the last day of the month that follows the end of the quarter.		
The Quarter Includes . . .	Quarter Ends	Form 941 Is Due
1. January, February, March	March 31	April 30
2. April, May, June	June 30	July 31
3. July, August, September	September 30	October 31
4. October, November, December	December 31	January 31

For example, you must generally report wages you pay during the first quarter—which is January through March—by April 30. If you made timely deposits in full payment of your taxes for the quarter, you may file by the 10th day of the second month that follows the end of the quarter. For example, you may file Form 941 by May 10 if you made timely deposits in full payment of your taxes for the first quarter.

If we receive Form 941 after the due date, we will treat Form 941 as filed on time if the envelope containing Form 941 is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service

(PDS) on or before the due date. If you don't follow these guidelines, we will generally consider Form 941 filed when it is actually received. For more information about PDSs, see [Where Should You File](#), later.

If any due date for filing falls on a Saturday, Sunday, or legal holiday, you may file your return on the next business day.

How Should You Complete Form 941?


Type or print your EIN, name, and address in the spaces provided. Also enter your name and EIN on the top of pages 2 and 3. Don't use your social security number (SSN) or individual taxpayer identification number (ITIN). Generally, enter the business (legal) name you used when you applied for your EIN. For example, if you're a sole proprietor, enter "Haleigh Smith" on the "Name" line and "Haleigh's Cycles" on the "Trade name" line. Leave the "Trade name" line blank if it is the same as your "Name."


If you use a tax preparer to fill out Form 941, make sure the preparer shows your business name exactly as it appeared when you applied for your EIN.

Employer identification number (EIN). To make sure businesses comply with federal tax laws, the IRS monitors tax filings and payments by using a numerical system to identify taxpayers. A unique nine-digit EIN is assigned to all corporations, partnerships, and some sole proprietors. Businesses needing an EIN must apply for a number and use it throughout the life of the business on all tax returns, payments, and reports.

Your business should have only one EIN. If you have more than one and aren't sure which one to use, write to the IRS office where you file your returns (using the *Without a payment* address under [Where Should You File](#), later) or call the IRS at 800-829-4933.

If you don't have an EIN, you may apply for one online by visiting [IRS.gov/EIN](#). You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If the principal business was created or organized outside of the United States or U.S. territories, you may also apply for an EIN by calling 267-941-1099 (toll call). If you haven't received your EIN by the due date of Form 941, file a paper return and write "Applied For" and the date you applied in this entry space.

 *If you're filing your tax return electronically, a valid EIN is required at the time the return is filed. If a valid EIN isn't provided, the return won't be accepted. This may result in penalties.*

 *Always be sure the EIN on the form you file exactly matches the EIN the IRS assigned to your business. Don't use your SSN or ITIN on forms that ask for an EIN. Filing a Form 941 with an incorrect EIN or using another business's EIN may result in penalties and delays in processing your return.*

If you change your business name, business address, or responsible party... Notify the IRS immediately if you change your business name, business address, or responsible party.

- Write to the IRS office where you file your returns (using the *Without a payment* address under [Where Should You File](#), later) to notify the IRS of any business name change. See Pub.1635 to see if you need to apply for a new EIN.
- Complete and mail Form 8822-B to notify the IRS of a business address or responsible party change. Don't mail

Form 8822-B with your Form 941. For a definition of “responsible party,” see the Instructions for Form SS-4.

Check the Box for the Quarter

Under “Report for this Quarter of 2020” at the top of Form 941, check the appropriate box of the quarter for which you’re filing. Make sure the quarter checked is the same as shown on any attached Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, or Schedule R (Form 941).



Don't use the April 2020 revision of Form 941 to report employment taxes for the first quarter of 2020. Use the January 2020 revision of Form 941 to report employment taxes for the first quarter of 2020.

Completing and Filing Form 941

Make entries on Form 941 as follows to enable accurate scanning and processing.

- Use 10-point Courier font (if possible) for all entries if you’re typing or using a computer to complete your form. Portable Document Format (PDF) forms on IRS.gov have fillable fields with acceptable font specifications.
- Don't enter dollar signs and decimal points. Commas are optional. Enter dollars to the left of the preprinted decimal point and cents to the right of it. Don't round entries to whole dollars. Always show an amount for cents, even if it is zero.
- Leave blank any data field (except lines 1, 2, and 12) with a value of zero.
- Enter negative amounts using a minus sign (if possible). Otherwise, use parentheses.
- Enter your name and EIN on all pages.
- Enter your name, EIN, “Form 941,” and the tax year and quarter on all attachments.
- Staple multiple sheets in the upper left corner when filing.

Complete all three pages. You must complete all three pages of Form 941 and sign on page 3. Failure to do so may delay processing of your return.

Required Notice to Employees About the Earned Income Credit (EIC)

To notify employees about the EIC, you must give the employees one of the following items.

- Form W-2 which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

For more information, see section 10 of Pub. 15, Pub. 596, and [IRS.gov/EIC](https://www.irs.gov/EIC).

Reconciling Forms 941 and Form W-3

The IRS matches amounts reported on your four quarterly Forms 941 with Form W-2 amounts totaled on your yearly Form W-3, Transmittal of Wage and Tax Statements. If the amounts don't agree, you may be contacted by the IRS or the Social Security Administration (SSA). The following amounts are reconciled.

- Federal income tax withholding.
- Social security wages.
- Social security tips.
- Medicare wages and tips.

For more information, see section 12 of Pub. 15 and the Instructions for Schedule D (Form 941).

Where Should You File?

You're encouraged to file Form 941 electronically. Go to [IRS.gov/EmploymentEfile](https://www.irs.gov/employmentefile) for more information on electronic filing. If you file a paper return, where you file depends on whether you include a payment with Form 941. Mail your return to the address listed for your location in the table that follows.

PDSs can't deliver to P.O. boxes. You must use the U.S. Postal Service to mail an item to a P.O. box address. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of PDSs. For the IRS mailing address to use if you're using a PDS, go to [IRS.gov/PDSstreetAddresses](https://www.irs.gov/PDSstreetAddresses). Select the mailing address listed on the webpage that is in the same state as the address to which you would mail returns filed without a payment, as shown next.

Mailing Addresses for Form 941

If you're in . . .	Without a payment . . .	With a payment . . .
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	Department of the Treasury Internal Revenue Service Kansas City, MO 64999-0005	Internal Revenue Service P.O. Box 806532 Cincinnati, OH 45280-6532
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
No legal residence or principal place of business in any state	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100
Special filing address for exempt organizations; federal, state, and local governmental entities; and Indian tribal governmental entities, regardless of location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 932100 Louisville, KY 40293-2100



Your filing address may have changed from that used to file your employment tax return in prior years. Don't send Form 941 or any payments to the SSA.

Depositing Your Taxes



You must deposit all depository taxes electronically by EFT. For more information, see [Federal tax deposits must be made by electronic funds transfer \(EFT\)](#) under Reminders, earlier.

Must You Deposit Your Taxes?

You may have to deposit the federal income taxes you withheld and both the employer and employee social security taxes and Medicare taxes.

- **If your total taxes after adjustments and nonrefundable credits (line 12) are less than \$2,500 for the current quarter or the prior quarter, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter.** You don't have to make a deposit. To avoid a penalty, you must pay any amount due in full with a timely filed return or you must deposit any amount you owe by the due date of the return. For more information on paying with a timely filed return, see the instructions for [line 14](#), later. If you're not sure your total tax liability for the current quarter will be less than \$2,500 (and your liability for the prior quarter wasn't less than \$2,500), make deposits using the semiweekly or monthly rules so you won't be subject to failure-to-deposit (FTD) penalties.

- **If your total taxes after adjustments and nonrefundable credits (line 12) are \$2,500 or more for the current quarter and the prior quarter.** You must make deposits according to your deposit schedule. See section 11 of Pub. 15 for information about payments made under the accuracy of deposits rule and for rules about federal tax deposits.

Deferring your deposits. Certain employers may defer the deposit and payment of the employer share of social security tax that would otherwise be due during the quarter. The deferral applies before any of the nonrefundable credits claimed on line 11a, 11b, or 11c, but the deferral also doesn't reduce the amount of the employer share of social security tax used to figure those nonrefundable credits. See the instructions for line [13b](#) for more information about the deferral of the employer share of social security tax. The deferral of the employer share of social security tax applies for deposits and payments due on or after March 27, 2020, and before January 1, 2021, as well as deposits and payments due after January 1, 2021, that are required for wages paid during the quarter ending on December 31, 2020.

Reducing your deposits for COVID-19 credits.

Employers eligible to claim the credit for qualified sick and family leave wages and/or the employee retention credit can reduce their deposits by the amount of their anticipated credits. Employers won't be subject to an FTD penalty for reducing their deposits if certain conditions are met. See the instructions for line [11b](#) and line [11c](#) for more information on these credits. This reduction in deposits is in addition to the ability employers have to reduce their deposits by the amount of the employer share of social security tax they defer. For more information on reducing deposits, see Notice 2020-22, 2020-17 I.R.B. 664, available at [IRS.gov/irb/2020-17_IRB#NOT-2020-22](#), and [IRS.gov/ETD](#). Also see

[IRS.gov/ERC](#) and [IRS.gov/PLC](#) for more information, including examples, about reducing deposits.

When Must You Deposit Your Taxes?

Determine if You're a Monthly or Semiweekly Schedule Depositor for the Quarter

The IRS uses two different sets of deposit rules to determine when businesses must deposit their social security, Medicare, and withheld federal income taxes. These schedules tell you when a deposit is due after you have a payday.

Your deposit schedule isn't determined by how often you pay your employees. Your deposit schedule depends on the total tax liability you reported on Form 941 during the previous 4-quarter lookback period (July 1 of the second preceding calendar year through June 30 of the preceding calendar year). See section 11 of Pub. 15 for details. If you filed Form 944 in either 2018 or 2019, your lookback period is the 2018 calendar year.

Before the beginning of each calendar year, determine which type of deposit schedule you must use.

- If you reported \$50,000 or less in taxes during the lookback period, you're a **monthly schedule depositor**.
- If you reported more than \$50,000 of taxes during the lookback period, you're a **semiweekly schedule depositor**.



If you're a monthly schedule depositor and accumulate a \$100,000 tax liability on any day during the deposit period, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year. See \$100,000 Next-Day Deposit Rule in section 11 of Pub. 15 for more information.

What About Penalties and Interest?

Avoiding Penalties and Interest

You can avoid paying penalties and interest if you do all of the following.

- Deposit or pay your taxes when they are due, unless you meet the requirements discussed in [Notice 2020-22](#) or [IRS.gov/ETD](#).
- File your fully completed Form 941 on time.
- Report your tax liability accurately.
- Submit valid checks for tax payments.
- Furnish accurate Forms W-2 to employees.
- File Form W-3 and Copy A of Forms W-2 with the SSA on time and accurately.

Penalties and interest are charged on taxes paid late and returns filed late at a rate set by law. See sections 11 and 12 of Pub. 15 for details.

Use Form 843 to request abatement of assessed penalties or interest. Don't request abatement of assessed penalties or interest on Form 941 or Form 941-X.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't attach an explanation when you file your return.



If federal income, social security, and Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid to the United States Treasury, the trust fund recovery penalty may apply.

Advance Payment of Employer Credits Due to COVID-19

OMB No. 1545-0029

► Go to www.irs.gov/Form7200 for instructions and the latest information.

Name (not your trade name)		Employer identification number (EIN)
Trade name (if any)	Applicable calendar quarter (check one)	
Number, street, and apt. or suite no. If a P.O. box, see instructions.	<input type="checkbox"/> April, May, June	
	<input type="checkbox"/> July, August, September	
	<input type="checkbox"/> October, November, December	
City or town, state, and ZIP code. If a foreign address, also complete spaces below. (See instructions.)		
Foreign country name	Foreign province/county	Foreign postal code
Does a third-party payer file your employment tax return? (See instructions.) If "Yes," enter its name.		Third-party payer's EIN (if applicable)

Tip: File Form 7200 if you can't reduce your employment tax deposits to fully account for these credits that you expect to claim on your employment tax return for the applicable quarter. Don't reduce your employment tax deposits and request advanced credits for the same expected credits. You will need to reconcile your advanced credits and reduced deposits on your employment tax return. You can't request an advance payment of the credit for sick and family leave for self-employed individuals.

Part I Tell Us About Your Employment Tax Return

- A** Check the box to indicate which employment tax return form you file (or will file for 2020):
(1) 941, 941-PR, or 941-SS **(2)** 943 or 943-PR **(3)** 944 or 944(SP) **(4)** CT-1
- B** Is this a new business started on or after January 1, 2020? ► Yes No
 If "Yes," skip line C unless you've already filed Form 941, Form 941-PR, or Form 941-SS for at least one quarter of 2020.
- C** Amount reported on line 2 of your most recently filed Form 941 (or wages reported on Schedule R (Form 941), column (c), by your third-party payer (see instructions)). If you file a different employment tax return, see instructions ► _____
- D** Enter the total number of employees you have. See instructions ► _____

Part II Enter Your Credits and Advance Requested

1	Total employee retention credit for the quarter. See instructions	1	
2	Total qualified sick leave wages eligible for the credit and paid this quarter. See instructions	2	
3	Total qualified family leave wages eligible for the credit and paid this quarter. See instructions	3	
4	Add lines 1, 2, and 3	4	
5	Total amount by which you have already reduced your federal employment tax deposits for these credits for this quarter	5	
6	Total advanced credits requested on previous filings of this form for this quarter	6	
7	Add lines 5 and 6	7	
8	Advance requested. Subtract line 7 from line 4. If zero or less, don't file this form	8	

Third-Party Designee Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details. Yes. Complete below. No

Designee's name ► _____ and phone number ► _____

Select a 5-digit personal identification number (PIN) to use when talking to the IRS ►

Sign Here Under penalties of perjury, I declare that I have examined this form, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Printed title
Printed name	Best daytime phone	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	PTIN	Check <input type="checkbox"/> if self-employed
Firm's name ►	Firm's EIN ►			
Firm's address ►	Phone no.			

How To File Fax your completed form to 855-248-0552.

Instructions for Form 7200

(March 2020)



Department of the Treasury
Internal Revenue Service

Advance Payment of Employer Credits Due to COVID-19

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 7200 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form7200](https://www.irs.gov/Form7200).

General Instructions

Purpose of Form 7200

These instructions give you some background information about Form 7200. They tell you who may file Form 7200, when and how to file it, and how to complete it line by line. For the latest information about coronavirus (COVID-19) tax relief, go to [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus). If you want more in-depth information about payroll tax topics, see [Pub. 15](https://www.irs.gov/employmenttaxes) or go to [IRS.gov/EmploymentTaxes](https://www.irs.gov/employmenttaxes).

Use Form 7200 to request an advance payment of the tax credits for qualified sick and qualified family leave wages and the employee retention credit that you will claim on the following forms.

- Form 941, Employer's QUARTERLY Federal Tax Return.
- Form 941-PR, Planilla para la Declaración Federal TRIMESTRAL del Patrono.
- Form 941-SS, Employer's QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands).
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees.
- Form 943-PR, Planilla para la Declaración Anual de la Contribución Federal del Patrono de Empleados Agrícolas.
- Form 944, Employer's ANNUAL Federal Tax Return.
- Form 944(SP), Declaración Federal ANUAL de Impuestos del Patrono o Empleador.
- Form CT-1, Employer's Annual Railroad Retirement Tax Return.



You can't request an advance payment of the credits for sick and family leave for self-employed individuals. Don't use Form 7200 for those credits.

All references to Form 941 in these instructions also apply to Forms 941-SS and 941-PR. All references to Form 943 in these instructions also apply to Form 943-PR. All references to Form 944 in these instructions also apply to Form 944(SP).

Except where specifically indicated, all references to "wages" in these instructions also mean "compensation" under the Railroad Retirement Tax Act (RRTA).

Background

P.L. 116-127, the Families First Coronavirus Response Act (FFCRA). [FFCRA](https://www.congress.gov/bills/116/127) is intended to help the United States combat COVID-19 by requiring certain businesses to provide paid leave to workers who are unable to work or telework due to circumstances related to COVID-19, and offsets the costs of providing the required leave with refundable tax credits against employment tax. FFCRA does this by implementing the Emergency Paid Sick Leave Act (EPSLA) to require certain small and medium-sized employers to provide such workers up to 80 hours of paid sick time, expanding the Family and Medical Leave Act to provide such workers paid family leave, and providing tax credits, dollar-for-dollar up to certain amounts, to cover the costs of providing the required qualified sick leave wages and qualified family leave wages. Employers will be allowed the full amount of this refundable credit even if it exceeds their employment tax liability. If quarterly employment tax deposits that are otherwise required are less than the amount of credit for which the employer is eligible, the employer may receive the remaining credit in advance, using this form. FFCRA also provides similar credits for certain self-employed persons in similar circumstances. However, advance payments aren't available for the credit for self-employed individuals.

Eligible employers entitled to claim these refundable tax credits are businesses and tax-exempt organizations that have fewer than 500 employees and are required to provide qualified sick leave wages and qualified family leave wages under FFCRA. Government entities aren't entitled to the credit. Eligible employers also get credit for the qualified health plan expenses allocated to the qualified leave wages and for the employer's share of Medicare taxes on the qualified leave wages. Eligible employers will be able to claim these credits based on qualifying leave wages they paid for the period between April 1, 2020, and December 31, 2020.

P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security (CARES) Act. [The CARES Act](https://www.congress.gov/bills/116/136) supports certain employers that operate a business during 2020 and retain employees, despite experiencing economic hardship related to COVID-19, with an employee retention credit. The refundable tax credit is equal to 50% of qualified wages paid to employees after March 12, 2020, and before January 1, 2021. A maximum of \$10,000 in qualified wages for each employee for the cumulative total of all calendar quarters may be counted in determining the 50% credit. Employers are eligible for the credit for any quarter in which they have either had to fully or partially suspend operation of business because of governmental orders due to COVID-19, or if they have had more than a 50% decline in gross receipts as compared to the same quarter a year ago. For employers that averaged 100 or less full-time employees in 2019, the credit is based on

the qualified wages paid to all employees during these periods. For employers that averaged more than 100 full-time employees in 2019, the credit is based on qualified wages paid to those employees not providing services due to the suspension of operations or decline in gross receipts. Qualified wages include qualified health plan expenses allocated to the qualified wages. Qualified wages don't include wages for which the employer receives a credit for sick or family leave under FFCRA. Employers who receive a Small Business Interruption Loan under the CARES Act can't claim the employee retention credit. Government entities aren't entitled to the credit.

Advance payment for the tax credit for qualified leave wages and the employee retention credit using Form 7200. When employers pay their employees, they're required to withhold federal income tax and the employees' share of social security and Medicare taxes. Employers are required to deposit these taxes, along with their employer share of social security and Medicare taxes, with the IRS and file employment tax returns (Form(s) 941, 943, 944, or CT-1) with the IRS. Eligible employers who pay qualified sick and family leave wages or qualified wages eligible for the employee retention credit should retain an amount of the employment taxes equal to the amount of qualified sick and family leave wages (plus certain related health plan expenses and the employer's share of the Medicare taxes on the qualified leave wages) and their employee retention credit, rather than depositing these amounts with the IRS. The employment taxes that are available for the credits include withheld federal income tax, the employee share of social security and Medicare taxes, and the employer share of social security and Medicare taxes with respect to all employees. If there aren't sufficient employment taxes to cover the cost of qualified sick and family leave wages (plus the qualified health expenses and the employer share of Medicare tax on the qualified leave wages) and the employee retention credit, employers can file Form 7200 to request an advance payment from the IRS. Don't reduce your deposits and request advance credit payments for the same expected credit. You will need to reconcile your advance credit payments and reduced deposits on your employment tax return.

Examples. If an employer is entitled to a credit of \$5,000 for qualified sick leave wages, certain related health plan expenses, and the employer's share of Medicare tax on the leave wages and is otherwise required to deposit \$8,000 in employment taxes, the employer could reduce its federal employment tax deposits by \$5,000. The employer would only be required to deposit the remaining \$3,000 on its next regular deposit date. For information about additional relief that may be available to employers that allows them to delay the deposit of certain employment taxes, go to [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus).

If an employer is entitled to an employee retention credit of \$10,000 and was required to deposit \$8,000 in employment taxes, the employer could retain the entire \$8,000 of taxes as a portion of the refundable tax credit it is entitled to and file a request for an advance payment for the remaining \$2,000 using Form 7200.

More information. The IRS will publish information and guidance about tax relief related to COVID-19. For the latest information about COVID-19 tax relief, including Frequently Asked Questions, go to [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus).

Who May File Form 7200?

Employers that file Form(s) 941, 943, 944, or CT-1 may file Form 7200 to request an advance payment of the tax credit for qualified sick and family leave wages and the employee retention credit. You will need to reconcile any advance credit payments and reduced deposits on your employment tax return(s) that you will file for 2020. No employer is required to file Form 7200. As described earlier under [Background](#), instead of filing Form 7200, you should first reduce your employment tax deposits to account for the credits. You can request the amount of the credit that exceeds your reduced deposits by filing Form 7200 or waiting to get a refund when you claim the credits on your employment tax return.

Employment Tax Return Filed by a Third-Party Payer

If you're the common-law employer of the individuals that are paid qualified sick or family leave, or wages qualifying for the employee retention credit, you're entitled to the credit for the sick and family leave wages or the employee retention credit, regardless of whether you use a third-party payer (such as a payroll service provider, professional employer organization (PEO), certified professional employer organization (CPEO), or Section 3504 Agent) to report and pay your federal employment taxes. The third-party payer isn't entitled to the credits with respect to the wages it remits on your behalf (regardless of whether the third party is considered an "employer" for other purposes).

Section 3504 Agents and CPEOs must currently complete Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, when filing an aggregate Form 941, or Schedule R (Form 943), Allocation Schedule for Aggregate Form 943 Filers, when filing an aggregate Form 943. If you're a client of a Section 3504 Agent or CPEO, you're entitled to request the advance payment of the credits on Form 7200 even though your employment tax return information is included on the aggregate employment tax return filed by the Section 3504 Agent or CPEO. However, you will need to provide your Section 3504 Agent or CPEO with copies of the Form(s) 7200 that you submitted so they can reconcile the credits on the aggregate employment tax return.

If you're a client of a Non-Certified PEO (a PEO that pays wages to individuals as part of the services provided to a client pursuant to a service agreement, such as collecting, reporting, and/or paying or depositing employment taxes), and you're otherwise entitled to request the advance payment of the credits on Form 7200, you may still request the advance even though your employment tax return information is included on the aggregate employment tax return filed by the Non-Certified PEO. You will need to provide your Non-Certified PEO with copies of the Form(s) 7200 that you submitted so they can reconcile the credits on the aggregate employment tax return using Schedule R (Form 941).

For more information on the different types of third-party payer arrangements, see section 16 in [Pub. 15](#).

Correcting Form 7200

You can't file a corrected Form 7200. If you made an error on Form 7200, the error will be corrected when you file your Form(s) 941, 943, 944, or CT-1 for 2020.

When May You File?

The employer tax credits for qualified sick leave wages and qualified family leave wages apply to those wages paid for the period from April 1, 2020, to December 31, 2020.

The employer tax credit for qualified wages for retention of employees during suspension of operations due to a government order or due to a significant decline in gross receipts applies to those wages paid after March 12, 2020, and before January 1, 2021. The credit due to a significant decline in gross receipts is available for the period beginning with any quarter in which your gross receipts are less than 50% of what they were in the same calendar quarter in 2019 and ending with the quarter that follows the first quarter beginning after the quarter in which your gross receipts were greater than 80% of what they were in the same calendar quarter in 2019.

You can file the form for an advance payment of the credits anticipated for a quarter at any time before the end of the month following the quarter in which you paid the qualified wages. If necessary, you can file Form 7200 several times during each quarter. Don't file Form 7200 after you file Form 941 for the fourth quarter of 2020, or file Form 943, 944, or CT-1 for 2020. Don't file the form to request an advance payment for any anticipated credit for which you already reduced your deposits.

How To File

Fax your completed form to 855-248-0552.

Recordkeeping

Keep all records of employment taxes for at least 4 years. These should be available for IRS review. Your records should include the following information.

- Documentation to show how you figured the amount of qualified sick and family leave wages eligible for the credit.
- Documentation to show how you figured the amount of the employee retention credit.
- Documentation to show how you figured the amount of qualified health plan expenses that you allocated to wages.
- Documentation to show how you determined that the employees were qualified to receive sick and family leave wages, including any additional information set out in Frequently Asked Questions or other guidance on [IRS.gov](#).
- Documentation to show your eligibility for the employee retention credit based on suspension of operations or a significant decline in gross receipts.
- Copies of completed Form(s) 7200 you filed with the IRS.

Specific Instructions

Enter Your Business Information

Enter your name, trade name (if any), employer identification number (EIN), and address at the top of Form 7200. Make sure that they exactly match the name of your business and the EIN that the IRS assigned to your business. If you use a tax preparer to fill out Form 7200, make sure the preparer shows your business name exactly as it appeared when you applied for your EIN. Leave the "Trade name" line blank if it is the same as your "Name." If mail isn't delivered to your street address, enter your P.O. box number. Don't abbreviate the name of a foreign country.

If you use a third-party payer, enter the name and EIN of the third-party payer. See [Employment Tax Return Filed by a Third-Party Payer](#), earlier.

Applicable calendar quarter. Check the box to indicate the applicable calendar quarter of 2020 for which you're filing Form 7200. If you file an annual employment tax return (Form 943, 944, or CT-1), you should still check the box to indicate the applicable calendar quarter of 2020 in which the wages are paid.

Part I: Tell Us About Your Employment Tax Return

Lines A–D

Line A. Check the box to tell us which employment tax return you file or will file for 2020.

Line B. Tell us if you're a new business that started on or after January 1, 2020. If you're a new business that hasn't yet filed an employment tax return, you may skip line C. If you've already filed Form 941, Form 941-PR, or Form 941-SS for at least one quarter of 2020, you must complete line C.

Line C. Enter the amount reported on line 2, Wages, tips, and other compensation, of your most recently filed Form 941. The IRS will use this information to verify that the credit is being paid to the correct employer. If your wages are reported on Schedule R (Form 941), enter the wages reported by your third-party payer for your EIN on its most recently filed Schedule R (Form 941), column (c). If your wages are reported on Schedule R (Form 943), enter the social security tax reported by your third-party payer for your EIN on its most recently filed Schedule R (Form 943), column (c). See [Employment Tax Return Filed by a Third-Party Payer](#), earlier. If you file a different employment tax return, report the amount from your most recently filed return as follows.

- Form 941-PR, line 5a, Salarios sujetos a la contribución al Seguro Social. Enter the amount reported in columna 1.
- Form 941-SS, line 5a, Taxable social security wages. Enter the amount reported in column 1.
- Form 943, line 2, Total wages subject to social security tax.
- Form 943-PR, line 2, Total de salarios sujetos a la contribución al Seguro Social.
- Form 944, line 1, Wages, tips, and other compensation.

- Form 944(SP), line 1, Salarios, propinas y otras remuneraciones.
- Form CT-1, line 1, Tier 1 employer tax—compensation (other than tips and sick pay). Enter the amount reported in the *Compensation* column.

Line D. Enter the total number of employees you have.

If you have 500 or more employees, you're not eligible to claim the credit for qualified paid sick and family leave wages.

Your employee retention credit may be limited based on the number of employees you have; see the [Line 1](#) instructions below for more information.

Also see [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus) for more information.

Part II: Enter Your Credits and Advance Requested

Lines 1–8



The amounts entered on lines 1, 2, 3, 5, and 6 are cumulative totals for the quarter. For example, if you file Form 7200 on April 24, 2020, because you have a \$7,000 employee retention credit to report on line 1 and reduced deposits of \$4,000 to account for the credit (line 5), but you previously filed a Form 7200 on April 10, 2020, that reported \$5,000 on line 1 and reduced deposits of \$3,500 on line 5, the Form 7200 you file on April 24, 2020, will report \$12,000 on line 1, \$7,500 on line 5, and \$1,500 on line 6 (advance from Form 7200, line 8, filed April 10). The advance payment requested (line 8) on April 24 is \$3,000. If you later file another Form 7200 to request an advance payment of any leave credits on lines 2 and 3, you must still enter your cumulative totals for the quarter on lines 1, 2, 3, 5, and 6 even if you're not reporting any new amount for the employee retention credit on line 1.

Line 1. Enter 50% of the amount of the qualified wages you paid to your employees so far in the current quarter. If you paid any qualified wages between March 13, 2020, and March 31, 2020, include 50% of those wages together with 50% of any qualified wages paid during the second quarter for the second-quarter total to enter on line 1. Only enter 50% of the qualified wages; don't enter the full amount. Qualified wages may not exceed 50% of \$10,000 (\$5,000) for any employee for all quarters. You may not know you have qualified wages entitling you to the employee retention credit until you have determined you have had a significant decline in gross receipts compared to the same quarter in 2019.

Qualified wages are wages for social security and Medicare tax purposes paid to certain employees during a quarter in which your operations are suspended due to a government order or during a quarter in which you have had a significant decline in gross receipts. The law provides that the significant decline in gross receipts is the period beginning with any quarter in which your gross receipts are less than 50% of what they were in the same calendar quarter in 2019 and ending with the quarter that follows the first quarter beginning after the quarter in which your gross receipts were greater than 80% of what they were in the same calendar quarter in 2019. New

employers that didn't carry on a trade or business in 2019 should see Frequently Asked Questions on [IRS.gov](https://www.irs.gov) for more information.

The wages considered in calculating your credit depend on the size of your workforce. Eligible employers that had an average number of 100 or less full-time employees during 2019 count wages paid to all their employees. Eligible employers that had an average number of more than 100 full-time employees in 2019 may count only wages paid to employees that didn't provide services due to the suspension or significant decline in gross receipts and only wages that don't exceed what the employer would have paid that employee for working for the same amount of time during the prior 30 days.

Qualified wages also include certain health plan expenses allocable to the wages. See [Credit for certain health plan expenses](#), later. Qualified wages don't include wages included on line 2 or line 3 for a credit for sick or family leave. Finally, you can't include wages paid to employees for whom you will take a work opportunity tax credit during this quarter. For more information about the work opportunity tax credit, go to [IRS.gov/WOTC](https://www.irs.gov/WOTC).

Line 2. Enter the qualified sick leave wages you paid so far in the current quarter. You may add to this line your cost of maintaining health insurance coverage for the employee during the sick leave period (see [Credit for certain health plan expenses](#), later), and you may also add to this line the employer's share of Medicare taxes on the qualified sick leave wages paid. Qualified sick leave wages are the wages required to be paid under the EPSLA.

Emergency Paid Sick Leave Act (EPSLA). The EPSLA requires employers with less than 500 employees to provide paid sick leave to employees unable to work or telework because the employee:

1. Is subject to a federal, state, or local quarantine or isolation order related to COVID-19;
2. Has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
3. Is experiencing symptoms of COVID-19 and seeking a medical diagnosis;
4. Is caring for an individual subject to an order described in (1) or who has been advised as described in (2);
5. Is caring for a child if the school or place of care has been closed, or the childcare provider is unavailable, due to COVID-19 precautions; or
6. Is experiencing any other substantially similar condition specified by the U.S. Department of Health and Human Services.

Limits on qualified sick leave wages. The EPSLA provides different limitations for different circumstances under which qualified sick leave wages are paid. For paid sick leave qualifying under (1), (2), or (3) above, the amount of qualified sick leave wages taken into account for the credit is determined at the employee's regular rate of pay, but the wages may not exceed \$511 for any day (or portion of a day) for which the individual is paid sick leave. For paid sick leave qualifying under (4), (5), or (6) above, the amount of qualified sick leave wages taken into

account is determined at two-thirds the employee's regular rate of pay, but the wages may not exceed \$200 for any day (or portion of a day) for which the individual is paid sick leave. The EPSLA also limits each individual to a maximum of up to 80 hours of paid sick leave for the year. Therefore, the maximum amount of paid sick leave wages eligible for the credit for the year can't exceed \$5,110 for an employee for leave under (1), (2), or (3), and it can't exceed \$2,000 for an employee for leave under (4), (5), or (6). For more information from the Department of Labor on these requirements and limits, see [DOL.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic).

Line 3. Enter the qualified family leave wages you paid so far in the current quarter. You may add to this line your cost of maintaining health insurance coverage for the employee during the family leave period (see [Credit for certain health plan expenses](#), later), and you may also add to this line the employer's share of Medicare taxes on the qualified family leave wages paid. Qualified family leave wages are the wages required to be paid under the Emergency Family and Medical Leave Expansion Act.

Emergency Family and Medical Leave Expansion Act. The Emergency Family and Medical Leave Expansion Act requires employers with less than 500 employees to provide public health emergency leave under the Family and Medical Leave Act of 1993 to an employee who has been employed for at least 30 calendar days. The requirement to provide leave generally applies when an employee is unable to work or telework due to the need to care for a child under age 18 because the school or place of care has been closed, or the childcare provider is unavailable, due to a public health emergency.

The first 10 days for which an employee takes leave may be unpaid. During this period, employees may use other forms of paid leave, such as qualified sick leave, accrued sick leave, annual leave, or other paid time off. After an employee takes leave for 10 days, the employer must provide the employee paid leave (that is, qualified family leave wages) for up to 10 weeks. For more information from the Department of Labor on these requirements, possible exceptions, and the limitations discussed below, see [DOL.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic).

Rate of pay and limit on wages. The rate of pay must be at least two-thirds of the employee's regular rate of pay (as determined under the Fair Labor Standards Act of 1938), multiplied by the number of hours the employee otherwise would have been scheduled to work. The qualified family leave wages can't exceed \$200 per day or \$10,000 in the aggregate per employee for the year.

Credit for certain health plan expenses. The credit for qualified sick leave wages and qualified family leave wages is increased to cover the qualified health plan expenses that are properly allocable to the qualified wages for which the credit is allowed. Qualified wages for purposes of the employee retention credit also include certain health plan expenses allocable to those wages. These qualified health plan expenses are amounts paid or incurred by the employer to provide and maintain a group health plan but only to the extent such amounts are excluded from the employees' income as coverage under

an accident or health plan. For more information, see [Frequently Asked Questions on IRS.gov](https://www.irs.gov).

Line 4. Add lines 1, 2, and 3 and enter the result on line 4.

Line 5. Enter the amount by which you have already reduced your federal employment tax deposits for the credit for qualified leave wages (and certain health expenses and the employer's share of Medicare tax on the qualified leave wages) and the employee retention credit for this quarter. If you don't enter this amount, or you enter the incorrect amount, you may have an underpayment when you file your employment tax return.

Line 6. Enter the amount of any advances that you applied for on previous filings of this form for this quarter. If you don't enter this amount, or you enter the incorrect amount, you may have an underpayment when you file your employment tax return.

Line 7. Add lines 5 and 6 and enter the result on line 7.

Line 8. Subtract line 7 from line 4 and enter the amount on line 8. If the amount is zero or less, don't file this form; you're not eligible to receive an advance. You will need to report the amount of the advance that you request on your employment tax return for the return period, as well as the amounts that you requested on line 8 of other Forms 7200 that you file during the return period.



We will apply any advance requested to any past due tax account that is shown in our records under your EIN before paying the advance you requested.

Third-Party Designee

If you want to allow an employee, a paid tax preparer, or another person to discuss your Form 7200 with the IRS, check the "Yes" box in the *Third-Party Designee* section. Enter the name, phone number, and the five-digit personal identification number (PIN) of the specific person to speak with—not the name of the firm that prepared Form 7200. The designee may choose any five numbers as his or her PIN.

By checking "Yes," you authorize the IRS to talk to the person you named (your designee) about any questions we may have while we process your Form 7200. You also authorize your designee to do all of the following.

- Give us any information that is missing from your Form 7200.
- Call us for information about processing your Form 7200.
- Respond to certain IRS notices that you've shared with your designee about math errors and Form 7200 preparation. The IRS won't send notices to your designee.

You're not authorizing your designee to bind you to anything (including additional tax liability) or to otherwise represent you before the IRS. If you want to expand your designee's authorization, see Pub. 947.

The authorization will automatically expire after 1 year. If you or your designee wants to terminate the authorization, write to the IRS office for your location using the *Without a payment* address in the instructions for your employment tax return.

What About Penalties and Interest?

Avoiding Penalties and Interest

You can avoid paying penalties and interest if you do all of the following.

- Deposit or pay your taxes when they are due.
- File your fully completed Form 941 on time.
- Report your tax liability accurately.
- Submit valid checks for tax payments.
- Furnish accurate Forms W-2 to employees.
- File Form W-3 and Copy A of Forms W-2 with the SSA on time and accurately.

Penalties and interest are charged on taxes paid late and returns filed late at a rate set by law. See sections 11 and 12 of Pub. 15 for details.

Use Form 843 to request abatement of assessed penalties or interest. Don't request abatement of assessed penalties or interest on Form 941 or Form 941-X.

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't attach an explanation when you file your return.



If federal income, social security, and Medicare taxes that must be withheld (that is, trust fund taxes) aren't withheld or aren't deposited or paid to the United States Treasury, the trust fund recovery penalty may apply. The penalty is 100% of the unpaid trust fund tax. If these unpaid taxes can't be immediately collected from the employer or business, the trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, or paying over these taxes, and who acted willfully in not doing so. For more information, see section 11 of Pub. 15.

Adjustment of Tax on Tips

If, by the 10th of the month after the month you received an employee's report on tips, you don't have enough employee funds available to withhold the employee share of social security and Medicare taxes, you no longer have to collect it. Report the entire amount of these tips on line 5b (Taxable social security tips), line 5c (Taxable Medicare wages and tips), and, if the withholding threshold is met, line 5d (Taxable wages and tips subject to Additional Medicare Tax withholding). Include as a negative adjustment on line 9 the total uncollected employee share of the social security and Medicare taxes.

Specific Instructions:

Part 1: Answer These Questions for This Quarter

1. Number of Employees Who Received Wages, Tips, or Other Compensation

Enter the number of employees on your payroll for the pay period including March 12, June 12, September 12, or December 12, for the quarter indicated at the top of Form 941. Don't include:

- Household employees,
- Employees in nonpay status for the pay period,
- Form annuitants.

- Pensioners, or
- Active members of the Armed Forces.

2. Wages, Tips, and Other Compensation

Enter amounts on line 2 that would also be included in box 1 of your employees' Forms W-2. See Box 1—Wages, tips, other compensation in the General Instructions for Forms W-2 and W-3 for details. Include sick pay paid by a third party if you were given timely notice of the payments and the third party transferred liability for the employer's taxes to you.

If you're a third-party payer of sick pay, don't include sick pay that you paid to policyholders' employees here if you gave the policyholders timely notice of the payments. See section 6 of Pub. 15-A, Employer's Supplemental Tax Guide, for more information about sick pay reporting and the procedures for transferring the liability to the employer.

3. Federal Income Tax Withheld From Wages, Tips, and Other Compensation

Enter the federal income tax you withheld (or were required to withhold) from your employees on this quarter's wages, tips, taxable fringe benefits, and supplemental unemployment compensation benefits. Don't include any income tax withheld by a third-party payer of sick pay even if you reported it on Forms W-2. You will reconcile this difference on Form W-3. Also include here any excise taxes you were required to withhold on golden parachute payments (section 4999). For information on the employment tax treatment of fringe benefits, see Pub. 15-B, Employer's Tax Guide to Fringe Benefits. For information about supplemental unemployment compensation benefits and golden parachute payments, see section 5 of Pub. 15-A.

If you're a third-party payer of sick pay, enter the federal income tax you withheld (or were required to withhold) on third-party sick pay here.

4. If No Wages, Tips, and Other Compensation Are Subject to Social Security or Medicare Tax ...

If no wages, tips, and other compensation on line 2 are subject to social security or Medicare tax, check the box on line 4. If this question doesn't apply to you, leave the box blank. For more information about exempt wages, see section 15 of Pub. 15. For religious exemptions, see section 4 of Pub. 15-A.



If you're a government employer, wages you pay aren't automatically exempt from social security and Medicare taxes. Your employees may be covered by law or by a voluntary Section 218 Agreement with the SSA. For more information, see Pub. 963, Federal-State Reference Guide.

5a–5c. Taxable Social Security and Medicare Wages and Tips

5a. Taxable social security wages. Enter the total wages, sick pay, and taxable fringe benefits subject to social security taxes you paid to your employees during the quarter. For this purpose, sick pay includes payments made by an insurance company to your employees for which you received timely notice from the insurance company. See section 6 in Pub. 15-A for more information about sick pay reporting.

WELCOME TO EFTPS®

New to our site?

The Electronic Federal Tax Payment System® tax payment service is provided free by the U.S. Department of the Treasury. After you've enrolled and received your credentials, you can pay any tax due to the Internal Revenue Service (IRS) using this system.

You asked, we listened!

The EFTPS® Web site was recently updated based on feedback from users like you. You can now:

- Receive your confirmation by email.
- Verify the bank account that will be used when making a payment
- Change the bank account used for a payment
- Self-select your PIN when creating an additional enrollment
- Terminate an enrollment you are no longer using

See [What's New](#) for complete details.

Please note: Your tax payment is due regardless of this Web site's availability. You can always make a tax payment by calling our voice response system at 1.800.555.3453. Follow the prompts to make your payment.

What You Need to Know

- **Remember!** We value your privacy and security and will never contact you via e-mail. If you receive an e-mail that claims to be from the EFTPS® tax payment service or from a sender you do not recognize that claims to have information about a payment scheduled through this service, forward the e-mail to phishing@irs.gov or call the Treasury Inspector General for Tax Administration at 1.800.366.4484.
- You must be enrolled to use the EFTPS® tax payment service. To enroll, click on Enrollment at the top of this page and follow the steps. If this is your first time enrolling in EFTPS®, your information will need to be validated with the IRS. After this process is complete you will receive a personal identification number (PIN) via U.S. Mail in five to seven business days at your IRS address of record.
- Payments using this Web site or our voice response system must be scheduled by **8 p.m. ET the day before the due date** to be received timely by the IRS. The funds will move out of your banking account on the date you select for settlement.
- This EFTPS® tax payment service Web site supports Microsoft Internet Explorer for Windows, Google Chrome for Windows and Mozilla Firefox for Windows.
- You may use this Web site and our voice response system (1.800.555.3453) interchangeably to make payments.
- If you are required to make deposits electronically but do not wish to use the EFTPS® tax payment service yourself, ask your financial institution about ACH Credit or same-day wire payments, or consult a tax professional or payroll provider about making payments for you. Please note: These options may result in fees from the providers. Payments through third parties may have earlier cutoff times; please check with them for their deadlines.

Form **944 for 2019: Employer's ANNUAL Federal Tax Return**

Department of the Treasury — Internal Revenue Service

OMB No. 1545-2007

Employer identification number (EIN) -

Name (not your trade name)

Trade name (if any)

Address

Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Who Must File Form 944

You must file annual Form 944 instead of filing quarterly Forms 941 only if the IRS notified you in writing.

Go to www.irs.gov/Form944 for instructions and the latest information.

Read the separate instructions before you complete Form 944. Type or print within the boxes.

Part 1: Answer these questions for this year. Employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, and Puerto Rico can skip lines 1 and 2, unless you have employees who are subject to U.S. income tax withholding.

1	Wages, tips, and other compensation	1	<input type="text" value="40,298.00"/>
2	Federal income tax withheld from wages, tips, and other compensation	2	<input type="text" value="500.00"/>
3	If no wages, tips, and other compensation are subject to social security or Medicare tax	3	<input type="checkbox"/> Check and go to line 5.
4	Taxable social security and Medicare wages and tips:		
		Column 1	Column 2
4a	Taxable social security wages	<input type="text" value="12,078.00"/> × 0.124 =	<input type="text" value="1497.67"/>
4b	Taxable social security tips	<input type="text" value="."/> × 0.124 =	<input type="text" value="."/>
4c	Taxable Medicare wages & tips	<input type="text" value="12,078.00"/> × 0.029 =	<input type="text" value="350.26"/>
4d	Taxable wages & tips subject to Additional Medicare Tax withholding	<input type="text" value="."/> × 0.009 =	<input type="text" value="."/>
4e	Add Column 2 from lines 4a, 4b, 4c, and 4d	4e	<input type="text" value="1847.93"/>
5	Total taxes before adjustments. Add lines 2 and 4e	5	<input type="text" value="2347.93"/>
6	Current year's adjustments (see instructions)	6	<input type="text" value="."/>
7	Total taxes after adjustments. Combine lines 5 and 6	7	<input type="text" value="2347.93"/>
8	Qualified small business payroll tax credit for increasing research activities. Attach Form 8974	8	<input type="text" value="."/>
9	Total taxes after adjustments and credits. Subtract line 8 from line 7	9	<input type="text" value="2347.93"/>
10	Total deposits for this year, including overpayment applied from a prior year and overpayments applied from Form 944-X, 944-X (SP), 941-X, or 941-X (PR)	10	<input type="text" value="."/>
11	Balance due. If line 9 is more than line 10, enter the difference and see instructions	11	<input type="text" value="2347.93"/>
12	Overpayment. If line 10 is more than line 9, enter the difference <input type="text" value="."/>	Check one: <input type="checkbox"/> Apply to next return. <input type="checkbox"/> Send a refund.	

► You MUST complete both pages of Form 944 and SIGN it.



Name (not your trade name)

Employer identification number (EIN)

Part 2: Tell us about your deposit schedule and tax liability for this year.

13 Check one: Line 9 is less than \$2,500. Go to Part 3.
 Line 9 is \$2,500 or more. Enter your tax liability for each month. If you're a semiweekly depositor or you became one because you accumulated \$100,000 or more of liability on any day during a deposit period, you must complete Form 945-A instead of the boxes below.

13a	Jan.	13d	Apr.	13g	July	13j	Oct.
13b	Feb.	13e	May	13h	Aug.	13k	Nov.
13c	Mar.	13f	June	13i	Sept.	13l	Dec.

Total liability for year. Add lines 13a through 13l. Total must equal line 9. 13m

Part 3: Tell us about your business. If question 14 does NOT apply to your business, leave it blank.

14 If your business has closed or you stopped paying wages...

Check here and enter the final date you paid wages.

Part 4: May we speak with your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

Yes. Designee's name and phone number

Select a 5-digit Personal Identification Number (PIN) to use when talking to the IRS.

No.

Part 5: Sign here. You MUST complete both pages of Form 944 and SIGN it.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Signature box

Date

Print your name here

Print your title here

Best daytime phone

Paid Preparer Use Only

Check if you're self-employed

Preparer's name	PTIN
Preparer's signature	Date
Firm's name (or yours if self-employed)	EIN
Address	Phone
City	State
	ZIP code

Form **944-V**

Department of the Treasury
Internal Revenue Service

Payment Voucher

▶ Don't staple this voucher or your payment to Form 944.

OMB No. 1545-2007

2019

1 Enter your employer identification number (EIN).	2 Enter the amount of your payment. ▶ Make your check or money order payable to "United States Treasury"	Dollars	Cents
3 Enter your business name (individual name if sole proprietor). Enter your address. Enter your city, state, and ZIP code; or your city, foreign country name, foreign province/county, and foreign postal code.			

IRS Form W-2 for Ordained Staff (i.e. ordained for tax purposes)

22222		a Employee's social security number 000-00-0000		OMB No. 1545-0008		
b Employer identification number (EIN) 73-00000000		1 Wages, tips, other compensation 32,220.00		2 Federal income tax withheld 7,500.00		
c Employer's name, address, and ZIP code First Baptist Church #1 Pearly Gate Street Newtown, OK 70000		3 Social security wages		4 Social security tax withheld		
		5 Medicare wages and tips		6 Medicare tax withheld		
		7 Social security tips		8 Allocated tips		
d Control number		9		10 Dependent care benefits		
e Employee's first name and initial Last name Suff. Patrick R. Pastor #3 Pearly Gate Street Newtown, OK 70000		11 Nonqualified plans		12a C 220.00		
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b E 2,000.00		
		14 Other Housing allowance not included in Boxes 1 & 16 - \$8,000; Fair Market Rental Value of parsonage - \$5,000		12c DD 9,500.00		
				12d		
f Employee's address and ZIP code						
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
OK	WTH 10000000-02	30,220.00	500.00			

Form **W-2** Wage and Tax Statement
Copy 1 – For State, City, or Local Tax Department

2020

Department of the Treasury – Internal Revenue Service

Box 1...never input housing allowance. This box is for taxable salary only.
Boxes 3, 4, 5, & 6...always -0- for ordained staff.
Box 12a...code C for imputed income from group term life insurance
Box 12b...code E for salary reduced GuideStone retirement contributions. Do not include employer contributions made in addition to salary.
Box 12c...code DD for reporting of employee's health care coverage.
* Transitional Relief <250 W-2 Forms, IRS will give 6 month notice before required to report health insurance costs.
Box 14...If applicable, enter the fair market rental value of the parsonage plus utilities paid by the church.

Group Term Life Insurance Example: Patrick Pastor is 42 years old. The church pays the entire premium for a \$250,000 group term life insurance policy as part of his benefits package. He was employed with the church for 11 months in 2019. The amount of imputed income for Patrick is computed as follows:
Step 1: \$250,000 - \$50,000 = \$200,000 (\$50,000 of life insurance is excluded from income calculation)
Step 2: \$200,000 / \$1,000 = 200 (divide the result of Step 1 by 1,000)
Step 3: 200 X .1 = \$20 (.1 is the age factor from the table in IRS Pub. 15-B)
Step 4: \$20 X 11 months = \$220.00 (\$220 is the amount reported in Boxes 1, 12, and 16.)

IRS Form W-2 for Non-Ordained Employee

22222		a Employee's social security number 000-00-0000		OMB No. 1545-0008		
b Employer identification number (EIN) 73-00000000		1 Wages, tips, other compensation 10,078.00		2 Federal income tax withheld 500.00		
c Employer's name, address, and ZIP code First Baptist Church #1 Pearly Gate Street Newtown, OK 70000		3 Social security wages 12,078.00		4 Social security tax withheld 748.84		
		5 Medicare wages and tips 12,078.00		6 Medicare tax withheld 175.14		
		7 Social security tips		8 Allocated tips		
d Control number		9		10 Dependent care benefits		
e Employee's first name and initial Last name Suff. Sue B. Secretary #3 Pearly Gate Street Newtown, OK 70000		11 Nonqualified plans		12a C 78.00		
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b E 2,000.00		
		14 Other		12c DD 9,500.00		
				12d		
f Employee's address and ZIP code						
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
OK	WTH 10000000-02	10,078.00	500.00			

Form **W-2** Wage and Tax Statement
Copy 1 – For State, City, or Local Tax Department

2020

Department of the Treasury—Internal Revenue Service

Box 12a...code C for imputed income from group term life insurance
 Box 12b...code E for salary reduced GuideStone retirement contributions. Do not include employer retirement contributions made in addition to the salary reduction contributions.
 Box 12c...code DD for reporting employer sponsored health insurance coverage
 * Transitional Relief <250 W-2 Forms, IRS will give 6 month notice before required to report health insurance costs.

Group Term Life Insurance Example: Sue is 44 years old. The church pays the entire premium for a \$250,000 group term life insurance policy as part of her benefits package. She was employed for 12 months this year. The amount of imputed income for Sue is computed as follows:
 Step 1: \$100,000 - \$50,000 = 50,000 (\$50,000 of life insurance is excluded from income calculation)
 Step 2: \$50,000 / \$1,000 = 50 (divide the result of Step 1 by 1,000)
 Step 3: 50 X .1 = 5 (.1 is the age factor from the table in IRS Pub. 15-B)
 Step 4: 5 X 12 months = \$60.00 (This is the annual imputed income for Sue's group term life insurance.)
 Next, repeat the steps for the husband's policy. However, there is no \$50,000 exclusion for the spouse's policy. (\$10,000/\$1,000 = 10; 10 X .15 = 1.50; 1.50 X 12 months = \$18)
 The combined amounts are reported on the W-2: \$60 + \$18 = \$78.00.

Employers, Please Note—

Specific information needed to complete Form W-2 is available in a separate booklet titled the 2020 General Instructions for Forms W-2 and W-3. You can order these instructions and additional forms at www.irs.gov/OrderForms.

Caution: Do not send the SSA Forms W-2 and W-3 that you have printed from IRS.gov. The SSA is unable to process these forms. Instead, you can create and submit them online. See *E-filing*, later.

Due dates. By February 1, 2021, furnish Copies B, C, and 2 to each person who was your employee during 2020. Mail or electronically file Copy A of Form(s) W-2 and W-3 with the SSA by February 1, 2021. See the separate instructions.

Need help? If you have questions about reporting on Form W-2, call the information reporting customer service site toll free at 866-455-7438 or 304-263-8700 (not toll free). For TTY/TDD

E-filing. See the 2020 General Instructions for Forms W-2 and W-3 for information on when you're required to file electronically. Even if you aren't required to file electronically, doing so can save you time and effort. Employers may now use the SSA's W-2 Online service to create, save, print, and submit up to 50 Form(s) W-2 at a time over the Internet. When you *e-file* with the SSA, no separate Form W-3 filing is required. An electronic Form W-3 will be created for you by the W-2 Online service. For information, visit the SSA's Employer W-2 Filing Instructions & Information website at www.SSA.gov/employer.

Future developments. Information about any future developments affecting Form W-2 and its instructions (such as legislation enacted after we release them) will be posted at www.irs.gov/FormW2.

Extension of time to furnish Forms W-2 to employees. You may request an extension of time to furnish Forms W-2 to employees by sending a letter to:

**Internal Revenue Service
Attn: Extension of Time Coordinator
240 Murall Drive, Mail Stop 4360
Kearneysville, WV 25430**

Mail your letter on or before the due date for furnishing Forms W-2 to employees. It must include:

- Your name and address,
- Your EIN,
- A statement that you are requesting an extension to furnish "Forms W-2" to employees,
- The reason for delay, and
- Your signature or that of your authorized agent.



Requests for an extension of time to furnish Forms W-2 to employees are not automatically granted. If approved, an extension generally will be granted for no more than 15 days from the due date, unless the need for up to a total of 30 days is clearly shown. See the 2020 General Instructions for Certain Information Returns.

Undeliverable Forms W-2. Keep for 4 years any employee copies of Forms W-2 that you tried to but could not deliver. However, if the undelivered Form W-2 can be produced electronically through April 15th of the fourth year after the year at issue, you do not need to keep undeliverable employee copies. Do not send undeliverable employee copies of Forms W-2 to the Social Security Administration (SSA).

Instructions for Employee

(See also *Notice to Employee* on the back of Copy B.)

Box 1. Enter this amount on the wages line of your tax return.

Box 2. Enter this amount on the federal income tax withheld line of your tax return.

Box 5. You may be required to report this amount on Form 8959, Additional Medicare Tax. See the Instructions for Forms 1040 and 1040-SR to determine if you are required to complete Form 8959.

Box 6. This amount includes the 1.45% Medicare Tax withheld on all Medicare wages and tips shown in box 5, as well as the 0.9% Additional Medicare Tax on any of those Medicare wages and tips above \$200,000.

Box 8. This amount is **not** included in box 1, 3, 5, or 7. For information on how to report tips on your tax return, see the Instructions for Forms 1040 and 1040-SR.

You must file Form 4137, Social Security and Medicare Tax on Unreported Tip Income, with your income tax return to report at least the allocated tip amount unless you can prove with adequate records that you received a smaller amount. If you have records that show the actual amount of tips you received, report that amount even if it is more or less than the allocated tips. Use Form 4137 to figure the social security and Medicare tax owed on tips you didn't report to your employer. Enter this amount on the wages line of your tax return. By filing Form 4137, your social security tips will be credited to your social security record (used to figure your benefits).

Box 10. This amount includes the total dependent care benefits that your employer paid to you or incurred on your behalf (including amounts from a section 125 (cafeteria) plan). Any amount over \$5,000 is also included in box 1. Complete Form 2441, Child and Dependent Care Expenses, to compute any taxable and nontaxable amounts.

Box 11. This amount is (a) reported in box 1 if it is a distribution made to you from a nonqualified deferred compensation or nongovernmental section 457(b) plan, or (b) included in box 3 and/or 5 if it is a prior year deferral under a nonqualified or section 457(b) plan that became taxable for social security and Medicare taxes this year because there is no longer a substantial risk of forfeiture of your right to the deferred amount. ~~This box shouldn't be used if you had a deferral and a~~

distribution in the same calendar year. If you made a deferral and received a distribution in the same calendar year, and you are or will be age 62 by the end of the calendar year, your employer should file Form SSA-131, Employer Report of Special Wage Payments, with the Social Security Administration and give you a copy.

Box 12. The following list explains the codes shown in box 12. You may need this information to complete your tax return. Elective deferrals (codes D, E, F, and S) and designated Roth contributions (codes AA, BB, and EE) under all plans are generally limited to a total of \$19,500 (\$13,500 if you only have SIMPLE plans; \$22,500 for section 403(b) plans if you qualify for the 15-year rule explained in Pub. 571). Deferrals under code G are limited to \$19,500. Deferrals under code H are limited to \$7,000.

However, if you were at least age 50 in 2020, your employer may have allowed an additional deferral of up to \$6,500 (\$3,000 for section 401(k)(11) and 408(p) SIMPLE plans). This additional deferral amount is not subject to the overall limit on elective deferrals. For code G, the limit on elective deferrals may be higher for the last 3 years before you reach retirement age. Contact your plan administrator for more information. Amounts in excess of the overall elective deferral limit must be included in income. See the Instructions for Forms 1040 and 1040-SR.

Note: If a year follows code D through H, S, Y, AA, BB, or EE, you made a make-up pension contribution for a prior year(s) when you were in military service. To figure whether you made excess deferrals, consider these amounts for the year shown, not the current year. If no year is shown, the contributions are for the current year.

A—Uncollected social security or RRTA tax on tips. Include this tax on Form 1040 or 1040-SR. See the Instructions for Forms 1040 and 1040-SR.

B—Uncollected Medicare tax on tips. Include this tax on Form 1040 or 1040-SR. See the Instructions for Forms 1040 and 1040-SR.

C—Taxable cost of group-term life insurance over \$50,000 (included in boxes 1, 3 (up to social security wage base), and 5)

D—Elective deferrals to a section 401(k) cash or deferred arrangement. Also includes deferrals under a SIMPLE retirement account that is part of a section 401(k) arrangement.

E—Elective deferrals under a section 403(b) salary reduction agreement

(continued on back of Copy 2)

Instructions for Employee (continued from back of Copy C)

Box 12 (continued)

F—Elective deferrals under a section 408(k)(6) salary reduction SEP

G—Elective deferrals and employer contributions (including nonelective deferrals) to a section 457(b) deferred compensation plan

H—Elective deferrals to a section 501(c)(18)(D) tax-exempt organization plan. See the Instructions for Forms 1040 and 1040-SR for how to deduct.

J—Nontaxable sick pay (information only, not included in box 1, 3, or 5)

K—20% excise tax on excess golden parachute payments. See the Instructions for Forms 1040 and 1040-SR.

L—Substantiated employee business expense reimbursements (nontaxable)

M—Uncollected social security or RRTA tax on taxable cost of group-term life insurance over \$50,000 (former employees only). See the Instructions for Forms 1040 and 1040-SR.

N—Uncollected Medicare tax on taxable cost of group-term life insurance over \$50,000 (former employees only). See the Instructions for Forms 1040 and 1040-SR.

P—Excludable moving expense reimbursements paid directly to a member of the U.S. Armed Forces (not included in box 1, 3, or 5)

Q—Nontaxable combat pay. See the Instructions for Forms 1040 and 1040-SR for details on reporting this amount.

R—Employer contributions to your Archer MSA. Report on Form 8853, Archer MSAs and Long-Term Care Insurance Contracts.

S—Employee salary reduction contributions under a section 408(p) SIMPLE plan (not included in box 1)

T—Adoption benefits (not included in box 1). Complete Form 8839, Qualified Adoption Expenses, to compute any taxable and nontaxable amounts.

V—Income from exercise of nonstatutory stock option(s) (included in boxes 1, 3 (up to social security wage base), and 5). See Pub. 525, Taxable and Nontaxable Income, for reporting requirements.

W—Employer contributions (including amounts the employee elected to contribute using a section 125 (cafeteria) plan) to your health savings account. Report on Form 8889, Health Savings Accounts (HSAs).

Y—Deferrals under a section 409A nonqualified deferred compensation plan

Z—Income under a nonqualified deferred compensation plan that fails to satisfy section 409A. This amount is also included in box 1. It is subject to an additional 20% tax plus interest. See the Instructions for Forms 1040 and 1040-SR.

AA—Designated Roth contributions under a section 401(k) plan

BB—Designated Roth contributions under a section 403(b) plan

DD—Cost of employer-sponsored health coverage. **The amount reported with code DD is not taxable.**

EE—Designated Roth contributions under a governmental section 457(b) plan. This amount does not apply to contributions under a tax-exempt organization section 457(b) plan.

FF—Permitted benefits under a qualified small employer health reimbursement arrangement

GG—Income from qualified equity grants under section 83(i)

HH—Aggregate deferrals under section 83(i) elections as of the close of the calendar year

Box 13. If the "Retirement plan" box is checked, special limits may apply to the amount of traditional IRA contributions you may deduct. See Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs).

Box 14. Employers may use this box to report information such as state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a member of the clergy's parsonage allowance and utilities. Railroad employers use this box to report railroad retirement (RRTA) compensation, Tier 1 tax, Tier 2 tax, Medicare tax, and Additional Medicare Tax. Include tips reported by the employee to the employer in railroad retirement (RRTA) compensation.

Note: Keep **Copy C** of Form W-2 for at least 3 years after the due date for filing your income tax return. However, to help **protect your social security benefits**, keep Copy C until you begin receiving social security benefits, just in case there is a question about your work record and/or earnings in a particular year.

Form W-2 Reporting of Employer-Sponsored Health Coverage

Reporting on the Form W-2

The value of the health care coverage will be reported in Box 12 of the Form W-2, with Code DD to identify the amount. There is no reporting on the Form W-3 of the total of these amounts for all the employer's employees.

In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. See the chart, below, and the questions and answers for more information.

An employer is not required to issue a Form W-2 solely to report the value of the health care coverage for retirees or other employees or former employees to whom the employer would not otherwise provide a Form W-2.

The chart on the next page illustrates the types of coverage that employers must report on the Form W-2. Certain items are listed as "optional" based on transition relief provided by Notice 2012-9 (restating and clarifying Notice 2011-28). Future guidance may revise reporting requirements but will not be applicable until the tax year beginning at least six months after the date of issuance of such guidance.

The chart reviews the reporting requirements for Box 12, Code DD, and has no impact on requirements to report these items elsewhere. For example, while contributions to Health Savings Arrangements (HSA) are not to be reported in Box 12, Code DD, certain HSA contributions are reported in Box 12, Code W (see General Instructions for Forms W-2 and W-3).

Temporary Relief

The Affordable Care Act provides that employers are required to report the cost of employer-provided health care coverage on the Form W-2. For 2015, the IRS provided further relief for smaller employers (those filing fewer than 250 W-2 forms) by making this requirement optional for them at least for 2015 (i.e., for 2015 Forms W-2 that generally would be furnished to employees in January 2016) and continuing this optional treatment for smaller employers until further guidance is issued.

IRS Form W-3 Transmittal of Wage and Tax Statements

DO NOT STAPLE

33333		a Control number		For Official Use Only ▶ OMB No. 1545-0008			
b Kind of Payer (Check one)		941 <input type="checkbox"/> CT-1		Military <input type="checkbox"/> Hshld. emp.		943 <input type="checkbox"/> Medicare govt. emp.	
		944 <input type="checkbox"/>		Kind of Employer (Check one)		None apply <input type="checkbox"/>	
						501c non-govt. <input type="checkbox"/>	
						State/local non-501c <input type="checkbox"/>	
						State/local 501c <input type="checkbox"/>	
						Federal govt. <input type="checkbox"/>	
						Third-party sick pay (Check if applicable) <input type="checkbox"/>	
c Total number of Forms W-2		d Establishment number		1 Wages, tips, other compensation		2 Federal income tax withheld	
2				40,298.00		8,000.00	
e Employer identification number (EIN)				3 Social security wages		4 Social security tax withheld	
73-00000000				12,078.00		748.84	
f Employer's name				5 Medicare wages and tips		6 Medicare tax withheld	
First Baptist Church				12,078.00		175.14	
g Employer's address and ZIP code First Baptist Church #1 Pearly Gate Street Newtown, OK 70000				7 Social security tips		8 Allocated tips	
				9		10 Dependent care benefits	
				11 Nonqualified plans		12a Deferred compensation	
						4,000.00	
h Other EIN used this year				13 For third-party sick pay use only		12b	
15 State Employer's state ID number				14 Income tax withheld by payer of third-party sick pay			
ok WTH 10000000-02							
16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax	
40,298.00		1,000.00					
Employer's contact person				Employer's telephone number		For Official Use Only	
Nora James				405-111-1111			
Employer's fax number				Employer's email address			
405-111-1112				iluvtaxes@church.org			

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶

Title ▶

Date ▶

Form W-3 Transmittal of Wage and Tax Statements 2020

Department of the Treasury
Internal Revenue Service

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration (SSA). Photocopies are not acceptable. Do not send Form W-3 if you filed electronically with the SSA. Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

Reminder

Separate instructions. See the 2020 General Instructions for Forms W-2 and W-3 for information on completing this form. Do not file Form W-3 for Form(s) W-2 that were submitted electronically to the SSA.

Purpose of Form

Complete a Form W-3 Transmittal only when filing paper Copy A of Form(s) W-2, Wage and Tax Statement. Don't file Form W-3 alone. All paper forms **must** comply with IRS standards and be machine readable. Photocopies are **not** acceptable. Use a Form W-3 even if only one paper Form W-2 is being filed. Make sure both the Form W-3 and Form(s) W-2 show the correct tax year and Employer Identification Number (EIN). Make a copy of this form and keep it with Copy D (For Employer) of Form(s) W-2 for your records. The IRS recommends retaining copies of these forms for 4 years.

E-Filing

The SSA strongly suggests employers report Form W-3 and Forms W-2 Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website.

- **W-2 Online.** Use fill-in forms to create, save, print, and submit up to 50 Forms W-2 at a time to the SSA.
- **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's *Specifications for Filing Forms W-2 Electronically (EFW2)*.

W-2 Online fill-in forms or file uploads will be on time if submitted by **February 1, 2021**. For more information, go to www.SSA.gov/bso. First time filers, select "Register"; returning filers select "Log In."

When To File Paper Forms

Mail Form W-3 with Copy A of Form(s) W-2 by **February 1, 2021**.

Where To File Paper Forms

Send this entire page with the entire Copy A page of Form(s) W-2 to:

**Social Security Administration
Direct Operations Center
Wilkes-Barre, PA 18769-0001**

Note: If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Pub. 15 (Circular E), Employer's Tax Guide, for a list of IRS-approved private delivery services.

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 10159Y

IRS Form W-2c Corrected Wage and Tax Statements

44444	For Official Use Only ▶ OMB No. 1545-0008		
a Employer's name, address, and ZIP code First Baptist Church #1 Pearly Gate Street Newtown, OK 70000		c Tax year/Form corrected 2020 / W-2	d Employee's correct SSN 000-00-0000
		e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) <input type="checkbox"/>	
		Complete boxes f and/or g only if incorrect on form previously filed ▶	
		f Employee's previously reported SSN	
b Employer's Federal EIN 73-0000000		g Employee's previously reported name	
Note. Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).		h Employee's first name and initial Patrick	Last name Pastor
		#2 Pearly Gate Street Newton, OK 70000	
i Employee's address and ZIP code			
Previously reported		Correct information	
1 Wages, tips, other compensation 38,220.00	1 Wages, tips, other compensation 30,220.00	2 Federal income tax withheld	2 Federal income tax withheld
3 Social security wages	3 Social security wages	4 Social security tax withheld	4 Social security tax withheld
5 Medicare wages and tips	5 Medicare wages and tips	6 Medicare tax withheld	6 Medicare tax withheld
7 Social security tips	7 Social security tips	8 Allocated tips	8 Allocated tips
9	9	10 Dependent care benefits	10 Dependent care benefits
11 Nonqualified plans	11 Nonqualified plans	12a See instructions for box 12	12a See instructions for box 12
13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b	12b
14 Other (see instructions)	14 Other (see instructions)	12c	12c
		12d	12d
State Correction Information			
Previously reported		Correct information	
15 State	15 State	15 State	15 State
Employer's state ID number		Employer's state ID number	
16 State wages, tips, etc. 38,220.00	16 State wages, tips, etc. 30,220.00	16 State wages, tips, etc.	16 State wages, tips, etc.
17 State income tax	17 State income tax	17 State income tax	17 State income tax
Locality Correction Information			
Previously reported		Correct information	
18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.	18 Local wages, tips, etc.
19 Local income tax	19 Local income tax	19 Local income tax	19 Local income tax
20 Locality name	20 Locality name	20 Locality name	20 Locality name

Copy 1—State, City, or Local Tax Department

IRS form W-3c Transmittal of Corrected Wage and Tax Statements

DO NOT CUT, FOLD, OR STAPLE

55555		a Tax year/Form corrected 2020 / W- 3		For Official Use Only ▶ OMB No. 1545-0008		
b Employer's name, address, and ZIP code First Baptist Church #1 Pearly Gate Street Newton, OK 70000		c Kind of Payer (Check one)		Kind of Employer (Check one)		
		941/941-SS <input checked="" type="checkbox"/>	Military <input type="checkbox"/>	943 <input type="checkbox"/>	944 <input type="checkbox"/>	None apply <input type="checkbox"/>
d Number of Forms W-2c 1		e Employer's Federal EIN 73-0000000		f Establishment number		
g Employer's state ID number WTH 10000000-02		h Employer's originally reported Federal EIN		i Incorrect establishment number		
j Employer's incorrect state ID number		k Total of amounts previously reported as shown on enclosed Forms W-2c.		l Total of corrected amounts as shown on enclosed Forms W-2c.		
1 Wages, tips, other compensation 38,220.00		1 Wages, tips, other compensation 30,220.00		2 Federal income tax withheld		
3 Social security wages		3 Social security wages		4 Social security tax withheld		
5 Medicare wages and tips		5 Medicare wages and tips		6 Medicare tax withheld		
7 Social security tips		7 Social security tips		8 Allocated tips		
9		9		10 Dependent care benefits		
11 Nonqualified plans		11 Nonqualified plans		12a Deferred compensation		
14 Inc. tax w/h by third-party sick pay payer		14 Inc. tax w/h by third-party sick pay payer		12b		
16 State wages, tips, etc. 38,220.00		16 State wages, tips, etc. 30,220.00		17 State income tax		
18 Local wages, tips, etc.		18 Local wages, tips, etc.		19 Local income tax		
Explain decreases here: Reduced taxable wages by the minister's exempt housing allowance that was erroneously included previously.						
Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? <input type="checkbox"/> Yes <input type="checkbox"/> No						
If "Yes," give date the return was filed ▶						
Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.						
Signature ▶		Title ▶		Date ▶		
Employer's contact person		Employer's telephone number		For Official Use Only		
Employer's fax number		Employer's email address				

Form **W-3c** (Rev. 11-2015)

Transmittal of Corrected Wage and Tax Statements

Department of the Treasury
Internal Revenue Service

Purpose of Form

Use this form to transmit Copy A of the most recent version of **Form(s) W-2c, Corrected Wage and Tax Statement**. Make a copy of Form W-3c and keep it with Copy D (For Employer) of Forms W-2c for your records. File Form W-3c even if only one Form W-2c is being filed or if those Forms W-2c are being filed only to correct an employee's name and social security number (SSN) or the employer identification number (EIN). See the General Instructions for Forms W-2 and W-3 for information on completing this form.

E-Filing

The SSA strongly suggests employers report Form W-3c and Forms W-2c Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website:

- **W-2c Online.** Use fill-in forms to create, save, print, and submit up to 25 Forms W-2c at a time to the SSA.
- **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's *Specifications for Filing Forms W-2c Electronically (EFW2C)*.

For more information, go to www.socialsecurity.gov/employer. First time filers, select "Go to Register"; returning filers select "Go To Log In."

For Paperwork Reduction Act Notice, see separate instructions.

When To File

File this form and Copy A of Form(s) W-2c with the Social Security Administration as soon as possible after you discover an error on Forms W-2, W-2AS, W-2GU, W-2CM, W-2VI, or W-2c. Provide Copies B, C, and 2 of Form W-2c to your employees as soon as possible.

Where To File

If you use the U.S. Postal Service, send Forms W-2c and W-3c to the following address:

**Social Security Administration
Data Operations Center
P.O. Box 3333
Wilkes-Barre, PA 18767-3333**

If you use a carrier other than the U.S. Postal Service, send Forms W-2c and W-3c to the following address:

**Social Security Administration
Data Operations Center
Attn: W-2c Process
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997**

Cat. No. 10164R

FILING OPTIONS FOR OKLAHOMA W-2/W-3 FORMS

1. File electronically by uploading a file through OK Tax Commission OK Tap System.
2. File electronically by manually entering W-2 data online through the OK Tap System.
3. File electronically by an Excel file in the W-2 Data Entry Program.
4. No paper w2/w3 forms

Instructions for using the Oklahoma Tax Commission W2 Data Entry Program

Use Internet Explorer 11; if you use Mozilla, Firefox, Safari or Chrome, make sure your program is up to date or it will cause data entry problems.

Go to the OkTap website: <https://oktap.tax.ok.gov/oktap/web/>

Use the Login box to log into OkTap

OKTAP Oklahoma Taxpayer Access Point

OkTAP

Home

Login

Username

Password

Logon

[Forgot Password?](#)


[Forgot Username?](#)







SIGN UP

Does your business need a username? [Click here.](#)

[Why create a username?](#)







Under the “I Want To” column click on W2/1099 filing center

 **I Want To**

-  View my profile
-  Send us a message
-  Add access to another account
-  Add third party access
-  Make a payment
-  **W-2/1099/500-B filing center**

Click W-2 and W-3: Data Entry option

W2 Center

 1099 and 500-B Data Entry	1099 and 500-B Data Entry
 Import Bulk 1099 Files	Attach Bulk 1099 files
 W-2 and W-3: Import files	W-2 and W-3: Import files
 W-2C and W-3C: Import Files	W-2C and W-3C: Import Files
 W-2 and W-3: Data Entry	W-2 and W-3: Data Entry
 W-2 Corrections Manual Entry	W-2 Corrections for previously submitted W-2s

Do not use the browser buttons for navigation. Use the buttons in the program circled below to navigate through the screens. If you want to use an Excel spreadsheet to import your company and W2 information see the instructions on the screen and use the Import button. Go to the bottom of these instructions for more information about how to use the Import function.

You can data enter or import as many W2s as you like, there is no limit.

The Submit button is used to submit the W2s when have completed all the screens. Use the Save button if you need to quit and come back later to finish your session. Use the Cancel button if you want to cancel your session without saving. Use the Previous and Next buttons to navigate through the data entry screens. While in a screen use the tab key to navigate through the screen, do not use the enter key. Click the Save draft button once in a while otherwise you can lose all the data you have entered. Click the “Next” button to continue on with the data entry.

OkTAP Help
OkTAP FAQ Contact Us

Last Saved: 1/3/2019 12:11:38 PM

1. Start

Start

The Excel import template can be found on the next page by clicking the blue "Download W2 Import sample" hyperlink after answering the question on the screen below. To import an Excel file:

1. Click the "Import" button
2. Browse to the spreadsheet location
3. Highlight the spreadsheet
4. Click "Open" button
5. Click "Import" button

Click "Next" button and go through each screen making sure all data is correct, fix any errors, then continue to click "Next" through the screens until you get to the W3. Validate the W3 then click the Submit button.

If you do not wish to import a file click "Next" and fill out all the screens.

Do not use the browser buttons for navigation.

Import Submit

Save Draft Cancel

< Previous Next >

IRS form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund

Form **941-X**: Adjusted Employer's **QUARTERLY** Federal Tax Return or Claim for Refund
 (Rev. April 2017) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN) -

Name (not your trade name)

Trade name (if any)

Address

Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Return You're Correcting ...

Check the type of return you're correcting.

941

941-SS

Check the ONE quarter you're correcting.

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Enter the calendar year of the quarter you're correcting.

(YYYY)

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all three pages. Don't attach this form to Form 941 or 941-SS.

Part 1: Select ONLY one process. See page 4 for additional guidance.

1. **Adjusted employment tax return.** Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported amounts on this form. The amount shown on line 21, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.
2. **Claim.** Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 21. Don't check this box if you're correcting ANY underreported amounts on this form.

Enter the date you discovered errors.

(MM / DD / YYYY)

Part 2: Complete the certifications.

3. **I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.**

Note: If you're correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.

4. **If you checked line 1 because you're adjusting overreported amounts, check all that apply.** You must check at least one box. I certify that:

- a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

5. **If you checked line 2 because you're claiming a refund or abatement of overreported employment taxes, check all that apply.**

You must check at least one box. I certify that:

- a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees; or each affected employee didn't give me a written consent to file a claim for the employee's share of social security tax and Medicare tax; or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.
- d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

Next

Name (not your trade name)	Employer identification number (EIN) 73-0000000	Correcting quarter (1, 2, 3, 4) Correcting calendar year (YYYY) 2020
----------------------------	---	--

Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank.

	Column 1 <i>Total corrected amount (for ALL employees)</i>		Column 2 <i>Amount originally reported or as previously corrected (for ALL employees)</i>		Column 3 <i>Difference (If this amount is a negative number, use a minus sign.)</i>	Column 4 <i>Tax correction</i>
6. Wages, tips and other compensation (Form 941, line 2)	10,074.00	-	12,074.50	=	-2,000.00	Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c.
7. Federal income tax withheld from wages, tips, and other compensation (Form 941, line 3)	.	-	.	=	.	Copy Column 3 here ▶
8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)	.	-	.	=	.	× 0.124* = .
9. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)	.	-	.	=	.	× 0.124* = .
10. Taxable Medicare wages and tips (Form 941 or 941-SS, line 5c, Column 1)	.	-	.	=	.	× 0.029* = .
11. Taxable wages & tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d)	.	-	.	=	.	× 0.009* = .
12. Section 3121(q) Notice and Demand—Tax due on unreported tips (Form 941 or 941-SS, line 5f)	.	-	.	=	.	Copy Column 3 here ▶
13. Tax adjustments (Form 941 or 941-SS, lines 7–9)	.	-	.	=	.	Copy Column 3 here ▶
14. Qualified small business payroll tax credit for increasing research activities (Form 941 or 941-SS, line 11; you must attach Form 8974)	.	-	.	=	.	See instructions
15. Special addition to wages for federal income tax	.	-	.	=	.	See instructions
16. Special addition to wages for social security taxes	.	-	.	=	.	See instructions
17. Special addition to wages for Medicare taxes	.	-	.	=	.	See instructions
18. Special addition to wages for Additional Medicare Tax	.	-	.	=	.	See instructions
19. Combine the amounts on lines 7–18 of Column 4
20a. COBRA premium assistance payments (see instructions)	.	-	.	=	.	See instructions
20b. Number of individuals provided COBRA premium assistance (see instructions)	.	-	.	=	.	
21. Total. Combine the amounts on lines 19 and 20a of Column 4

If line 21 is less than zero:

- If you checked line 1, this is the amount you want applied as a credit to your Form 941 for the tax period in which you're filing this form. (If you're currently filing a Form 944, Employer's ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

If line 21 is more than zero, this is the amount you owe. Pay this amount by the time you file this return. For information on how to pay, see *Amount you owe* in the instructions.

Next ▶

Type of errors
you're
correcting

Form 941-X: Which process should you use?

Underreported amounts ONLY	Use the adjustment process to correct underreported amounts. <ul style="list-style-type: none">• Check the box on line 1.• Pay the amount you owe from line 21 by the time you file Form 941-X.		
Overreported amounts ONLY	The process you use depends on when you file Form 941-X.	If you're filing Form 941-X MORE THAN 90 days before the period of limitations on credit or refund for Form 941 or Form 941-SS expires...	Choose either the adjustment process or the claim process to correct the overreported amounts. Choose the adjustment process if you want the amount shown on line 21 credited to your Form 941, Form 941-SS, or Form 944 for the period in which you file Form 941-X. Check the box on line 1. OR Choose the claim process if you want the amount shown on line 21 refunded to you or abated. Check the box on line 2. You must use the claim process to correct the overreported amounts. Check the box on line 2.
BOTH underreported and overreported amounts	The process you use depends on when you file Form 941-X.	If you're filing Form 941-X MORE THAN 90 days before the period of limitations on credit or refund for Form 941 or Form 941-SS expires...	Choose either the adjustment process or both the adjustment process and the claim process when you correct both underreported and overreported amounts. Choose the adjustment process if combining your underreported amounts and overreported amounts results in a balance due or creates a credit that you want applied to Form 941, Form 941-SS, or Form 944. <ul style="list-style-type: none">• File one Form 941-X, and• Check the box on line 1 and follow the instructions on line 21. OR Choose both the adjustment process and the claim process if you want the overreported amount refunded to you or abated. File two separate forms. 1. For the adjustment process , file one Form 941-X to correct the underreported amounts. Check the box on line 1. Pay the amount you owe from line 21 by the time you file Form 941-X. 2. For the claim process , file a second Form 941-X to correct the overreported amounts. Check the box on line 2. You must use both the adjustment process and the claim process . File two separate forms. 1. For the adjustment process, file one Form 941-X to correct the underreported amounts. Check the box on line 1. Pay the amount you owe from line 21 by the time you file Form 941-X. 2. For the claim process, file a second Form 941-X to correct the overreported amounts. Check the box on line 2.
		If you're filing Form 941-X WITHIN 90 days of the expiration of the period of limitations on credit or refund for Form 941 or Form 941-SS...	

W2s/1099s To Avoid Penalties beginning with the 2020 Year:

The penalty rates and maximums for not filing correct information returns and/or not furnishing correct payee statements, including inflationary adjustments if applicable, are reflected in the following table:

Time Returns filed/furnished	Returns due 01-01-20 thru 12-31-2020
Not more than 30 days late (by March 30 if the due date is February 28)	\$50 per return / \$556,500 maximum (as adjusted for inflation)
31 days late – August 1	\$110 per return / \$1,669,500 maximum (as adjusted for inflation)
After Aug 1 or Not At All	\$270 per return / \$3,339,000 maximum (as adjusted for inflation)
Intentional Disregard	\$550 per return / No limitation (as adjusted for inflation)

Small Businesses with Gross Receipts \$5 Million or Less

Time Returns filed/furnished	Returns due 01-01-20 thru 12-31-2020
Not more than 30 days late (by March 30 if the due date is February 28)	\$50 per return / \$194,500 maximum (as adjusted for inflation)
31 days late – August 1	\$110 per return / \$556,500 maximum (as adjusted for inflation)
After Aug 1 or Not At All	\$270 per return / \$1,113,000 maximum (as adjusted for inflation)
Intentional Disregard	\$550 per return / No limitation (as adjusted for inflation)

OKLAHOMA QUARTERLY WAGE WITHHOLDING TAX RETURN
TAXPAYER COPY/WORKSHEET

A. Taxpayer FEIN B. Quarter Ending C. Due Date

73-00000000	3-31-2020	4-20-2020
-------------	-----------	-----------

	----- Dollars -----	- Cents -
1. Wages Paid	10,074	50
2. Tax Withheld	250	00
3. Interest (+)	_____	_____
4. Penalty (+)	_____	_____
5. Total (=)	250	00

USE THIS WORKSHEET TO CALCULATE TAX, THEN ENTER THE FIGURES ON THE COUPON BELOW.

INSTRUCTIONS FOR COMPLETING OKLAHOMA QUARTERLY WAGE WITHHOLDING TAX RETURN

<p>WHEN TO FILE</p> <p>All returns are due quarterly on or before the 20th day of the month following each calendar quarter.</p> <p>WHEN TO PAY</p> <p>If the amount withheld is less than \$500 per quarter, submit payment with this return. If the amount withheld exceeds \$500 per quarter, submit monthly payment with payment coupon WTH-10004. This return is to be used to report the accumulative total for the quarter.</p> <p>PAPER</p> <p>If filing by paper, make checks or money orders payable to the Oklahoma Tax Commission and mail with your return to: (This address is for payments ONLY)</p> <p>Oklahoma Tax Commission Post Office Box 26920 Oklahoma City, OK 73126-0920</p> <p>Do NOT mail correspondence to the address above.</p>	<p>If you must contact us in writing, include your Name and Account Number, and mail your correspondence to:</p> <p>Oklahoma Tax Commission 2501 North Lincoln Boulevard Oklahoma City, OK 73194</p> <p>SPECIFIC ITEM INSTRUCTIONS</p> <p>ITEM E. (Address Change) - Check Box E to notify us of address change. Write new address in section E.</p> <p>ITEM F. (Out of Business) - If this is your last return as an employer, check Box F and give the Date Out of Business.</p> <p>ITEM G. (Amended Return) - Check to correct a previously filed return. In Item B include the reporting period you are amending. Enter total corrected amounts on lines 1, 2 and 5 of the return and not the amount of the adjustment.</p> <p>ITEM H. (Number of Employees) - Enter the number of employees for this filing period on the line provided.</p>	<p>SPECIFIC LINE INSTRUCTIONS</p> <p>LINE 1. (Wages Paid) - Enter the total Oklahoma wages paid this quarter.</p> <p>LINE 2. (Tax Withheld) - Enter the amount of Oklahoma Income Tax withheld from the wages of your employees this quarter.</p> <p>LINE 3. (Interest) - A bill will be issued after return is posted to account. Interest is calculated by 1.25% for each month on the unpaid tax liability and returns not postmarked on or before their due date.</p> <p>LINE 4. (Penalty) - A bill will be issued after return is posted to account. If this return or any payment is filed after the due date, multiply the amount on line 2 by 10%.</p> <p>LINE 5. (Total) - Total the amounts on lines 2 through 4 and enter on line 5.</p>
---	---	--

● Do not fold, staple, or paper clip **Please Detach Here and Return Coupon Below** ● Do not tear or cut below line

OKLAHOMA QUARTERLY WAGE WITHHOLDING TAX RETURN



A. Taxpayer FEIN	B. Quarter Ending	C. Due Date	D. Filing Frequency
73-00000000	3-31-2020	4-20-2020	quarterly

-OFFICE USE ONLY-

E. Address Change

F. Out of Business

MM/DD/YY

G. Amended Report

H. Number of Employees: 2

----- Dollars ----- - Cents -

E. First Baptist Church
Name
#1 Pearly Gate Street
Address
Newtown OK 73000
City State ZIP

1. Wages Paid	10,074	50
2. Tax Withheld	250	00
3. Interest (+)	_____	_____
4. Penalty (+)	_____	_____
5. Total (=)	250	00

Signature: _____ Date: _____

The information contained in this return and any attachments is true and correct to the best of my knowledge.

OKLAHOMA WITHHOLDING PAYMENT COUPON

Who Must File a Payment Coupon...All employers who make monthly payments and do not pay electronically.

When to File and Make A Payment...Withholding tax payments are due on or before the 20th day of the month following the payroll period. The Withholding Payment Coupon must be submitted with each payment by check. Additionally, you must file a quarterly withholding return, Form WTH-10001, at the end of each quarter (3/31; 6/30; 9/30; 12/31).

Instructions for Completing the Withholding Coupon...

- A. Enter the Federal Employers Identification Number (FEIN).
- B. Enter the month and year of the payment period.
- C. Enter the date on which employees were paid.
- D. Enter the amount of Oklahoma income tax withheld from the wages for the month.
- E. Check Box E to notify us of address change. Write new address in section E.
- F. Enter the amount of withholding tax being paid with the coupon.

Interest and Penalty for Late Payments...If a payment is postmarked after the due date, a bill for penalty and interest will be issued when the Quarterly Return posts to your account.

- Write your FEIN on your check and mail it with your completed Payment Coupon.
- Do not send cash. Do not enclose any other tax returns/correspondence.
- Enclose check or money order payable to: **Oklahoma Tax Commission**.

Mail to: Oklahoma Tax Commission
Post Office Box 26920
Oklahoma City, OK 73126-0920

Recent Changes Beginning with 3rd Quarter 2013

- All employers are required to file a WTH-10001 Return for cumulative tax withheld for each calendar quarter separately from payments. A Quarterly Return is due on or before the 20th day of the month following each quarter.
- Do not send a payment with Quarterly Return. Payment should be sent with the correct Payment Coupon every month to ensure accurate posting to the withholding account.

Monthly Payments and Quarterly Returns can be easily filed electronically before or on the due date by using OkTAP located at www.tax.ok.gov.

Mandatory inclusion of Social Security and/or FEIN is required on forms filed with the Oklahoma Tax Commission pursuant to 68 Oklahoma Statute and regulations thereunder, for identification purposes, and is deemed part of the confidential files and records of the OTC.

The Oklahoma Tax Commission is not required to give actual notice of changes in any state law.

● Do not fold, staple, or paper clip

Please Detach Here and Return Coupon Below

● Do not tear or cut below line

BLC OKLAHOMA WITHHOLDING PAYMENT COUPON



A. Taxpayer FEIN	B. Payment Period	C. Date Payroll Paid	D. Oklahoma Tax Withheld

E. Address Change

E. _____
Name

Address

City State ZIP

----- Dollars ----- -- Cents --

Signature: _____ Date: _____ **F. Amount Paid** _____

The information contained in this record and any attachments is true and correct to the best of my knowledge.

Please remit only **one** check per coupon.

Unemployment Insurance

Title 40, Oklahoma's Employment Security Act (unemployment), exempts employment in the service of a church from unemployment benefits eligibility.

Workers' Compensation Insurance

Title 85A, Oklahoma's workers' compensation law, as amended February 1, 2014, requires that ALL employers, including churches, acquire workers' compensation insurance. There are several exemptions, five of which are:

1. Any person who is employed as a domestic servant or as a casual worker in and about a private home or household, which private home or household had a gross annual payroll in the preceding calendar year of less than Fifty Thousand Dollars (\$50,000.00) for such workers.
2. Any person who is employed in agriculture or horticulture by an employer who had a gross annual payroll in the preceding calendar year of less than One Hundred Thousand Dollars (\$100,000.00) cash wages for agricultural or horticultural workers.
3. Any person who is a licensed real estate sales associate or broker, paid on a commission basis.
4. Employees of the Federal Government
5. Any person providing or performing voluntary service who receives no wages for the services other than meals, drug or alcohol rehabilitative therapy, transportation, lodging or reimbursement for incidental expenses.

Title 85 gives employers four options for obtaining coverage:

- ❖ Private insurance carrier.
- ❖ CompSource Mutual Insurance Company.
- ❖ Self insurance. Must have greater than \$1,000,000 annual payroll and receive approval.
- ❖ BGCO Master Plan through CompSource Mutual Insurance Company. Barbara Spess is the administrator.

Penalties for Non-coverage

1. Criminal penalty - misdemeanor and up to \$10,000 fine
2. Civil penalty - up to \$1,000 per day
3. Workers' Compensation Commission can petition the court to enjoin the employer from employing anyone until civil penalties are paid and coverage is obtained.

Oklahoma Baptists Workers' Compensation General Application



WORKERS COMPENSATION APPLICATION

DATE (MM/DD/YYYY)

AGENCY NAME AND ADDRESS		COMPANY:	
PRODUCER NAME:		UNDERWRITER:	
CS REPRESENTATIVE NAME:		APPLICANT NAME:	
OFFICE PHONE (A/C, No, Ext):		OFFICE PHONE:	MOBILE PHONE:
MOBILE PHONE:		MAILING ADDRESS (including ZIP + 4 or Canadian Postal Code)	
FAX (A/C, No):		YRS IN BUS:	
E-MAIL ADDRESS:		SIC:	
CODE:	SUB CODE:	E-MAIL ADDRESS:	
AGENCY CUSTOMER ID:		CREDIT BUREAU NAME:	
		ID NUMBER:	
		OTHER RATING BUREAU ID OR STATE EMPLOYER REGISTRATION NUMBER	
		SOLE PROPRIETOR	CORPORATION
		PARTNERSHIP	SUBCHAPTER "S" CORP
		LLC	JOINT VENTURE
		TRUST	UNINCORPORATED ASSOCIATION
		OTHER:	
		FEDERAL EMPLOYER ID NUMBER	
		NCCI RISK ID NUMBER	

STATUS OF SUBMISSION		BILLING / AUDIT INFORMATION	
<input type="checkbox"/> QUOTE	<input type="checkbox"/> ISSUE POLICY	<input type="checkbox"/> AGENCY BILL	<input type="checkbox"/> ANNUAL
<input type="checkbox"/> BOUND (Give date and/or attach copy)		<input type="checkbox"/> DIRECT BILL	<input type="checkbox"/> SEMI-ANNUAL
<input type="checkbox"/> ASSIGNED RISK (Attach ACORD 133)			<input type="checkbox"/> QUARTERLY % DOWN:
		<input type="checkbox"/> AT EXPIRATION	
		<input type="checkbox"/> SEMI-ANNUAL	
		<input type="checkbox"/> QUARTERLY	

LOCATIONS		
LOC #	HIGHEST FLOOR	STREET, CITY, COUNTY, STATE, ZIP CODE

PROPOSED EFF DATE		PROPOSED EXP DATE		NORMAL ANNIVERSARY RATING DATE		PARTICIPATING		RETRO PLAN	
						NON-PARTICIPATING			
PART 1 - WORKERS COMPENSATION (States)		PART 2 - EMPLOYER'S LIABILITY		PART 3 - OTHER STATES INS		DEDUCTIBLES (N / A in WI)		AMOUNT / % (N / A in WI)	
		\$ EACH ACCIDENT				<input type="checkbox"/> MEDICAL		<input type="checkbox"/> U.S.L. & H. VOLUNTARY COMP	
		\$ DISEASE-POLICY LIMIT				<input type="checkbox"/> INDEMNITY		<input type="checkbox"/> FOREIGN COV	
		\$ DISEASE-EACH EMPLOYEE						<input type="checkbox"/> MANAGED CARE OPTION	
DIVIDEND PLAN/SAFETY GROUP			ADDITIONAL COMPANY INFORMATION						
SPECIFY ADDITIONAL COVERAGES / ENDORSEMENTS (Attach ACORD 101, Additional Remarks Schedule, if more space is required)									

TOTAL ESTIMATED ANNUAL PREMIUM - ALL STATES		
TOTAL ESTIMATED ANNUAL PREMIUM ALL STATES	TOTAL MINIMUM PREMIUM ALL STATES	TOTAL DEPOSIT PREMIUM ALL STATES
\$	\$	\$

CONTACT INFORMATION				
TYPE	NAME	OFFICE PHONE	MOBILE PHONE	E-MAIL
INSPECTION				
ACCTNG RECORD CLAIMS INFO				

INDIVIDUALS INCLUDED / EXCLUDED									
PARTNERS, OFFICERS, RELATIVES (Must be employed by business operations) TO BE INCLUDED OR EXCLUDED (Remuneration/Payroll to be included must be part of rating information section.) Exclusions in Missouri must meet the requirements of Section 287.090 RSMo.									
STATE	LOC #	NAME	DATE OF BIRTH	TITLE/ RELATIONSHIP	OWNER-SHIP %	DUTIES	INC/EXC	CLASS CODE	REMUNERATION/PAYROLL

STATE RATING WORKSHEET										
FOR MULTIPLE STATES, ATTACH AN ADDITIONAL PAGE 2 OF THIS FORM										
RATING INFORMATION - STATE:										
LOC #	CLASS CODE	DESCR CODE	CATEGORIES, DUTIES, CLASSIFICATIONS	# EMPLOYEES		SIC	NAICS	ESTIMATED ANNUAL REMUNERATION/PAYROLL	RATE	ESTIMATED ANNUAL MANUAL PREMIUM
				FULL TIME	PART TIME					

PREMIUM					
STATE:	FACTOR	FACTORED PREMIUM		FACTOR	FACTORED PREMIUM
TOTAL	N / A	\$			\$
INCREASED LIMITS		\$	SCHEDULE RATING *		\$
DEDUCTIBLE *		\$	CCPAP		\$
		\$	STANDARD PREMIUM		\$
EXPERIENCE OR MERIT MODIFICATION		\$	PREMIUM DISCOUNT		\$
		\$	EXPENSE CONSTANT	N / A	\$
ASSIGNED RISK SURCHARGE *		\$	TAXES / ASSESSMENTS *	N / A	\$
ARAP *		\$			\$

* N / A in Wisconsin

TOTAL ESTIMATED ANNUAL PREMIUM	MINIMUM PREMIUM	DEPOSIT PREMIUM
\$	\$	\$

REMARKS (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

PRIOR CARRIER INFORMATION / LOSS HISTORY

AGENCY CUSTOMER ID: _____

PROVIDE INFORMATION FOR THE PAST 5 YEARS AND USE THE REMARKS SECTION FOR LOSS DETAILS						LOSS RUN ATTACHED
YEAR	CARRIER & POLICY NUMBER	ANNUAL PREMIUM	MOD	# CLAIMS	AMOUNT PAID	RESERVE
	CO: POL #:					
	CO: POL #:					
	CO: POL #:					
	CO: POL #:					
	CO: POL #:					

NATURE OF BUSINESS / DESCRIPTION OF OPERATIONS

GIVE COMMENTS AND DESCRIPTIONS OF BUSINESS, OPERATIONS AND PRODUCTS: MANUFACTURING - RAW MATERIALS, PROCESSES, PRODUCT, EQUIPMENT; CONTRACTOR - TYPE OF WORK, SUB-CONTRACTS; MERCANTILE - MERCHANDISE, CUSTOMERS, DELIVERIES; SERVICE - TYPE, LOCATION; FARM - ACREAGE, ANIMALS, MACHINERY, SUB-CONTRACTS.

GENERAL INFORMATION

EXPLAIN ALL "YES" RESPONSES	Y / N
1. DOES APPLICANT OWN, OPERATE OR LEASE AIRCRAFT / WATERCRAFT?	
2. DO / HAVE PAST, PRESENT OR DISCONTINUED OPERATIONS INVOLVE(D) STORING, TREATING, DISCHARGING, APPLYING, DISPOSING, OR TRANSPORTING OF HAZARDOUS MATERIAL? (e.g. landfills, wastes, fuel tanks, etc)	
3. ANY WORK PERFORMED UNDERGROUND OR ABOVE 15 FEET?	
4. ANY WORK PERFORMED ON BARGES, VESSELS, DOCKS, BRIDGE OVER WATER?	
5. IS APPLICANT ENGAGED IN ANY OTHER TYPE OF BUSINESS?	
6. ARE SUB-CONTRACTORS USED? (If "YES", give % of work subcontracted)	
7. ANY WORK SUBLET WITHOUT CERTIFICATES OF INSURANCE? (If "YES", payroll for this work must be included in the State Rating Worksheet on Page 2)	
8. IS A WRITTEN SAFETY PROGRAM IN OPERATION?	
9. ANY GROUP TRANSPORTATION PROVIDED?	
10. ANY EMPLOYEES UNDER 16 OR OVER 60 YEARS OF AGE?	
11. ANY SEASONAL EMPLOYEES?	
12. IS THERE ANY VOLUNTEER OR DONATED LABOR? (If "YES", please specify)	
13. ANY EMPLOYEES WITH PHYSICAL HANDICAPS?	
14. DO EMPLOYEES TRAVEL OUT OF STATE? (If "YES", indicate state(s) of travel and frequency)	
15. ARE ATHLETIC TEAMS SPONSORED?	
16. ARE PHYSICALS REQUIRED AFTER OFFERS OF EMPLOYMENT ARE MADE?	

GENERAL INFORMATION (continued)

AGENCY CUSTOMER ID: _____

EXPLAIN ALL "YES" RESPONSES	Y / N
17. ANY OTHER INSURANCE WITH THIS INSURER?	
18. ANY PRIOR COVERAGE DECLINED / CANCELLED / NON-RENEWED IN THE LAST THREE (3) YEARS? (Missouri Applicants - Do not answer this question)	
19. ARE EMPLOYEE HEALTH PLANS PROVIDED?	
20. DO ANY EMPLOYEES PERFORM WORK FOR OTHER BUSINESSES OR SUBSIDIARIES?	
21. DO YOU LEASE EMPLOYEES TO OR FROM OTHER EMPLOYERS?	
22. DO ANY EMPLOYEES PREDOMINANTLY WORK AT HOME? If "YES", # of Employees: _____	
23. ANY TAX LIENS OR BANKRUPTCY WITHIN THE LAST FIVE (5) YEARS? (If "YES", please specify)	
24. ANY UNDISPUTED AND UNPAID WORKERS COMPENSATION PREMIUM DUE FROM YOU OR ANY COMMONLY MANAGED OR OWNED ENTERPRISES? IF YES, EXPLAIN INCLUDING ENTITY NAME(S) AND POLICY NUMBER(S).	

SIGNATURE

Copy of the Notice of Information Practices (Privacy) has been given to the applicant. (Not required in all states, contact your agent or broker for your state's requirements.)			
<p>PERSONAL INFORMATION ABOUT YOU, INCLUDING INFORMATION FROM A CREDIT OR OTHER INVESTIGATIVE REPORT, MAY BE COLLECTED FROM PERSONS OTHER THAN YOU IN CONNECTION WITH THIS APPLICATION FOR INSURANCE AND SUBSEQUENT AMENDMENTS AND RENEWALS. SUCH INFORMATION AS WELL AS OTHER PERSONAL AND PRIVILEGED INFORMATION COLLECTED BY US OR OUR AGENTS MAY IN CERTAIN CIRCUMSTANCES BE DISCLOSED TO THIRD PARTIES WITHOUT YOUR AUTHORIZATION. CREDIT SCORING INFORMATION MAY BE USED TO HELP DETERMINE EITHER YOUR ELIGIBILITY FOR INSURANCE OR THE PREMIUM YOU WILL BE CHARGED. WE MAY USE A THIRD PARTY IN CONNECTION WITH THE DEVELOPMENT OF YOUR SCORE. YOU MAY HAVE THE RIGHT TO REVIEW YOUR PERSONAL INFORMATION IN OUR FILES AND REQUEST CORRECTION OF ANY INACCURACIES. YOU MAY ALSO HAVE THE RIGHT TO REQUEST IN WRITING THAT WE CONSIDER EXTRAORDINARY LIFE CIRCUMSTANCES IN CONNECTION WITH THE DEVELOPMENT OF YOUR CREDIT SCORE. THESE RIGHTS MAY BE LIMITED IN SOME STATES. PLEASE CONTACT YOUR AGENT OR BROKER TO LEARN HOW THESE RIGHTS MAY APPLY IN YOUR STATE OR FOR INSTRUCTIONS ON HOW TO SUBMIT A REQUEST TO US FOR A MORE DETAILED DESCRIPTION OF YOUR RIGHTS AND OUR PRACTICES REGARDING PERSONAL INFORMATION. (Not applicable in AZ, CA, DE, KS, MA, MN, ND, NY, OR, VA, or WV. Specific ACORD 38s are available for applicants in these states.)</p> <p style="text-align: right;">(Applicant's Initials): _____</p>			
<p>Applicable in AL, AR, DC, LA, MD, NM, RI and WV: Any person who knowingly (or willfully)* presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully)* presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. *Applies in MD Only.</p> <p>Applicable in CO: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.</p> <p>Applicable in FL and OK: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony (of the third degree)*. *Applies in FL Only.</p> <p>Applicable in KS: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.</p> <p>Applicable in KY, NY, OH and PA: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties (not to exceed five thousand dollars and the stated value of the claim for each such violation)*. *Applies in NY Only.</p> <p>Applicable in ME, TN, VA and WA: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties (may)* include imprisonment, fines and denial of insurance benefits. *Applies in ME Only.</p> <p>Applicable in NJ: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.</p> <p>Applicable in OR: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.</p> <p>Applicable in PR: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.</p> <p>Applicable in UT: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.</p>			
THE UNDERSIGNED IS AN AUTHORIZED REPRESENTATIVE OF THE APPLICANT AND REPRESENTS THAT REASONABLE INQUIRY HAS BEEN MADE TO OBTAIN THE ANSWERS TO QUESTIONS ON THIS APPLICATION. HE/SHE REPRESENTS THAT THE ANSWERS ARE TRUE, CORRECT AND COMPLETE TO THE BEST OF HIS/HER KNOWLEDGE.			
APPLICANT'S SIGNATURE (Must be Officer, Owner or Partner)	DATE	PRODUCER'S SIGNATURE	NATIONAL PRODUCER NUMBER

Contractor Notice and Agreement

Workers Compensation and Employers Liability Insurance Policy

Contractor Notice and Agreement

Policy number:

Your business could be liable for compensation of employees of independent contractors, subcontractors, or other employees engaged in the general employer's business. To avoid being charged premium for payments made to the contractors whose services you utilize during the policy period, you must retain and provide the following to support an assertion of exemption under Oklahoma Administrative Workers' Compensation Act (AWCA):

1. Proof of a valid Workers Compensation Insurance Policy issued to the contractor; or
2. An Affidavit of Exempt Status issued by the Oklahoma Workers Compensation Commission for each contractor who asserts to be exempt from coverage under the AWCA for review and verification by CompSource. The Affidavit is only valid for the contractor; however, it may be rejected if the individual contractor is deemed to be an employee. If the contractor has individuals performing work for them, then proof of a valid Workers Compensation Insurance Policy or proof the individuals are otherwise exempt from the AWCA will be required if the work performed is necessary and integral to your business. Affidavits will be accepted, subject to verification. If they are determined to be invalid or not otherwise applicable, then CompSource Mutual Insurance Company will not accept them and will be required to charge you additional premium; or
3. Exemption other than independent contractor status. If you have contractors who are excluded from coverage under the AWCA, you must provide documentation of the exemption subject to review and verification. Please contact CompSource Mutual Insurance Company for information on the required documentation for each exemption.

These documents described above must be available for examination by our auditor in order to avoid payment of additional premium on contractors and their employees who perform services for you. CompSource Mutual Insurance Company expressly reserves the right to examine, verify, accept or reject any assertion of exemption from the AWCA. CompSource Mutual Insurance Company does not waive any rights or remedies as may be available in relation to this contract or any claim filed thereunder.

Any person who knowingly and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of any insurance policy containing false, incomplete or misleading information is guilty of a felony.

SIGNATURE

DATE

Checklist for Reporting Employee Information

Employers must collect these forms for all new employees:

- ❖ Form I-9 (Department of Homeland Security)
- ❖ IRS Form W-4 (not required for ordained staff)

Employers must complete these forms for all employees:

- ❖ IRS Form 941 or 944
- ❖ IRS Forms W-2 and W-3
- ❖ Oklahoma New Hire Report
- ❖ Workers' Compensation
- ❖ Oklahoma Withholding Report (OK QuickTax website)

Oklahoma Reporting Requirement for New Employees

Oklahoma employers have a requirement to report the hiring of new employees to the Oklahoma Employment Security Commission. The purpose of this reporting is to locate parents who are not fulfilling their child support obligations. Since there is a 20-day deadline for filing this form after an employee is hired, it is designed to catch up to those parents much sooner. Oklahoma law has a provision for penalties for failure to meet this deadline.

The Oklahoma New Hire Reporting Form, Form, OES-112, should be completed showing the employer identification information and the new or rehired employee information, including name, social security number, address, date of birth, salary and date of hire. Reporting should also be done for current employees if not previously done. Once completed, the form should be sent to:

Oklahoma New Hire Reporting Center
PO Box 52004
Oklahoma City, OK 73152-2004

The report may also be faxed to 1-800-317-3786 or 405-557-5350. Forms may be downloaded from the Internet at: https://apps.ok.gov/oesc/newhire/app/forms/oes-112_NewHire_rev_07-12.pdf
If you have any questions about this reporting requirement, you may call 800-317-3785 or 405-557-7190.

To participate in the online reporting for new hires, go to:
<https://www.ok.gov/oesc/index.php?c=16>.

Oklahoma New Hire Reporting Form

Oklahoma New Hire Reporting Form

OES-112(07-12)

Please fill out completely and mail to: Oklahoma New Hire Reporting Center
 PO Box 52003
 Oklahoma City OK 73152-2003
 OR FAX to: 1-800-317-3786 or OKC Metro Area (405) 557-5350

Download a copy of this form at: www.ok.gov/oes/index.php?c=11
 OKDHS - Oklahoma Employer Services Center Information Number:
 1-866-563-2368 or OKC Metro Area (405) 325-9190

Employer Information

Federal Employer Identification Number

Company Name

Payroll Processing Address Line 1

Payroll Processing Address Line 2

Payroll Processing Address Line 3

Oklahoma Account Number

Payroll Processing Area Code, Phone Number Extension

City State

Country

ZIP Code

New or Rehired Employee Information

Social Security Number

First Name Middle Last Name

Mailing Address

City

State ZIP Code

Date of Birth Month Day Year

Occupation

Starting Salary \$ Hour Week Commission / Other Month Year

New Hire Recalled State of Hire

Date Started to Work or Recalled Month Day Year

Dependent health insurance available? Yes No

Is this person currently employed with your company? Yes No

New Hire - Employee hired or recalled with more than 60 days separation
 Recalled - Employee recalled with less than 60 days separation

E-Verify with the Department of Homeland Security

E-Verify (formerly known as the Basic Pilot/Employment Eligibility Verification Program) is an Internet based system operated by the Department of Homeland Security (DHS) in partnership with the Social Security Administration (SSA) that allows participating employers to electronically verify the employment eligibility of their newly hired employees.

E-Verify is free and voluntary and is the best means available for determining employment eligibility of new hires and the validity of their Social Security Numbers.

To sign up or learn more, go to www.uscis.gov/everify.

To register for E-Verify, go to <https://e-verify.uscis.gov/enroll/>.





Employment Eligibility Verification
Department of Homeland Security
 U.S. Citizenship and Immigration Services

USCIS
Form I-9
 OMB No. 1615-0047
 Expires 10/31/2022

▶ **START HERE:** Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Attestation *(Employees must complete and sign Section 1 of Form I-9 no later than the first day of employment, but not before accepting a job offer.)*

Last Name (Family Name)		First Name (Given Name)		Middle Initial	Other Last Names Used (if any)	
Address (Street Number and Name)			Apt. Number	City or Town		State ZIP Code
Date of Birth (mm/dd/yyyy)	U.S. Social Security Number [][] - [][] - [][][][]		Employee's E-mail Address		Employee's Telephone Number	

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following boxes):

<input type="checkbox"/> 1. A citizen of the United States	
<input type="checkbox"/> 2. A noncitizen national of the United States <i>(See instructions)</i>	
<input type="checkbox"/> 3. A lawful permanent resident (Alien Registration Number/USCIS Number): _____	
<input type="checkbox"/> 4. An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy): _____ Some aliens may write "N/A" in the expiration date field. <i>(See instructions)</i>	
<p><i>Aliens authorized to work must provide only one of the following document numbers to complete Form I-9: An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.</i></p> <p>1. Alien Registration Number/USCIS Number: _____ OR 2. Form I-94 Admission Number: _____ OR 3. Foreign Passport Number: _____ Country of Issuance: _____</p>	
QR Code - Section 1 Do Not Write In This Space	

Signature of Employee	Today's Date (mm/dd/yyyy)
-----------------------	---------------------------

Preparer and/or Translator Certification (check one):

I did not use a preparer or translator. A preparer(s) and/or translator(s) assisted the employee in completing Section 1.
(Fields below must be completed and signed when preparers and/or translators assist an employee in completing Section 1.)

I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.

Signature of Preparer or Translator		Today's Date (mm/dd/yyyy)	
Last Name (Family Name)		First Name (Given Name)	
Address (Street Number and Name)		City or Town	State ZIP Code

STOP *Employer Completes Next Page* STOP



Employment Eligibility Verification
Department of Homeland Security
 U.S. Citizenship and Immigration Services

USCIS
Form I-9
 OMB No. 1615-0047
 Expires 10/31/2022

Section 2. Employer or Authorized Representative Review and Verification

(Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A OR a combination of one document from List B and one document from List C as listed on the "Lists of Acceptable Documents.")

Employee Info from Section 1	Last Name (Family Name)	First Name (Given Name)	M.I.	Citizenship/Immigration Status
-------------------------------------	-------------------------	-------------------------	------	--------------------------------

List A Identity and Employment Authorization	OR	List B Identity	AND	List C Employment Authorization
Document Title		Document Title		Document Title
Issuing Authority		Issuing Authority		Issuing Authority
Document Number		Document Number		Document Number
Expiration Date (if any) (mm/dd/yyyy)		Expiration Date (if any) (mm/dd/yyyy)		Expiration Date (if any) (mm/dd/yyyy)
Document Title		Additional Information		QR Code - Sections 2 & 3 Do Not Write In This Space
Issuing Authority				
Document Number				
Expiration Date (if any) (mm/dd/yyyy)				
Document Title				
Issuing Authority				
Document Number				
Expiration Date (if any) (mm/dd/yyyy)				

Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.

The employee's first day of employment (mm/dd/yyyy): _____ (See instructions for exemptions)

Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	Title of Employer or Authorized Representative		
Last Name of Employer or Authorized Representative	First Name of Employer or Authorized Representative	Employer's Business or Organization Name		
Employer's Business or Organization Address (Street Number and Name)		City or Town	State	ZIP Code

Section 3. Reverification and Rehires (To be completed and signed by employer or authorized representative.)

A. New Name (if applicable)			B. Date of Rehire (if applicable)	
Last Name (Family Name)	First Name (Given Name)	Middle Initial	Date (mm/dd/yyyy)	

C. If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.

Document Title	Document Number	Expiration Date (if any) (mm/dd/yyyy)
----------------	-----------------	---------------------------------------

I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative	Today's Date (mm/dd/yyyy)	Name of Employer or Authorized Representative
--	---------------------------	---

LISTS OF ACCEPTABLE DOCUMENTS

All documents must be UNEXPIRED

Employees may present one selection from List A
or a combination of one selection from List B and one selection from List C.

LIST A Documents that Establish Both Identity and Employment Authorization	OR	LIST B Documents that Establish Identity	AND	LIST C Documents that Establish Employment Authorization
<ol style="list-style-type: none"> 1. U.S. Passport or U.S. Passport Card 2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551) 3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa 4. Employment Authorization Document that contains a photograph (Form I-766) 5. For a nonimmigrant alien authorized to work for a specific employer because of his or her status: <ol style="list-style-type: none"> a. Foreign passport; and b. Form I-94 or Form I-94A that has the following: <ol style="list-style-type: none"> (1) The same name as the passport; and (2) An endorsement of the alien's nonimmigrant status as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form. 6. Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI 	OR	<ol style="list-style-type: none"> 1. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address 2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address 3. School ID card with a photograph 4. Voter's registration card 5. U.S. Military card or draft record 6. Military dependent's ID card 7. U.S. Coast Guard Merchant Mariner Card 8. Native American tribal document 9. Driver's license issued by a Canadian government authority <li style="text-align: center;">For persons under age 18 who are unable to present a document listed above: 10. School record or report card 11. Clinic, doctor, or hospital record 12. Day-care or nursery school record 	AND	<ol style="list-style-type: none"> 1. A Social Security Account Number card, unless the card includes one of the following restrictions: <ol style="list-style-type: none"> (1) NOT VALID FOR EMPLOYMENT (2) VALID FOR WORK ONLY WITH INS AUTHORIZATION (3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION 2. Certification of report of birth issued by the Department of State (Forms DS-1350, FS-545, FS-240) 3. Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal 4. Native American tribal document 5. U.S. Citizen ID Card (Form I-197) 6. Identification Card for Use of Resident Citizen in the United States (Form I-179) 7. Employment authorization document issued by the Department of Homeland Security

Examples of many of these documents appear in the Handbook for Employers (M-274).

Refer to the instructions for more information about acceptable receipts.

Employee's Withholding Certificate

▶ **Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.**
 ▶ **Give Form W-4 to your employer.**
 ▶ **Your withholding is subject to review by the IRS.**

2020

Step 1: Enter Personal Information	(a) First name and middle initial	Last name	(b) Social security number
	Address		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .
	City or town, state, and ZIP code		
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly (or Qualifying widow(er)) <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		

Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

**Step 2:
Multiple Jobs
or Spouse
Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do **only one** of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3–4); **or**

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; **or**

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld ▶

TIP: To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents	If your income will be \$200,000 or less (\$400,000 or less if married filing jointly): Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$ _____ Multiply the number of other dependents by \$500 ▶ \$ _____ Add the amounts above and enter the total here	3	\$
Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income	4(a)	\$
	(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here	4(b)	\$
	(c) Extra withholding. Enter any additional tax you want withheld each pay period	4(c)	\$

**Step 5:
Sign
Here**

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

▶ _____ ▶ _____
Employee's signature (This form is not valid unless you sign it.) **Date**

Employers Only	Employer's name and address	First date of employment	Employer identification number (EIN)
---------------------------	-----------------------------	--------------------------	--------------------------------------

General Instructions

Future Developments

For the latest information about developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose of Form

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. If too little is withheld, you will generally owe tax when you file your tax return and may owe a penalty. If too much is withheld, you will generally be due a refund. Complete a new Form W-4 when changes to your personal or financial situation would change the entries on the form. For more information on withholding and when you must furnish a new Form W-4, see Pub. 505.

Exemption from withholding. You may claim exemption from withholding for 2020 if you meet both of the following conditions: you had no federal income tax liability in 2019 and you expect to have no federal income tax liability in 2020. You had no federal income tax liability in 2019 if (1) your total tax on line 16 on your 2019 Form 1040 or 1040-SR is zero (or less than the sum of lines 18a, 18b, and 18c), or (2) you were not required to file a return because your income was below the filing threshold for your correct filing status. If you claim exemption, you will have no income tax withheld from your paycheck and may owe taxes and penalties when you file your 2020 tax return. To claim exemption from withholding, certify that you meet both of the conditions above by writing "Exempt" on Form W-4 in the space below Step 4(c). Then, complete Steps 1(a), 1(b), and 5. Do not complete any other steps. You will need to submit a new Form W-4 by February 16, 2021.

Your privacy. If you prefer to limit information provided in Steps 2 through 4, use the online estimator, which will also increase accuracy.

As an alternative to the estimator: if you have concerns with Step 2(c), you may choose Step 2(b); if you have concerns with Step 4(a), you may enter an additional amount you want withheld per pay period in Step 4(c). If this is the only job in your household, you may instead check the box in Step 2(c), which will increase your withholding and significantly reduce your paycheck (often by thousands of dollars over the year).

When to use the estimator. Consider using the estimator at www.irs.gov/W4App if you:

1. Expect to work only part of the year;
2. Have dividend or capital gain income, or are subject to additional taxes, such as the additional Medicare tax;
3. Have self-employment income (see below); or
4. Prefer the most accurate withholding for multiple job situations.

Self-employment. Generally, you will owe both income and self-employment taxes on any self-employment income you receive separate from the wages you receive as an employee. If you want to pay these taxes through withholding from your wages, use the estimator at www.irs.gov/W4App to figure the amount to have withheld.

Nonresident alien. If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Step 1(c). Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

Step 2. Use this step if you (1) have more than one job at the same time, or (2) are married filing jointly and you and your spouse both work.

Option (a) most accurately calculates the additional tax you need to have withheld, while option (b) does so with a little less accuracy.

If you (and your spouse) have a total of only two jobs, you may instead check the box in option (c). The box must also be checked on the Form W-4 for the other job. If the box is checked, the standard deduction and tax brackets will be cut in half for each job to calculate withholding. This option is roughly accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld, and this extra amount will be larger the greater the difference in pay is between the two jobs.



Multiple jobs. Complete Steps 3 through 4(b) on only one Form W-4. Withholding will be most accurate if you do this on the Form W-4 for the highest paying job.

Step 3. Step 3 of Form W-4 provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 972, Child Tax Credit and Credit for Other Dependents. You can also include **other tax credits** in this step, such as education tax credits and the foreign tax credit. To do so, add an estimate of the amount for the year to your credits for dependents and enter the total amount in Step 3. Including these credits will increase your paycheck and reduce the amount of any refund you may receive when you file your tax return.

Step 4 (optional).

Step 4(a). Enter in this step the total of your other estimated income for the year, if any. You shouldn't include income from any jobs or self-employment. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your paycheck, see Form 1040-ES, Estimated Tax for Individuals.

Step 4(b). Enter in this step the amount from the Deductions Worksheet, line 5, if you expect to claim deductions other than the basic standard deduction on your 2020 tax return and want to reduce your withholding to account for these deductions. This includes both itemized deductions and other deductions such as for student loan interest and IRAs.

Step 4(c). Enter in this step any additional tax you want withheld from your pay **each pay period**, including any amounts from the Multiple Jobs Worksheet, line 4. Entering an amount here will reduce your paycheck and will either increase your refund or reduce any amount of tax that you owe.

Step 2(b) – Multiple Jobs Worksheet *(Keep for your records.)*



If you choose the option in Step 2(b) on Form W-4, complete this worksheet (which calculates the total extra tax for all jobs) on **only ONE** Form W-4. Withholding will be most accurate if you complete the worksheet and enter the result on the Form W-4 for the highest paying job.

Note: If more than one job has annual wages of more than \$120,000 or there are more than three jobs, see Pub. 505 for additional tables; or, you can use the online withholding estimator at www.irs.gov/W4App.

- 1 **Two jobs.** If you have two jobs or you're married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 4. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, **skip** to line 3 **1** \$ _____

- 2 **Three jobs.** If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.
 - a Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value on line 2a **2a** \$ _____
 - b Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the "Higher Paying Job" row and use the annual wages for your third job in the "Lower Paying Job" column to find the amount from the appropriate table on page 4 and enter this amount on line 2b **2b** \$ _____
 - c Add the amounts from lines 2a and 2b and enter the result on line 2c **2c** \$ _____

- 3 Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc. **3** _____

- 4 **Divide** the annual amount on line 1 or line 2c by the number of pay periods on line 3. Enter this amount here and in **Step 4(c)** of Form W-4 for the highest paying job (along with any other additional amount you want withheld) **4** \$ _____

Step 4(b) – Deductions Worksheet *(Keep for your records.)*



- 1 Enter an estimate of your 2020 itemized deductions (from Schedule A (Form 1040 or 1040-SR)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income **1** \$ _____

- 2 Enter: $\left\{ \begin{array}{l} \bullet \$24,800 \text{ if you're married filing jointly or qualifying widow(er)} \\ \bullet \$18,650 \text{ if you're head of household} \\ \bullet \$12,400 \text{ if you're single or married filing separately} \end{array} \right\}$ **2** \$ _____

- 3 If line 1 is greater than line 2, subtract line 2 from line 1. If line 2 is greater than line 1, enter "-0-" . . . **3** \$ _____

- 4 Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040 or 1040-SR)). See Pub. 505 for more information **4** \$ _____

- 5 **Add** lines 3 and 4. Enter the result here and in **Step 4(b)** of Form W-4 **5** \$ _____

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person with no other entries on the form; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Married Filing Jointly or Qualifying Widow(er)

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$220	\$850	\$900	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020	\$1,210	\$1,870	\$1,870
\$10,000 - 19,999	220	1,220	1,900	2,100	2,220	2,220	2,220	2,220	2,410	3,410	4,070	4,070
\$20,000 - 29,999	850	1,900	2,730	2,930	3,050	3,050	3,050	3,240	4,240	5,240	5,900	5,900
\$30,000 - 39,999	900	2,100	2,930	3,130	3,250	3,250	3,440	4,440	5,440	6,440	7,100	7,100
\$40,000 - 49,999	1,020	2,220	3,050	3,250	3,370	3,570	4,570	5,570	6,570	7,570	8,220	8,220
\$50,000 - 59,999	1,020	2,220	3,050	3,250	3,570	4,570	5,570	6,570	7,570	8,570	9,220	9,220
\$60,000 - 69,999	1,020	2,220	3,050	3,440	4,570	5,570	6,570	7,570	8,570	9,570	10,220	10,220
\$70,000 - 79,999	1,020	2,220	3,240	4,440	5,570	6,570	7,570	8,570	9,570	10,570	11,220	11,240
\$80,000 - 99,999	1,060	3,260	5,090	6,290	7,420	8,420	9,420	10,420	11,420	12,420	13,260	13,460
\$100,000 - 149,999	1,870	4,070	5,900	7,100	8,220	9,320	10,520	11,720	12,920	14,120	14,980	15,180
\$150,000 - 239,999	2,040	4,440	6,470	7,870	9,190	10,390	11,590	12,790	13,990	15,190	16,050	16,250
\$240,000 - 259,999	2,040	4,440	6,470	7,870	9,190	10,390	11,590	12,790	13,990	15,520	17,170	18,170
\$260,000 - 279,999	2,040	4,440	6,470	7,870	9,190	10,390	11,590	13,120	15,120	17,120	18,770	19,770
\$280,000 - 299,999	2,040	4,440	6,470	7,870	9,190	10,720	12,720	14,720	16,720	18,720	20,370	21,370
\$300,000 - 319,999	2,040	4,440	6,470	8,200	10,320	12,320	14,320	16,320	18,320	20,320	21,970	22,970
\$320,000 - 364,999	2,720	5,920	8,750	10,950	13,070	15,070	17,070	19,070	21,290	23,590	25,540	26,840
\$365,000 - 524,999	2,970	6,470	9,600	12,100	14,530	16,830	19,130	21,430	23,730	26,030	27,980	29,280
\$525,000 and over	3,140	6,840	10,170	12,870	15,500	18,000	20,500	23,000	25,500	28,000	30,150	31,650

Single or Married Filing Separately

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$460	\$940	\$1,020	\$1,020	\$1,470	\$1,870	\$1,870	\$1,870	\$1,870	\$2,040	\$2,040	\$2,040
\$10,000 - 19,999	940	1,530	1,610	2,060	3,060	3,460	3,460	3,460	3,640	3,830	3,830	3,830
\$20,000 - 29,999	1,020	1,610	2,130	3,130	4,130	4,540	4,540	4,720	4,920	5,110	5,110	5,110
\$30,000 - 39,999	1,020	2,060	3,130	4,130	5,130	5,540	5,720	5,920	6,120	6,310	6,310	6,310
\$40,000 - 59,999	1,870	3,460	4,540	5,540	6,690	7,290	7,490	7,690	7,890	8,080	8,080	8,080
\$60,000 - 79,999	1,870	3,460	4,690	5,890	7,090	7,690	7,890	8,090	8,290	8,480	9,260	10,060
\$80,000 - 99,999	2,020	3,810	5,090	6,290	7,490	8,090	8,290	8,490	9,470	10,460	11,260	12,060
\$100,000 - 124,999	2,040	3,830	5,110	6,310	7,510	8,430	9,430	10,430	11,430	12,420	13,520	14,620
\$125,000 - 149,999	2,040	3,830	5,110	7,030	9,030	10,430	11,430	12,580	13,880	15,170	16,270	17,370
\$150,000 - 174,999	2,360	4,950	7,030	9,030	11,030	12,730	14,030	15,330	16,630	17,920	19,020	20,120
\$175,000 - 199,999	2,720	5,310	7,540	9,840	12,140	13,840	15,140	16,440	17,740	19,030	20,130	21,230
\$200,000 - 249,999	2,970	5,860	8,240	10,540	12,840	14,540	15,840	17,140	18,440	19,730	20,830	21,930
\$250,000 - 399,999	2,970	5,860	8,240	10,540	12,840	14,540	15,840	17,140	18,440	19,730	20,830	21,930
\$400,000 - 449,999	2,970	5,860	8,240	10,540	12,840	14,540	15,840	17,140	18,450	19,940	21,240	22,540
\$450,000 and over	3,140	6,230	8,810	11,310	13,810	15,710	17,210	18,710	20,210	21,700	23,000	24,300

Head of Household

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$830	\$930	\$1,020	\$1,020	\$1,020	\$1,480	\$1,870	\$1,870	\$1,930	\$2,040	\$2,040
\$10,000 - 19,999	830	1,920	2,130	2,220	2,220	2,680	3,680	4,070	4,130	4,330	4,440	4,440
\$20,000 - 29,999	930	2,130	2,350	2,430	2,900	3,900	4,900	5,340	5,540	5,740	5,850	5,850
\$30,000 - 39,999	1,020	2,220	2,430	2,980	3,980	4,980	6,040	6,630	6,830	7,030	7,140	7,140
\$40,000 - 59,999	1,020	2,530	3,750	4,830	5,860	7,060	8,260	8,850	9,050	9,250	9,360	9,360
\$60,000 - 79,999	1,870	4,070	5,310	6,600	7,800	9,000	10,200	10,780	10,980	11,180	11,580	12,380
\$80,000 - 99,999	1,900	4,300	5,710	7,000	8,200	9,400	10,600	11,180	11,670	12,670	13,580	14,380
\$100,000 - 124,999	2,040	4,440	5,850	7,140	8,340	9,540	11,360	12,750	13,750	14,750	15,770	16,870
\$125,000 - 149,999	2,040	4,440	5,850	7,360	9,360	11,360	13,360	14,750	16,010	17,310	18,520	19,620
\$150,000 - 174,999	2,040	5,060	7,280	9,360	11,360	13,480	15,780	17,460	18,760	20,060	21,270	22,370
\$175,000 - 199,999	2,720	5,920	8,130	10,480	12,780	15,080	17,380	19,070	20,370	21,670	22,880	23,980
\$200,000 - 249,999	2,970	6,470	8,990	11,370	13,670	15,970	18,270	19,960	21,260	22,560	23,770	24,870
\$250,000 - 349,999	2,970	6,470	8,990	11,370	13,670	15,970	18,270	19,960	21,260	22,560	23,770	24,870
\$350,000 - 449,999	2,970	6,470	8,990	11,370	13,670	15,970	18,270	19,960	21,260	22,560	23,900	25,200
\$450,000 and over	3,140	6,840	9,560	12,140	14,640	17,140	19,640	21,530	23,030	24,530	25,940	27,240

OKLAHOMA TAX COMMISSION
EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE

This certificate is for income tax withholding purposes only. Type or print.

NOTE: Do NOT mail to the Oklahoma Tax Commission.

Your First Name and Middle Initial	Last Name	Your Social Security Number
Home Address (Number and Street or Rural Route)	Filing Status <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate	
City or Town	State	ZIP Code

1. Allowance For Yourself: Enter 1 for yourself	1	
2. Allowance For Your Spouse: Does your spouse work? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, enter 0. If no, enter 1 for your spouse...	2	
3. Allowance For Dependents: Enter the number of dependents you will claim on your tax return. Do not claim yourself or your spouse or dependents that your spouse has already claimed on his or her Form OK-W-4.....	3	
4. Additional Allowances: You may claim additional allowances if you itemize your deductions or have other state tax deductions or credits that lower your tax. Enter the number of additional allowances you would like to claim.....	4	
5. Total Number of Allowances You Are Claiming: Add Lines 1 through 4 and enter total here	5	
6. Additional Withholding: If you expect to have a balance due (as a result of interest income, dividends, income from a part-time job, etc.) on your tax return, you may request your employer to withhold an additional amount of tax from each pay period. To calculate the amount needed, divide the amount of the expected balance due by the number of pay periods in a year. Enter the additional amount to be withheld each pay period here	6	\$
7. Exempt Status: If you had a right to a refund of all of your Oklahoma income tax withheld last year because you had no tax liability and this year you expect a refund of all Oklahoma income tax withheld because you expect to have no tax liability, write "Exempt" on Line 7. See information below	7	
8. If you meet the conditions set forth under the Servicemember Civil Relief Act, as amended by the Military Spouses Residency Relief Act and have no Oklahoma tax liability, write "Exempt" on line 8 and complete Form OW-9-MSE. See information below	8	
9. If income earned as a member of any active duty component of the Armed Forces of the United State is eligible for the military income deduction write "exempt" on Line 9	9	

Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate, or I am entitled to claim exempt status.

Employee's Signature (Form is not valid unless you sign it)	Date (MM/DD/YYYY)
--	--------------------------

Form OK-W-4 is completed so you can have as much "take-home pay" as possible without an income tax liability due to the state of Oklahoma when you file your return. Deductions and exemptions reduce the amount of your taxable income. If your income is less than the total of your personal exemption plus your standard deduction, you should mark "Exempt" on Line 7 above. The following amounts of your annual Oklahoma adjusted gross income will not be taxed by the state of Oklahoma when you file your individual income tax return.

Single	Married Filing Joint
\$1,000 - personal exemption	\$ 2,000 - personal exemption
<u>\$6,350</u> - standard deduction	<u>\$12,700</u> - standard deduction
\$7,350 - Total	\$14,700 - Total
+\$1,000 for each dependent	+\$1,000 for each dependent

ITEMS TO REMEMBER:

- If your filing status is married filing joint and your spouse works, do not claim an exemption on Form OK-W-4 for your spouse.
- If you and your spouse have dependents, please be sure only one of you claim the dependents on your Form OK-W-4. If both spouses claim the dependents as an allowance on Form OK-W-4, it may cause you to owe additional Oklahoma income tax when you file your return.
- If you have more than one employer, you should claim a smaller number or no allowances on each Form OK-W-4 filed with employers other than your principal employer so the amount withheld will be closer to your amount of total tax.
- If you itemize your deductions, instead of using the standard deduction, the amount not taxed by Oklahoma may be a greater or lesser amount.
- If you are claiming an "Exempt" status due to the Military Spouses Residency Relief Act you must provide Form OW-9-MSE "Annual Withholding Tax Exemption Certification for Military Spouses".

INDEPENDENT CONTRACTORS AND REPORTING REQUIREMENTS

Who Is An Independent Contractor?

Because the reporting of payments for services and the workers' compensation requirements are different for independent contractors and employees, a church will need to understand its relationship with the one performing services for the church.

An independent contractor is defined by law as one who engages to perform certain services for another, according to his own manner, method, free from control and direction of his contractor in all matters connected with the performance of the service, except as to the result or product of the work.

For assistance when determining whether an individual is an employee versus an independent contractor, you may refer to the Exempt Status Fact Sheet located on the reverse side of the "Affidavit of Exempt Status Under the Workers' Compensation Act." Another important resource for making this distinction is IRS Publication 15-A, *Employer's Supplemental Tax Guide*.

Withholding and Reporting Requirements for Independent Contractors

Form 1099 is required if **ALL** of the following conditions exist:

1. The service is provided by a non-employee;
2. The service is not provided by a corporation (An LLC is not a corporation in Oklahoma); and
3. The independent contractor providing the service was paid \$600 or more during the year.

If there is reportable income (all of conditions 1-3 above are met), a Form W-9 must be on file. If there is reportable income, and there is no W-9 on file, 24% backup withholding is required on all future payments until a W-9 is received.

Send the withheld funds with a 945-V, the payment voucher that is filed with the annual Form 945 report. If the payment amount will be greater than \$2,500, EFTPS must be used for the deposit.

If there is any service provided by a contractor, be certain to ask for proof of workers' compensation coverage. Without this proof, the workers' compensation carrier could bill for the premiums, for the contract workers coverage, during the year-end audit. The exception is that sole proprietors, partners, C Corporation and S Corporation shareholders, and LLC members may elect to have no coverage on themselves and must provide a completed Affidavit of Exempt Status if making that election. All employees must be covered.

Although a subcontractor may be independent and not an employee of your business, you could still be found liable for claims of your *subcontractor's employees* if that subcontractor is uninsured. That is, the law assigns secondary liability to you if the business of the subcontractor is: a) necessary and integral to your business and b) the subcontractor fails to obtain proper coverage for its employees.

To reduce your church's risk, it is important that you carefully review your status with each uninsured subcontractor you intend to use. The safest way to protect your business from these claims and additional premium is to require certificates of workers' compensation insurance from your subcontractors before the job begins.



Independent Contractor Checklist

- IRS Form W-9
- IRS Form 1099-NEC
- IRS Form 1096
- IRS Form 945
- AND
- Proof of Workers' Compensation Coverage or Affidavit of Exempt Status
or
- Family of 5 Exemption

Filing Options for Oklahoma 1099 Forms

1. Participate in combined Federal/State Program. (No Oklahoma Filing required)
2. Import bulk 1099 files via OK Tap System.
3. 1099/501 Data entry program on OK Tap System.

No paper 1099 or Form 501

IRS Form W-9 Request for Taxpayer Identification Number and Certification

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Go to www.irs.gov/FormW9 for instructions and the latest information.

	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
Print or type. See Specific Instructions on page 3.	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Social security number									

or

Employer identification number									

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

IRS Form 1099 - NEC

7171

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. First Baptist Church #1 Pearly Gate Street Newtown, OK 70000		OMB No. 1545-0116 2020 Form 1099-NEC		Nonemployee Compensation Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.	
PAYER'S TIN 73-00000000		RECIPIENT'S TIN [Redacted]			
RECIPIENT'S name Coriolis Plumbing		1 Nonemployee compensation \$ 700.00			
Street address (including apt. no.) #5 Clear Lane		2 [Redacted]			
City or town, state or province, country, and ZIP or foreign postal code Newtown, OK 70000		3 [Redacted]			
Account number (see instructions) [Redacted]		4 Federal income tax withheld \$ 96.00			
FATCA filing requirement <input type="checkbox"/>		5 State tax withheld \$ _____			
2nd TIN not. <input type="checkbox"/>		6 State/Payer's state no. WTH 10000000-02			
[Redacted]		7 State income \$ _____			

Form **1099-NEC** Cat. No. 72590N www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

Specific Instructions for Form 1099-NEC

File Form 1099-NEC, Nonemployee Compensation (NEC), for each person in the course of your business to whom you have paid the following during the year:

- At least \$600 in:
 - Services performed by someone who is not your employee (including parts and materials) ([box 1](#));
 - Cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish ([box 1](#)); or
 - Payments to an attorney ([box 1](#)). (See [Payments to attorneys](#), later.)

You must also file Form 1099-NEC for each person from whom you have withheld any federal income tax (report in [box 4](#)) under the backup withholding rules regardless of the amount of the payment.



Be sure to report each payment in the proper box because the IRS uses this information to determine whether the recipient has properly reported the payment.

What's New

Form 1099-NEC. The PATH Act, P.L. 114-113, Div. Q, sec. 201, accelerated the due date for filing Form 1099 that includes nonemployee compensation (NEC) from February 28 to January 31 and eliminated the automatic 30-day extension for forms that include NEC. Beginning with tax year 2020, use Form 1099-NEC to report nonemployee compensation.

Notes: (1) Law firms that are paid fees for legal work done should receive a 1099 Form even if they are a C Corporation (2) If a contractor is paid with a credit/debit card, or via Pay Pal a 1099 Form is NOT issued to the contractor. If some invoices are paid with a credit/debit card and some with checks, the 1099 form is issued for payments made by checks only-if at least \$600.

IRS Form 1096 Annual Summary and Transmittal of U.S. Information

Do Not Staple 6969

Form 1096 Department of the Treasury Internal Revenue Service	Annual Summary and Transmittal of U.S. Information Returns	OMB No. 1545-0108 2020														
FILER'S name First Baptist Church Street address (including room or suite number) #1 Pearly Gate Street City or town, state or province, country, and ZIP or foreign postal code Newtown, OK 70000		For Official Use Only 														
Name of person to contact Telephone number																
Email address Fax number																
1 Employer identification number 73-00000000	2 Social security number		3 Total number of forms 1	4 Federal income tax withheld \$ 96.00	5 Total amount reported with this Form 1096 \$ 700.00											
6 Enter an "X" in only one box below to indicate the type of form being filed.																
W-2G 32	1097-BTC 50	1098 81	1098-C 78	1098-E 84	1098-F 03	1098-Q 74	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73	1099-DIV 91	1099-G 86	1099-INT 92	1099-K 10	1099-LS 16
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1099-LTC 93	1099-MISC 95	1099-NEC 71	1099-OID 96	1099-PATR 97	1099-Q 31	1099-QA 1A	1099-R 98	1099-S 75	1099-SA 94	1099-SB 43	3921 25	3922 26	5498 28	5498-ESA 72	5498-QA 2A	5498-SA 27
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ►

Title ►

Date ►

Instructions

Future developments. For the latest information about developments related to Form 1096, such as legislation enacted after it was published, go to www.irs.gov/Form1096.

Reminder. The only acceptable method of electronically filing information returns listed on this form in box 6 with the IRS is through the FIRE System. See Pub. 1220.

Purpose of form. Use this form to transmit paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the IRS.

Caution: If you are required to file 250 or more information returns of any one type, you must file electronically. If you are required to file electronically but fail to do so, and you do not have an approved waiver, you may be subject to a penalty. For more information, see part F in the 2020 General Instructions for Certain Information Returns.

Forms 1099-QA and 5498-QA can be filed on paper only, regardless of the number of returns.

Who must file. Any person or entity who files any of the forms shown in line 6 above must file Form 1096 to transmit those forms to the IRS.

Enter the filer's name, address (including room, suite, or other unit number), and taxpayer identification number (TIN) in the spaces provided on the form. The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G.

When to file. File Form 1096 as follows.

- With Forms 1097, 1098, 1099, 3921, 3922, or W-2G, file by March 1, 2021.
- With Form 1099-NEC, file by February 1, 2021.
- With Forms 5498, file by June 1, 2021.

Where To File

Send all information returns filed on paper with Form 1096 to the following.

If your principal business, office or agency, or legal residence in the case of an individual, is located in

Use the following address

Alabama, Arizona, Arkansas, Delaware, Florida, Georgia, Kentucky, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Texas, Vermont, Virginia

Internal Revenue Service
Austin Submission Processing Center
P.O. Box 149213
Austin, TX 78741

Oklahoma

Department of the Treasury,
Internal Revenue Service Center
Kansas City, MO 64999

For more information and the Privacy Act and Paperwork Reduction Act Notice, see the 2020 General Instructions for Certain Information Returns.

Cat. No. 144000

Form **1096** (2020)

IRS Form 945 Annual Return of Withheld Federal Income Tax

Form 945 Department of the Treasury Internal Revenue Service	Annual Return of Withheld Federal Income Tax ▶ For withholding reported on Forms 1099 and W-2G. ▶ For more information on income tax withholding, see Pub. 15 and Pub. 15-A. ▶ Go to www.irs.gov/Form945 for instructions and the latest information.	OMB No. 1545-1430 <div style="font-size: 2em; font-weight: bold;">2019</div>
---	--	---

Type or Print	Name (as distinguished from trade name) First Baptist Church	Employer identification number (EIN) 73-00000000	If address is different from prior return, check here. ▶ <input type="checkbox"/>
	Trade name, if any		
	Address (number and street) #1 Pearly Gate Street		
	City or town, state or province, country, and ZIP or foreign postal code Newtown, OK 70000		

A If you don't have to file returns in the future, check here and enter date final payments made. ▶ _____

1 Federal income tax withheld from pensions, annuities, IRAs, gambling winnings, etc.	1		
2 Backup withholding	2	96	00
3 Total taxes. If \$2,500 or more, this must equal line 7M below or Form 945-A, line M	3	96	00
4 Total deposits for 2019, including overpayment applied from a prior year and overpayment applied from Form 945-X	4	0	00
5 Balance due. If line 3 is more than line 4, enter the difference and see the separate instructions	5	96	00
6 Overpayment. If line 4 is more than line 3, enter the difference ▶ \$ _____			

Check one: Apply to next return. Send a refund.

- **All filers:** If line 3 is less than \$2,500, **don't** complete line 7 or Form 945-A.
- **Semiweekly schedule depositors:** Complete Form 945-A and check here ▶
- **Monthly schedule depositors:** Complete line 7, entries A through M, and check here ▶

7 Monthly Summary of Federal Tax Liability. (Don't complete if you were a semiweekly schedule depositor.)					
	Tax liability for month		Tax liability for month		Tax liability for month
A January		F June		K November	
B February		G July		L December	
C March		H August		M Total liability for year (add lines A through L)	
D April		I September			
E May		J October			

Third-Party Designee Do you want to allow another person to discuss this return with the IRS? See separate instructions. Yes. Complete the following. No.

Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶
-------------------	-------------	--

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature ▶ Print Your Name and Title ▶ Date ▶

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 14584B **Form 945** (2019)



Form 945-V Department of the Treasury Internal Revenue Service	Payment Voucher ▶ Don't staple this voucher or your payment to Form 945.	OMB No. 1545-1430 <div style="font-size: 2em; font-weight: bold;">2019</div>
1 Enter your employer identification number (EIN). <div style="font-size: 1.5em; font-weight: bold;">73-00000000</div>		2 Enter the amount of your payment . . . ▶ Make your check or money order payable to "United States Treasury" <div style="font-size: 1.5em; font-weight: bold;">96 00</div>
3 Enter your business name (individual name if sole proprietor). <div style="font-size: 1.2em; font-weight: bold;">First Baptist Church</div> Enter your address. <div style="font-size: 1.2em; font-weight: bold;">#1 Pearly Gate Street</div> Enter your city or town, state or province, country, and ZIP or foreign postal code. <div style="font-size: 1.2em; font-weight: bold;">Newtown, OK 70000</div>		

CC Form 36A Affidavit of Exempt Status Under the Workers' Compensation Act

CC-FORM-36A

File original and one (1) copy with the Workers' Compensation Commission (WCC) in-person or by mail, or file online at www.ok.gov/wcc.

Must be accompanied by a nonrefundable \$50 filing fee payable to the WCC.

CHECKS WILL NOT BE ACCEPTED.

WORKERS' COMPENSATION COMMISSION
1915 NORTH STILES AVENUE STE 231
OKLAHOMA CITY, OK 73105



AFFIDAVIT OF EXEMPT STATUS UNDER THE ADMINISTRATIVE WORKERS' COMPENSATION ACT

- Type of Filing (check one): **Original Affidavit of Exempt Status** - Expires at midnight two (2) years from the filing date.
 Renewal - Expires at midnight two (2) years from the expiration date indicated below.
 If renewing a current Affidavit, provide: Affidavit # _____ and Expiration Date: _____

I, _____, state under penalty of perjury, as follows:

1. I, _____ (Name of individual), in my individual capacity or operating as _____ (business name), have read, signed and attached the Exempt Status Fact Sheet and understand the definition of "employee" and specific exceptions to that definition found in 85A O.S. §2(18). I also understand that an Independent Contractor is one who engages to perform certain services for another, according to his own manner, method, free from control and direction of his contractor in all matters connected with the performance of the service, except as to the result or product of the work. A Contractor may be either (i) the owner of a project or job or (ii) an Independent Contractor in any tier who has subcontracted with a subcontractor.
2. I understand that based upon the representations in this Affidavit of Exempt Status ("Affidavit"), I am requesting that the recipient of this Affidavit consider my business to either (i) be exempt from the definition of "employee" or (ii) be that of an independent contractor, and that no workers' compensation insurance premium be charged for the services performed by my business. I do not want workers' compensation insurance and understand that I am not eligible for workers' compensation benefits.
3. In the event changed circumstances make securing compensation pursuant to the requirements of the Administrative Workers' Compensation Act necessary, I will execute and file a Cancellation of Affidavit of Exempt Status with the Workers' Compensation Commission. I will obtain workers' compensation and employers' liability insurance for my employees if I have employees, unless they are otherwise exempt from the requirements of the Administrative Workers' Compensation Act.
4. The information I have provided is not the result of force, threats, coercion, compulsion or duress.
5. I understand that the execution of this Affidavit, if I am an independent contractor, shall establish a conclusive presumption that I am not an employee for purposes of the Administrative Workers' Compensation Act.
6. I understand that the execution of this Affidavit shall not affect the rights or coverage of any employee of the individual or business executing this Affidavit.
7. I understand if any contractor or its insurer shall become liable under the Administrative Workers' Compensation Act for the payment of compensation due to a compensable work related injury of my employee(s), the contractor or its insurer may recover from me the amount of such compensation paid or for which liability is incurred.
8. I understand that knowingly providing false information on an executed Affidavit of Exempt Status shall constitute a misdemeanor punishable by a fine not to exceed One Thousand Dollars (\$1,000.00).

Affiant Signature

I declare under PENALTY OF PERJURY that I have examined all statements contained herein, and to the best of my knowledge and belief, they are true, correct and complete.

Affiant Name _____ Title _____ Phone _____

Business Name _____ Email _____

FEIN/EIN/TIN # _____ Mailing Address _____

Affiant Signature _____ Date _____

Any person who commits workers' compensation fraud, upon conviction, shall be guilty of a felony punishable by imprisonment, a fine or both.

It is a crime to falsify the information on this form.

Effective 1/2/19

EXEMPT STATUS FACT SHEET

Pursuant to 85A O.S., §36, any individual or business entity that is not required to secure compensation under the requirements of the Administrative Workers' Compensation Act (AWCA) may execute an Affidavit of Exempt Status. **Those who are unsure as to whether they may lawfully submit an Affidavit of Exempt Status should seek competent legal advice.**

Employee: 85A O.S., §2(18): The definition of "employee" includes any person, including minors, in the service of an employer under any contract of hire or apprenticeship, written or oral, expressed or implied. It excludes those whose employment is casual and not in the course of the trade, business, profession, or occupation of his or her employer. Additional, specific exceptions may be found in 85A O.S. §2(18)(b).

Independent Contractor: The AWCA does not define "independent contractor." Oklahoma law considers an independent contractor to be one who engages to perform certain services for another, according to his or her own manner and method, free from control and direction of his or her contractor in all matters connected with the performance of the service, except as to the result or product of the work. Independent Contractors are not "employees" for purposes of the AWCA.

Below are statements to help you decide if you are an independent contractor. **No one statement is controlling, and your status is based on all the facts in your situation.**

1. The nature of the contract between you and the contractor. For example: Is there a written contract where you agree that you are an independent contractor? Are you a corporation or limited liability company? Do you maintain commercial general liability insurance or other business insurance?
2. The contractor exercises very little control over your work. For example: By the agreement, can the contractor exercise control on the details of the work or your independence? Do you exercise control over most of the details of the work? Do you create plans or specifications for the job? Do you set your own work hours?
3. You are engaged in a distinct occupation or business for others. For example: Do you work for companies or individuals other than the Contractor? Do you work for competitors of the Contractor? Does your business have a logo or uniform?
4. Your job is the kind of occupation where the work is usually performed by a specialist without supervision, and not under the direction of the contractor. For example: Does the Contractor supervise your work?
5. Your occupation requires special skills, license, education or training.
6. The contractor does not supply the things needed to perform your job such as the tools and the place of work. For example: Do you supply any of the materials or tools for the work? Do you operate a vehicle owned by the contractor? Do you perform the work at your business or the contractor's business location or jobsite? Do you wear a uniform supplied by the contractor?
7. The length and duration of the job does not show that you are really an employee. For example: Is this a one-time job, or will you be doing this for the contractor regularly?
8. You are paid as a separate contractor, not as an employee. For example: Do you invoice the Contractor for your services? Are you paid by the job? Do you file a federal income tax return for your business? Do you expect to receive an IRS Form 1099 from the Contractor? Does the Contractor pay your expenses?
9. Your work is not the regular business of the employer. For example: Is your work customarily done in the Contractor's line of business or as part of the Contractor's daily work? Have you ever been an employee of the Contractor? Do you work with other people hired by the Contractor on the work you perform?
10. You do not consider yourself an employee of the contractor. For example: Will the Contractor withhold taxes or monies from your payment? Have you ever been an employee of the Contractor? Have you or your employees ever filed an insurance claim against the Contractor?
11. You do not have the right to terminate the relationship without liability. For example: If you quit before the job is finished, is there a penalty?

It is a crime to falsify the information on this form.

Effective 1/2/19

CC Form 36C (Cancellation of Affidavit of Exempt Status)

CC-FORM-36C

File original with Workers' Compensation Commission (WCC) in-person, by mail, or online at www.ok.gov/wcc.

WORKERS' COMPENSATION COMMISSION
1915 NORTH STILES AVENUE STE 231
OKLAHOMA CITY, OK 73105

THIS SPACE FOR COMMISSION USE ONLY

CANCELLATION OF AFFIDAVIT OF EXEMPT STATUS UNDER THE ADMINISTRATIVE WORKERS' COMPENSATION ACT

I, _____ (name of individual), hereby cancel the Affidavit of Exempt Status that was filed on _____ (affidavit's filing date) and executed on behalf of _____ (business name), and affirm that I will secure compensation for my employees, if I have employees, unless they are otherwise exempt from the requirements for the Administrative Workers' Compensation Act.

I declare under PENALTY OF PERJURY that I have examined all statements contained herein, and to the best of my knowledge and belief, they are true, correct and complete.

Name _____ Title _____

Business Name _____ Email _____

Signature _____ Date _____

Any person who commits workers' compensation fraud, upon conviction, shall be guilty of a felony punishable by imprisonment, a fine or both.

Contractor Agreement

Contractor Agreement

I, _____ (Name of Individual) operating as _____ (Independent contractor's business name), have agreed to provide services to _____ (Contractor). I will provide services in a manner and method free from the control and direction of the contractor in all matters connected with the performance of the service, except as to the result or product of the work. In accordance I am defined by law as an independent contractor. I am an independent contractor, not an employee of the contractor, and do not want workers' compensation insurance. I understand that I am not eligible for Workers' Compensation benefits.

I will obtain workers' compensation and employers' liability insurance for my employees if I have employees, unless they are otherwise exempt from the requirements of the Workers' Compensation Act. I understand that the execution of this agreement shall not affect the rights or coverage of my employees if I have employees.

Further, I will be responsible for the reporting and paying of all federal and state income taxes and self-employment taxes due on the income earned from the services provided under this Contractor Agreement.

Date _____ Name _____ Title _____

Signature _____ Business Name _____

Witness _____ Date _____

Okla. Stat. Tit. 85A

A. No Agreement by an employee to waive his or her right to compensation shall be valid. No contract, regulation, or device shall operate to relieve the employer or carrier, in whole or in part, from any liability created by this act, except as specifically provided in this act.

B. Any officer of a corporation, sole proprietor, partner of a partnership, member of a limited liability company, member of a professional association, or self-employed employer who is not a subcontractor and who owns and operates his or her own business may, by agreement or contract, exclude himself or herself from coverage or waive his or her right to coverage or compensation under this act.

Oklahoma Workers' Compensation Exemption—Family of Five

Oklahoma law requires most businesses to carry workers' compensation, however, a select group of individuals are exempt. One such group falls under the "family of five or fewer exemption." Previously under Title 85, Section 2.6 of the Workers' Compensation Act the exemption stated that an employer with five or less employees, all of whom are related by blood or marriage to the employer, will be exempt from the Workers' Compensation Act. This exemption was recently amended to extend to limited liability companies, corporations and partnerships as well as sole proprietors. The exemption also extends to spouses of exempt employers.

If you sub-contract with a business entity that claims the "family of five or fewer exemption," additional documentation may be required for your premium audit. Please take the necessary steps noted here to ensure sufficient documentation to exclude their remuneration from your premium audit.

If the "family of five or fewer" exempt business maintains its own workers' compensation policy, obtain a copy of a certificate of insurance from them and retain it for your business records. If they do not have a policy, then follow the steps below:

1. The following statement must be placed on each invoice and/or settlement sheet for work performed by the business entity claiming the "family of five or fewer exemption."

"We, the undersigned, do hereby certify that we are operating under the 'Family of five or fewer exemption' and voluntarily are excluding ourselves from the Oklahoma Workers' Compensation Act. We also certify that there are five or fewer of us working including the owner(s); we are all related by blood or marriage; and there are no other employees, contract labor or sub-contractors working for the business. We, the undersigned, understand that by making this statement, we are not entitled to receive workers' compensation benefits resulting from an accidental personal injury sustained by us arising out of and in the course of employment, and

2. Each of the working family members, including the owner(s), must sign the invoice and/or settlement sheet listing their social security numbers. This documentation is required to allow the auditor to accurately identify the individuals claiming the exemption and determine the specific work performed, OR
3. A minimum premium workers' compensation policy (\$350-600/year) could be purchased by the family entity. This policy would not provide coverage on the family members but could provide protection if any subcontractor should be hurt and not be covered. Also, a Certificate of Insurance could be provided for all the jobs performed by the family entity making the above steps 1 and 2 unnecessary.

Following these guidelines may reduce the need for additional information and can allow your year-end audit process to go more smoothly.

Due to the recent legislative changes, many employers may see more use of the "family of five or fewer exemption." Referring back to this article may help guide you in what is needed for documentation for this exemption. If you have any questions regarding your policy, please contact CompSource's underwriting department at (405) 232-7663, extension 5102.

HOUSING ALLOWANCE— WHO GETS IT AND HOW MUCH?

Who Qualifies for a Housing Allowance?

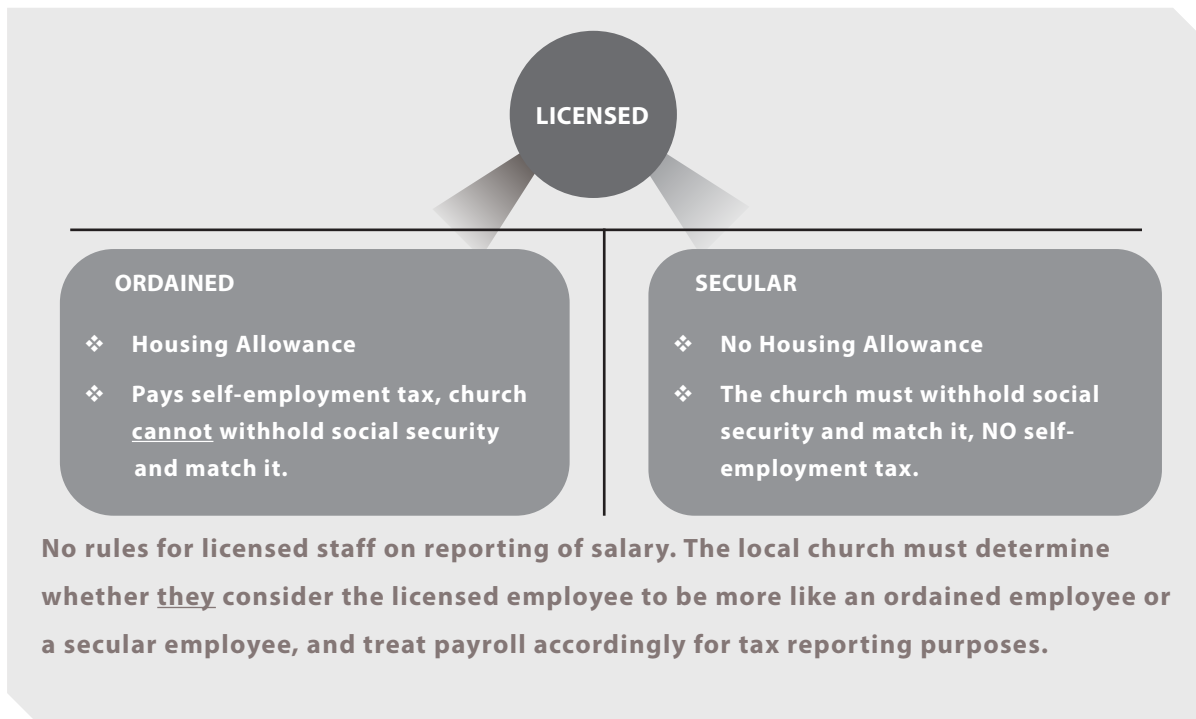
The answer to the question, “Who is entitled to a housing allowance?” is also going to answer another question, “Who is to be considered self-employed for Social Security purposes?” When we determine that an ordained employee is entitled to tax-free housing allowance, we will have also determined that they are to be considered self-employed for Social Security purposes. Likewise, if we determine that an ordained employee is not entitled to tax-free housing allowance, we will have determined that the individual is not to be considered an employee for FICA withholding purposes.

A minister of the gospel is an individual who is duly ordained, commissioned, or licensed to the pastoral ministry by action of a religious body constituting a church or church denomination and given the authority to conduct religious worship, to perform sacerdotal functions and to administer ordinances or sacraments according to the prescribed tenets and principles of that church or church denomination.

If a church or church denomination ordains some ministers of the gospel and licenses or commissions others, anyone licensed or commissioned must be able to perform substantially all of the religious functions of the church to be considered a duly ordained minister and eligible for housing allowance.

The IRS accepts the different practices of churches. Some forego the formal recognition or use different terms, yet have staff members to whom they have given the authority to conduct religious worship and to administer ordinances and they are eligible for housing allowance.

Non-ordained or licensed staff living in housing contiguous to church property for the convenience of the church and as required by the church are not subject to income tax or social security tax on the fair market value of the property. Any additional amounts paid as a housing or parsonage allowance are subject to social security tax and may be subject to income tax.



Church Provided Housing



- Insurance
- Real Estate Tax
- Utilities
- Furniture

E

(Everything Else)

No housing allowance-
Church provides all expenses



- Insurance
- Real Estate Tax
- Utilities

Housing allowance-
For furniture & **E**



- No expenses
provided

Housing allowance-
For all housing costs

Housing Allowance Requirements

- 1) Must be pre-designated (designated before the period for which it covers).
- 2) The housing allowance amount must be recorded on a signed, dated document (formal housing allowance agreement, church annual budget, pay package allocations signed by a Finance Committee member or someone else of authority, etc).
- 3) The signed, dated housing allowance document should be kept in the income tax file (in case of future IRS audit).
- 4) Housing allowance amount should be "over" designated (allocating more than should be needed within the allowed limit) in case of unforeseen expenditures.
- 5) Keep all housing related receipts. Only expenditures that can be proven will be allowed as actual housing expense deductions (which reduce taxable income up to the amount of the approved and legally allowed housing allowance).
- 6) Funds borrowed for housing expenses (purchase or remodel of house, etc.) are deductible as the note is paid off. Funds used for housing expenses and paid for with a credit card are deductible when charged to the credit card (not when the credit card bill is paid).
- 7) Housing Allowance can be increased at any time by decreasing salary an equal amount. However, the Housing Allowance limit must not be exceeded (see page 74 for the computation of the Housing allowance limit).

What Expenses are Included in the Housing Allowance?

The housing allowance includes anything spent to provide a home for the ordained minister and his family. Regulations state that the parsonage allowance does not include food or maid service. Housing allowance is the income tax-free treatment of a minister's personal home expenses on a cash basis. Do not use business capital asset rules or depreciate home capital expenses. Designation of the housing allowance cannot be made retroactively. The housing allowance can be changed at anytime during the year.

The following list shows typical expenses that are to be considered in computing the amount of the housing allowance:

- ❖ Rent or principal payments, cost of buying a home and down payment (limited).
- ❖ Taxes and interest on home. These expenses are also deductible as itemized deductions. A DOUBLE DEDUCTION.
- ❖ Insurance on the home and/or contents.
- ❖ Repairs and upkeep of the home and/or contents, including tools.
- ❖ Furniture, appliances, vacuum sweeper, TV, washer, personal computer, (non-entertainment) software, etc.
- ❖ Decorator items, curtains, rugs, pictures, etc.
- ❖ Utilities— heat, electric, water, cable TV, sewer charge, garbage removal, telephone monthly service charge, Internet, monthly security system and monitoring, etc.
- ❖ Miscellaneous — pots, pan, linens, sheets, towels, silverware, plates, glasses, lawn mowing, home cleaning supplies, brooms, light bulbs, etc.

How Much of A Minister's Salary Can be Excluded?

If you are a minister and you receive as part of your pay a housing or rental allowance, you may exclude from gross income the lowest of the following amounts:

- ❖ The amount actually spent to provide a home.
- ❖ The amount officially designated as a rental allowance, OR
- ❖ The fair rental value of the home, including furnishings, utilities, garage, etc.

IMPORTANT — Even though the church may provide a parsonage, a Housing Allowance is still necessary for all items provided by the minister out of his own money.

Retired Ministers' Housing Allowance Designation

Retirement distributions paid to a retired minister from an established denominational plan are taxable. However, the former employing body, denomination or mission can “officially designate” the estimated cost of the retiree’s home expenses as tax-free housing allowance. The Form 1099R given to the retired minister should show only the remaining taxable portion. The Congress has determined these housing allowance designations through denominational retirement plans will not be taxable for self-employment tax purposes.

Retirement distributions are not subject to Social Security. A surviving spouse receiving benefits from the retirement plan after a minister’s death is not able to designate any of it as a housing allowance.

Multiple Homes

A recent appeal court ruling overturned a 2010 tax court ruling that a minister who owned and used two residences could use the expenses for both homes as part of his housing allowance designation. As it stands now, the law does not allow more than one home to be used for the housing allowance. The case may again be appealed and may yet be overturned again.

The case is *Driscoll v. Commissioner*, (2010) 135 TC No. 27.

Notes on Fair Market Rental Value

When to Use “Fair Market Rental Value”

1. Computation of Self-Employment Tax - If the minister lives in a parsonage, the Fair Market Rental Value of the parsonage is used to compute Self-Employment Tax. See Page 8, ‘Determining Self-Employment Income’, Line 3.
2. Computation of Maximum Annual Housing Allowance - 1% of the appraised price of the home owned by the minister is the rule of thumb used for the computation of the maximum amount used for the home itself (not including furnishings, utilities, etc.). See Page 74 ‘Estimating Your Maximum Annual Housing Allowance’ - Line 1.

When NOT to Use “Fair Market Rental Value”

Fair Market Rental Value CANNOT be used in lieu of mortgage payments when the home is paid for. Accounting for the actual housing allowance used is limited to actual funds spent for which there are actual expenditures and receipts. Therefore, a Fair Market Rental Value could not be used to account for the actual amount spent. Simply, when the home is paid for and there are no mortgage payments being made, the Fair Market Rental Value amount cannot be used to determine if the annual housing allowance has been spent for income tax purposes. Only actual costs spent can be used in the calculation of housing allowance.

Minister's Estimate of Housing Allowance

The amounts below are an estimate of the payments I expect to make during the year to provide a home.

- | | |
|--|-----------------|
| 1. Rent or principal payments, cost of buying a home, and the down payment (limited). | _____ |
| 2. Taxes and interest on home. These expenses are also deductible as itemized deductions. A DOUBLE DEDUCTION! | _____ |
| 3. Insurance on the home and/or its contents. | _____ |
| 4. Repairs and upkeep of the home and/or its contents, including tools. | _____ |
| 5. Furniture, appliances, vacuum sweeper, TV, washer, personal computer, (non-entertainment) software, etc. | _____ |
| 6. Decorator items, curtains, rugs, pictures, etc. | _____ |
| 7. Utilities – gas, electric, water, cable TV, sewer charge, garbage removal, telephone monthly service charge, Internet, monthly security system and monitoring, etc. | _____ |
| 8. Miscellaneous – lawn mowing, home cleaning supplies, broom, pots, pans, plates, silverware, glasses, linens, sheets, towels, light bulbs, etc. | _____ |
| TOTAL AMOUNT | \$ _____ |

Estimating Your Maximum Annual Housing Allowance

- | | |
|--|-----------------|
| 1. 1% of the appraised value is the monthly Fair Market Rental Value of your home. [IRS Guideline] | _____ |
| 2. 50% of line 1 (estimated cost of furnishings) [IRS Guideline] | _____ |
| 3. Average monthly utility expense (electricity, gas, water & garbage, basic, telephone, cable, alarm service, etc.) [IRS Guideline] | _____ |
| 4. Sub-total (add items 1-3) | _____ |
| 5. Est. Maximum Annual Housing Allowance (Multiply Item 4 by 12) | \$ _____ |

Example Computation of Maximum Annual Housing Allowance

Appraised Value of Home:	\$100,000	
1. Fair Market Rental Value (1% X \$100,000)		1,000.00
2. Estimated Cost of Furnishings (50% X 1,000)		500.00
3. Average Monthly Utilities		+ 400.00
4. Sub-total (add items 1-3)		1,900.00
		<u> X 12</u>
5. Estimated Maximum Annual Housing Allowance (Item 4 times 12)		\$22,800.00

Request for Housing Allowance Designation

I, _____, do hereby request that _____
(Name of Minister) (Name of Church)
designate \$ _____ as my housing allowance for tax year _____.

Signature of Minister

Date

Notification of Housing Allowance from the Church to the Minister

Notification of housing allowance from the church to the minister

To (minister's name): _____

Date: ____/____/____.

This is to advise you that at the business meeting of: _____
Church held on, ____/____/____. (date) , your housing allowance for the year _____
was officially designated and fixed in the amount of \$ _____. Accordingly, \$ _____ of
the total payments to you during the year _____ (and all future years until changed by official
church action) will constitute your housing allowance.

(If a parsonage is provided, add:) You will also have rent-free use of the home located at:

for the year _____. Utilities will be paid by: the church the minister.

This action is recorded in the church minutes.

You should keep an accurate record of your eligible housing expenses to provide proof of any amounts excluded from income for income tax purposes when filing your federal income tax return. You may not exclude a housing allowance as income for SECA tax purposes. It is your responsibility as a taxpayer to understand and follow the limits about how much you can exclude from income as a housing allowance for income tax purposes and accurately report your income.

Sincerely,

Clerk's signature: _____ (date) ____/____/____

CHAPTER 2

EMPLOYEE BUSINESS EXPENSES

IRS Form 2106 is used by employees to get a tax deduction for professional expenses incurred in the course of their employment. There are four important factors in this area for church employees:

1. Unreimbursed professional expenses are no longer deductible as an adjustment to income on page one of Form 1040. These expenses are now deductible only on Schedule A.
2. Only 50% of the cost of unreimbursed business-related meals and entertainment expenses is deductible, also on Schedule A.
3. Unreimbursed professional expenses, including the 50% of cost of business-related meals and entertainment, are deductible on Schedule A, line 19, but only to the extent that they exceed 2% of adjusted gross income.
4. The *Dalan* Court Case.

The Devastating Effects of *Dalan v. Commissioner*

The effect on ministers from the *Dalan vs. Commissioner* case is to severely limit deductions on unreimbursed expenses. Affected are all ministers whether employee or self-employed. In the *Dalan vs. Commissioner* tax case, a minister was allowed to deduct unreimbursed expenses only in proportion to "taxable income" versus "tax-free housing allowance." Reverend Dalan was a part-time pastor in addition to being a full-time teacher. The church he served part-time designated a housing allowance resulting in his ministry compensation being approximately 10% salary and 90% housing allowance. The IRS did not challenge the ratio of salary and housing. Presumably Reverend Dalan's housing costs justified his allowance. But the IRS maintained that since only 10% of his ministry income was taxable, then only 10% of his unreimbursed ministry expenses were deductible. The tax court agreed and Reverend Dalan was not allowed to deduct 90% of his ministry expenses.

The implications are dramatically clear. Ministry expenses should be fully reimbursed by the church. Reimbursed expenses using the Accountable Reimbursement Plan avoid the limitations of the *Dalan* ruling and the Tax Reform Act of 1986. Fully reimbursing ministry expenses does not have to cost the church any more money and will increase the employee's take home pay by simply establishing expense allowances prior to the beginning of the budget year.

Reimbursement of expenses requires the minister properly account to the church. Proper accounting means that each expense is documented by receipt or statement that shows the date, business amount and business purpose. This is the same documentation that the IRS requires to support deductions claimed on the individual tax return. The difference is that by accounting to the church, no further accounting is required to IRS and the new limitations on deducting unreimbursed expenses are avoided.

Do not think this may not apply to you. An Oklahoma pastor was audited. The *Dalan* Ruling was applied. The auditor went back three years on him. Only 27% of his professional expenses were allowed. It cost him \$4,000!

From now on if you use a non-accountable reimbursement plan, you will be required to deduct your professional expense by the same percentage of your total compensation that consists of the tax-exempt housing allowance.

Accountable Reimbursement Plans for Professional Business Expenses

An accountable reimbursement is any reimbursement or other expense allowance arrangement that meets all of the following requirements:

1. **Business Connection**—The arrangement provides advances, allowances, or reimbursements of an employee’s business expenses paid or incurred in the performance of services as an employee. If wages and the reimbursement are combined, the reimbursement amount must be specifically identified or made in a separate payment.
2. **Substantiation**—The employee must submit information to the payor sufficient to satisfy the “adequate accounting rules” with respect to travel, entertainment, business gifts, or use of listed property. For other reimbursed expenses, information must be submitted that is sufficient to enable the payor to identify the specific nature of each expense and to conclude that the expense is an employee business expense. Each of the elements of an expenditure or use must be substantiated.
3. **Return of Excess Amounts**—The arrangements must require that an employee return to the payor within a reasonable time the amount of the reimbursement or allowance that exceeds the substantiated expenses. With respect to expenses reimbursed under an IRS-approved per diem allowance, this rule may be met if the arrangement requires the return of the portion of the allowance that relates to days or miles of travel not substantiated, provided the allowance was reasonably calculated not to exceed anticipated expenses.
4. **Reimbursements Funded Through Salary Reductions**—The final regulations prohibit accountable plans from reimbursing employee business expenses via salary reductions.

Reasonable Period of Time—Requirements (2) and (3), above, must be satisfied within a reasonable period of time. What constitutes a reasonable period of time depends upon the facts and circumstances. However, under a safe harbor, an advance made within 30 days, an expense substantiated within 60 days, or an amount returned within 120 days of when an expense is paid or incurred will be deemed as having occurred within a reasonable time. Under a second safe harbor, the requirements will be deemed to have been satisfied within a reasonable time if an expense is substantiated or an amount is returned within 120 days after the employer-payor provides a periodic statement of the amount paid under the reimbursement plan that exceeds the expense the employer has substantiated. The periodic statement must be provided at least quarterly.

Tax Treatment—Amounts paid under an accountable plan are excludable from the employee’s gross income, are not required to be reported on the employee’s Form W-2, and are exempt from withholding and payment of employment taxes. If a plan is an accountable plan, but an employee fails to return amounts in excess of the substantiated amounts within a reasonable time, only amounts not in excess of the substantiated amounts are excluded from gross income, are not required to be reported on Form W-2, and are exempt from withholding and payment of employment taxes. However, regulations warn that this result will not apply to employers having a “pattern of over reimbursements.”

BUSINESS AND PROFESSIONAL REIMBURSEMENT POLICY

In accordance with income tax regulations 1.62-17 and 1.274-5(3) and the Cares Act Section 2206, _____, hereby establishes a reimbursement policy for all ministers and staff with the following terms and conditions:

1. Only ministry-related expenses incurred by a minister or staff member will be reimbursed subject to budget limitations and may include:
 - A. Business use of automobile, up to the current IRS standard mileage rate.
 - B. Business travel away from home to include transportation, lodging, meals, and related expenses. Spousal travel is encouraged to protect the reputation of our organization and its employees.
 - C. Convention and conference registration expenses.
 - D. Education expenses if it otherwise would qualify for a deduction on the employee's personal tax return up to the current IRS rate. This could include payment toward tuition and student loan payments.
 - E. Subscriptions, books, tapes, CD, DVDs, and software if directly-related to the ministry/employment.
 - F. Business use equipment such as computers, cell phones, or other electronic devices. If ministry funds are used for this purpose, those items belong to the ministry.

2. The minister or staff member will account for each allowable expense in writing. Documentation must include the amount, date/time, place, and business purpose/relationship for each expense. A receipt must accompany the request for reimbursement.

3. Under this accountable plan, the ministry will not report amounts reimbursed as taxable income to the employee on Form W-2. Neither will the employee report the reimbursed amounts as income on IRS Form 1040 for personal tax purposes.

2020 Mileage Rates

Auto - \$.575 per mile
Motorcycle - \$.545 per mile
Medical - \$.17 per mile
Moving - \$.17 per mile
Charitable - \$.14 per mile

2020 Per Diem Rates

	Low	High
IE/Meals	\$55	\$71
Lodging	\$96	\$226
Total	\$151	\$297

Cell Phones/ Electronic Devices

The IRS now treats employer provided cell phones as tax free fringe benefits. When an employer provides an employee with a cell phone primarily for noncompensatory business reasons, the business and personal use of the cell phone is generally nontaxable to the employee. Also, if the employer reimburses the employee for a cell phone plan, the payments are not taxable to the employee as long as the cell phone plan is reasonably related to the employer's business needs and the amounts paid are not unusual or excessive. The IRS will not require recordkeeping of business use in order to receive this tax-free treatment.

Informal statements by the IRS also indicate that employer provided iPads or other tablets qualify for the same qualified treatment as cell phones, whether the tablet is provided by the employer or a reimbursement is made to the employee. The tablet must primarily be for business use.

Non-Accountable Reimbursement Plan

A non-accountable plan is any plan that fails to satisfy any one or more of the requirements of an accountable plan. All amounts paid under the plan are treated as paid under a non-accountable plan.

Tax Treatment—Payments made or treated as made under a non-accountable plan are included in an employee's gross income and must be reported as wages on Form W-2. The payments are also subject to withholding and payment of employment taxes. Employee business expenses paid under a non-accountable plan are deductible on Schedule A, of Form 1040 as a miscellaneous itemized deduction subject to the two-percent-of-adjusted-gross-income floor. Meal and entertainment expenses are subject to the 50 percent limitation of Code Sec. 274(n).

IRS Revokes Ruling on Salary Reduction

The IRS has revoked a 1999 private letter ruling in which it had approved a company's conversion of a portion of commissioned employees' salary into tax-free reimbursements for substantiated employee business expenses (IRS Letter Ruling 200035012, revoking Letter Ruling 199916011). Under this arrangement, employees authorized the employer to set aside a specific amount of the commission that they would earn in the next year to cover reimbursable business expenses that would occur in the next year. The IRS, which is now characterizing this arrangement as the simultaneous adoption of a salary reduction arrangement and an expense reimbursement plan, is reconsidering whether this tandem arrangement more appropriately represents a recharacterization of wages, which is not permitted under Code Sec. 62(c) and is not treated as an accountable plan. According to the latest ruling, the 1999 ruling cannot be relied upon after June 30, 2000.

Reimbursed Travel Expenses of Spouse

The law requires reimbursements of travel expenses for a non-employee spouse is taxable income to the employee. However, the IRS has provided criteria that, if followed properly, eliminates reporting the reimbursement of spouse's travel expenses as taxable income to the employee. The church must have a written policy encouraging the spouse to accompany the employee on all out-of-town trips (especially overnight). There must be a compelling reason for the spouse to accompany the employee. The church can EASILY make the argument that this helps to protect the reputation of the employee as well as the church to have husband and wife attend out-of-town and overnight functions together. The policy must be applied consistently and uniformly.

Entertainment Expenses

Entertainment expenses are no longer available as a result of the 2017 Tax Cuts and Jobs Act. All businesses are affected and any reimbursement for entertainment expenses to an employee are now taxable income.

Under the prior law, if the entertainment expense was directly related to active conduct for business, then the deduction was allowed. Under the new tax law, there is no deduction for:

Any activity generally considered to be entertainment, amusement, or recreation

Membership dues to any club organized for recreation or social purposes

A facility, or portion thereof, used in connection with the above item.

That means no deduction for a round of golf, the shooting range, theatre tickets, spa visit, sports tickets, skybox, fishing, show tickets, etc. This is a big change!

IRS has provided additional guidance in Notice 2018-76. Meal expense or reimbursements must meet five requirements:

Ordinary and necessary

Not lavish or extravagant

An employee must be present

Meal is provided to a current business customer, client, consultant or similar business contact

For meal expenses in conjunction with entertainment, the meal expense must be “stated separately” from the entertainment expense.

Clarification from IRS Notice 2018-76 does seem to allow payment of entertainment activities for a staff member who participates as part of their assigned duties. For example, a youth minister who chaperones a group of students at a roller rink or an amusement park. In these situations, payment or reimbursement of their expenses would be appropriate.

To ensure full deductibility and no taxable income to the employee for reimbursement of all business expenses, not just meals, a formal written accountable reimbursement policy is highly recommended.

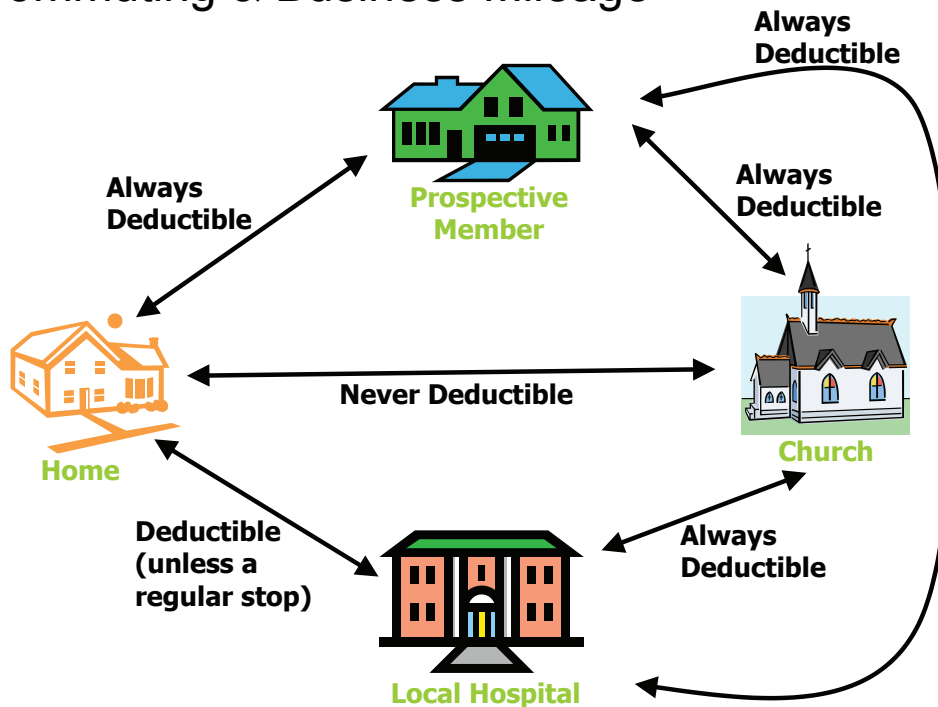
How to Prove Certain Business Expenses*

If you have expenses, then you must keep records that show details for the following elements.				
	Amount	Time	Place or Description	Business Purpose and Business Relationship
Travel	Cost of each separate expense for travel lodging and meals. Incidental expenses may be totaled in reasonable categories such as taxis, daily meals, etc.	Dates you left and returned for each trip and the number of days on business.	Destination or area of your travel (name of destination).	<u>Purpose:</u> Business purpose for the expense or the business benefit gained. <u>Relationship:</u> Not applicable.
Gifts	Cost of the gift.	Date of the gift.	Description of the gift.	<u>Purpose:</u> Business purpose for the expense or the business benefit gained or expected to be gained. <u>Relationship:</u> Occupations or other information (such as names, titles, or other designations) about the recipients that shows their business relationship to you
Transportation (car)	Cost of each separate expense. For car expenses, the cost of the car and any improvements, the date you started using it for business, the mileage for each business use, and the total miles for the year.	Date of the expense. For car expenses, the date of the use of the car.	Your business destination (name of city or other destination).	<u>Purpose:</u> Business purpose for the expense. <u>Relationship:</u> Not applicable.

Table 6-1. Reporting Travel, Nonentertainment Meal, Gift, and Car Expenses and Reimbursements

IF the type of reimbursement (or other expense allowance) arrangement is under:	THEN the employer reports on Form W-2:	AND the employee reports on Form 2106:
An accountable plan with:		
<i>Actual expense reimbursement:</i> Adequate accounting made <u>and</u> excess returned.	No amount.	No amount.
<i>Actual expense reimbursement:</i> Adequate accounting and return of excess both required <u>but</u> excess not returned.	The excess amount as wages in box 1.	No amount.
<i>Per diem or mileage allowance up to the federal rate:</i> Adequate accounting made <u>and</u> excess returned.	No amount.	All expenses and reimbursements only if excess expenses are claimed. Otherwise, form is not filed.
<i>Per diem or mileage allowance up to the federal rate:</i> Adequate accounting and return of excess both required <u>but</u> excess not returned.	The excess amount as wages in box 1. The amount up to the federal rate is reported only under code L in box 12 of Form W-2—it isn't reported in box 1.	No amount.
<i>Per diem or mileage allowance exceeds the federal rate:</i> Adequate accounting up to the federal rate only <u>and</u> excess not returned.	The excess amount as wages in box 1. The amount up to the federal rate is reported only under code L in box 12 of Form W-2—it isn't reported in box 1.	All expenses (and reimbursements reported under code L in box 12 of Form W-2) only if expenses in excess of the federal rate are claimed. Otherwise, form isn't filed.
A nonaccountable plan with:		
Either adequate accounting or return of excess, or both, not required by plan.	The entire amount as wages in box 1.	All expenses.
No reimbursement plan:	The entire amount as wages in box 1.	All expenses.

Commuting & Business Mileage



Commuting vs. Business Mileage

Commuting miles and other commuting costs are not tax deductible expenses according to Internal Revenue Code Section 262. However, certain commuting costs are deductible under Rev. Rul. 99-7. For commuting costs to be deductible, the travel must be between your residence and:

- ❖ A temporary work location outside the metropolitan area where you live and normally work. Rev. Rul. 99-7 defines a temporary work location that is expected to last (and in fact does last) one year or less. The definition of “metropolitan area” is not explained in Rev. Rul. 99-7, but it is later discussed in *Corey L. Wheir*, TC Symm OP. 2004-117 (shown below); or
- ❖ A temporary work location, regardless of distance, if you have one or more regular work locations away from your residence; or
- ❖ Another work location, if your residence is your principal place of business under Section 280A (c)(1)(A).

Key Points on Commuting vs. Business Mileage *Corey L. Wheir*, TC Summ OP. 2004-117

The court in this case provided guidance for the term “metropolitan area” for the first time. The situation in this case involved a taxpayer who lived and worked in a small town in Wisconsin. He worked as a union boilermaker and he was dispatched by the union hall to his jobs of varying lengths of time and to locations throughout the state. Most of his assignments did not require him to stay away from his home overnight.

On his tax return, Mr. Wheir decided to deduct his expenses for traveling when his jobs were more than 35 miles from his home. He arbitrarily chose 35 miles as the dividing line for jobs that were in the “metropolitan area” and jobs that were not. The IRS response to the 35 mile dividing line was to disallow all the travel costs deductions that Mr. Wheir had submitted. The IRS’ position was that Mr. Wheir did not live in a metropolitan area and therefore the entire state was his normal work area.

The Tax Court did not agree with the IRS position in the case. The Court held that Rev. Rul. 99-7 does not define “metropolitan area” or refer to any other official standard. The Court decided to adopt the Webster’s Third new International Dictionary definition:

a region, including a city, and densely populated surrounding area that are socially and economically intergrated with it.

The court found that Mr. Wheir did not live in a metropolitan area and therefore the question became what is the “normal work area” for Mr. Wheir. The Court held that Mr. Wheir’s 35 mile radius was not an unreasonable basis for his normal work area.

Although this case cannot be cited as authority, it does provide guidance on what is to be considered when evaluating commuting vs. business mileage in similar situations.

Ministry Related Reimbursement Account - Minister's Expense Report

Ministry Related Reimbursement Account

Minister's Expense Report

Minister _____ Month _____ Year _____

I. AUTOMOBILE EXPENSES		
A.	Number of business miles _____	\$ _____
	Times standard rate of _____ cents per mile	
B.	Parking fees, tolls	\$ _____
	Total Automobile Expenses	\$ _____
II OTHER PROFESSIONAL EXPENSES		
A.	Out of town meetings	
	1. Fares (air, train, bus, taxi)	\$ _____
	2. Car Rental	\$ _____
	3. Lodging	\$ _____
	4. Meals	\$ _____
	5. Registration and materials	\$ _____
	6. Telephone, fax, postage	\$ _____
	7. Tips, laundry, cleaning	\$ _____
B.	Meetings	\$ _____
C.	Local continuing education	\$ _____
D.	Business meals at restaurants/home	\$ _____
E.	Dues to religious and civic groups	\$ _____
F.	Books and publications	\$ _____
G.	Supplies for ministering	\$ _____
H.	Business long distance charges	\$ _____
I.	Business gifts	\$ _____
J.	Equipment repair/maintenance	\$ _____
K.	Equipment purchase payments	\$ _____
L.	Church and ministry meetings	\$ _____
M.	Other *	\$ _____
	Total Other Professional Expenses	\$ _____
	TOTAL MINISTRY RELATED EXPENSES	\$ _____

All receipts are enclosed and all non-receipted expenses are documented by statement showing date, amount, and business purpose.

Signature of Minister _____

Signature of Church Treasurer/Administrator _____

CHAPTER 3

HEALTH CARE EXPENSES - REDUCING TAXABLE INCOME

For many years, the US Tax Code allowed employers that didn't offer group health insurance to help employees with the cost of individual health insurance and out of pocket medical expenses. Generally, these arrangements, usually in the form of reimbursement, were allowed by the IRS on a tax-free basis to their employees.

Unfortunately, the guidance relating to the ACA market reforms essentially removed these arrangements as an option for helping employees. When ACA guidance was given by the IRS in Notice 2013-54, it was clear that the tax-free reimbursement of individual health insurance premiums would trigger an excise tax of \$100 per employee, per day. The initial guidance did appear to allow the employer to avoid the ACA penalties if the reimbursement for the premiums occurred on a post-tax basis.

In November 2014, IRS, DOL & HHS issued additional guidance that an employer is NOT permitted to reimburse individual health insurance premiums on either a pre or post-tax basis. Shortly thereafter, in February 2015, more guidance was issued allowing reimbursement on a pre-tax basis in limited circumstances for small employers. Most employers, including churches, may no longer reimburse individual health insurance premiums on a pre-tax or post-tax basis.

Small employers are the most likely group impacted by these penalties because employers with 100 or more employees are subject to the ACA mandate to provide qualified health insurance coverage for their employees. Employers with 50 or more, full-time equivalent, employees are required to provide group health insurance, as of 2016.

There are a few exceptions to the rule of employers not reimbursing individual health insurance premiums. The following plans are exempt from ACA requirements:

- 1) **One-participant plans**
- 2) Accident-only plan
- 3) Limited-scope dental and vision plan
- 4) Long-term care benefits

Employers with less than 50 employees can offer group health insurance coverage on a pre-tax basis even if they only have one participant. Also, a personal plan policy through Guidestone is considered an employer group plan and meets the ACA requirements that would allow pre-tax treatment.

One Participant Plans – ACA allows for an exceptions to the requirements for situations where there is only one participant. In that situation, pre-tax reimbursement or payment of health insurance premiums is allowed with no additional requirements other than proof of coverage and proof of payment.

Medicare Premiums - For employers with fewer than 20 employees and who offer group health coverage to their full-time employees not on Medicare, the employer can reimburse Part B and Part D premiums if: (1) the employee being reimbursed by the employer is actually enrolled in Medicare Parts A and B; (2) the employer reimbursement plan is available only to employees who are enrolled in Medicare Part A and Part B or Part D; and (3) the employer payment plan is limited to reimbursement of Medicare Part B or Part D premiums and excepted benefits (such as dental or vision).

Reimbursing Medicare Premiums – The CURES Act also removed the penalties for reimbursing Medicare premiums. Effective January 1, 2017, reimbursement for Medicare Parts B and D CAN be done on a pre-tax basis. Payment or reimbursement of healthcare sharing ministry coverage is not considered health insurance so any employer assistance for those premiums would be taxable income to the employee.

Health Insurance Reimbursement – Beginning in 2014, employers will no longer be able to reimburse health insurance premiums on a pre-tax basis (Rev Ruling 61-146 and IRC section 105) unless the employer provides a group health insurance plan that provides minimal value coverage. Minimal value coverage means the plan will pay at least 60% of medical costs. Guidestone is considered a group plan for Southern Baptist churches.

Offering group health insurance, even though it may not be required, allows for some additional health care benefits such as Flexible Spending Accounts, Healthcare Reimbursement Arrangements, and the Small Business Healthcare Credit if insurance is purchased through Small Business Health Options Program Marketplace (SHOP).

Flexible Spending Accounts (FSAs) - For 2020, FSA employee contributions will be limited to \$2,750. Health care reform limits employer contributions to \$500 per year or an arrangement in which the employer contribution will not exceed the employee's contribution, such as an employer match of employee contributions (up to \$2,750). The employee contribution limit applies to out of pocket medical expenses and cannot be used for health insurance premiums.

Employers can now offer to allow either a \$550 rollover option into the next plan year or allow FSAs to be spent down until 2 ½ months after the end of the tax year. Because this is a use or lose account, any funds remaining are forfeited to the employer and cannot be returned to the employee. Whatever amount the employee elects to contribute to the FSA is "available" from day one in the plan period. For example, if the employee elected to contribute \$2,500 annually and incurs \$2,500 in allowable medical expenses in January, the employer must pay the claim in full even though sufficient funds have not been paid in by the employee. If the employee terminates, the employer may "ask" for repayment but the employee is not required to do so.

For 2020, the CARES Act allows \$550 to be carried over and suspends the use/lose rules through December 31, 2020.

IRS Notice 2012-40 states that the annual contribution is per employee but someone employed by two or more unrelated employers could have an FSA with both employers (if offered) and contribute with each employer. A married couple could each elect to contribute with their respective employers. Over-the-counter medications can only be reimbursed through an FSA with a doctor's prescription.

Health Savings Accounts – These accounts have four key concepts:

- 1) Replace traditional low-deductible health insurance with a qualified high deductible health insurance.
- 2) Deposit a portion of the premium savings, up to the IRS limits, into a special savings account. The savings must be invested in any IRA-approved investment by any IRA-approved trustee with earnings tax free.
- 3) Withdrawals used for medical expenses are tax free.
- 4) Contributions may be made by the employee or employer or both but requires a high deductible health insurance policy.

Early withdrawals for non-medical purposes are subject to income tax and a 20% early withdrawal penalty.

Insure Oklahoma/O-EPIC – This is the health insurance subsidy administered through the State of Oklahoma. The program was drastically reduced in 2014 and was scheduled to expire at the end of 2016 but was extended. However, the income requirements were significantly changed. For 2020, a family of 4 income cannot exceed \$59,496 to qualify.

Health Reimbursement Options

	HSA	FSA
Purpose	Tax exempt trust account to pay medical expense	100% pre-tax employee money to pay medical or daycare expenses (may not be available for personal plan health insurance premiums*)
Who funds?	Employer and/or employee	*** Employer Funding ** Employee
Maximum contribution	Lesser of 100% of deductible amount or \$3600/\$7200	\$2,750 medical maximum \$5,000 maximum for dependent care
Unused funds	Accrues tax free with roll over	Use or lose \$500/2.5 months rollover
Penalty if withdrawn before 65	Yes	N/A
Long-term care allowable	Yes	Yes
Eligibility	HDHP \$1350/2700 -Not Medicare eligible	Any employee
Range of benefits	N/A	N/A
Portability	Yes	No
Pay insurance premium	No	No*
Group Health Insurance required	No	Yes*
Integration with other accounts	FSA – No HRA – No	HSA – No HRA – Yes
Catch-Up Contributions	Yes, ages 55-65 may contribute up to an additional \$1000	No

* Unless excepted benefits such as dental, vision, accident, or long-term care

** For excepted benefits and one participant plans

*** Employer funding under very limited circumstances

Healthcare Reimbursement Accounts (HRAs)– HRAs also reimburse employees tax-free for qualified medical expenses, but unlike an FSA, HRAs must be funded solely by an employer. The dollars can roll over, but they cannot be credited directly to the employee; they belong to the employer.

Additional considerations with HRAs:

- ❖ HRAs must be integrated with a non-HRA group health plan. This means employers can no longer offer active employees a stand-alone HRA or an HRA tied to an individual health plan that is not considered group coverage.
- ❖ Employees and former employees participating in an HRA may not be eligible for premium tax credits while enrolled in the plan, they must be able to permanently opt out of future HRA reimbursements at least annually.
- ❖ The only exception to these rules are retiree-only HRAs, which are exempt from the Affordable Care Act's mandated insurance market reforms. Also, see the exceptions on Page 84 regarding one participant plans and limited scope plans.

Qualified Small Business Healthcare Reimbursement Arrangement

The 21st Century Cures Act was signed into law on December 13, 2016 creating an option for small employers, such as churches, to offer employees a health reimbursement arrangement (HRA) that is funded by the employer.

Eligible qualified small employers will be allowed to pay or reimburse employees' eligible medical expenses (including health insurance premiums) on a pre-tax basis. Employers may offer Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) if they have less than 50 full-time employees **and** do not offer health insurance to any of their employees.

A QSEHRA must meet the following requirements:

- ❖ All employees must be covered by the QSEHRA unless they have not completed 90 days of employment, are under age 25, are part-time or seasonal, are covered under a union agreement, or are non-resident aliens with no U.S. source of income.
- ❖ The QSEHRA must be provided equally to all eligible employees. Amounts may vary based on family status such as single vs. family.
- ❖ Must be funded solely by the employer; no salary reductions are allowed.
- ❖ QSEHRA must provide for the payment/reimbursement of eligible medical expenses (including health insurance premiums) but only after the employee provides proof of health insurance coverage.
- ❖ Employer contributions for 2020 are limited to \$5,250 for single/\$10,600 for family and pro-rated for the number of months of coverage under the QSEHRA.
- ❖ Must be a formal written plan adapted/approved at least 90 days before plan year begins. (Refers to exceptions on page 104.)

Employers must provide an annual written notice to eligible employees not later than 90 days before the beginning of the plan year. Penalty for failure to provide the annual notice is \$50 per employee per incident up to \$2,500 per calendar year.

The employer must report the total benefit amount provided to each employee under the QSEHRA, on W-2s.

NEW HRA OPTIONS

On June 13, 2019, new regulations were finalized for employers who do not offer group health coverage. It is known as Individual Coverage HRA or ICHRA. Starting January 1, 2020, employees will be able to use employer-funded ICHRAs to buy individual health insurance, including marketplace coverage on a tax-free basis.

Previously, HRAs could not be used to pay insurance premiums without group coverage. Under the new regulations, all kinds of HRAs previously allowed are expanded to include:

- Individual coverage HRA – employers are allowed to fund only for employees not offered group coverage.
- Excepted-benefit HRAs – These are limited to paying premiums for vision, dental, accident, or long-term care benefits. These HRAs are only permitted if employees are offered employer-sponsored group health insurance.

Under the new HRA regulations:

- Employers may either offer an ICHRA or a traditional group health plan but may not offer employees a choice between the two.
- Employers can create classes of employees such as salaried workers vs hourly workers, full time vs. part time
- Employers must offer the same benefit for all employees in each class, but they may increase the benefit based on age or more dependents.
- Employers can keep their traditional group plan for current employees but offer new hires only an ICHRA.

An excepted-benefit HRA has new requirements as well. Employers who offer group health insurance can provide an additional pretax \$1800 per year to reimburse employees for qualified medical expenses (IRS Publication 502 items), including premiums for vision, dental, accident, and long-term care. This is available to employees whether or not they enroll in the employer's group plan.

HRA Comparison

	QSEHRA	Group Coverage HRA	One-Person Stand-Alone HRA	Retiree HRA	ICHRA (Available 2020)	Excepted-benefit HRA (available 2020)
Group Coverage Requirements	Can't offer	Must offer	None	None	Can offer but employee can't choose	Must offer
Employee Eligibility	All F/T may include P/T	Available to employee covered by group insurance	Only one employee	Only retirees	Employee options no discrimination	Available to employee covered by group insurance.
Contribution Limits	\$5,250 single \$10,600 family	None	None	None	None	\$1800 per employee
Contribution Requirements	Can base on employee age and family size	Same for all F/T employees	N/A	N/A	Differentiate on 9 employee classes	Differentiate based on job criteria
Unused Funds	Yes but limited to years contributions	Rollover	Rollover	Rollover	Rollover	Rollover
Spouse Coverage	Qualifies as group but no premium reimbursement	Can't participate	Can participate	Can participate	Can't participate	Qualifies as group but no premium reimbursement
No MEC	Reimbursements but taxable reimbursements	No	No	No	No	No
Medical Expenses	Any or all IRS Pub 502 items	Any or all IRS Pub 502 items excluding individual insurance.	Any or all IRS Pub 502 items	Any or all IRS Pub 502 items	Any or all IRS Pub 502 items	Any or all IRS Pub 502 items excluding health insurance plus, Medicare.
Integration	HSA – No FSA – Yes	HSA – No FSA – Yes	HSA – No FSA – Yes	HSA – No FSA – Yes	HSA – No FSA – Yes	HSA – No FSA – Yes
Catchup Contributions	No	No	No	No	No	No

Individual Coverage HRA Model Attestations: Instructions for Individual Coverage HRAs

The Departments of the Treasury, Labor, and Health and Human Services (the Departments) have issued final regulations allowing plan sponsors to offer individual coverage health reimbursement arrangements (HRAs), subject to certain requirements. Among other requirements, individual coverage HRAs must implement, and comply with, reasonable procedures to satisfy two substantiation requirements:

- The annual coverage substantiation requirement: The HRA must substantiate that participants and each dependent covered by the HRA are, or will be, enrolled in individual health insurance coverage or Medicare Part A and B or Medicare Part C for the plan year (or for the portion of the plan year the individual is covered by the HRA, if applicable).
- The ongoing substantiation requirement: The HRA may not reimburse a medical care expense unless, prior to the reimbursement, the participant substantiates that the individual on whose behalf the reimbursement is requested is (or was) enrolled in individual health insurance coverage or Medicare Part A and B or Medicare Part C for the month during which the medical care expense was incurred.

Each of these substantiation requirements may be satisfied by a participant attestation, among other permissible methods. Other methods include providing a third party document or, for the ongoing substantiation requirement, direct payment of insurance premiums, which the Departments expect will be a method some HRAs prefer. The Departments have developed the attached model attestations for HRAs that choose to use attestation to satisfy either the annual coverage substantiation requirement or the ongoing substantiation requirement. To use the model attestations properly, the HRA must fill in the additional information specific to the HRA, such as contact information, which is indicated by italicized prompts in brackets. The Departments consider the use of the model attestations to constitute reasonable procedures that satisfy the annual coverage substantiation requirement and the ongoing substantiation requirement, as applicable. Use of the model attestations is not required, and the models may be combined with other documents, such as the form the HRA otherwise uses to confirm that expenses sought to be reimbursed under an HRA are for medical care. The model attestations also may be modified to reflect the terms of the particular HRA, for example, to remove the attestations that relate to family members, if the HRA does not cover family members.

NOTE: Individual coverage HRAs should not include this instructions page with the individual coverage HRA attestation forms provided to participants.

Individual Coverage HRA Model Attestation: Ongoing Substantiation Requirement

Instructions: To receive reimbursement for medical care expenses under your individual coverage health reimbursement arrangement (HRA), you must complete this form for each request for reimbursement.

The individual coverage HRA will reimburse you for a medical care expense incurred during a month only if you have (or had) individual health insurance coverage, Medicare Part A (Hospital Insurance) and B (Medical Insurance), or Medicare Part C (Medicare Advantage) during that month. Similarly, the individual coverage HRA will reimburse you for a medical care expense your family member incurred during a month only if the family member has (or had) individual health insurance coverage, Medicare Part A and B, or Medicare Part C during that month. In this form, you are attesting that you (or your family member) meet this requirement. [If this form is not combined with the form used to seek reimbursement of medical care expenses, add a statement that the reimbursement form is separate.]

You must sign and date this form. Your family member does not need to sign or date the form. Please return the completed form to [add instructions for returning the form, including any applicable deadline].

Complete the following if you're requesting reimbursement of your medical care expense from the individual coverage HRA.

I attest to the following: I, _____, am requesting reimbursement for a medical care expense incurred during _____, and for that month I am (or was) covered under the following health coverage: _____.

Instructions: Complete the following if you're requesting reimbursement of a family member's medical care expense from the individual coverage HRA.

I, _____, am requesting reimbursement for a medical care expense incurred by _____, during _____, and for that month this family member is (or was) covered under the following health coverage: _____
_____. I hereby affirm that the above information is true and accurate.

NEW FILING REQUIREMENTS

Beginning in 2013, The Patient Centered Outcomes Research Institute (PCORI) was established by the Patient Protection and Affordable Care Act (PPACA) aimed at giving patients a better understanding of the prevention, treatment, and care options available, and the science that supports those options. PCORI will be funded by fees paid by health insurance issuers and employers who sponsor self-insured group health plans. The Further Consolidated Appropriations Act, 2020 (Pub. L. 116-94), signed into law on December 20, 2019, has extended the Patient-Centered Outcomes Research Trust Fund fee imposed by Internal Revenue Code sections 4375 and 4376 for 10 years. As a result of this extension, the Patient-Centered Outcomes Research Trust Fund fee will continue to be imposed through 2029. The rate for 2020 is \$2.45.

The fee is treated like a tax and is required to be paid annually on Form 720, "Quarterly Federal Excise Tax Return," by July 31 of the calendar year immediately following the last day of the applicable plan or policy year. For example, for plan or policy years ending on December 31, 2012, the fee and filing are due no later than July 31, 2013. If the plan is insured, the insurance company will pay the fee. However, if the plan is self-funded, the employer is responsible.

Which Benefit Plans are subject to PCORI fees?

Generally, any plan established or maintained by one or more employers for their employees that provides accident or health coverage, any portion of which is provided other than through an insurance policy, is a self-insured plan subject to PCORI fees. This includes the following employer-sponsored self-insured health plans:

- Health Insurance Policies i.e. Accident/Health Plans
- Self-Insured Plans
- Government Plans (other than excepted plans)
- COBRA Plans
- Dental plans, vision plans, and health FSAs that are not excepted benefits under HIPAA;
- HRAs that are not excepted benefits under HIPAA;
- Retiree-only plans; and
- Employee assistance programs (EAPs) and wellness programs that provide "significant" medical benefits.

What is an excepted FSA/HRA?

An excepted Health Reimbursement Arrangements (HRA) is one that only covers dental and/or vision expenses. All others are subject to the fee.

A Flexible Spending Account (FSA) is excepted from the fee if both of the following two conditions are met:

1. The employer's contribution to the plan does not exceed the employee's contribution and
2. The employer offers health insurance.

If an FSA and an HRA are offered with a fully funded insurance plan, you only have to count the employees toward the fee, not the covered dependents, when counting lives covered under the FSA and HRA. Furthermore, if an employer has an FSA and an HRA that are non-excepted and have the same plan year, then plan sponsors only have to count an employee once, even if that employee is covered by both. If you include both an FSA and HRA when creating your report for a single plan year, a participant with both benefits will be counted once. Participants with either benefit will be counted once.

Who is responsible for paying PCORI fees and how much are they?

PCORI will derive part of its funding by taking fees from two types of organizations:

1. Insurers of specific health insurance policies and
2. Sponsors (employers) of applicable self-insured plans.

(Notably, Health Reimbursement Accounts and Medical Flexible Spending Accounts are virtually always deemed self-funded plans.)

Calculating the PCORI Fee

The first plan year ending between October 1, 2012 and September 30, 2013 is the first plan year for which a PCORI fee is being assessed. For this first year, the PCORI fee equals one dollar times the average number of lives covered under the plan. The PCORI fees will increase over time as follows:

Year	Fee
First Plan Year	\$1 x average covered lives
Second Plan Year	\$2 x average covered lives
Thereafter	Indexed with increase in national health expenditures

(Current fee for 2019 is \$2.45; 2020 = 2.54)

There are three methods that employers and plan sponsors can use to count “covered lives”. They must use the same method across all their plans, but can change the method in subsequent years if they choose. The methods are:

1. Actual Count Method – The average number of lives covered for each day of the plan year. This is the simplest method.
2. Snapshot Method – The average number of lives covered for one day of each quarter. The day selected must be the same each quarter (Ex. The 5th day of the 2nd month for each quarter, or the 20th day of the 1st month for each quarter).
3. Form 5500 Method – Plans with Single/Employee Only coverage take a count at the beginning and end of the year and average them to calculate the fee. Plans with multiple tiers of coverage take a count at the beginning and end of the year, adding them to calculate the fee. This would not apply to most churches.

Paying the PCORI Fee

The PCORI fee for each plan year is due by July 31 of the calendar year immediately following the last day of the plan year. This means that if an employer sponsors a plan with a plan year ending between October 1, 2012, and December 31, 2012, the first PCORI fee is due on July 31, 2013. Any plan year ending before October 1, 2012 will not have to pay the PCOR fee until 2014, for the 2013 plan year. Employers must pay the PCORI fee by filing IRS Form 720. Although this form is for quarterly federal excise tax returns, employers need to report and pay PCORI fees only annually.

Quarterly Federal Excise Tax Return

OMB No. 1545-0023

▶ See the Instructions for Form 720.

▶ Go to www.irs.gov/Form720 for instructions and the latest information.

Check here if:
 Final return
 Address change

Name **First Baptist Church** Quarter ending _____

Number, street, and room or suite no.
 (If you have a P.O. box, see the instructions.) **Employer identification number**
#1 Pearly Gate Street **73-00000000**

City or town, state or province, country, and ZIP or foreign postal code
Newtown, OK 70000

FOR IRS USE ONLY

T	
FF	
FD	
FP	
I	
T	

Part I

IRS No.	Environmental Taxes (attach Form 6627)	Tax	IRS No.
18	Domestic petroleum oil spill tax		18
21	Imported petroleum products oil spill tax		21
98	Ozone-depleting chemicals (ODCs)		98
19	ODC tax on imported products		19
	Communications and Air Transportation Taxes (see instructions)	Tax	
22	Local telephone service and teletypewriter exchange service		22
26	Transportation of persons by air		26
28	Transportation of property by air		28
27	Use of international air travel facilities		27
	Fuel Taxes	Number of gallons	Rate
60	(a) Diesel, tax on removal at terminal rack		\$.244
	(b) Diesel, tax on taxable events other than removal at terminal rack		.244
	(c) Diesel, tax on sale or removal of biodiesel mixture (not at terminal rack)		.244
104	Diesel-water fuel emulsion		.198
105	Dyed diesel, LUST tax		.001
107	Dyed kerosene, LUST tax		.001
119	LUST tax, other exempt removals (see instructions)		.001
35	(a) Kerosene, tax on removal at terminal rack (see instructions)		.244
	(b) Kerosene, tax on taxable events other than removal at terminal rack		.244
69	Kerosene for use in aviation (see instructions)		.219
77	Kerosene for use in commercial aviation (other than foreign trade)		.044
111	Kerosene for use in aviation, LUST tax on nontaxable uses		.001
79	Other fuels (see instructions)		
62	(a) Gasoline, tax on removal at terminal rack		.184
	(b) Gasoline, tax on taxable events other than removal at terminal rack		.184
13	Any liquid fuel used in a fractional ownership program aircraft		.141
14	Aviation gasoline		.194
112	Liquefied petroleum gas (LPG) (see instructions)		.183
118	"P Series" fuels		.184
120	Compressed natural gas (CNG) (see instructions)		.183
121	Liquefied hydrogen		.184
122	Fischer-Tropsch process liquid fuel from coal (including peat)		.244
123	Liquid fuel derived from biomass		.244
124	Liquefied natural gas (LNG) (see instructions)		.243

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 10175Y

Form **720** (Rev. 1-2020)

IRS No.		Rate	Tax	IRS No.	
33	Retail Tax —Truck, trailer, and semitrailer chassis and bodies, and tractor	12% of sales price		33	
29	Ship Passenger Tax Transportation by water	Number of persons \$3 per person	Tax	29	
31	Other Excise Tax Obligations not in registered form	Amount of obligations \$.01	Tax	31	
30	Foreign Insurance Taxes —Policies issued by foreign insurers	Premiums paid	Rate	Tax	IRS No.
	Casualty insurance and indemnity bonds		\$.04		30
	Life insurance, sickness and accident policies, and annuity contracts		.01		
	Reinsurance		.01		
	Manufacturers Taxes	Number of tons	Sales price		
36	Coal—Underground mined		\$1.10 per ton		36
37			4.4% of sales price		37
38	Coal—Surface mined		\$.55 per ton		38
39			4.4% of sales price		39
108	Taxable tires other than bias ply or super single tires	Number of tires	Tax		108
109	Taxable bias ply or super single tires (other than super single tires designed for steering)				109
113	Taxable tires, super single tires designed for steering				113
40	Gas guzzler tax. Attach Form 6197. Check if one-time filing <input type="checkbox"/>				40
97	Vaccines (see instructions)				97
	Reserved for future use	Sales price	2.3% of sales price		
1	Total. Add all amounts in Part I. Complete Schedule A unless one-time filing			\$	

Part II

IRS No.	Patient-Centered Outcomes Research Fee (see instructions)	(a) Avg. number of lives covered (see inst.)	(b) Rate for avg. covered life	(c) Fee (see instructions)	Tax	IRS No.
133	Specified health insurance policies					133
	(a) Reserved for future use					
	(b) With a policy year ending on or after October 1, 2018, and before October 1, 2019		\$2.45			
	Applicable self-insured health plans					
	(c) Reserved for future use					
	(d) With a plan year ending on or after October 1, 2018, and before October 1, 2019		\$2.45			
			Rate	Tax		
41	Sport fishing equipment (other than fishing rods and fishing poles)		10% of sales price			41
110	Fishing rods and fishing poles (limits apply, see instructions)		10% of sales price			110
42	Electric outboard motors		3% of sales price			42
114	Fishing tackle boxes		3% of sales price			114
44	Bows, quivers, broadheads, and points		11% of sales price			44
106	Arrow shafts		\$.52 per shaft			106
140	Indoor tanning services		10% of amount paid			140
64	Inland waterways fuel use tax	Number of gallons	Rate	Tax		64
125	LUST tax on inland waterways fuel use (see instructions)		\$.29			125
51	Section 40 fuels (see instructions)		.001			51
117	Biodiesel sold as but not used as fuel					117
20	Floor Stocks Tax —Ozone-depleting chemicals (floor stocks). Attach Form 6627.					20
2	Total. Add all amounts in Part II			\$	4.90	

Part III

3	Total tax. Add Part I, line 1, and Part II, line 2 ▶	3	\$ 4.90
4	Claims (see instructions; complete Schedule C) ▶	4	
5	Deposits made for the quarter ▶	5	
	<input type="checkbox"/> Check here if you used the safe harbor rule to make your deposits.		
6	Overpayment from previous quarters . . . ▶	6	
7	Enter the amount from Form 720X included on line 6, if any ▶	7	
8	Add lines 5 and 6 ▶	8	
9	Add lines 4 and 8 ▶	9	
10	Balance Due. If line 3 is greater than line 9, enter the difference. Pay the full amount with the return (see instructions) ▶	10	\$ 4.90
11	Overpayment. If line 9 is greater than line 3, enter the difference. Check if you want the overpayment: <input type="checkbox"/> Applied to your next return, or <input type="checkbox"/> Refunded to you.	11	

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see instructions)? **Yes.** Complete the following. **No**

Designee name ▶ _____ Phone no. ▶ _____ Personal identification number (PIN) ▶

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature _____ Date _____ Title _____

Type or print name below signature. ▶ _____ Telephone number ▶ _____

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶			
Firm's address ▶	Phone no.			

Instructions for Form 720

(Rev. January 2020)

Quarterly Federal Excise Tax Return



Department of the Treasury
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 720, and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form720](https://www.irs.gov/Form720).

What's New for 2020

Section 6426 credit extensions:

- **Biodiesel or renewable diesel mixtures.** The biodiesel or renewable diesel mixture credit is extended for fuel sold or used in 2020, so line 12 is restored to Form 720, Schedule C.
- **Alternative fuel.** The alternative fuel credit is extended for fuel sold or used in 2020, so line 13 is restored to Form 720, Schedule C.
- **Alternative fuel mixtures.** The alternative fuel mixture credit is extended for fuels sold or used in 2020, so line 13 is restored to Form 720, Schedule C.
- **Retroactive claims and Notice 2020-08.** See [Notice 2020-08](https://www.irs.gov/notice/2020-08) for information on how to make claims for credits retroactively extended for fuels sold or used in 2018 or 2019.

Repeal of section 4191 medical device tax (formerly IRS No. 136). The medical device tax is repealed.

Arrow shafts (IRS No. 106). The section 4161 tax on arrow shafts remains at \$.52 per arrow shaft.

Transportation of persons by air (IRS No. 26). The section 4261 tax on the amount paid for each domestic segment of taxable air transportation is increased to \$4.30.

Use of international air travel facilities (IRS No. 27). The section 4261 tax on the amount paid for international flights is increased to \$18.90 per person for flights that begin or end in the United States.

The tax is increased to \$9.50 per person for domestic segments that begin or end in Alaska or Hawaii (applies only to departures). See *Air Transportation Taxes*, later.

Extension of oil spill liability tax (IRS Nos. 18 and 21). The section 4611 tax on crude oil received (domestic petroleum oil spill tax), or petroleum products entered (imported petroleum oil spill tax) is extended through 2020 (no tax in 2019).

Underground mined coal (IRS Nos. 36 and 37). The section 4121 rate of tax imposed on coal from underground mines increases in 2020. The new tax rate is the lower of \$1.10 per ton or 4.4% of the sale price.

Surface mined coal (IRS Nos. 38 and 39). The section 4121 rate of tax imposed on coal from surface mines increases in 2020. The new tax rate is the lower of \$.55 per ton or 4.4% of the sale price.

Reminders

Butane mixture doesn't qualify for a credit. A mixture of butane (or other gasoline blendstock) and gasoline is a mixture of two taxable fuels. Therefore, it isn't an alternative

fuel mixture and doesn't qualify for the section 6426 alternative fuel mixture credit. See Rev. Rul. 2018-02 at [IRS.gov/IRB/2006-92_IRB#RR2018-02](https://www.irs.gov/irb/2006-92_IRB#RR2018-02).

Reducing your excise tax liability. For federal income tax purposes, reduce your section 4081 excise tax liability by the amount of excise tax credit allowable under section 6426(c) and your section 4041 excise tax liability by the amount of your excise tax credit allowable under section 6426(d), in determining your deduction for those excise taxes or your cost of goods sold deduction attributable to those excise taxes.

Exported gasoline blendstocks. Claims for exported gasoline blendstocks taxed at \$.001 per gallon are made on Schedule C, line 14b. Continue to use line 1b to make claims for exported gasoline blendstocks taxed at \$.184 per gallon.

Electronic filing. You can electronically file Form 720 through any electronic return originator (ERO), transmitter, and/or intermediate service provider (ISP) participating in the IRS *e-file* program for excise taxes. For more information on *e-file*, visit the IRS website at [IRS.gov/eFILE](https://www.irs.gov/eFILE).

Federal tax deposits made by electronic funds transfer.

Generally, you must use electronic funds transfer to make federal tax deposits, such as deposits of employment tax, excise tax (for exceptions, see *Payment of Taxes*, later), and corporate income tax. Generally, electronic funds transfers are made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make deposits on your behalf. EFTPS is a free service provided by the Department of Treasury.

To get more information about EFTPS or to enroll in EFTPS, visit www.eftps.gov or call 1-800-555-4477. See Pub. 966.

General Instructions

Purpose of Form

Use Form 720 and attachments to report your liability by IRS No. and pay the excise taxes listed on the form. If you report a liability on Part I or Part II, you may be eligible to use Schedule C to claim a credit.

Who Must File



See Patient-centered outcomes research fee (IRS No. 133) in *Part II* for special rules about who must file to report the patient-centered outcomes research fee.

You must file Form 720 if:

- You were liable for, or responsible for collecting, any of the federal excise taxes listed on Form 720, Parts I and II, for a prior quarter and you haven't filed a final return; or
- You are liable for, or responsible for collecting, any of the federal excise taxes listed on Form 720, Parts I and II, for the current quarter.

Feb 13, 2020

Cat. No. 64240C

You may also call the business and specialty tax line at 1-800-829-4933 with your excise tax questions. The hours of operation are Monday-Friday 7:00 a.m. to 7:00 p.m. local time.

See *How To File*, later, for more information.

When To File

You must file a return for each quarter of the calendar year as follows.

Quarter covered	Due by
Jan., Feb., Mar.	April 30
Apr., May, June	July 31
July, Aug., Sept.	October 31
Oct., Nov., Dec.	January 31

If any due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

Send your return to the IRS using the U.S. Postal Service or a designated private delivery service to meet the “timely mailing as timely filing/paying” rule. See *Private Delivery Services*, later.

Floor stocks tax. Report the floor stocks tax on ozone-depleting chemicals (ODCs), IRS No. 20, on the return due by July 31 of each year. The tax payment is due by June 30. See *Floor Stocks Tax*, later.

Where To File

Send Form 720 to:

Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0009

How To File

If you aren't reporting a tax that you normally report, enter a zero on the appropriate line on Form 720, Part I or II. Also, if you have no tax to report, write “None” on Form 720, Part III, line 3; sign and date the return. If you file the second quarter Form 720 only to report the patient-centered outcomes research fee, no filing is required in other quarters unless you have to report other fees or taxes.

If you have adjustments to liabilities reported for prior quarters, see Form 720-X, Amended Quarterly Federal Excise Tax Return. Don't enter adjustments on Form 720.

If you attach additional sheets, write your name and EIN on each sheet.

Final Return

File a final return if you have been filing Form 720 and you:

1. Go out of business, or
2. Won't owe excise taxes that are reportable on Form 720 in future quarters.



If you are only filing to report zero tax and you won't owe excise tax in future quarters, check the final return box above Part I of Form 720.

Recordkeeping

Keep copies of your tax return, records, and accounts of all transactions to show that the correct tax has been paid. Keep records to support all claims and all exemptions at least 4 years from the latest of the date:

- The tax became due,
- You paid the tax, or
- You filed a claim.

Penalties and Interest

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't include an explanation when you file your return.

Trust fund recovery penalty. If communications, air transportation, and indoor tanning services taxes are collected but not paid to the United States Treasury or are willfully not collected, the trust fund recovery penalty may apply. The penalty is the full amount of the unpaid tax.

The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so.

A responsible person can be an officer or employee of a corporation, a partner or employee of a partnership, an employee of a sole proprietorship, an accountant, or a volunteer director/trustee. A responsible person also may include one who signs checks for the business or otherwise has authority to cause the spending of business funds.

Willfully means voluntarily, consciously, and intentionally. A responsible person acts willfully if he or she knows the required actions aren't taking place.

Additional Information

You may find the following products helpful when preparing Form 720 and any attachments.

- Pub. 510, Excise Taxes, contains definitions and examples that will help you prepare Form 720. Pub. 510 also contains information on fuel tax credits and refunds.
- Pub. 509, Tax Calendars, has deposit and payment due dates for federal excise taxes listed in this publication.
- Notice 2005-4 (fuel tax guidance), see 2005-2 I.R.B. 289, at [IRS.gov/IRB/2005-02_IRB#NOT2005-4](https://www.irs.gov/IRB/2005-02_IRB#NOT2005-4).
- Notice 2005-24 (sales of gasoline on oil company credit cards), 2005-12 I.R.B. 757, at [IRS.gov/IRB/2005-12_IRB#NOT2005-24](https://www.irs.gov/IRB/2005-12_IRB#NOT2005-24).
- Notice 2005-62 (biodiesel and aviation-grade kerosene), 2005-35 I.R.B. 443, at [IRS.gov/IRB/2005-35_IRB#NOT2005-62](https://www.irs.gov/IRB/2005-35_IRB#NOT2005-62).
- Notice 2005-80 (LUST, kerosene, claims by credit card issuers, and mechanical dye injection), 2005-46 I.R.B. 953, at [IRS.gov/IRB/2005-46_IRB#NOT2005-80](https://www.irs.gov/IRB/2005-46_IRB#NOT2005-80).
- Notice 2006-92 (alternative fuels and mixtures), on page 774 of 2006-43 I.R.B. 774, at [IRS.gov/IRB/2006-43_IRB#NOT2006-92](https://www.irs.gov/IRB/2006-43_IRB#NOT2006-92).
- Notice 2007-97 (alternative fuel and alternative fuel mixtures), 2007-49 I.R.B. 1092, at [IRS.gov/IRB/2007-49_IRB#NOT2007-97](https://www.irs.gov/IRB/2007-49_IRB#NOT2007-97).
- Notice 2008-110 (biodiesel and cellulosic biofuel), 2008-51 I.R.B. 1298, at [IRS.gov/IRB/2008-51_IRB#NOT2008-110](https://www.irs.gov/IRB/2008-51_IRB#NOT2008-110).
- Notice 2010-68 (Alaska dyed diesel exemption), 2010-44 I.R.B. 576 at [IRS.gov/IRB/2010-44_IRB#NOT2010-68](https://www.irs.gov/IRB/2010-44_IRB#NOT2010-68).
- Notice 2020-08 (biodiesel fuel or renewable diesel fuel claims) [IRS.gov/NOT2020-08](https://www.irs.gov/NOT2020-08)
- Notice 2012-27 (fractional aircraft), 2012-17 I.R.B. 849, at [IRS.gov/IRB/2012-17_IRB#NOT2012-27](https://www.irs.gov/IRB/2012-17_IRB#NOT2012-27).
- Treasury Decision (T.D.) 9670 (tanning tax), 2014-29 I.R.B. 121, at [IRS.gov/IRB/2014-29_IRB#TD9670](https://www.irs.gov/IRB/2014-29_IRB#TD9670).

Affordable Healthcare Act Employee Notification

All current and future employees must receive a notification of employer coverage. The initial notification was required by October 1, 2013. All new employees should receive the notification within 10 days of starting work.



New Health Insurance Marketplace Coverage Options and Your Health Coverage

Form Approved
OMB No. 1210-0149
(expires 5-31-2020)

PART A: General Information

When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment-based health coverage offered by your employer.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.¹

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution—as well as your employee contribution to employer-offered coverage—is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?

For more information about your coverage offered by your employer, please check your summary plan description or contact _____.

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit HealthCare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

¹ An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs.

PART B: Information About Health Coverage Offered by Your Employer

This section contains information about any health coverage offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

3. Employer name		4. Employer Identification Number (EIN)	
5. Employer address		6. Employer phone number	
7. City	8. State	9. ZIP code	
10. Who can we contact about employee health coverage at this job?			
11. Phone number (if different from above)		12. Email address	

Here is some basic information about health coverage offered by this employer:

•As your employer, we offer a health plan to:

All employees. Eligible employees are:

Some employees. Eligible employees are:

•With respect to dependents:

We do offer coverage. Eligible dependents are:

We do not offer coverage.

If checked, this coverage meets the minimum value standard, and the cost of this coverage to you is intended to be affordable, based on employee wages.

** Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, [HealthCare.gov](https://www.healthcare.gov) will guide you through the process. Here's the employer information you'll enter when you visit [HealthCare.gov](https://www.healthcare.gov) to find out if you can get a tax credit to lower your monthly premiums.

The information below corresponds to the Marketplace Employer Coverage Tool. Completing this section is optional for employers, but will help ensure employees understand their coverage choices.

13. Is the employee currently eligible for coverage offered by this employer, or will the employee be eligible in the next 3 months?

Yes (Continue)
13a. If the employee is not eligible today, including as a result of a waiting or probationary period, when is the employee eligible for coverage? _____ (mm/dd/yyyy) (Continue)

No (STOP and return this form to employee)

14. Does the employer offer a health plan that meets the minimum value standard*?
 Yes (Go to question 15) No (STOP and return form to employee)

15. For the lowest-cost plan that meets the minimum value standard* **offered only to the employee** (don't include family plans): If the employer has wellness programs, provide the premium that the employee would pay if he/ she received the maximum discount for any tobacco cessation programs, and didn't receive any other discounts based on wellness programs.

a. How much would the employee have to pay in premiums for this plan? \$ _____

b. How often? Weekly Every 2 weeks Twice a month Monthly Quarterly Yearly

If the plan year will end soon and you know that the health plans offered will change, go to question 16. If you don't know, STOP and return form to employee.

16. What change will the employer make for the new plan year? _____

Employer won't offer health coverage
 Employer will start offering health coverage to employees or change the premium for the lowest-cost plan available only to the employee that meets the minimum value standard.* (Premium should reflect the discount for wellness programs. See question 15.)

a. How much would the employee have to pay in premiums for this plan? \$ _____

b. How often? Weekly Every 2 weeks Twice a month Monthly Quarterly Yearly

SELF-REPORTING VIOLATIONS

Beginning January 1, 2014 (temporary relief extended through June 30, 2015), employers offering premium reimbursement plans that do not comply with the Affordable Care Act are required to self-report violations using IRS Form 8928.

The 21st Century Cure Act provides for additional transitional relief for violations. The excise tax will not be imposed for any failure to satisfy the requirements of ACA for small employers and relieves these employers from submitting Form 8928.

If there is a violation, there are a few options:

1. An employer can claim the exemption from the penalties/excise tax if the failure to comply "was due to reasonable cause and not due to willful neglect and the failure was corrected within 30 days of identifying the violation."
2. Stop the violation immediately.
3. Prepare Form 8928 to meet the self-reporting requirements.

There are still many areas of ACA that are unclear and we expect additional guidance to continue but each organization needs to be proactive in identifying issues and complying with the new requirements.



**Return of Certain Excise Taxes Under
 Chapter 43 of the Internal Revenue Code**
 (Under sections 4980B, 4980D, 4980E, and 4980G)

► Information about Form 8928 and its separate instructions is at www.irs.gov/form8928.

Filer's tax year beginning _____ and ending _____	
A Name of filer (see instructions) First Baptist Church	B Filer's employer identification number (EIN) 73-0000000
Number, street, and room or suite no. (if a P.O. box, see instructions) #1 Pearly Gate Street	
City or town, state or province, country, and ZIP or foreign postal code Newtown, OK 70000	
C Name of plan FSA	E Plan sponsor's EIN 73-0000000
D Name and address of plan sponsor First Baptist Church	F Plan year ending (MM/DD/YYYY) 12/31/2020
	G Plan number

Part I Tax on Failure To Satisfy Continuation Coverage Requirements Under Section 4980B

Complete a separate Part I, lines 1 through 6, for failures due to reasonable cause and not to willful neglect, and a separate Part I, lines 12 through 14, for other failures, for each qualifying event for which one or more failures to satisfy continuation coverage requirements that occurred during the reporting period (see instructions).

Section A – Failures Due to Reasonable Cause and Not to Willful Neglect		For IRS Use Only	
1	Enter the total number of days of noncompliance in the reporting period	1	
2	Enter the number of qualified beneficiaries for which a failure occurred as a result of this qualifying event 2		
3	If you entered 2 or more on line 2, multiply line 1 by \$200. Otherwise, multiply line 1 by \$100	3	
4	If the failure was not discovered despite exercising reasonable diligence or was corrected within the correction period and was due to reasonable cause, enter -0- here, and go to line 5. Otherwise, enter the amount from line 3 on line 6 and go to line 7	4	
5	If the failure was not corrected before the date a notice of examination of income tax liability was sent to the employer and the failure continued during the examination period, multiply \$2,500 by the number of qualified beneficiaries for whom one or more failures occurred (multiply by \$15,000 to the extent the violations were more than de minimis for a qualified beneficiary). If the failures were corrected before the date a notice of examination was sent, enter -0-	5	
6	Enter the smaller of line 3 or line 5	6	
7	If there was more than one qualifying event, add the amounts shown on line 6 of all forms, and enter the total on a single "summary" form. Otherwise, enter the amount from line 6 above	7	
8	Enter the aggregate amount paid or incurred during the preceding tax year for a single employer group health plan or the amount paid or incurred during the current tax year for a multiemployer health plan to provide medical care 8		
9	Multiply line 8 by 10% (0.10)	9	
10	Amount from section 4980B(c)(4)	10	500,000
11	Enter the smallest of lines 7, 9, or 10. For a third-party administrator, HMO, or insurance company, the amount you enter on this line filed for all plans you administer during the same tax year cannot exceed \$2 million; reduce the amount you would otherwise enter on this line to the extent the amount for all plans would exceed this limit	11	

Section B – Failures Due to Willful Neglect or Otherwise Not Due to Reasonable Cause			
12	Enter the total number of days of noncompliance in the reporting period	12	
13	Enter the number of qualified beneficiaries for which a failure occurred as a result of this qualifying event 13		
14	If you entered 2 or more on line 13, multiply line 12 by \$200. Otherwise, multiply line 12 by \$100.	14	
15	If there was more than one qualifying event, add the amounts shown on line 14 of all forms, and enter the total on a single "summary" form. Otherwise, enter the amount from line 14 above	15	

Section C – Total Tax Due Under Section 4980B			
16	Add lines 11 and 15 ►	126	16

Name of filer: **First Baptist Church**

Filer's EIN: **73-0000000**

Part II Tax on Failure To Meet Portability, Access, Renewability, and Other Requirements Under Section 4980D

Complete a separate Part II, lines 17 through 23, for failures due to reasonable cause and not to willful neglect, and a separate Part II, lines 29-32, for other failures to meet certain group health plan requirements that occurred during the reporting period (see instructions).

Section A – Failures Due to Reasonable Cause and Not to Willful Neglect

		For IRS Use Only		
17	Enter the total number of days of noncompliance in the reporting period		17	85
18	Enter the number of individuals to whom the failure applies	18	2	
19	Multiply line 17 by line 18	19	170	
20	Multiply line 19 by \$100		20	17,000.00
21	If the failure was not discovered despite exercising reasonable diligence or was corrected within the correction period and was due to reasonable cause, enter -0- here, and go to line 22. Otherwise, enter the amount from line 20 on line 23 and go to line 24		21	0
22	If the failure was not corrected before the date a notice of examination of income tax liability was sent to the employer and the failure continued during the examination period, multiply \$2,500 by the number of qualified beneficiaries for whom one or more failures occurred (multiply by \$15,000 to the extent the violations were more than de minimis for a qualified beneficiary). If the failures were corrected before the date a notice of examination was sent, enter -0-		22	
23	Enter the smaller of line 20 or line 22		23	
24	If there was more than one failure, add the amounts shown on line 23 of all forms, and enter the total on a single "summary" form. Otherwise, enter the amount from line 23 above		24	0
25	Enter the aggregate amount paid or incurred during the preceding tax year for a single employer group health plan or the amount paid or incurred during the current tax year for a multiemployer health plan to provide medical care.	25		
26	Multiply line 25 by 10% (0.10)		26	0
27	Amount from section 4980D(c)(3)		27	500,000
28	Enter the smallest of lines 24, 26, or 27		28	0

Section B – Failures Due to Willful Neglect or Otherwise Not Due to Reasonable Cause

29	Enter the total number of days of noncompliance in the reporting period		29	
30	Enter the number of individuals to whom the failure applies	30		
31	Multiply line 29 by line 30	31		
32	Multiply line 31 by \$100		32	
33	If there was more than one failure, add the amounts shown on line 32 of all forms, and enter the total on a single "summary" form. Otherwise, enter the amount from line 32 above		33	

Section C – Total Tax Due Under Section 4980D

34	Add lines 28 and 33	127	34	0
----	-------------------------------	-----	----	---

Part III Tax on Failure To Make Comparable Archer MSA Contributions Under Section 4980E

35	Aggregate amount contributed to Archer MSAs of employees within calendar year		35	
36	Total tax due under section 4980E. Multiply line 35 by 35% (0.35)	128	36	

Part IV Tax on Failure To Make Comparable HSA Contributions Under Section 4980G

37	Aggregate amount contributed to HSAs of employees within calendar year		37	
38	Total tax due under section 4980G. Multiply line 37 by 35% (0.35)	137	38	

Part V Tax Due or Overpayment

39	Add lines 16, 34, 36, and 38		39	0
40	Enter amount of tax paid with Form 7004		40	
41	Tax due. Subtract line 40 from line 39. If less than zero, enter -0-, and go to line 42. If the result is greater than zero, enter here and attach a check or money order payable to "United States Treasury." Write your name, identifying number, plan number, and "Form 8928" on your payment		41	0
42	Overpayment. Subtract line 39 from line 40		42	

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature _____ Telephone number **405-000-0000** Date _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Instructions for Form 8928 (Rev. September 2016)



Department of the Treasury
Internal Revenue Service

For use with Form 8928 (Rev. May 2016)

Return of Certain Excise Taxes Under Chapter 43 of the Internal Revenue Code

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about Form 8928 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form8928.

General Instructions

Purpose of Form

File Form 8928 to report the tax due on the following failures by group health plans or employers.

- A failure to provide a level of coverage of the costs of pediatric vaccines (as defined in section 2612 of the Public Health Services Act) that is not below the coverage provided as of May 1, 1993.
- A failure to satisfy continuation coverage requirements under section 4980B.
- A failure to meet portability, access, renewability, and market reform requirements under sections 9801, 9802, 9803, 9811, 9812, 9813, and 9815.
- A failure to make comparable Archer medical savings account (MSA) contributions under section 4980E.
- A failure to make comparable health savings account (HSA) contributions under section 4980G.

Who Must File

Form 8928 must be filed by the following.

1. Any employer, group health plan, plan administrator, or plan sponsor liable for the tax under section 4980B for failure to provide the required level of pediatric vaccine coverage or to offer continuation coverage to a qualified beneficiary.

2. Any employer or group health plan liable for the tax under section 4980D for failure to meet portability, access, renewability, and market reform requirements for group health plans under sections 9801, 9802, 9803, 9811, 9812, 9813, and 9815.

3. Any employer liable for the tax under section 4980E for failure to make comparable Archer MSA contributions for all participating employees.

4. Any employer liable for the tax under section 4980G for failure to make comparable HSA contributions for all participating employees.

When To File

For a failure under section 4980B or section 4980D, if the failure is by an employer or other person responsible for providing or administering benefits under the plan (such as an insurer or third-party administrator), file Form 8928 on or before the due date for filing the person's federal income tax return.

If the failure under section 4980B or section 4980D is by a multiemployer or multiple employer plan, file Form 8928 on or before the last day of the seventh month following the end of the plan year.

For a failure under section 4980E or section 4980G, file Form 8928 on or before the 15th day of the 4th month following the calendar year in which the noncomparable contributions were made.

Extension. File Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns, to request an automatic extension of time to file Form 8928. You must file Form 7004 on or before the regular due date of Form 8928. See the Instructions for Form 7004 for more information. Form 7004 does not extend the time to pay excise taxes due under Form 8928.

Where To File



Send Form 8928 to the following address.

Department of the Treasury
Internal Revenue Service
Cincinnati, OH 45999-0009

Private delivery services. You can use certain private delivery services designated by the IRS to meet the

“timely mailing as timely filing/paying” rule for tax returns and payments. These private delivery services include only the following.

- DHL Express (DHL): DHL Express 9:00, DHL Express 10:30, DHL Express 12:00, DHL Express Worldwide, DHL Express Envelope, DHL Import Express 10:30, DHL Import Express 12:00, and DHL Import Express Worldwide.
- Federal Express (FedEx): FedEx First Overnight, FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Next Flight Out, FedEx International Priority, FedEx International First, and FedEx International Economy.
- United Parcel Service (UPS): UPS Next Day Air Early AM, UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

Interest and Penalties

Interest. Interest is charged on taxes not paid by the due date even if an extension of time to file is granted. Interest is also charged on penalties imposed from the due date, including extensions, to the date of payment for failure to file, negligence, fraud, gross valuation overstatements, and substantial understatements of tax. The interest rate is determined under section 6621.

Penalty for late filing of return. If you do not file a return by the due date, including extensions, you may have to pay a penalty of 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a return that is more than 60 days late is the smaller of the tax due or \$100. The penalty will not be imposed if you can show that the failure to file on time was due to reasonable cause. If you file late, you must attach a statement to Form 8928 explaining the reasonable cause.

form. See the discussion under Part I earlier.

Part II. Tax on Failure To Meet Portability, Access, and Renewability Requirements Under Section 4980D

Complete a separate Part II, Section A, lines 17 through 23, for each failure to meet portability, access, and renewability requirements that occurred during the reporting period that was due to reasonable cause and not to willful neglect. If multiple such failures occurred with different noncompliance periods, complete lines 17 through 23 in a separate Part I, Section A, for each failure. Then complete a "summary" Form 8928 with items A through G and enter the total amount of the excise tax on line 24 of that summary form and complete lines 25 through 28 for all failures due to reasonable cause and not to willful neglect.

Complete a separate Part II, Section B, lines 29 through 33, for each failure to meet portability, access, and renewability requirements that occurred during the reporting period that was due to willful neglect or otherwise not due to reasonable cause. If multiple failures occurred with different noncompliance periods, complete lines 29 through 32 on a separate Part II, Section B, for each failure. Then complete a "summary" Form 8928 with items A through G and enter the total amount of the excise tax on line 33 of that summary form for all such failures.

Write "Summary Form" at the top to indicate that this is a summary form and attach all copies to it.

Waiver of excise tax. The Secretary may waive part or all of the excise tax under Part II, to the extent that payment of the tax would be excessive relative to the failure involved. This only applies to failures due to reasonable cause and not due to willful neglect.

Exception for certain insured small employer plans. If you are a small employer who provides health insurance coverage solely through a contract with a health insurance issuer, you will not be liable for the excise tax under Part II for any failure (other than a failure under section 9811) that is solely the result of the health insurance coverage offered by the issuer.


"Small employer" is generally defined as an employer who employed an average of at least 2 but not more than

50 employees on business days during the preceding calendar year, and who employs at least 2 employees on the first day of the current plan year. Special rules apply to employers not in existence in the preceding year. See section 4980D(d)(2)(B).

Section A. Failures Due to Reasonable Cause and Not to Willful Neglect

If the failure or failures were due to reasonable cause and not to willful neglect, complete Part II, Section A, lines 17 through 28.

Line 17. Calculate the total number of days of noncompliance within the reporting period beginning on the date the failure first occurred and ending on the date the failure is corrected.

 *The noncompliance period may include portions of more than 1 plan year (in the case of an employee benefit plan) or 1 tax year (in the case of an employer or third-party administrator). In that case, only the portion of the noncompliance period falling within that plan year or tax year would be used to calculate the excise tax due for that year.*

Line 21. No tax is due for any failure under Part II, Section A, if it is established to the satisfaction of the Secretary of the Treasury that no one liable for the tax knew, or exercising reasonable diligence would have known, that the failure occurred. Additionally, no tax is due if the failure under Part II, Section A, was due to reasonable cause and not due to willful neglect and the failure was corrected during the 30-day period beginning on the first date anyone liable for the tax knew, or exercising reasonable diligence would have known, that the failure existed.

For this purpose, a failure is treated as corrected if the failure is retroactively undone to the extent possible and the person to whom the failure relates is placed in a financial position which is as good as such person would have been in had the failure not occurred.

In the case of a church plan, the failure must be corrected before the close of the correction period, as defined under section 414(e)(4)(C).

Line 22. The minimum excise tax under Part II, Section A, is \$2,500 for each qualified beneficiary for whom one or more failures occurred if the failure or failures were not corrected before the date a notice of examination of income

tax liability was sent from the IRS and the failure or failures continued during the examination period. The minimum excise tax under Part II, Section A, is \$15,000 if the failure or failures are determined to be more than de minimis.

Exception for church plans. The \$2,500 (or \$15,000, if applicable) minimum excise tax does not apply to a church plan, as defined in section 414(e). If your plan meets the requirements for a church plan, enter "0-" on this line and go to line 23.

Line 24. If you had more than one failure during the reporting period, complete lines 17 through 23 in a separate Part II, Section A, for each failure and enter the total from line 23 from all copies of Part II, Section A, on line 24 of your summary form. See the discussion under Part I earlier.

Line 25. For a single employer plan, enter on this line the aggregate amount paid or incurred during the preceding tax year by the employer (or a predecessor) for its group health plan. For a multiemployer plan, enter on this line the amount paid or incurred during the current tax year to provide medical care, directly or through insurance or reimbursement.

Section B. Failure Due to Willful Neglect or Otherwise Not Due to Reasonable Cause

If the failure or failures were due to willful neglect or otherwise not due to reasonable cause, complete Part II, Section B, lines 29 through 33.

Line 29. Calculate the total number of days of noncompliance within the reporting period beginning on the date the failure first occurred and ending on the date the failure is corrected.

Line 33. If you had more than one failure during the reporting period, complete lines 29 through 32 in a separate Part II, Section B, for each qualifying event and enter the total from line 32 from all copies of Part II, Section B, on line 33 of your summary form. See the discussion under Part I earlier.

Part III. Tax on Failure To Make Comparable Archer MSA Contributions Under Section 4980E

An employer is liable for tax under section 4980E if he fails to make comparable contributions to the Archer MSAs of all comparable participating

CHAPTER 4

THE EMPLOYEE COMPENSATION PACKAGE

Correctly forming the employee's compensation package will maximize the employee's take-home pay AND make tax reporting requirements easier.

The following compensation package suggestions are applicable in most cases to both ordained and non-ordained employees. Housing allowance should be the only designation not allowed to the non-ordained employee. For this illustration, a total pay package of \$32,050 will be used.

If the total pay package is intended to include professional expenses, it must be changed. Reimbursement of out-of-pocket costs used to pay the employer's expenses for the job being done **is not pay package**. **Pay package is what the employee earns for the job being done—employer costs have nothing to do with this.** We are assuming in this illustration that the pay package erroneously included the professional expense reimbursement amount. The first thing that must be done is removing the portion that is intended to be for reimbursement of professional expenses—and **never include this amount with the pay package again!!!!**

2016 SBC Compensation Study can be found online at www.LifeWay.com/compensationsurvey.

Total Pay Package		\$32,050
Less the following items:		
A. FSA Medical	\$ 2,550	
FSA Dependent Care		
B. Employer Sponsored Group Medical and Dental Insurance	\$ 9,500	
C. Qualified 403 (b) Retirement Plan	\$ 2,000	
D. Housing Allowance (Ordained Only)	\$ 8,000	
Total Deductions		\$ (22,050)
E. Taxable W-2 Reportable Salary		\$ 10,000

Flexible Spending Account (FSA)

Out-of-pocket medical expenses may be reimbursed through an FSA, which is funded through a salary reduction. Likewise, out-of-pocket child care expenses may also be funded through a FSA salary reduction agreement. If the Child Care expenses are funded through salary reductions, the Child Care Credit is not available on the Income Tax Return. The Child Care Credit ranges from 20% to 30% depending on the total income. However, if the employee opts for the salary reduction, an ordained employees might save 15% for Federal Income Tax, 15.3% for Self Employment Tax, and 5.3% for State Income Tax for a total of 35.6%.

Qualified 403(b) Retirement Plan

GuideStone is the retirement and insurance agency of the Southern Baptist Convention. GuideStone's Church Retirement Plan is a qualified 403(b) plan. Any employee of a Southern Baptist Church who receives any taxable salary from the church may participate in this plan. GuideStone provides several registered mutual funds in which a participant may invest their retirement funds. Church contributions and salary reduced contributions, up to the IRS maximum, are not subject to income tax. Those who are ministers for tax purposes do not pay Social Security tax on retirement contributions. Retired ministers may designate with GuideStone all or part of their benefits as a tax-free housing allowance. This housing allowance is offered by GuideStone for Southern Baptist ministers.

Financial assistance may be available for SBC churches with annual budgets of less than \$75,000. The pastor of these churches may be eligible to receive Smaller Church Matching Contributions from the Oklahoma Baptists Convention into his GuideStone retirement account of up to \$17.50 per month when other contributions of at least \$105 per month being made. In addition, the church may be eligible for GuideStone's Mission/Church Assistance Fund (MCAF) whereby the pastor would receive a total of up to \$3,000 into his retirement account over five years. Call GuideStone at 1-888-98-GUIDE for details.

2020 SAVER'S CREDIT INCOME LIMITS			
Credit Amount	Single	Head of Household	Joint Filers
50% of contribution	AGI of \$19,500 or less	AGI of \$29,250 or less	AGI of \$39,000 or less
20% of contribution	\$19,501 - \$21,250	\$29,251 - \$31,875	\$39,001 - \$42,500
10% of contribution	\$21,251 - \$32,500	\$31,876 - \$48,750	\$42,501 - \$65,000
0% of contribution	more than \$32,500	more than \$48,750	more than \$65,000

-EXAMPLE ONLY-

The "Actual Cost" of a \$2,000 Retirement Plan Contribution (assume MFJ* AGI Under \$39,000)

Retirement Plan Contribution \$2,000

Possible Tax Benefits

- Savers Tax Credit of 50%	\$1,000
- Income Tax Reduction 11.15%	223
- SE Tax Reduction 15.3%	306
- Okla. Tax Reduction 5%	<u>100</u> <u>1,629</u>

*After Tax "Real Cost" of Contribution \$361

Salary Reduction Retirement Contribution Limits

Tax Year	General Limit on Salary Reducing Contributions*	Catch-up Contributions Limit (age 50 or older during the tax year)
2018	\$18,500	\$6,000
2019	\$19,000	\$6,000
2020	\$19,500	\$6,500

*After 2007, any increases in these amounts will be adjustments in \$500 limits.

Employer and tax paid contributions can be made in addition to these amounts for a total of up to \$54,000 per year for 2020 (not to exceed 100% of Includible Compensation).

Housing Allowance

Housing Allowance is the last deduction shown for the pay package because although it reduces taxable income for income tax purposes, it does NOT reduce Self Employment Tax. If there is not enough pay package to cover all the needed deductions, the housing allowance should be the last deduction to be funded. See Chapter III to see who is eligible for the housing allowance.

Taxable Income

The amount that is left after all the allowed deductions is the only amount left for taxable and reportable salary. This is the amount that should be reported on the 941 Forms and W-2 Forms as taxable salary. Therefore, for this individual, there is a \$10,000 salary to report on the 941 Form. A W-2 Form is needed to report the 403(b) retirement contributions for calculating the Retirement Saver's Credit.

CHAPTER 5

CHARITABLE CONTRIBUTIONS

Monetary Contributions

Only monetary contributions (usually cash or check) are posted to individual contribution records. The church must supply all donors of cash contributions with a receipt--no matter how small the amount, for it to be deductible by the donor. In the past, donors could substantiate cash contributions of less than \$250 with "other reliable written records. This is no longer allowed. However, if the cash contribution is greater than \$250, the receipt must still be stamped or typed with the words "for intangible religious benefits only", "no goods or services", or something similar. Annual contribution records that list each individual gift, the date given, and the amount will satisfy the receipt requirement.

The Cares Act made a few changes to the rules for charitable contributions. Individuals who do not itemize deductions will be able to take a deduction of up to \$300 and those who do itemized may deduct contributions up to 100% of their adjusted gross income.

IRA Charitable Transfers

Beginning in 2015, retirees who are required to make required minimum distributions from their traditional IRA are allowed to donate money to charity and avoid paying tax on the amount of the transfer. Up to \$100,000 can be transferred tax free if the transfer is made directly from the IRA to the charitable organization. The donor will not be able to claim this contribution as a charitable deduction nor should the church show it as such. If shown on your contribution statement, it should be designated as a "non-deductible contribution".

Non-Monetary Contributions

When the church receives a non-monetary gift, no entry is made on the individual's contribution card. However, on church letterhead stationery, describe fully the gift given, the date received and the donor's name. This should be signed by someone of authority. The donor will then use this to properly report the non-monetary gift on his tax return.

Clothing and Household Items

The Pension Protection Act of 2006 amends the tax code to deny any charitable contribution deduction for clothing or household items unless the clothing or household items are in "good used condition or better." The IRS may deny a deduction for any contribution of clothing or a household item that has minimal value, such as used socks and used undergarments. A receipt should be given from the church with the words stating that the used items are of "good or better condition". Also, if the value is more than \$250, the receipt must include the words "no goods or services", or something similar. The church should provide a letter (or receipt) for ALL non-monetary gifts received.

A deduction may be allowed for a charitable contribution of an item of clothing or a household item NOT in good used condition or better only if the amount claimed for the item is more than \$500 and the taxpayer includes with the tax return a qualified appraisal of the property. These appraisals cannot come from the church, as they are not qualified appraisers. Household items include furniture, furnishings, electronics, appliances, linens, etc. Food, paintings, antiques, and other objects of art, jewelry and gems, and collections are NOT included.

Vehicle Donations

If the charity receives a vehicle donation, with a value of more than \$500 or which generates gross proceeds of more than \$500, the deduction is determined in one of two ways.

1. If the car is sold without any significant intervening use or material improvement by the charity, the deduction is limited to the amount of gross proceeds received from the sale.
2. If the charity intends to make significant intervening use of or materially improve the car, the donor generally can deduct its fair market value.

Significant intervening use means that a charity must actually use the car to substantially further its regularly conducted activities, and the use must be considerable. There is no significant intervening use if the charity's use is incidental or not intended at the time of the contribution.

Material improvement includes a major repair or improvement that results in a significant increase in the car's value. Cleaning, minor repairs, and routine maintenance are not material improvements.

The charity must provide the donor with a contemporaneous written acknowledgement of the donation. Without an acknowledgement, the donor cannot deduct the contribution. The acknowledgement must include:

- ❖ The individual's name and taxpayer identification number,
- ❖ The vehicle identification number, and
- ❖ A statement certifying that the car was sold in an arm's length transaction between unrelated parties, the gross proceeds received from the sale, and a statement that the donor may not deduct more than the gross proceeds from the sale, or
- ❖ If the charity intends a significant intervening use, a statement certifying the intended significant intervening use, the duration of that use, and that the charity will not sell the car before completion of that use, or
- ❖ If the charity intends to make a material improvement to the car, a statement certifying the intended material improvement and that the charity will not sell the car before completion of the improvement.

The acknowledgement is considered contemporaneous if the charity furnishes it to the donor no later than 30 days after the date it sells the car, or 30 days from the date of the contribution if the charity intends to make significant intervening use of or materially improve the car. The charity also must provide the IRS with the same information it included in the acknowledgement.

A penalty applies if a charity knowingly furnishes the donor with a false or fraudulent acknowledgement, or knowingly fails to furnish an acknowledgement with the required information. In the case of an acknowledgement related to the sale of a car, the penalty is the greater of the product of the highest tax rate (currently 39.6%) and the sales price stated on the acknowledgement or the gross proceeds from the sale. For all other acknowledgments, the penalty is the greater of the product of the highest tax rate (currently 39.6%) and the claimed value of the car, or \$5,000.

For additional guidance, see Notice 2005-44 at www.irs.gov/eo.

**TABLE 8-4
DONATIONS OF VEHICLES TO CHARITY**
(For vehicles valued at more than \$500)

		Charity's Obligations	
Rule	Form of Donation	Amount of Charitable Contribution Deduction	Charity's Obligations
1	A taxpayer donates a vehicle to a charity; and the charity sells it without any significant use or material improvement.	<ul style="list-style-type: none"> Gross proceeds received by the charity from the sale of the vehicle No deduction allowed unless a donor itemizes expenses on Schedule A and attaches either of the following to the tax return claiming the deduction: (1) IRS Form 8283, Section A and (2) either a "written acknowledgment" (described in next column) or a completed Form 1098-C Appraisal not required if donor's deduction is limited to the gross proceeds of the sale 	<ul style="list-style-type: none"> Provide the donor with a written acknowledgment, within 30 days of the sale, containing donor's name and Social Security number; vehicle identification number; date of contribution; date of sale; amount of gross proceeds from the sale; certification that the vehicle was sold in an "arm's length transaction" to an unrelated party; statement that the deductible amount may not exceed. The amount of the gross proceeds from the sale; and whether the charity provided any goods or services in consideration of the donation (and a description and good faith estimate of the value of any such goods or services, or, if the goods or services consist solely of intangible religious benefits, a statement to that effect). IRS Form 1098-C may be used as a written acknowledgment (if provided to the donor within 30 days of the sale) Submit Form 1098-C to the IRS by February 28 of the following year (April 1 if filed electronically).
2	A taxpayer donates a vehicle to a charity, and the charity "significantly uses" the vehicle (e.g., regular use over an extended period of time in performing the charity's exempt purposes).	<ul style="list-style-type: none"> Fair market value of the donated vehicle No deduction allowed unless a donor itemizes expenses on Schedule A and attaches the following to the tax return claiming the deduction: (1) IRS Form 8283, Section A and (2) either a "written acknowledgment" (described in next column) or a completed Form 1098-C Qualified appraisal and appraisal summary (Form 8283) required for a deduction in excess of \$5,000 if the deduction is not limited to gross proceeds from the sale of the vehicle (a written acknowledgment or Form 1098-C is still required, but not Form 8283, Section A) 	<ul style="list-style-type: none"> Provide the donor with a written acknowledgment, within 30 days of the contribution, containing donor's name and Social Security number; vehicle identification number; date of contribution; whether the charity provided any goods or services in consideration of the donation (and a description and good faith estimate of the value of any such goods or services, or, if the goods or services consist solely of intangible religious benefits, a statement to that effect); a certification and description of the intended significant intervening use by the charity and the intended duration of the use; and a certification that the vehicle will not be sold before completion of the use. IRS Form 1098-C may be used as a written acknowledgment (if provided to the donor within 30 days of the contribution). Submit Form 1098-C to the IRS by February 28 of the following year (April 1 if filed electronically).
3	A taxpayer donates a vehicle to a charity, and the charity "materially improves" the vehicle (e.g., major repairs that significantly increase the vehicle's value).	Same as Rule 2	<ul style="list-style-type: none"> Provide the donor with a written acknowledgment, within 30 days of the contribution, containing donor's name and Social Security number; vehicle identification number; date of contribution; whether the charity provided any goods or services in consideration of the donation (and a description and good faith estimate of the value of any such goods or services, or, if the goods or services consist solely of intangible religious benefits, a statement to that effect); a certification and description of the intended material improvement by the charity, and a certification that the vehicle will not be sold before completion of the improvement. IRS Form 1098-C may be used as a written acknowledgment (if provided to the donor within 30 days of the contribution). Submit Form 1098-C to the IRS by February 28 of the following year (April 1 if filed electronically).
4	A taxpayer donates a vehicle to a charity, and the charity transfers it to a needy person for significantly below market value in furtherance of its charitable purposes.	Same as Rule 2	<ul style="list-style-type: none"> Provide the donor with a written acknowledgment, within 30 days of the contribution, containing donor's name and Social Security number; vehicle identification number; date of contribution; whether the charity provided any goods or services in consideration of the donation (and a description and good faith estimate of the value of any such goods or services, or, if the goods or services consist solely of intangible religious benefits, a statement to that effect); a certification that the charity will sell the vehicle to a needy individual at a price significantly below fair market value (or, if applicable, that it will graciously transfer the vehicle to a needy individual) and that the sale (or transfer) will be in direct furtherance of the charity's exempt purpose of relieving the poor and distressed or the underprivileged who are in need of a means of transportation. IRS Form 1098-C may be used as a written, acknowledgment (if provided to the donor within 30 days of the contribution). Submit Form 1098-C to the IRS by February 28 of the following year (April 1 if filed electronically).

IRS Form 1098-C Contributions of Motor Vehicles, Boats, and Airplanes

CORRECTED (if checked)

DONEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. First Baptist Church #1 Pearly Gate Street Newtown, OK 70000		1 Date of contribution 7/1/2019		OMB No. 1545-1959 2019 Form 1098-C
		2a Odometer mileage 157,001		
		2b Year 2009	2c Make Chevrolet	
DONEE'S TIN 73-00000000	DONOR'S TIN 000-00-0000	3 Vehicle or other identification number ZBC123DEF456GHI7		
DONOR'S name Jim B. Giving Street address (including apt. no.) #3 Pearly Gate Street City or town, state or province, country, and ZIP or foreign postal code Newtown, OK 70100		4a <input type="checkbox"/> Donee certifies that vehicle was sold in arm's length transaction to unrelated party		
		4b Date of sale		
		4c Gross proceeds from sale (see instructions) \$		
5a <input type="checkbox"/> Donee certifies that vehicle will not be transferred for money, other property, or services before completion of material improvements or significant intervening use				
5b <input type="checkbox"/> Donee certifies that vehicle is to be transferred to a needy individual for significantly below fair market value in furtherance of donee's charitable purpose				
5c Donee certifies the following detailed description of material improvements or significant intervening use and duration of use				
6a Did you provide goods or services in exchange for the vehicle? ► Yes <input type="checkbox"/> No <input type="checkbox"/>				
6b Value of goods and services provided in exchange for the vehicle \$				
6c Describe the goods and services, if any, that were provided. If this box is checked, donee certifies that the goods and services consisted solely of intangible religious benefits ► <input type="checkbox"/>				
7 Under the law, the donor may not claim a deduction of more than \$500 for this vehicle if this box is checked ► <input type="checkbox"/>				

Contributions of Motor Vehicles, Boats, and Airplanes

Copy C

For Donor's Records

This information is being furnished to the IRS unless box 7 is checked.

Form **1098-C** (keep for your records) www.irs.gov/Form1098C Department of the Treasury - Internal Revenue Service

Instructions for Donee

To complete Form 1098-C, use:

- The 2019 General Instructions for Certain Information Returns, and
- The 2019 Instructions for Form 1098-C.

To order these instructions and additional forms, go to www.irs.gov/Form1098C.

Due dates. Generally, you must furnish Copies B and C of this form to the donor no later than 30 days after the date of sale if box 4a is checked, or 30 days after the date of the contribution if box 5a or 5b is checked.

If box 7 is checked, **do not** file Copy A with the IRS and **do not** furnish Copy B to the donor. You may furnish

Copy C to the donor. The donor is required to obtain Copy C or a similar acknowledgment by the earlier of the due date (including extensions) of the donor's income tax return for the year of the contribution or the date that return is filed.

File Copy A of this form with the IRS by February 28, 2020. If you file electronically, the due date is March 31, 2020. To file electronically, you must have software that generates a file according to the specifications in Pub. 1220.

Need help? If you have questions about reporting on Form 1098-C, call the information reporting customer service site toll free at 866-455-7438 or 304-263-8700 (not toll free). Persons with a hearing or speech disability with access to TTY/TDD equipment can call 304-579-4827 (not toll free).

IRS Form 8283 Noncash Charitable Contributions

Form **8283**
 (Rev. November 2019)
 Department of the Treasury
 Internal Revenue Service

Noncash Charitable Contributions

▶ **Attach one or more Forms 8283 to your tax return if you claimed a total deduction of over \$500 for all contributed property.**
 ▶ **Go to www.irs.gov/Form8283 for instructions and the latest information.**

OMB No. 1545-0908

Attachment Sequence No. **155**

Name(s) shown on your income tax return
 Gary Giver

Identifying number
 000-00-0000

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A. Donated Property of \$5,000 or Less and Publicly Traded Securities—List in this section **only** an item (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also list publicly traded securities and certain other property even if the deduction is more than \$5,000 (see instructions).

Part I Information on Donated Property—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) If donated property is a vehicle (see instructions), check the box. Also enter the vehicle identification number (unless Form 1098-C is attached).	(c) Description and condition of donated property (For a vehicle, enter the year, make, model, and mileage. For securities and other property, see instructions.)
A	First Baptist Church	<input type="checkbox"/> 8 Z X 1 2 3 Q R 4 5 6 X Y Z 7 8 9	2010 Chevrolet Suburban
B		<input type="checkbox"/>	
C		<input type="checkbox"/>	
D		<input type="checkbox"/>	
E		<input type="checkbox"/>	

Note: If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (e), (f), and (g).

	(d) Date of the contribution	(e) Date acquired by donor (mo., yr.)	(f) How acquired by donor	(g) Donor's cost or adjusted basis	(h) Fair market value (see instructions)	(i) Method used to determine the fair market value
A	5/5/2020	5/12/2014	purchase	\$5,000	\$5,000	appraisal
B						
C						
D						
E						

Part II Partial Interests and Restricted Use Property—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were placed on a contribution listed in Part I; also attach the required statement (see instructions).

2a Enter the letter from Part I that identifies the property for which you gave less than an entire interest ▶ _____
 If Part II applies to more than one property, attach a separate statement.

b Total amount claimed as a deduction for the property listed in Part I: **(1)** For this tax year ▶ _____
(2) For any prior tax years ▶ _____

c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

d For tangible property, enter the place where the property is located or kept ▶ _____

e Name of any person, other than the donee organization, having actual possession of the property ▶ _____

	Yes	No
3a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?		
b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?		
c Is there a restriction limiting the donated property for a particular use?		

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 62299J

Form **8283** (Rev. 11-2019)

Name(s) shown on your income tax return

Identifying number

Section B. Donated Property Over \$5,000 (Except Publicly Traded Securities, Vehicles, Intellectual Property or Inventory Reportable in Section A) — Complete this section for one item (or a group of similar items) for which you claimed a deduction of more than \$5,000 per item or group (except contributions reportable in Section A). Provide a separate form for each item donated unless it is part of a group of similar items. A qualified appraisal is generally required for items reportable in Section B. See instructions.

Part I Information on Donated Property

4 Check the box that describes the type of property donated.

- a Art* (contribution of \$20,000 or more) b Qualified Conservation Contribution c Equipment d Art* (contribution of less than \$20,000) e Other Real Estate f Securities g Collectibles** h Intellectual Property i Vehicles j Other

*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

**Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note: In certain cases, you must attach a qualified appraisal of the property. See instructions.

Table with 3 main columns: (a) Description of donated property, (b) Physical condition summary, (c) Appraised fair market value. Includes sub-tables for acquisition details (d-i).

Part II Taxpayer (Donor) Statement — List each item included in Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions.

Signature of taxpayer (donor)

Date

Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons.

Also, I declare that I perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value.

Sign Here

Signature

Title

Date

Business address (including room or suite no.)

Identifying number

City or town, state, and ZIP code

Part IV Donee Acknowledgment — To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file Form 8282, Donee Information Return, with the IRS and give the donor a copy of that form.

Does the organization intend to use the property for an unrelated use? Yes No

Form fields for Donee Acknowledgment: Name of charitable organization, Employer identification number, Address, City or town, state, and ZIP code, Authorized signature, Title, Date.

IRS Form 8282 Donee Information Return

Form **8282**
 (Rev. April 2009)
 Department of the Treasury
 Internal Revenue Service

Donee Information Return (Sale, Exchange, or Other Disposition of Donated Property)

OMB No. 1545-0908

▶ See instructions.

Give a Copy to Donor

Parts To Complete

- If the organization is an **original donee**, complete *Identifying Information*, Part I (lines 1a–1d and, if applicable, lines 2a–2d), and Part III.
- If the organization is a **successor donee**, complete *Identifying Information*, Part I, Part II, and Part III.

Identifying Information

Print or Type	Name of charitable organization (donee) First Baptist Church	Employer identification number 73 : 0000000
	Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address) #1 Pearly Gate Street	
	City or town, state, and ZIP code Newtown, OK 70000	

Part I Information on ORIGINAL DONOR and SUCCESSOR DONEE Receiving the Property

1a Name of original donor of the property Gary Giver	1b Identifying number(s) 000-00-0000
1c Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address) 4 Pearly Gate	
1d City or town, state, and ZIP code Newtown, OK 73000	

Note. Complete lines 2a–2d only if the organization gave this property to another charitable organization (successor donee).

2a Name of charitable organization	2b Employer identification number
2c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)	
2d City or town, state, and ZIP code	

Part II Information on PREVIOUS DONEES. Complete this part only if the organization was not the first donee to receive the property. See the instructions before completing lines 3a through 4d.

3a Name of original donee	3b Employer identification number
3c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)	
3d City or town, state, and ZIP code	
4a Name of preceding donee	4b Employer identification number
4c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)	
4d City or town, state, and ZIP code	

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 62307Y

Form **8282** (Rev. 4-2009)

Part III Information on DONATED PROPERTY

<p>1. Description of the donated property sold, exchanged, or otherwise disposed of and how the organization used the property. (If you need more space, attach a separate statement.)</p>	<p>2. Did the disposition involve the organization's entire interest in the property?</p>		<p>3. Was the use related to the organization's exempt purpose or function?</p>		<p>4. Information on use of property.</p> <ul style="list-style-type: none"> • If you answered "Yes" to question 3 and the property was tangible personal property, describe how the organization's use of the property furthered its exempt purpose or function. Also complete Part IV below. • If you answered "No" to question 3 and the property was tangible personal property, describe the organization's intended use (if any) at the time of the contribution. Also complete Part IV below, if the intended use at the time of the contribution was related to the organization's exempt purpose or function and it became impossible or infeasible to implement.
	Yes	No	Yes	No	
<p>A 2010 Chev Tahoe Sold to unrelated party</p>	✓		✓		<p>proceeds used for church ministry</p>
B					
C					
D					

		Donated Property			
		A	B	C	D
5	Date the organization received the donated property (MM/DD/YY)	05 / 12 / 2015	/ /	/ /	/ /
6	Date the original donee received the property (MM/DD/YY)	05 / 12 / 2014	/ /	/ /	/ /
7	Date the property was sold, exchanged, or otherwise disposed of (MM/DD/YY)	12 / 01 / 2016	/ /	/ /	/ /
8	Amount received upon disposition	\$ 5,000.00	\$	\$	\$

Part IV Certification

You must sign the certification below if any property described in Part III above is tangible personal property and:

- You answered "Yes" to question 3 above, or
- You answered "No" to question 3 above and the intended use of the property became impossible or infeasible to implement.

Under penalties of perjury and the penalty under section 6720B, I certify that either: (1) the use of the property that meets the above requirements, and is described above in Part III, was substantial and related to the donee organization's exempt purpose or function; or (2) the donee organization intended to use the property for its exempt purpose or function, but the intended use has become impossible or infeasible to implement.

	Trustee Title	
--	------------------	--

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

	Title	
Type or print name		

Donated Services

The value of personal services and the value of labor are **NEVER DEDUCTIBLE** as a charitable contribution, but expenses incurred in performing services on behalf of a church or other charity would be deductible.

Quid Pro Quo Contributions

Charitable organizations must inform donors that quid pro quo contributions are deductible only to the extent that they exceed the value of goods or services provided by the organization. Quid pro quo contributions are payments made partly as a contribution and partly in consideration for goods or services furnished to the donor. However, a quid pro quo contribution does not include any payment made to an organization that is organized exclusively for religious purposes, in return for which the taxpayer receives solely an intangible religious benefit that generally is not sold in a commercial transaction outside the donative context.

Charitable organizations are required, in connection with the solicitation or receipt of the contribution, to provide a written statement that: (1) informs the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of the amount of any money, and the value of any property other than money, contributed by the donor over the value of the goods or services provided by the organization, and (2) provides the donor with a good-faith estimate of the value of goods or services furnished to the donor by the organization. Failure to make the required disclosure subjects the organization to penalties.

Out-of-Pocket Expenses Incurred by Volunteers

Many church members make church related out-of-pocket expenditures. These expenditures may simply involve the purchase of equipment or supplies for the church or these expenses may be incurred while performing a service for the church. In either case, these expenditures do not go on the contribution records for the member as they are not cash contributions to the church. The member must have an acknowledgment from the church to use the expense as a contribution on the individual's income tax return. The acknowledgment should include the name of the member, the service provided or supplies purchased, and the date. No amount should be stated on this acknowledgment. The member will keep his or her own receipts and attach them to the acknowledgment to retain with the income tax documents.

Designated Giving Policy Example

(NAME OF DESIGNATED FUND) DESIGNATED FUND

The church has established (name of designated fund). The purpose of the fund is (describe fully). All those wishing to contribute to the fund may do so. The (name of the committee or group) will be in charge of the operation of the fund. Donors' suggestions on the disbursement of funds will be accepted but the suggestions are not required to be honored. Donors will not be able to receive refunds of their donations on the basis that their suggestions were not honored. If the need for the fund has been fully met, or it is determined that it has become impracticable, or a decision has been made to close the fund for any other reason, by a vote of the church the fund will be closed. Any remaining balance will be under the discretion of (Finance Committee).

Designated Fund Statement For Weekly Church Bulletins

Contributions to existing designated funds are welcome. The church is not bound to honor specific suggestions for that fund. Should the church vote to close a fund, the remaining balance will be under the discretion of the (Church, Finance Committee).

Release Of Modification Of Restrictions On Designated Funds

The Uniform Prudent Management of Institutional Funds Act enacted in Oklahoma in 2007 recognizes and protects donor intent by providing comprehensive treatment of donor intent on donated restricted funds. Sometimes a restriction imposed by a donor becomes impracticable or wasteful. The donor may consent to release or modify the restriction if the donor is still alive and able to do; but if the donor is not available, the charity can ask the court for approval of a modification of the restriction. Under previous law, the only option for release of a restriction was consent of the donor. Under the current law, modification can be authorized by a court if it determines it is in accordance with the donor's probable intention. If the charity asks for a court approval of a modification, the charity must notify the Oklahoma Attorney General so that he may participate in the court proceeding if he so chooses.

Under the new provision, the charity is allowed to modify a restriction on a small (less than \$25000) and old (over 20 years) fund without going to court. If a restriction has become impracticable, the charity must notify the Oklahoma Attorney General, wait 60 days, and then, unless the Attorney General objects, modify the restriction in a manner that is consistent with the charitable purposes expressed in any documents that were part of the original gift.

Contributions for Mission Trips

Many churches are making out of state mission trips. Often these trips are funded completely through designated contributions. The most beneficial way of handling the funds needed for the mission trip is the creation of a mission trip fund. The creation of the fund should be announced to the church. The fund will be controlled by the appropriate church officials, and all disbursements will be made as the church deems necessary. All contributions received should be deductible and placed on the contribution records of the donors. The fact that some of the donors will also be the volunteers going on the mission trip does not make the contributions non-deductible. The funds are not going to the personal benefit of the volunteers going on the mission trip, but rather to accomplish the charitable purpose of the church; nor do the individuals participating in the mission trip have unsupervised control of the funds.

Donations received for a mission fund may be received with a specific person listed as the sponsored volunteer. However, the distribution of the funds received by the designated mission fund must be left to the discretion of the church. This last statement should be made clear to donors to avoid confusion and to maintain the charitable nature of the contributions.

If there is not enough funding for the church mission trip and a portion of the expenses must be paid out of the pocket of the volunteers, then the receipts must be maintained by the volunteers. The deduction for additional out-of-pocket expenses not funded through the designated fund would be deductible as an additional cash contribution on the income tax returns of the volunteers. See the chart on the next page.



Short-Term Mission Trips

WHO PAYS TRAVEL EXPENSES (TRANSPORTATION, LODGING, MEALS)?		DOES THE CHURCH RECEIVE DESIGNATED CONTRIBUTIONS FROM PARTICIPANTS OR OTHERS?		TAX CONSEQUENCES (ASSUME THAT THE TRIP WAS PREAUTHORIZED BY THE CHURCH BOARD OR MEMBERSHIP AND FURTHERS THE CHURCH'S EXEMPT PURPOSE)
Adults	Church	No	None	<ul style="list-style-type: none"> • Payments by participants to their church are deductible as charitable contributions if the trip involves "no significant element of personal pleasure, recreation, or vacation." • Participants' payments can be reported by the church treasurer on giving statements (if expenses are \$250 or more, the church's receipt must comply with substantiation requirements).
Adults	Church	Yes, from participants, in the amount of their travel expenses paid by the church		<ul style="list-style-type: none"> • Payments by nonparticipants to their church are deductible as charitable contributions if the trip involves "no significant element of personal pleasure, recreation, or vacation." • Participants' payments can be reported by the church treasurer on giving statements (if expenses are \$250 or more, the church's receipt must comply with substantiation requirements).
Adults	Church	Yes, from nonparticipants, to cover the travel expenses of participants who cannot afford to pay the expenses themselves		<ul style="list-style-type: none"> • Unreimbursed travel expenses paid by participants are deductible as charitable contributions if the trip involves "no significant element of personal pleasure, recreation, or vacation." • If a participant is entitled to a charitable contribution deduction for unreimbursed travel expenses of \$250 or more, the church must issue an "abbreviated written acknowledgment" in order for the participant to substantiate a deduction.
Adults	Participants	No		<ul style="list-style-type: none"> • Unreimbursed travel expenses paid by participants are deductible as charitable contributions if the trip involves "no significant element of personal pleasure, recreation, or vacation." • If a participant is entitled to a charitable contribution deduction for unreimbursed travel expenses of \$250 or more, the church must issue an "abbreviated written acknowledgment" in order for the participant to substantiate a deduction.
Minors	Church	No		None
Minors	Church	Yes, from parents, in the amount of their travel expenses paid by the church		<ul style="list-style-type: none"> • Payments by parents to their church are deductible as charitable contributions if the trip involves "no significant element of personal pleasure, recreation, or vacation." • Parents' payments can be reported by the church treasurer on giving statements (if expenses are \$250 or more, the church's receipt must comply with substantiation requirements).
Minors	Parents	No		Payments made directly by parents to their children who participate on a mission trip are probably not deductible as a charitable contribution.
Minors	Minors	No		None, because minor generally file no tax returns and cannot deduct contributions.

* Richard Hammar, Church & Clergy Tax Guide 2009, 2009 edition, page 402.

FIRST BAPTIST CHURCH
YOUTH MISSION PROJECT
(please return with your donation)

(Donor Name – please print)

(Street Address or P O Box)

(City, State, Zip)

Name of student I (we) are supporting for this mission project:

_____ (Student Name)

_____ (Amount of Support)

_____ I (we) desire to make an irrevocable contribution to First Baptist Church for support of the Youth Mission Project. I (we) understand that if the student I am supporting is unable to participate in the program this year for some unforeseen reason my (our) contribution will be used by Oklahoma BCM to support another worthy student participating in Youth Mission Project. I (we) also understand that if the Project must be canceled or moved to another country/city my (our) contribution will be used to support the project in the new location. I (we) understand that my (our) contribution will be receipted as a gift and will be tax deductible as allowed by law.

_____ I (we) do not desire for our support to be an irrevocable contribution to the Youth Mission Project. If the student I am (we are) Sponsoring is unable to participate, I (we) wish to have a refund of my (our) support. I (we) understand that my (our) support is not a tax deductible gift and that First Baptist Church will not provide a contribution receipt for the support I (we) provide.

(Sponsor's Signature)

(Sponsor's Signature)

Cooperative Program and Associational Missions Giving

The Cooperative Program is the way Southern Baptist Churches give to world-wide missions. Associational Missions is the way Southern Baptist churches give to their local area missions. Each church decides what God would have them give to each. Usually, this is a percent of the budget receipts. When a church adopts the percentage of their budget receipts that they will give to missions through the Cooperative Program and Associational Missions, it should be included in the church budget.

When budget receipts are received each week the treasurer or financial secretary should calculate the amounts for CP and AM gifts based on the church's adopted percentages. Cooperative Program gifts should be mailed along with a CP Remittance Form. Associational Missions gifts should be sent to the associational office. It is best to send these gifts on Monday of each week. If this is not possible they should be sent on the Monday after the last Sunday of each month.

Benevolence

One of the most misunderstood issues with contributions deals with benevolence. Gifts or contributions designated to a specific individual or family are not tax deductible for the donor. However, if contributions are designated to a benevolence fund, the amount is tax deductible. With a benevolence policy in place, charitable giving for hardship situations can be accomplished to meet those needs and provide tax benefit for donors.

The IRS requires some documentation when a church helps a needy individual or family including (1) a complete description and purpose of the benevolence payment and (2) the name, address, and amount distributed to each recipient.

As a church, there are some key IRS requirements that must be considered before making a gift to an individual. According to IRS publication 526, contributions earmarked for a certain individual including those that are needy or worthy are not deductible. However, if an individual gives a contribution to a qualified organization that in turn helps needy individuals, the contribution would be deductible...if that individual does not designate a specific individual they want their gift to go to.

Revenue Ruling 62-113, states that the test in each case (whether or not deductible) is whether the organization has full control of the donated funds, and discretion as to their use, so as to ensure that they will be used to carry out its functions and purposes.

If an individual gives money to your organization and designates that it go to a specific individual, you should stress to the donor that it is not a tax deductible contribution and no tax-deductible receipt will be issued. You might also consider writing "NON- DEDUCTIBLE" in red ink on the front of the check.

A sample Benevolence Request Form is on the next page.

Sample of Benevolence Request Form

Benevolence Request Form

Date: _____

Name(s): _____

Current Address: _____

Current Phone/Contact Person: _____

Type of Need Requested: _____

Reason for Request: _____

All forms of assistance are considered a process of helping the individual acquire the biblical disciplines and skills to maintain and manage their own affairs. We will not participate in supporting a life style or decision process that is not biblical. Potential recipients of any type of assistance must participate in guidance counseling and mentoring as requested.

Agreement: I have read and understand the above statement. I understand that in making application for assistance I am willing to allow (name of church) to assist in not only short term assistance, but also the follow through with long term guidance to resolve the present situation.

Signature _____ Date _____

My signature below guarantees the information provided above (and including the attached completed Financial Statement) is accurate and true. I also understand that benevolence from this church is a one-time gift and cannot re-apply for another request for a period of (12) months.

All requests must have photo ID.

Signature(s): _____ Date _____

To be completed by church: Services Provided _____

If not provided, reason for declining: _____

CHAPTER 6

CHURCH ADMINISTRATION

Document Destruction

The Sarbanes-Oxley Act addresses the destruction of business records and documents and turns intentional document destruction into a process that must be carefully monitored.

Nonprofit organizations should have a written, mandatory document retention and periodic destruction policy. Policies such as this will eliminate accidental or innocent destruction. In addition, it is important for administrative personnel to know the length of time records should be retained to be in compliance. This table on the following page is provided as guidance in determining your organization's document retention policy.



TYPE OF DOCUMENT	MINIMUM TIME TO KEEP DOCUMENT
Articles of Incorporation, Constitution, and By-Laws	Permanent
Church Minutes	Permanent
Not-for Profit letter	Permanent
General Ledger Books	Permanent
Personnel File (former employees)	7 years
Federal & State Employer Identification Number	Permanent
Property Tax Exemption Letter	Permanent
IRS Form 8274 (Church election of FICA exemption)	Permanent
Annual Contribution Statements	10 years
W-4, I-9, W-9, New Hire Reporting Form	7 years after employee leaves
IRS Form 941	7 years
Salary Reduction Agreements	7 years
Housing Allowance Designations	7 years
IRS Form 8282	7 years
IRS Forms W-2 & 1099 MISC	7 years
Invoices & Receipts	7 years
Offering Envelopes	3 years
Out-Dated Church Personnel Policies	7 years
IRS Form 5578	4 years
Accounts Payable Ledgers and Schedules	7 years
Audit Reports	Permanent
Bank Reconciliations	2 years
Bank Statements	3 years
Checks (for important payments and purchases)	Permanent
Contracts, mortgages, notes and leases (after expired)	7 years
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanent
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanent
Depreciation Schedules	Permanent
Duplicate Deposit Slips	2 years
Employment Applications	3 years
Expense Analyses/Expense Distribution Schedules	7 years
Year End Financial Statements	Permanent
Insurance Policies (expired)	3 years
Insurance Records, Accident Reports, Claims, Policies	Permanent
Internal Audit Reports	3 years
Inventories of Products, Materials, and Supplies	7 years
Payroll Records	7 years
Retirement and Pension Records	Permanent
Tax Returns and Worksheets	Permanent
Timesheets	7 years

Tax-Exempt Status of the Church

Recognition of Tax-Exempt Status

Churches that meet the requirement of the tax code are automatically considered exempt and are not required to apply for and obtain recognition of tax-exempt status from the IRS.

Although there is no requirement to do so, many churches seek recognition because such recognition assures the church, its members, and contributors that the church is recognized as exempt and qualifies for related tax benefits.

Baptist Churches who are members of the Southern Baptist Convention are covered under a "group exemption ruling." The Southern Baptist Convention applied for and received a ruling that it is an organization exempt from income taxes. The group exemption identifies affiliated churches as related to the Convention and thereby, recognizes the churches as tax exempt as well.

Unfortunately this does not apply to associations within the Southern Baptist Convention. Although, associations are technically not required to apply because they are a church organization.

Southern Baptist churches may request a tax-exempt status letter by sending a request in writing, on church letterhead, by either mail or fax to:

Financial Office, Executive Committee
Southern Baptist Convention
901 Commerce St.
Nashville, TN 37203

Phone: 615.244.2355
Fax: 615.742.8919

Self-Employment Tax Exemption for Ministers

Ministers may be eligible for the self-employment tax exemption due to the tax-exempt status of the church. Ministers must timely apply for the exemption.

Form <b style="font-size: 24pt;">4361 (Rev. January 2011) Department of the Treasury Internal Revenue Service	Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners	OMB No. 1545-0074 File Original and Two Copies
---	---	---

File original and two copies and attach supporting documents. This exemption is granted only if the IRS returns a copy to you marked "approved."

Please type or print	1 Name of taxpayer applying for exemption (as shown on Form 1040)	Social security number
	Number and street (including apt. no.)	Telephone number (optional)
	City or town, state, and ZIP code	
2 Check one box: <input type="checkbox"/> Christian Science practitioner <input type="checkbox"/> Ordained minister, priest, rabbi <input type="checkbox"/> Member of religious order not under a vow of poverty <input type="checkbox"/> Commissioned or licensed minister (see line 6)		3 Date ordained, licensed, etc. (Attach supporting document. See instructions.)
4 Legal name of ordaining, licensing, or commissioning body or religious order		
Number, street, and room or suite no.		Employer identification number
City or town, state, and ZIP code		
5 Enter the first 2 years after the date shown on line 3 that you had net self-employment earnings of \$400 or more, any of which came from services as a minister, priest, rabbi, etc.; member of a religious order; or Christian Science practitioner ▶		

6 If you apply for the exemption as a licensed or commissioned minister and your denomination also ordains ministers, please indicate how your ecclesiastical powers differ from those of an ordained minister of your denomination. Attach a copy of your denomination's bylaws relating to the powers of ordained, commissioned, and licensed ministers.

7 I certify that I am conscientiously opposed to, or because of my religious principles I am opposed to, the acceptance (for services I perform as a minister, member of a religious order not under a vow of poverty, or Christian Science practitioner) of any public insurance that makes payments in the event of death, disability, old age, or retirement; or that makes payments toward the cost of, or provides services for, medical care. (Public insurance includes insurance systems established by the Social Security Act.)

I certify that as a duly ordained, commissioned, or licensed minister of a church or a member of a religious order not under a vow of poverty, I have informed the ordaining, commissioning, or licensing body of my church or order that I am conscientiously opposed to, or because of religious principles I am opposed to, the acceptance (for services I perform as a minister or as a member of a religious order) of any public insurance that makes payments in the event of death, disability, old age, or retirement; or that makes payments toward the cost of, or provides services for, medical care, including the benefits of any insurance system established by the Social Security Act.

I certify that I have never filed Form 2031 to revoke a previous exemption from social security coverage on earnings as a minister, member of a religious order not under a vow of poverty, or Christian Science practitioner.

I request to be exempted from paying self-employment tax on my earnings from services as a minister, member of a religious order not under a vow of poverty, or Christian Science practitioner, under section 1402(e) of the Internal Revenue Code. I understand that the exemption, if granted, will apply only to these earnings. Under penalties of perjury, I declare that I have examined this application and to the best of my knowledge and belief, it is true and correct.

Signature ▶ _____ **Date ▶** _____

Caution: Form 4361 is **not proof** of the right to an exemption from federal income tax withholding or social security tax, the right to a parsonage allowance exclusion (section 107 of the Internal Revenue Code), assignment by your religious superiors to a particular job, or the exemption or church status of the ordaining, licensing, or commissioning body, or religious order.

For Internal Revenue Service Use

- Approved for exemption from self-employment tax on ministerial earnings
- Disapproved for exemption from self-employment tax on ministerial earnings

By _____ (Director's signature) _____ (Date)

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of form. File Form 4361 to apply for an exemption from self-employment tax if you have ministerial earnings (defined later) and are:

- An ordained, commissioned, or licensed minister of a church;
- A member of a religious order who has not taken a vow of poverty; or
- A Christian Science practitioner.

Note. If you are a commissioned or licensed minister of a religious denomination or church that ordains its ministers, you may be treated in the same manner as an ordained minister if you perform substantially all the religious functions within the scope of the tenets and practices of your religious denomination or church.

This application must be based on your religious or conscientious opposition to the acceptance (for services performed as a minister, member of a religious order not under a vow of poverty, or Christian Science practitioner) of any public insurance that makes payments for

death, disability, old age, or retirement; or that makes payments for the cost of, or provides services for, medical care, including any insurance benefits established by the Social Security Act.

If you are a duly ordained, commissioned, or licensed minister of a church or a member of a religious order not under a vow of poverty, prior to filing this form you must inform the ordaining, commissioning, or licensing body of your church or order that, on religious or conscientious grounds, you are opposed to the acceptance of public insurance benefits based on ministerial service.

Church Financial Software

For a comprehensive listing of vendors offering different types of church software, check out <http://capterra.com/church-management-software> or go to www.ccmag.com.

Automated Church Systems
Technologies

888.708.6233

www.acstechnologies.com

By the Book

800.554.9116

www.bythebook.com

CDM Plus - Church Data Master

877.272.2636

www.cdmplus.com

Computer Helper Publishing

800.533.5227

www.churchwindows.com

Daymark Software Systems, Inc

800.228.5857

www.daymarksys.com

Diakonia

800.325.6642

www.faithfulsteward.com

Fellowship Technologies

877.318.5669

www.fellowshiptech.com

ICON Systems

800.596.4266

www.iconcmo.com

Quickbooks: Premier Non-Profits

888.729.1996

www.quickbooks.com

RDS

405.840.5177

www.rdsadvantage.com

Shelby Systems

800.877.0222

www.shelbysystems.com

Free Stuff

Free Antivirus software	Panda Cloud Antivirus
Free Spyware remover	"Spybot Search and Destroy" and "Ad-Aware"
Free Firewall Program	Comodo Firewall Pro. 3.0
Free Secure Online Storage	DropBox.com
Free Adobe PDF Generator	PromoPDF.com
Free Multiple Monitor Software	DisplayFusion 3.1.9

Church Bookkeeping and Payroll Options

Church Shield
1-317-570-9573
15215 Endeavor Dr
Noblesville, IN 46060

Clergy Financial Resources
1-888-421-0101
11214 86th Ave N
Maple Grove, MN 55369

Church Payroll
1-800-662-3454
PO Box 36
Chesapeake, OH 45619

Water's Edge Ministry Services
866.693.8369
www.watersedgeservices.org

Ministry Works
1-866-215-5540
PO Box 2227
Ft. Wayne, IN 46801

Vickey's Bookkeeping Service
freechurchaccounting.com

