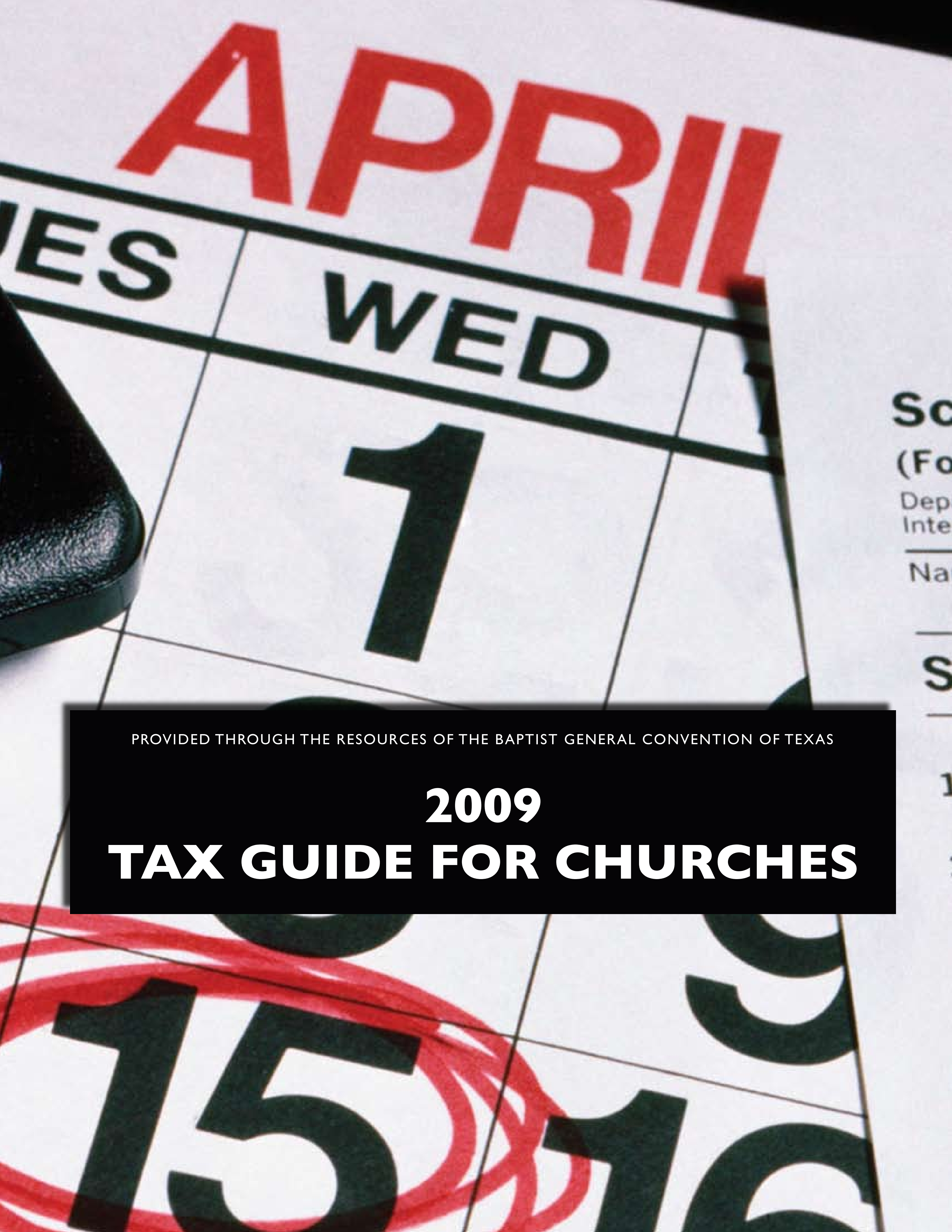

PROVIDED THROUGH THE RESOURCES OF THE BAPTIST GENERAL CONVENTION OF TEXAS

2009
TAX GUIDE FOR CHURCHES

My church has just asked me to serve in a capacity where I have a number of questions about payroll, taxes, reporting, and accounting.

Where can I turn for help?

This guide is designed to help church staff members and volunteers who handle payroll, reporting, and taxes in their local churches. It is intended to answer frequently asked questions to help you in complying with an increasingly complex array of laws and regulations. We hope you will use or forward this resource to the person in your church who would gain the most benefit from its information this year.

This 2009 edition represents the seventeenth year that the Baptist General Convention of Texas, through its Chief Financial Officer, is providing this practical resource to churches. Gene Hill, CPA, retired IRS Senior Appeals Officer, Baptist deacon, and Church Tax Consultant from Austin, has once again prepared this informative, understandable, and relevant resource.

This material is intended as an overview and not an all-inclusive reference document on these subjects. Persons using this resource should also be alert to future changes after this date of publication. Also, references are included in the guide for additional documents and resources that can be secured to assist you. If you have additional questions, call, e-mail, or send letter of inquiry to:

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January 2009

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The withholding and reporting requirements that church employers must comply with are somewhat complicated under the current Internal Revenue Code. The special tax treatment for minister employees adds another level of complexity. It is definitely worth the effort to ensure that payroll and payroll taxes are handled correctly because the penalties imposed for failure to do so are substantial.

More important than monetary penalties, God expects us to be responsible in handling His money and diligent in managing correctly the business affairs of the church. We must not tarnish our Christian witness by neglecting what is required; we must act promptly and accurately.

In this guide we will look at a church that is paying a pastor, Rev. E. Van Jell; a part-time secretary/bookkeeper, Miss Clara Cal; and a visiting revival speaker named Rev. John A. Smith.

Pastor Jell is an ordained minister. As such, his compensation requires special handling. (You might say preachers are in a class by themselves.) Miss Cal is a regular employee and her payroll will illustrate the handling for all nonminister employees. Rev. John Smith meets all the requirements to be considered an independent contractor, and thus is not an employee.

GETTING STARTED

When a church is formed and expects to have employees, Form SS-4, *Application for Employer Identification Number*, should be used to request an Employer Identification Number (EIN) from the Internal Revenue Service (IRS). A sample of a completed Form SS-4 can be seen on page 21. A church can also apply for an EIN online, by telephone, by fax, or by mail, depending on how soon the church expects to need the EIN. If the EIN is needed immediately, application should be done online or by telephone. For online applications, go to the IRS Home Page at **www.irs.gov** and click on the **Online EIN Application** link located on the left-hand side of the Home Page. For telephone applications, complete the Form SS-4 and call the IRS at (800) 829-4933. An IRS representative will use the information from the Form SS-4 to establish the church account and assign the church an EIN. Write the number you are given on the upper right-hand corner of the form, sign and date it, and, if requested by an IRS representative, mail or fax the signed Form SS-4 to the Tele-TIN Unit at the Service Center address provided by the IRS representative. If the application is faxed, Texas employers should fax the Form SS-4 to the Philadelphia Service Center at (859) 669-5760. Applications by mail should be mailed to the Internal Revenue Service Center (Attn: EIN Operation) at Philadelphia, PA 19255.

The church should also obtain IRS Publication 15, *Circular E, Employer's Tax Guide,* an invaluable resource in understanding employer responsibilities. This publication contains the various income tax withholding tables and explains the rules for filing the quarterly Form 941, *Employer's Quarterly Federal Tax Return,* and making timely employer tax deposits. Other helpful publications from the IRS include Publication 15-A, *Employer's Supplemental Tax Guide,* a publication useful in determining whether a worker is an employee or an independent contractor; Publication 15-B, *Employer's Tax Guide to Fringe Benefits,* a publication containing information on employer furnished fringe benefits (most are nontaxable); Publication 969, *Health Savings Accounts and Other Tax-Favored Health Plans;* and Publication 1828, *Tax Guide for Churches and Religious Organizations.*

Most IRS forms and publications can be obtained by (1) visiting a local IRS office, (2) calling the IRS toll-free forms and publications number at (800) 829-3676, or (3) logging on to the IRS Web site at **www.irs.gov** and linking to "Forms and Publications." From the Forms and Publications Web page, you have the choice of either downloading and printing a form or publication or linking to **Forms and Publications by U.S. Mail** and requesting the IRS to mail you a form or publication. Most tax forms can now be filled in while the form is displayed on your computer screen simply by keying in the required information. However, when keying in data on a displayed tax form, be aware that currently there is no computation, validation, or verification that the data being entered are correct. When either ordering or downloading IRS forms, always request the instructions.

Many helpful Web sites for church employers are now available on the Internet. They include **nacba.net**, the home page for the National Association of Church Business Administration, which offers many publications of interest to churches; **www.churchadminpro.com**, a linking site maintained by Church Administration Resources; **churchlawtoday.com**, the home page for Christian Ministry Resources, one of the largest providers of legal, tax, and administrative resources for churches in the United States; and **www.americanpayroll.org/weblink/statelocal**, a linking site maintained by the American Payroll Association that provides direct links to various state Web sites and several Federal Web sites (e.g., Department of Labor, Internal Revenue Service, Small Business Administration, Social Security Administration).

The church should ask each new nonminister employee to complete a Form W-4, Employee's *Withholding Allowance Certificate,* on the first day of work. The Form W-4 is needed in order for the church to withhold the correct amount of Federal income tax from the employee's pay. This certificate is effective for the first payment of wages and will last until the employee files a new one. Church employers may want to alert their nonminister employees who have dependent children that the Form W-4 now provides an additional withholding allowance (in addition to the regular dependent withholding allowance) for each dependent child who qualifies for the $1,000 child tax credit (generally, any dependent child who has **not** reached his/her 17th birthday by December 31). Employees who qualify for the child tax credit and who wish to claim the additional withholding allowance should file a new Form W-4 with their church employer. A sample of a completed Form W-4 can be seen on page 22.

It is also a good practice to verify the Social Security number of each new employee by calling the Social Security Helpline at (800) 772-6270. A Social Security representative will verify the new employee's number while you wait. When you call, have available the church's Employer Identification Number and the employee's full name, SSN, date of birth, and gender.

Effective October 1, 1998, all Texas employers (including churches) are required to report certain information on newly hired and rehired employees (including minister employees) to the State Directory of New Hires within 20 days of the employee's first day on the job. The required information includes the new employee's name, address, and Social Security number as well as the employer's name, address, and employer identification number (EIN).

The newest (and easiest) way to send the new hire information to the State Directory of New Hires is over the Internet. A church can report each new employee by logging on to **employer.oag.state.tx.us**, keying in the required information, and clicking the "Verify New Hire Information" button. A simple registration is initially required to obtain a one-time User ID and password. Other available methods to report a new hire to the State Directory include mail and fax. To report a new hire by mail, send the required information to ENHR Operations Center, P.O. Box 149224, Austin, TX 78714-9224. The fax reporting number is (800) 732-5015. Detailed information on the new hire reporting requirement can be obtained by calling the Texas Employer New Hire Operations Center at (800) 850-6442 or by logging on to the New Hire home page at **employer.oag.state.tx.us** and linking to the "New Hires" drop down menu located on the far left side of the Web page.

State and federal governments will use the new hire employment information to assist in the collection of child support for families and to detect and prevent fraud in unemployment insurance, worker's compensation, Medicaid, and food stamp programs.

The church should also obtain from each new employee (minister or nonminister) a completed Section 1 of the Immigration and Naturalization Service (INS) Form I-9, *Employment Eligibility Verification*. The church completes Section 2 of the Form I-9 and secures copies of certain documents from the employee. In most cases, one document is required from List B and one document from List C located on the back of the Form I-9. The church retains the Form I-9 in its personnel files for as long as the employee is employed by the church, plus one year thereafter. Churches can obtain the Form I-9, as well as INS Publication M-274, *Handbook for Employers*, from INS regional and district offices or by calling INS Customer Service at (800) 870-3676. The Form I-9 can also be obtained from most Border Patrol offices or can be downloaded from **www.uscis.gov/files/form/I-9.pdf**. The INS Publication M-274 can be downloaded from **www.uscis.gov/files/nativedocuments/m-274.pdf**. The Form I-9 is now a "fillable form" and can be completed by keying in the required information from your computer and then printing it out. The "fillable form" feature works best with Version 5 (or later version) of the Adobe Acrobat Reader. A sample of a completed Form I-9 can be seen on page 23.

SOCIAL SECURITY AND MEDICARE TAXES

The church is required to withhold Social Security and Medicare taxes from all nonminister employees and, as the employer, is required to contribute an equal amount on behalf of the nonminister employees.

For 2009, both the employer and the employee will continue to pay 6.2% for Social Security tax and 1.45% for Medicare tax. For 2009, the maximum amount of wages subject to Social Security tax is $106,800 ($102,000 for 2008). There is no wage base limit for Medicare tax (1.45%). All covered wages are subject to both taxes.

PASTOR JELL: (Minister)

Ordained ministers are considered employees of the church. However, for Social Security and Medicare purposes **only**, they are considered self-employed persons. Therefore, the church will **NEVER**, repeat **NEVER**, withhold FICA taxes from their wages. Licensed (nonordained) ministers will likewise be considered ministers if they are authorized by their church to perform substantially all the religious functions of an ordained minister.

Ministers must pay their Social Security and Medicare taxes through the self-employment tax (SECA) unless they are qualified to be exempt (opposition based on religious grounds to receiving Social Security benefits) and have timely elected (within their first two years of ministry) to be exempt by filing Form 4361, *Application for Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners.*

For 2009, the self-employment tax rate remains at 15.3%.

(**Note:** The minister's liability for self-employment tax is almost twice as much as the FICA tax withheld from nonminister employees. Because the church is saving the employer's portion of the FICA tax, many churches supplement their pastor's salary and housing allowance by at least 7.65%, which would have been the church's contribution for a nonminister employee. Any Social Security supplement paid to a minister by his church is taxable compensation.)

MISS CAL: (Nonminister Employee)

As a nonminister employee, the church must withhold Social Security and Medicare taxes from Miss Cal's salary. The church must then contribute a like amount and pay the total to the Internal Revenue Service on the employee's behalf. This is done on Form 941, *Employer's Quarterly Federal Tax Return*.

(**Note:** Very stringent tests are given in Publication 15 and Publication 15-A for determining whether a worker is an employee or an independent contractor. Under these tests, church secretaries, pianists, organists, nursery workers, and custodians should usually be classified as employees. If you want the IRS to determine whether a worker is an employee or an independent contractor, complete and file Form SS-8, *Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding.*)

REV. JOHN A. SMITH: (Independent Contractor)

Rev. Smith is a retired minister from Hometown, TX. This past year he led a three-day revival at Country Baptist Church. At the close of the revival, the church took up a "love offering" for Rev. Smith. He was paid an honorarium of $800 by the church for his services. He is not considered an employee under IRS guidelines; therefore, the church is not liable for employment taxes on the payments to him.

FEDERAL INCOME TAX

The church is generally required to withhold income tax from all nonminister employees' wages. The employee's Form W-4 indicates the number of withholding allowances claimed, and the tables in Publication 15 show the appropriate amount that should be withheld.

PASTOR JELL:

As noted above, even though ministers are classified as church employees, the church is not required to withhold income taxes from their wages. In lieu of income tax withholding, ministers typically remit their income tax and self-employment tax to the IRS in quarterly estimated payments (using a Form 1040-ES, *Estimated Tax for Individuals*). Ministers, however, **can elect** to have income tax withheld by the church. In this case, they should complete Form W-4 and show the dollar amount to be withheld.

(**Note:** Ministers who elect voluntary income tax withholding will want to have sufficient amounts withheld to cover their total tax liability [income tax and self-employment tax] so they will not have to make any additional estimated tax payments.)

Example: Pastor Jell expects to owe about $1,784 in income tax and $5,416 in self-employment tax (total $7,200) for the year. He is paid semimonthly; thus, he has 24 paydays each year. He elects to have the church withhold $300 of income tax from his wages ($7,200 divided by 24). Therefore, he does **not** have to make estimated tax payments unless he has other taxable income to report.

(**Note:** Even if a church does not withhold income taxes from a minister's wages, the wages **must be reported on Form W-2, *Wage and Tax Statement***, at the end of the year. The Form W-2 boxes for *Social Security wages, Social Security tax withheld, Medicare wages and tips, and Medicare tax withheld* should be left blank. If, however, the minister has elected voluntary income tax withholding, an amount will be reflected in Box 2 for Federal income tax withheld.)

MISS CAL:

As a nonminister employee, the church must withhold income taxes from her wages as indicated by her Form W-4 and the tables in *Circular E.*

REV. JOHN A. SMITH:

Since Rev. Smith is an independent contractor, he is **not** considered an employee and no income tax is required to be withheld. However, if Rev. Smith refuses to furnish a completed Form W-9, *Request for Taxpayer Identification Number and Certification*, to the church, the church has to resort to backup withholding (28% for 2008 and 2009) on the payment to him.

REPORTING AND PAYING EMPLOYMENT TAXES

Social Security taxes, Medicare taxes, and withheld income tax are reported and paid on Form 941, *Employer's Quarterly Federal Tax Return.* Form 941 is due one month after the end of each calendar quarter. If a due date falls on a Saturday, Sunday, or legal holiday, the due date is postponed until the next business day. A sample of a completed Form 941 can be seen on pages 24 and 25. Churches that do not incur any employment taxes on the Form 941 (e.g., the pastor is the only employee) are not required to file Forms 941. To correct income tax, Social Security tax, or Medicare tax information previously reported on a Form 941, use Form 941c, *Supporting Statement To Correct Information*. Form 941c is **not** an amended return and **must never be filed separately**. You must make adjustments on the Form 941 for the period during which you **discovered** the error. However, if the error is discovered on or after January 1, 2009, an employer must file a new stand-alone Form 941-X, *Adjusted Employer's QUARTERLY Federal Tax Return* or *Claim for Refund,* to make any corrections to a previously filed Form 941.

Certain very small church employers are now required to file their employment tax returns annually instead of quarterly. The Form 944, *Employer's Annual Federal Tax Return,* replaces the Form 941 for these very small church employers who have an **annual** employment tax liability of $1000 or less. Only church employers who are notified to file Form 944 are eligible to file the annual form. Church employers who are **not** notified, but feel they are eligible, should call the IRS at 800-829-4933. According to the IRS, notices concerning the Form 944 were sent to eligible church employers in February 2008. The Form 944 for calendar year 2008 is due February 2, 2009.

An employer holds an employee's withheld taxes **in trust** until such time the taxes are sent to the IRS. Generally, a church will have to make advance payroll deposits of Social Security and Medicare taxes and withheld income tax **before** the Form 941 is due. If an advance payroll deposit is required, the deposit must include both the church's part and the employee's part of Social Security and Medicare taxes. If, however, the amount of accumulated employment taxes (line 10 on Form 941) for the quarter is less than $2,500, the church can pay the employment taxes with the Form 941 without making advance payroll deposits.

The traditional method for making advance deposits of payroll taxes is through an authorized financial institution with a Form 8109, *Federal Tax Deposit Coupon* (FTD). The FTD coupons are preprinted with the church's name, address, and EIN. The FTD coupon has entry boxes for indicating the type of tax and the tax period for which the deposit is made. Most churches qualify as monthly depositors, which means that the deposits must be made on or before the 15th day of each month for the payroll paid during the preceding month. Large churches with employment taxes of over $50,000 per year are subject to semiweekly deposits.

Many churches are now enjoying the convenience of making their advance payroll deposits electronically using the IRS Electronic Federal Tax Payment System (EFTPS). After enrollment in the EFTPS program, the church can authorize the IRS to draft the required payroll deposit from the church bank account by either logging on to **www.eftps.com** or by calling a toll-free telephone number (using a voice response system). When enrolling in EFTPS by the Internet method, the church will be mailed a PIN number and a password to assure maximum security when using the Internet. No special computer software is required to use the Internet method other than an Internet browser with 128-bit encryption (Microsoft Explorer 5.0 or later or Netscape Navigator 4.7 or later). The telephone method does **not** require a password but does require a PIN number. Churches desiring to enroll in the telephone method should call (800) 555-4477. Both the Internet method and the telephone method of EFTPS are free.

The penalty for failure to make timely deposits can be as much as 15% of the underdeposited taxes. There are some exceptions to the deposit requirements, and these exceptions are listed in IRS Publication 15. If the church is assessed a penalty for a late deposit, check for possible applicable exceptions. Always make a written request to have the penalty waived. Cite circumstances and applicable exceptions. IRS has been known to abate deposit penalties.

INFORMATION RETURNS

Information returns are forms that provide information to the IRS **and** to the recipient. Although there are four main categories of information returns, most churches have to contend with only two categories: (1) information returns of employers reporting wages and other payments to employees (Form W-2), and (2) information returns for payments to nonemployees (Form 1099-MISC, *Miscellaneous Income*). Failure to file required information returns with the IRS can result in substantial penalties to the church.

Because the processing of most information returns is now imaged and character recognized by machine, the IRS requests that all 2008 Forms 1099 entries be typed using 10 pitch (pica) or 12 pitch (elite) using black ink with no erasures, whiteouts, or strikeovers. For 2008 Forms W-2, the Social Security Administration requests that 12-point Courier font be used, if possible. All dollar entries should be shown with a decimal point, but without any dollar signs or commas.

The IRS operates a centralized call site at (866) 455-7438 to answer questions on information return reporting. This telephone number provides good information for filing Forms 1099 and W-2 and is toll free.

FORM W-2:

The church should furnish Copies B, C, and 2 of the 2008 Form W-2 to all employees (ministers and nonministers alike) by February 2, 2009. The church will meet the "furnish" requirement if the form is properly addressed, mailed, and postmarked on or before the due date. Keep for four years any employee copies of Forms W-2 that you tried to deliver but could not. File all Copy A's of the Forms W-2 with a Form W-3, *Transmittal of Wage and Tax Statements*, with the Social Security Administration by March 2, 2009. Samples of a completed Form W-2 and

Form W-3 are shown on pages 26 and 27. The Copy A's with the Form W-3 are mailed to:

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

Beginning on December 8, 2008, most churches will have the option of electronically sending their Forms W-2 and W-3 to the Social Security Administration over the Internet. The new Internet method is fully explained in a Social Security publication titled *Business Services Online User Handbook for Tax Year 2008*. The publication is available only by download from **www.ssa.gov/employer**.

The beginning point for filing Forms W-2 over the Internet is registration in order to secure a User ID (previously referred to as a PIN) and a password. You may register online or by phone. To register by phone, call the SSA Employer Reporting Branch at (800) 772-6270. To register online, point your browser to **www.ssa.gov/bso/bsowelcome.htm** and link to "Registration." When you have completed the registration form, select the Submit button. The system will verify the user's identity against Social Security Administration records and display a User ID that will later be needed to log on to Business Services Online (BSO). Expect to receive a temporary password in the mail within two weeks. To ensure the security of your User ID, log on and change your temporary password soon after you receive it in the mail.

After obtaining the User ID and password from Social Security, you are ready to log on to BSO. Point your browser to **www.ssa.gov/bso/bsowelcome** to open the BSO welcome page. Select the "Log In" link that opens the "Log In to BSO" page. After keying in your User ID and password, the "Main Menu" will open. Select the link "Report Wages to Social Security" and link again to "Submit or Resubmit Wage File, W-2 Online, W-2c Online, and View Submission Status." You are now at the submenu containing links to either "Submit a W-2 Wage File" or "Enter Form W-2." Churches that wish to upload their wage-data files and send to Social Security will select "Submit a W-2 Wage File." To use the upload method, the wage data must be EFW2 format. Your software manufacturer can tell you if your church payroll records are in EFW2 format. Churches that choose to use the W-2 Online method will link to "Enter Form W-2." Churches are limited to 20 Forms W-2 per W-2 Online report; however, up to 50 reports can be submitted, each with up to 20 Forms W-2. The system will allow you to print your forms immediately and then submit them to Social Security at a later date. As an incentive to use the Internet format for filing Forms W-2 with Social Security, the filing due date is extended from March 2, 2009, to March 31, 2009. The only computer software needed to print employee copies of the Form W-2 when using "W-2 Online," is the Adobe Acrobat Reader 5.0 (or later version).

Amounts shown on the Forms W-2 must reconcile with amounts shown on the four quarterly Forms 941. Therefore, prior to furnishing the Forms W-2 to church employees, be certain that the reconciliation procedure has been completed. Note the sample reconciliation schedule on page 18. Form W-2c, *Corrected Wage and Tax Statement,* can be used to correct errors on a previously filed Form W-2.

FORM 1099-MISC:

Form 1099-MISC, *Miscellaneous Income*, is the information return most often used by churches to report taxable income paid to nonemployees. A Form 1099-MISC should be prepared for each nonemployee recipient (other than corporations) to whom the church paid an aggregate of at least $600 for rents or for services during the calendar year. Payment for services includes honorariums (funded from either love offerings or from the church budget) paid to a visiting preacher or evangelist.

Beginning in 1998, the corporate exception to the filing of Forms 1099-MISC no longer applies to payments for legal services. Therefore, if the $600 threshold is met, the church is required to issue a Form 1099-MISC whether or not the attorney is incorporated.

Since the Form 1099-MISC requires the recipient's identification number (Social Security number or EIN), the number should be secured from the payee **before** payment is made. Use Form W-9 to request the recipient's identification number. A sample of a completed Form W-9 is shown on page 28. If a payee refuses to furnish his correct taxpayer identification number, the church must withhold 28% (for 2008 and 2009) from the payments. This is called "backup withholding" and is paid to the IRS with a Form 945, *Annual Return of Withheld Federal Income Tax*. Any withheld income tax should be shown in Box 4 of the Form 1099-MISC.

Form 1099-MISC comes in three copies (A, B, and C). Copy B of the Form 1099-MISC should be furnished to each payee by February 2, 2009. All copy A's should be filed with the Austin IRS Service Center by March 2, 2009, with a Form 1096, *Annual Summary and Transmittal of U.S. Information Returns*. A sample of a completed Form 1096 is shown on page 30. All Copy C's should be retained by the church in its permanent records.

Although Forms 1099 can be filed electronically using the FIRE system (Filing Information Returns Electronically), the church must have software that can produce a file in the proper format described in IRS Publication 1220. Currently, the FIRE system does not provide a fill-in form method (similar to the Form W-2 Online method).

In addition to the name and address of the church, the Form 1099-MISC requires the telephone number of a person to contact if any information is incorrect. A suitable location for the telephone number is immediately below the church name and address. A sample of a completed Form 1099-MISC for the year 2008 can be seen on page 29.

UNEMPLOYMENT TAXES

Churches are exempt from both Federal Unemployment Taxes (FUTA) and Texas Unemployment Taxes. Preprinted forms to report these taxes may be mistakenly sent to the church. The preprinted forms should be returned with the following notations:

> On the Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*, write "Not Liable" across the front of the form, sign the form, and return it to the IRS.
>
> On the Form C-3, *Employer's Quarterly Report*, write "Religious organization exempt from Texas Unemployment Taxes under TECA Sec. 19G5E" across the front of the form, sign the form, and return it to the Texas Workforce Commission.

WORKERS' COMPENSATION INSURANCE

If a church carries Workers' Compensation insurance, the insurance company takes care of an injured employee's claims. If the church does not have this insurance coverage, an injured employee can file a civil suit against the church for an unlimited amount.

In Texas, workers' compensation insurance is **not** mandatory. However, churches with one or more employees come under the Texas Workers' Compensation Act. This means there are forms to be filed, notices to be given to employees, and recordkeeping requirements regardless of whether or not the church has workers' compensation insurance. There are stiff administrative penalties for noncompliance with the Act's notification and filing requirements. Information is available from:

> Texas Department of Insurance
> 7551 Metro Center Drive, Suite 100
> Austin, TX, 78744-1609
> 512-804-4000
> Web Site: **www.tdi.state.tx.us**

Churches should carefully consider the matter of Workers' Compensation insurance coverage.

MINISTERS' HOUSING ALLOWANCE –

Available Only to Ministers

Income tax provisions allow the church to increase the minister's **after-tax** income with no additional cost to the church by designating part or all of the minister's salary to a housing allowance. The amount designated should be reviewed annually by the church since housing costs frequently change. Ministers are reminded that the church designated housing allowance is not automatically fully excludible from taxable income. Rather, the amount that can be excluded from taxable income is the **lowest** of the following amounts:

1. The amount actually used for housing expenses,
2. The amount the church officially designates as a housing allowance, or
3. The fair rental value of the home and furnishings, plus the cost of utilities.

The minister's housing allowance must be designated in **advance of payment** by official church action. The official church action should be in writing, such as in the church budget or by resolution. Treasury Reg. 1.107-1(b) states that "the designation of an amount as rental allowance may be evidenced in an employment contract, in minutes of, or in a resolution by, a church or other qualified organization, or in its budget, or in any other appropriate instrument evidencing such official action."

If the minister's housing expenses are more than the designated allowance, he will lose any tax advantage for the excess housing expenses. Therefore, the estimate for housing should always be on the high side to cover unexpected expenses. During the year, if the original designation appears inadequate, the allowance can and should be amended by the church for the remainder of the year. If the actual housing expenses are less than the allowance, the excess is considered taxable salary and included in line 7 of the 2008 Form 1040, *U.S. Individual Income Tax Return*. The minister is **not** required to account to the church for his actual housing expenses, but he should have this information readily available in case the IRS requests substantiation of his housing expenses.

Since the housing allowance is not considered gross income for income tax purposes, this amount will **not** be included as wages on either the Form 941 or on Form W-2.

The minister must include the housing allowance (or the fair rental value of the church parsonage) in his self-employment income for computing his self-employment tax liability. Although not mandatory, IRS recommends that the minister's housing allowance be shown in Box 14 of Form W-2. See the sample of a minister's Form W-2 on page 26.

If the Minister Rents or Owns His Home:

The church should decide the total amount it will pay for base salary and housing, then allow the minister to determine the amount to be designated for housing. The minister is the only one who can make an educated guess as to what his out-of-pocket housing costs will be for the coming year. The amount of the housing allowance does not have to be the same for each minister on the church staff.

Example: The church decides on a pay package for Rev. Jell of $40,000, of which $35,400 is for salary and housing and $4,600 is for employer paid fringe benefits (insurance and retirement). Rev. Jell concludes that he will need $12,000 for his housing expenses. He requests that the church designate $12,000 of his pay as housing allowance. This is shown in the church budget as:

Pastor's salary	$23,400
Pastor's housing allowance	12,000
Total	$35,400

If the Church Provides a Parsonage:

Even if a church provides a parsonage to the minister, some housing allowance should usually be designated by the church to cover utilities (if they are not paid by the church), furnishings, and any other housing expenses incurred by the minister. Again, the amount of the allowance should be specified by the minister.

The minister includes the parsonage fair rental value in his self-employment income for computing his self-employment tax. The church is not required to determine the fair rental value of the church owned parsonage. The amount of the fair rental value is the responsibility of the minister and can usually be obtained from a local Realtor who is familiar with rental values for comparable residences.

EMPLOYEE BUSINESS EXPENSES

Employee business expenses include car expenses; books; entertainment; subscriptions; office supplies; postage; religious materials; depreciation on equipment; long distance business calls; convention expenses; gifts and cards; professional dues; continuing education; travel; and any other expenses incurred in the performance of services as an employee. Churches frequently reimburse their employees for some or all of the above employee business expenses. Unfortunately, unreimbursed employee business expenses are currently deductible **only** on the Form 1040 Schedule A, *Itemized Deductions.* The following steps should be followed for deducting any unreimbursed employee business expense:

1. Determine if total itemized deductions on Schedule A (including the employee's unreimbursed business expenses) exceed the current standard deduction.
2. Reduce all meal and entertainment expenses by 50%.
3. Add the remaining meal and entertainment expense to auto and other professional expenses. Ministers must then reduce the total by a percentage obtained under the "Deason Expense Allocation Rule" (see IRS Publication 517, *Social Security and Other Information for Members of the Clergy and Religious Workers,* for details).
4. Any remaining employee business expenses are carried to line 21 of Schedule A and then reduced on Line 26 of Schedule A by 2% of the employee's adjusted gross income.

The bottom line: employees, especially minister employees, will typically lose all or a significant part of their employee business expense deductions!

What's the answer? Employees need to be able to bypass reporting their job-related expenses on their income tax return. Is this possible? Yes, it is, but be careful!

Beginning in 1987, if the employee is reimbursed under a reimbursement or other expense allowance arrangement that doesn't qualify as an accountable plan, the reimbursement must be included in the employee's taxable income as compensation. The church includes nonaccountable expense reimbursements in the employee's wages on Form W-2. For nonminister employees, the church must also withhold and pay employment taxes on the nonaccountable reimbursed amounts.

ACCOUNTABLE REIMBURSEMENT PLANS:

In order for business expense reimbursements to be excluded from an employee's income, there must be a written, **accountable** reimbursement plan approved by the church. The "accountable plan" must meet IRS requirements in the following three areas:

1. **Business connection requirement.** Reimbursements can only be for business expenses incurred by an employee in connection with the performance of services as an employee.
2. **Adequate accounting requirement.** An employee must be required by the plan to substantiate the expenses within 60 days after they are paid or incurred. In order to meet the requirements for an "adequate accounting," the minister or other

employee must submit a diary, log, trip sheet, or similar record that lists each element (amount, date, place, and business purpose) of an expenditure with notations of the business purpose. These entries should be made at or near the time of the expenditure. Receipts and other documentary evidence should be submitted. Documentary evidence is required for lodging expenses while traveling away from home and for any other expenditure of $75 or more. A responsible person, other than the minister, must verify and approve the expense amounts.

If mileage, meal, or per diem allowances do not exceed the maximums allowed to federal employees, then the reimbursements are considered substantiated, provided the employee substantiates the date, place, and business purpose of the expense. In the case of business mileage, the standard business mileage rate for 2008 was 50.5¢ per mile from January 1 – June 30 and 58.5¢ per mile from July 1 – December 31, 2008. The 2009 standard business mileage rate is 55¢ per mile. The standard business mileage rate covers all automobile expenses except for parking fees and toll charges. More information is available in IRS Publication 463, *Travel, Entertainment, Gift, and Car Expenses,* and Publication 535, Business Expenses.

3. **Excess advance requirements.** An employee must return any excess advance within 120 days after the expense was paid or incurred.

ONE MORE REQUIREMENT:

Regulations issued in 1991 provide that accountable reimbursement plans may **not** be funded from an employee's compensation. Thus, a reimbursement plan that reimburses employees for business expenses by reducing wages will be treated as a **nonaccountable** plan. Churches that continue the practice of allocating a portion of their minister's "pay package" to expense reimbursement are effectively prevented from adopting an accountable reimbursement plan. To preclude an appearance that an accountable reimbursement plan is part of an employee's compensation, the accountable expense reimbursement accounts and the salary accounts should be shown as completely separate budget items.

HOW TO ADOPT AN ACCOUNTABLE REIMBURSEMENT PLAN:

A. Ideally, the church should make the normal salary adjustments and also be willing to reimburse its employees for their actual allowable business expenses regardless of the total amount.

OR

B. If a church wishes to establish a **separate** fixed limit reimbursement account, it must do so by making no (or little) adjustment to the minister's salary amount. But remember, if the minister's expenses end up being greater than the fixed amount of the reimbursement account, these excess expenses will be deductible only on the minister's Form 1040, Schedule A, subject to the limitations mentioned above. If the expenses end up being less than the budgeted amount, the church cannot pay the difference as additional salary or bonus. This is a ***use it or lose it*** proposition.

The following is an example of a church accountable plan.

SAMPLE ACCOUNTABLE REIMBURSEMENT PLAN

______________________________________ Baptist Church hereby establishes an accountable reimbursement plan for all ministers and employees with the following terms and conditions intended to comply with all applicable tax rules.

1. The church will reimburse only reasonable ministry related business expenses incurred by a minister or employee. Subject to budget limitations, these expenses will include:
   - Business use of automobile, up to the current IRS standard mileage rate;
   - Business travel away from home: transportation, lodging, and meals on overnight trips;
   - Convention, conference, and workshop expenses;
   - Continuing education expenses;
   - Subscriptions, books, and tapes, if related to ministry or employment;
   - Entertainment/hospitality expenses, if business connection requirement is met.
2. The minister or employee will account for each allowable expense in writing at least every 60 days. Documentation will include the amount, date, place, business purpose, and business relationship of any person entertained for each expense. A receipt will accompany the documentation.
3. The minister or employee will return advances that exceed actual business expenses within 120 days.
4. Under this accountable arrangement, the church will not report reimbursed amounts as taxable income on the minister's or employee's Form W-2. The minister or employee should not report reimbursed amounts as income on their Federal Income Tax return.

MOVING EXPENSES

Payments for moving expenses are handled differently from reimbursements for other professional expenses.

Effective January 1, 1994, significant changes were made to the definition of deductible moving expenses. After January 1, 1994, deductible moving expenses are limited to reasonable expenses for moving household goods and personal effects **and** transportation and lodging expenses (no meal expenses are allowed) incurred while traveling from the former home to the new home (must be a minimum of 50 miles).

Qualified moving expenses that a church pays to a third party on behalf of an employee (e.g., to a moving company) are not reported anywhere on the Form W-2. Qualified moving expense reimbursements paid directly to an employee are reported only in Box 12 of the Form W-2 with a code "P." Reimbursements for any other nondeductible moving expenses must be included in "Wages" in Box 1 of Form W-2. See IRS Publication 521, *Moving Expenses*, for a complete description of deductible and nondeductible moving expenses.

TAXABILITY OF GIFTS

Ministers and other church employees often receive special occasion gifts during the year. Whether such gifts are taxable depends on the facts and circumstances surrounding the gifts. Personal gifts from friends and family members are not taxable. Gifts, however, from employers (including church employers) are generally taxable to employees. It is not always easy to determine whether a special occasion gift is from friends and family or from a church employer. Perhaps the best way to cover the taxability of gifts is with a series of examples.

Example 1: The church gives a cash gift to all employees at Christmas.

Result: Considered additional compensation (regardless of amount) and taxable to the recipient. Church should include the amounts in payroll and report as "Wages" on Form 941 and on Form W-2. Example: See the $100 bonus paid to Clara Cal on 12-31 on page 17.

Example 2: The congregation contributes to the church for a love offering that is then paid to the minister.

Result: The donors are credited with deductible contributions and the minister has taxable income as in Example #1. Example: See the payment to the pastor on 4-18 on page 17.

Example 3: The congregation contributes to the church for a gift to be given to a retired minister.

Result: The donors are credited with deductible contributions. Whether the gift is taxable to the minister depends on the circumstances.

Example 4: Church members give love gifts directly to the minister.

Result: No charitable contribution for the donors and nontaxable income for the minister.

Example 5: The church gives each employee a turkey for Christmas.

Result: Not taxable income to the employees. The worth of nominally valued (under $25) noncash gifts is not income to employees.

Example 6: The church gives a gift certificate to each employee.

Result: The employees have taxable income. The IRS holds that gift certificates are equivalent to cash – see Example 1.

Example 7: A member gives a car to the church and the church gives it to the pastor.

Result: The donor has a charitable contribution for the fair market value (FMV) of the auto, and the pastor has additional compensation equal to the FMV of the auto.

Example 8: The church gives an $800 honorarium to a visiting revival preacher.

Result: The honorarium is considered income to the preacher. The church must secure the preacher's ID number or withhold 28% (see discussion of "backup withholding" on page 17). Since the honorarium is over $600, and not paid to a corporation, the church must report the payment on Form 1099-MISC at the end of the year.

Example 9: The church collects a love offering and gives it to a visiting revival preacher.

Result: The donors are credited with deductible contributions. The preacher has taxable income, as in Example 8.

Example 10: A church member designates that a contribution to the church be given to a needy family in the church.

Result: Not taxable to the recipients since they are not employees. If the donor earmarks his contribution to a specific needy family, the donor will not be entitled to a charitable contribution deduction.

EARNED INCOME CREDIT

The earned income credit (EIC) is a tax credit for workers who have earned income for 2008 of less than $12,880 ($15,880 for joint filers) if there is no qualifying child; less than $33,995 ($36,995 for joint filers) if there is one qualifying child; and less than $38,646 ($41,646 for joint filers) if there are two or more qualifying children. For 2008, the EIC maximum for taxpayers with no qualifying child could be as much as $438, or with one qualifying child $2,917, or with two or more qualifying children $4,824. Investment income must be $2,950 or less for the year. The EIC can only be claimed by taxpayers who are at least 25 years old and below age 65 by the end of the year. In addition, the taxpayer cannot be a dependent of another person. IRS Publication 596, *Earned Income Credit*, is a helpful resource for calculating earned income credit.

The church is required to notify employees who had no income tax withheld that they may be eligible for a tax refund because of EIC. You can satisfy this notification requirement by using Form W-2, with the EIC notice on the back of Copy B. The church is obligated to make advance payments of the EIC to employees who give the church a signed and completed Form W-5, *Earned Income Credit Advance Payment Certificate.* Tables in *Circular E* give the amounts to be paid. The total amount of the EIC advance payments should be shown in Box 9 of the employee's Form W-2. Do **not** include the amount of the EIC advance payments as wages in Box 1 of the Form W-2. The church claims any advance EIC payments on Line 12 of Form 941 as a credit against the payroll taxes that it owes.

RECORDKEEPING

The church should keep all payroll records for at least four years.

ILLUSTRATIONS

To illustrate payroll procedures, the records of Pastor Jell and Clara Cal are shown.

PASTOR JELL:

The church budgets $40,000 for the pastor's pay package. This includes payments made on his behalf for health and group term-life insurance premiums and also contributions to GuideStone Financial Resources. Rev. Jell does not receive these amounts and they are not considered taxable income to him. He requests that $12,000 be designated for housing allowance. In addition, the church has an **accountable business expense reimbursement plan.** The plan provides for reimbursement up to a fixed amount of $5,500.

No Social Security and Medicare taxes are deducted because a minister is considered self-employed for Social Security purposes. Thus, his "pay package" is as follows:

Total pay package	$ 40,000
Health insurance premiums	(2,300)
Group term-life insurance premiums	(300)
Contributions to GuideStone Financial Resources	(2,000)
Actual cash to be paid to Rev. Jell	$ 35,400
Housing allowance	(12,000)
Taxable salary	$ 23,400

The church pays semimonthly so there are 24 paychecks each year. Divide the actual cash Rev. Jell is to receive ($35,400 divided by 24) to get the total amount ($1,475) each payday. From that figure subtract the housing allowance to arrive at his "taxable salary." Rev. Jell elects to have $300 income tax withheld each payday.

CLARA CAL:

Since Clara is a nonminister employee, the church must withhold income tax, Social Security tax, and Medicare tax. She works part-time and is paid $300 semimonthly. For 2008, Clara entered into a Section 403(b) salary reduction arrangement (usually referred to as a tax-sheltered annuity) with her church reducing her taxable income by 10% of each paycheck. However, as a nonminister employee, her salary reduction arrangement does **not** reduce her FICA wages—note Clara's Form W-2 on page 26.

REV. JOHN A. SMITH:

Rev. Smith is not an employee; therefore, no payroll taxes are withheld. He was paid an honorarium of $800 for leading a revival during 2008. Since he has provided his identification number, the church is not required to withhold the 28% "backup withholding." The church is required to file Form 1099-MISC to report his earnings.

OTHER INFORMATION:

On the compensation records, notice the handling of the following:

4-18: On Pastor Jell's first anniversary at the church, the members contributed to a love offering and presented him with $1,200. This is taxable income to Pastor Jell and is included in Box 1 of his Form W-2.

12-15: The church gave a turkey to the pastor and to Clara. IRS considers employer provided noncash holiday gifts with nominal value as nontaxable and therefore not shown on payroll.

12-31: The church gave Clara a $100 Christmas bonus. This is taxable income to Clara and is included in Box 1 of her Form W-2.

Reconciliation of Forms 941 and Forms W-2

	Total Wages Line 2	Income Tax W/H Line 3	Taxable S.S. Wages Line 5a	S.S. Tax Paid Line 5a	Taxable Medicare Line 5c	Medicare Taxes Paid Line 5c
Forms 941						
1st Quarter	7470.00	1,848.00	1,800.00	223.20	1,800.00	52.20
2nd Quarter	8670.00	2,208.00	1,800.00	223.20	1,800.00	52.20
3rd Quarter	7470.00	1,848.00	1,800.00	223.20	1,800.00	52.20
4th Quarter	7560.00	1,861.00	1,900.00	235.60	1,900.00	55.10
Totals	31170.00	7,765.00	7,300.00	905.20	7,300.00	211.70
Forms W-2	**Box 1**	**Box 2**	**Box 3**	**Box 4**	**Box 5**	**Box 6**
E.V. Jell	24600.00	7560.00				
C.E. Cal	6570.00	205.00	7300.00	452.60	7300.00	105.85
W-3 Totals	31170.00	7765.00	7300.00	452.60	7300.00	105.85
				x 2		x 2
				905.20		211.70

Name E. Van Jell	Ordained Yes	Married X	Single
Address 351 Creek Road	Designated Housing Allow. 12,000	No. of Allowances N/A	
Creamer, TX			
Soc. Sec. No. 315-15-3151	Date Employed 4-18-xx	Date Terminated ________	
		Fixed Maximum Reimbursement $ 5,500	

							Business Expense Reimbursement		
Period Ending	**Salary**	**Housing**	**Total**	**Income Tax**	**Net Pay**	**Check No.**	**Date Paid**	**Check No**	**Amount**
1/15	975.00	500.00	1475.00	300.00	1175.00	191	1/29	203	448.60
1/31	975.00	500.00	1475.00	300.00	1175.00	202	2/29	222	403.50
2/15	975.00	500.00	1475.00	300.00	1175.00	213	3/31	243	462.65
2/28	975.00	500.00	1475.00	300.00	1175.00	221	4/30	269	476.73
3/15	975.00	500.00	1475.00	300.00	1175.00	236	5/31	285	396.17
3/31	975.00	500.00	1475.00	300.00	1175.00	242	6/30	313	692.18
							7/31	341	366.36
QTR							8/31	362	337.11
Totals	5850.00	3000.00	8850.00	1800.00	7050.00		9/30	385	417.71
							10/31	412	461.71
4/15	975.00	500.00	1475.00	300.00	1175.00	257	11/30	435	417.49
4/18	1200.00		1200.00	360.00	840.00	261	12/31	463	527.79
4/30	975.00	500.00	1475.00	300.00	1175.00	268		**Total**	**5408.00**
5/15	975.00	500.00	1475.00	300.00	1175.00	278			
5/31	975.00	500.00	1475.00	300.00	1175.00	284			
6/15	975.00	500.00	1475.00	300.00	1175.00	298			
6/30	975.00	500.00	1475.00	300.00	1175.00	312			
QTR									
Totals	7050.00	3000.00	10050.00	2160.00	7890.00				
7/15	975.00	500.00	1475.00	300.00	1175.00	332			
7/31	975.00	500.00	1475.00	300.00	1175.00	340			
8/15	975.00	500.00	1475.00	300.00	1175.00	352			
8/31	975.00	500.00	1475.00	300.00	1175.00	361			
9/15	975.00	500.00	1475.00	300.00	1175.00	372			
9/30	975.00	500.00	1475.00	300.00	1175.00	384			
QTR									
Totals	5850.00	3000.00	8850.00	1800.00	7050.00				
10/15	975.00	500.00	1475.00	300.00	1175.00	401			
10/31	975.00	500.00	1475.00	300.00	1175.00	411			
11/15	975.00	500.00	1475.00	300.00	1175.00	422			
11/30	975.00	500.00	1475.00	300.00	1175.00	434			
12/15	975.00	500.00	1475.00	300.00	1175.00	447			
12/31	975.00	500.00	1475.00	300.00	1175.00	462			
QTR									
Totals	5850.00	3000.00	8850.00	1800.00	7050.00				
Annual									
Totals	24600.00	12000.00	36600.00	7560.00	29040.00				

Name Clara E. Cal	Ordained No	Married	Single X	
Address 511 Spring Street	Designated Housing Allow. N/A	No. of Allowances 1		
Creamer, TX				
Soc. Sec. No. 813-81-1115	Date Employed 3-15-xx	Date Terminated		

Period Ending	Gross Salary	Tax Sheltered Annuity	Net Salary	Income Tax	Social Security Tax	Medicare Tax	Net Pay	Check No.
1/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	190
1/31	300.00	30.00	270.00	8.00	18.60	4.35	239.05	201
2/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	212
2/28	300.00	30.00	270.00	8.00	18.60	4.35	239.05	220
3/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	235
3/31	300.00	30.00	270.00	8.00	18.60	4.35	239.05	241
QTR								
Totals	1800.00	180.00	1620.00	48.00	111.60	26.10	1434.30	
4/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	256
4/30	300.00	30.00	270.00	8.00	18.60	4.35	239.05	267
5/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	277
5/31	300.00	30.00	270.00	8.00	18.60	4.35	239.05	283
6/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	297
6/30	300.00	30.00	270.00	8.00	18.60	4.35	239.05	311
QTR								
Totals	1800.00	180.00	1620.00	48.00	111.60	26.10	1434.30	
7/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	331
7/31	300.00	30.00	270.00	8.00	18.60	4.35	239.05	339
8/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	351
8/31	300.00	30.00	270.00	8.00	18.60	4.35	239.05	360
9/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	371
9/30	300.00	30.00	270.00	8.00	18.60	4.35	239.05	383
QTR								
Totals	1800.00	180.00	1620.00	48.00	111.60	26.10	1434.30	
10/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	400
10/31	300.00	30.00	270.00	8.00	18.60	4.35	239.05	410
11/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	421
11/30	300.00	30.00	270.00	8.00	18.60	4.35	239.05	433
12/15	300.00	30.00	270.00	8.00	18.60	4.35	239.05	446
12/31	400.00	40.00	360.00	21.00	24.80	5.80	308.40	461
QTR								
Totals	1900.00	190.00	1710.00	61.00	117.80	27.55	1503.65	
Annual								
Totals	7300.00	730.00	6570.00	205.00	452.60	105.85	5806.55	

Form **SS-4**

(Rev. December 2001)

Department of the Treasury
Internal Revenue Service

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

► See separate instructions for each line. ► Keep a copy for your records.

EIN 74-1856634

OMB No. 1545-0003

Type or print clearly.

1 Legal name of entity (or individual) for whom the EIN is being requested
Country Baptist Church

2 Trade name of business (if different from name on line 1)

3 Executor, trustee, "care of" name

4a Mailing address (room, apt., suite no. and street, or P.O. box)
706 Grapevine Dr.

5a Street address (if different) (Do not enter a P.O. box.)

4b City, state, and ZIP code
Creamer, TX 76442

5b City, state, and ZIP code

6 County and state where principal business is located
Dallas County, Texas

7a Name of principal officer, general partner, grantor, owner, or trustor

7b SSN, ITIN, or EIN

8a **Type of entity** (check only one box)

- ☐ Sole proprietor (SSN)
- ☐ Partnership
- ☐ Corporation (enter form number to be filed) ►
- ☐ Personal service corp.
- ☒ Church or church-controlled organization
- ☐ Other nonprofit organization (specify) ►
- ☐ Other (specify) ►
- ☐ Estate (SSN of decedent)
- ☐ Plan administrator (SSN)
- ☐ Trust (SSN of grantor)
- ☐ National Guard
- ☐ Farmers' cooperative
- ☐ REMIC
- ☐ State/local government
- ☐ Federal government/military
- ☐ Indian tribal governments/enterprises

Group Exemption Number (GEN) ►

8b If a corporation, name the state or foreign country (if applicable) where incorporated
State: Texas
Foreign country:

9 **Reason for applying** (check only one box)

- ☐ Started new business (specify type) ►
- ☒ Hired employees (Check the box and see line 12.)
- ☐ Compliance with IRS withholding regulations
- ☐ Other (specify) ►
- ☐ Banking purpose (specify purpose) ►
- ☐ Changed type of organization (specify new type) ►
- ☐ Purchased going business
- ☐ Created a trust (specify type) ►
- ☐ Created a pension plan (specify type) ►

10 Date business started or acquired (month, day, year)
01-01-XX

11 Closing month of accounting year
December

12 First date wages or annuities were paid or will be paid (month, day, year). **Note:** *If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year)* . . . ► 01-01-XX

13 Highest number of employees expected in the next 12 months. **Note:** *If the applicant does not expect to have any employees during the period, enter "-0-."* ►

Agricultural	Household	Other
		2

14 Check **one** box that best describes the principal activity of your business.

- ☐ Health care & social assistance
- ☐ Wholesale–agent/broker
- ☐ Construction
- ☐ Rental & leasing
- ☐ Transportation & warehousing
- ☐ Accommodation & food service
- ☐ Wholesale–other
- ☐ Retail
- ☐ Real estate
- ☐ Manufacturing
- ☐ Finance & insurance
- ☒ Other (specify) Church

15 Indicate principal line of merchandise sold; specific construction work done; products produced; or services provided.
Religious preaching and teaching

16a Has the applicant ever applied for an employer identification number for this or any other business? . . . . ☐ Yes ☒ No
Note: *If "Yes," please complete lines 16b and 16c.*

16b If you checked "Yes" on line 16a, give applicant's legal name and trade name shown on prior application if different from line 1 or 2 above.
Legal name ► Trade name ►

16c Approximate date when, and city and state where, the application was filed. Enter previous employer identification number if known.
Approximate date when filed (mo., day, year) | City and state where filed | Previous EIN

Third Party Designee

Complete this section **only** if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.

Designee's name — Designee's telephone number (include area code) ( )

Address and ZIP code — Designee's fax number (include area code) ( )

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

Name and title (type or print clearly) ► John Penny, Treasurer

Applicant's telephone number (include area code) (214) 999-0000

Signature ► John Penny — Date ► XX-XX-XXXX

Applicant's fax number (include area code) (214) 999-0001

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 16055N Form **SS-4** (Rev. 12-2001)

Form W-4 (2009)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2009 expires February 16, 2010. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if (a) your income exceeds $950 and includes more than $300 of unearned income (for example, interest and dividends) and (b) another person can claim you as a dependent on their tax return.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earner/multiple job situations. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 919 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 919 for details.

Nonresident alien. If you are a nonresident alien, see the Instructions for Form 8233 before completing this Form W-4.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the amount you are having withheld compares to your projected total tax for 2009. See Pub. 919, especially if your earnings exceed $130,000 (Single) or $180,000 (Married).

Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for **yourself** if no one else can claim you as a dependent . . . . **A** 1

B Enter "1" if:
- You are single and have only one job; or
- You are married, have only one job, and your spouse does not work; or
- Your wages from a second job or your spouse's wages (or the total of both) are $1,500 or less.

. . **B** ______

C Enter "1" for your **spouse.** But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.) . . . . **C** ______

D Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return . . . . **D** ______

E Enter "1" if you will file as **head of household** on your tax return (see conditions under **Head of household** above) . **E** ______

F Enter "1" if you have at least $1,800 of **child or dependent care expenses** for which you plan to claim a credit . . **F** ______
(**Note.** Do **not** include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)

G **Child Tax Credit** (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.
- If your total income will be less than $61,000 ($90,000 if married), enter "2" for each eligible child; then **less** "1" if you have three or more eligible children.
- If your total income will be between $61,000 and $84,000 ($90,000 and $119,000 if married), enter "1" for each eligible child plus "1" **additional** if you have six or more eligible children. **G** ______

H Add lines A through G and enter total here. (**Note.** This may be different from the number of exemptions you claim on your tax return.) ▶ **H** 1

For accuracy, complete all worksheets that apply.
- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
- If you have **more than one job** or are **married and you and your spouse both work** and the combined earnings from all jobs exceed $40,000 ($25,000 if married), see the **Two-Earners/Multiple Jobs Worksheet** on page 2 to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 below.

Cut here and give Form W-4 to your employer. Keep the top part for your records.

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

▶ **Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.**

OMB No. 1545-0074
2009

1 Type or print your first name and middle initial.	Last name	2 Your social security number
Clara E.	Cal	813 : 81 : 1115

Home address (number and street or rural route)
511 Spring St.

3 ☑ Single ☐ Married ☐ Married, but withhold at higher Single rate.
Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.

City or town, state, and ZIP code
Creamer, TX 76442

4 **If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card.** ▶ ☐

5 Total number of allowances you are claiming (from line **H** above **or** from the applicable worksheet on page 2) **5** 1
6 Additional amount, if any, you want withheld from each paycheck . . . . **6** $
7 I claim exemption from withholding for 2009, and I certify that I meet **both** of the following conditions for exemption.
- Last year I had a right to a refund of **all** federal income tax withheld because I had **no** tax liability **and**
- This year I expect a refund of **all** federal income tax withheld because I expect to have **no** tax liability.

If you meet both conditions, write "Exempt" here . . . . ▶ **7**

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

Employee's signature
(Form is not valid unless you sign it.) ▶ Clara E. Cal **Date ▶** 1/10/2009

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)	9 Office code (optional)	10 Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form **W-4** (2009)

OMB No. 1615-0047; Expires 06/30/08

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-9, Employment Eligibility Verification

Please read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work eligible individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documents have a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification. To be completed and signed by employee at the time employment begins.

Print Name: Last	First	Middle Initial	Maiden Name
Jell	E.	Van	

Address *(Street Name and Number)*	Apt. #	Date of Birth *(month/day/year)*
351 Creek Rd.		06/12/1949

City	State	Zip Code	Social Security #
Creamer	TX	76442	315-15-3151

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):
- [x] A citizen or national of the United States
- [ ] A lawful permanent resident (Alien #) A ____
- [ ] An alien authorized to work until ____ (Alien # or Admission #) ____

Employee's Signature E. Van Jell

Date *(month/day/year)* 12/26/2007

Preparer and/or Translator Certification. *(To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.*

Preparer's/Translator's Signature | Print Name

Address *(Street Name and Number, City, State, Zip Code)* | Date *(month/day/year)*

Section 2. Employer Review and Verification. To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C, as listed on the reverse of this form, and record the title, number and expiration date, if any, of the document(s).

	List A	OR	List B	AND	List C
Document title:			Drivers License		Social Security Card
Issuing authority:			Texas		U.S. Government
Document #:			04571080		315-15-3151
Expiration Date *(if any)*:			06/30/2008		
Document #:					
Expiration Date *(if any)*:					

CERTIFICATION - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on *(month/day/year)* 12/26/2007 **and that to the best of my knowledge the employee is eligible to work in the United States. (State employment agencies may omit the date the employee began employment.)**

Signature of Employer or Authorized Representative	Print Name	Title
John Penny	John Penny	Treasurer

Business or Organization Name and Address *(Street Name and Number, City, State, Zip Code)*	Date *(month/day/year)*
Country Baptist Church 706 Grapevine Dr. Creamer, TX 76442	12/26/2007

Section 3. Updating and Reverification. To be completed and signed by employer.

A. New Name *(if applicable)* | B. Date of Rehire *(month/day/year) (if applicable)*

C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility.

Document Title: ____ Document #: ____ Expiration Date (if any): ____

I attest, under penalty of perjury, that to the best of my knowledge, this employee is eligible 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 | Date *(month/day/year)*

Form I-9 (Rev. 06/05/07) N

950108

Form **941 for 2008: Employer's QUARTERLY Federal Tax Return**

(Rev. January 2008) Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

(EIN) Employer identification number	7 4 – 1 8 5 6 6 3 4
Name (*not your trade name*)	Country Baptist Church
Trade name (*if any*)	
Address	706 Grapevine
	Number / Street / Suite or room number
	Creamer / TX / 76442
	City / State / ZIP code

Report for this Quarter of 2008 (Check one.)

- ☐ 1: January, February, March
- ☐ 2: April, May, June
- ☐ 3: July, August, September
- ☑ 4: October, November, December

Read the separate instructions before you fill out this form. Please 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: *Mar. 12* (Quarter 1), *June 12* (Quarter 2), *Sept. 12* (Quarter 3), *Dec. 12* (Quarter 4)	1	2
2	Wages, tips, and other compensation	2	7560 . 00
3	Total income tax withheld from wages, tips, and other compensation	3	1861 . 00
4	If no wages, tips, and other compensation are subject to social security or Medicare tax		☐ Check and go to line 6.

5 Taxable social security and Medicare wages and tips:

	Column 1		Column 2
5a Taxable social security wages	1900 . 00	× .124 =	235 . 60
5b Taxable social security tips	.	× .124 =	.
5c Taxable Medicare wages & tips	1900 . 00	× .029 =	55 . 10

5d	Total social security and Medicare taxes (*Column 2*, lines 5a + 5b + 5c = line 5d)	5d	290 . 70
6	Total taxes before adjustments (lines 3 + 5d = line 6)	6	2151 . 70

7 TAX ADJUSTMENTS (read the instructions for line 7 before completing lines 7a through 7g):

7a	Current quarter's fractions of cents	.
7b	Current quarter's sick pay	.
7c	Current quarter's adjustments for tips and group-term life insurance	.
7d	Current year's income tax withholding (attach Form 941c)	.
7e	Prior quarters' social security and Medicare taxes (attach Form 941c)	.
7f	Special additions to federal income tax (attach Form 941c)	.
7g	Special additions to social security and Medicare (attach Form 941c)	.

7h	TOTAL ADJUSTMENTS (combine all amounts: lines 7a through 7g)	7h	.
8	Total taxes after adjustments (combine lines 6 and 7h)	8	2151 . 70
9	Advance earned income credit (EIC) payments made to employees	9	.
10	Total taxes after adjustment for advance EIC (line 8 – line 9 = line 10)	10	2151 . 70
11	Total deposits for this quarter, including overpayment applied from a prior quarter	11	.
12	Balance due (If line 10 is more than line 11, write the difference here.) For information on how to pay, see the instructions.	12	2151 . 70
13	Overpayment (If line 11 is more than line 10, write the difference here.) .	Check one	☐ Apply to next return. ☐ Send a refund.

▶ You **MUST** fill out both pages of this form and **SIGN** it.

Next ➡

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher. Cat. No. 17001Z Form 941 (Rev. 1-2008)

Name *(not your trade name)*	Employer identification number (EIN)
Country Baptist Church	**74-1856634**

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

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see *Pub. 15 (Circular E)*, section 11.

14 ☐☐ **Write the state abbreviation for the state where you made your deposits** OR **write "MU" if you made your deposits in *multiple* states.**

15 Check one: ☑ **Line 10 is less than $2,500.** Go to Part 3.

☐ **You were a monthly schedule depositor for the entire quarter. Fill out your tax liability for each month.** Then go to Part 3.

Tax liability: Month 1	.
Month 2	.
Month 3	.
Total liability for quarter	. **Total must equal line 10.**

☐ **You were a semiweekly schedule depositor for any part of this quarter.** Fill out *Schedule B (Form 941): Report of Tax Liability for Semiweekly Schedule Depositors,* and attach it to this form.

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

16 If your business has closed or you stopped paying wages . . . . ☐ Check here, and

enter the final date you paid wages ___ / ___ / ___ .

17 If you are a seasonal employer and you do not have to file a return for every quarter of the year . . ☐ Check here.

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 IRS. ☐☐☐☐☐

☑ No.

Part 5: Sign here. You MUST fill out both pages of this form 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.

X Sign your name here *John Penny*

Print your name here: **John Penny**

Print your title here: **Treasurer**

Date **01 / 31 / 2009**

Best daytime phone **(214) 999 - 0000**

Part 6: For paid preparers only (optional)

Paid Preparer's Signature			
Firm's name (or yours if self-employed)			
Address		EIN	
		ZIP code	
Date	/ / Phone ( ) -	SSN/PTIN	

☐ Check if you are self-employed.

Page **2** Form **941** (Rev. 1-2008)

22222 Void ☐ a Employee's social security number 315-15-3151 For Official Use Only ► OMB No. 1545-0008

b Employer identification number (EIN) 74-1856634	1 Wages, tips, other compensation 24600.00	2 Federal income tax withheld 7560.00
c Employer's name, address, and ZIP code Country Baptist Church 706 Grapevine Creamer, TX 76442	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 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial E. Van / Last name Jell / Suff.	11 Nonqualified plans	12a See instructions for box 12
351 Creek Road Creamer, TX 76442	13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b
	14 Other $12000 Housing Allowance	12c
f Employee's address and ZIP code		12d

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

Form **W-2** **Wage and Tax Statement** 2008

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are **not** acceptable.

Cat. No. 10134D

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22222 Void ☐ a Employee's social security number 813-81-1115 For Official Use Only ► OMB No. 1545-0008

b Employer identification number (EIN) 74-1856634	1 Wages, tips, other compensation 6570.00	2 Federal income tax withheld 205.00
c Employer's name, address, and ZIP code Country Baptist Church 706 Grapevine Creamer, TX 76442	3 Social security wages 7300.00	4 Social security tax withheld 452.60
	5 Medicare wages and tips 7300.00	6 Medicare tax withheld 105.85
	7 Social security tips	8 Allocated tips
d Control number	9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial Clara E. / Last name Cal / Suff.	11 Nonqualified plans	12a See instructions for box 12 E 730.00
511 Spring St. Creamer, TX 76442	13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b
	14 Other	12c
f Employee's address and ZIP code		12d

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

Form **W-2** **Wage and Tax Statement** 2008

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are **not** acceptable.

Cat. No. 10134D

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DO NOT STAPLE

33333	a Control number	For Official Use Only ► OMB No. 1545-0008	
b Kind of Payer: 941 [X], Military [ ], 943 [ ], 944 [ ], CT-1 [ ], Hshld. emp. [ ], Medicare govt. emp. [ ], Third-party sick pay [ ]		1 Wages, tips, other compensation 31170.00	2 Federal income tax withheld 7765.00
		3 Social security wages 7300.00	4 Social security tax withheld 452.60
c Total number of Forms W-2 2	d Establishment number	5 Medicare wages and tips 7300.00	6 Medicare tax withheld 105.85
e Employer identification number (EIN) 74-1856634		7 Social security tips	8 Allocated tips
f Employer's name Country Baptist Church		9 Advance EIC payments	10 Dependent care benefits
706 Grapevine Creamer, TX 76442		11 Nonqualified plans	12 Deferred compensation 730.00
		13 For third-party sick pay use only	
g Employer's address and ZIP code		14 Income tax withheld by payer of third-party sick pay	
h Other EIN used this year			
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
Contact person John Penny		Telephone number (214) 999-0000	For Official Use Only
Email address johnp@aol.com		Fax number (214) 999-0001	

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 ► *John Penny* Title ► Treasurer Date ► 02/28/2009

Form **W-3 Transmittal of Wage and Tax Statements** 2008 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.

Do not send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

Reminder

Separate instructions. See the 2008 Instructions for Forms W-2 and W-3 for information on completing this form.

Purpose of Form

A Form W-3 Transmittal is completed only when paper Copy A of Form(s) W-2, Wage and Tax Statement, are being filed. Do not file Form W-3 alone. Do not file Form W-3 for Form(s) W-2 that were submitted electronically to the Social Security Administration (see below). All paper forms **must** comply with IRS standards and be machine readable. Photocopies and hand-printed forms 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.

Electronic Filing

The Social Security Administration strongly suggests employers report Form W-3 and W-2 Copy A electronically instead of on paper. SSA provides two e-file options:

- Free fill-in Forms W-2 for employers who file 20 or fewer Form(s) W-2.
- Upload a file for employers who use payroll/tax software to print Form(s) W-2, if the vendor software creates a file that can be uploaded to SSA.

For more information, go to *www.socialsecurity.gov/employer* and select "First Time Filers" or "Returning Filers" under "BEFORE YOU FILE."

When To File

Mail any paper Forms W-2 under cover of this Form W-3 Transmittal by March 2, 2009. Electronic fill-in forms or uploads are filed through SSA's Business Services Online (BSO) Internet site and will be on time if submitted by March 31, 2009.

Where To File Paper Forms

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

Social Security Administration
Data 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 Publication 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 back of Copy D of Form W-2.

Cat. No. 10159Y

Form **W-9**
(Rev. October 2007)
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.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)
John A. Smith

Business name, if different from above

Check appropriate box: ☑ Individual/Sole proprietor ☐ Corporation ☐ Partnership
☐ Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ ....
☐ Other (see instructions) ▶

☐ Exempt payee

Address (number, street, and apt. or suite no.)
1040 Main St.

Requester's name and address (optional)

City, state, and ZIP code
Hometown, TX 77099

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 your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
011 | 00 | 2222

or

Employer identification number

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).

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 on page 4.

Sign Here Signature of U.S. person ▶ *John A. Smith* Date ▶ April 2, 2008

General Instructions

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

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

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.

Note. If 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 on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the 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 withholding on your share of partnership income.

The person who gives 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 is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

Cat. No. 10231X

Form **W-9** (Rev. 10-2007)

9595 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents	OMB No. 1545-0115	
Country Baptist Church **706 Grapevine** **Austin, TX 76442** **214-999-0000**		$ 2 Royalties $	**2008** Form **1099-MISC**	**Miscellaneous Income**
		3 Other income $	4 Federal income tax withheld $	**Copy A** **For Internal Revenue Service Center** **File with Form 1096.**
PAYER'S federal identification number **74-1856634**	RECIPIENT'S identification number **011-00-2222**	5 Fishing boat proceeds $	6 Medical and health care payments $	
RECIPIENT'S name **John A. Smith**		7 Nonemployee compensation $ **800.00**	8 Substitute payments in lieu of dividends or interest $	For Privacy Act and Paperwork Reduction Act Notice, see the **2008 General Instructions for Forms 1099, 1098, 5498, and W-2G.**
Street address (including apt. no.) **1040 Main St.**		9 Payer made direct sales of $5,000 or more of consumer products to a buyer (recipient) for resale ▶ ☐	10 Crop insurance proceeds $	
City, state, and ZIP code **Hometown, TX 77099**		11	12	
Account number (see instructions)	2nd TIN not. ☐	13 Excess golden parachute payments $	14 Gross proceeds paid to an attorney $	
15a Section 409A deferrals $	15b Section 409A income $	16 State tax withheld $ $	17 State/Payer's state no.	18 State income $ $

Form **1099-MISC** Cat. No. 14425J Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

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

2008

FILER'S name

Country Baptist Church

Street address (including room or suite number)

706 Grapevine

City, state, and ZIP code

Creamer, TX 76442

For Official Use Only

Name of person to contact	Telephone number
John Penny	(214) 999-0000
Email address	Fax number
johnp@aol.com	(214) 999-0001

1 Employer identification number	2 Social security number	3 Total number of forms	4 Federal income tax withheld	5 Total amount reported with this Form 1096
74-1856634		1	$	$ 800.00

6 Enter an "X" in only one box below to indicate the type of form being filed.

7 If this is your **final return**, enter an "X" here . . . . ▶ ☐

W-2G 32	1098 81	1098-C 78	1098-E 84	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73	1099-DIV 91	1099-G 86	1099-H 71	1099-INT 92	1099-LTC 93
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
1099-MISC 95	**1099-OID 96**	**1099-PATR 97**	**1099-Q 31**	**1099-R 98**	**1099-S 75**	**1099-SA 94**	**5498 28**	**5498-ESA 72**	**5498-SA 27**				
X	☐	☐	☐	☐	☐	☐	☐	☐	☐				

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 ▶ *John Penny* Title ▶ Treasurer Date ▶ 02/28/2009

Instructions

What's new. After December 1, 2008, tape cartridges will no longer be accepted at the Enterprise Computing Center—Martinsburg (ECC—MTB). The only acceptable method of filing information returns with ECC—MTB will be electronically through the FIRE system. See Pub. 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically.

Where to file. The following changes have been made under *Where To File.*

- The general addresses have been changed to a three-line format.
- Form 1098-C is now filed at the Internal Revenue Service Center in Austin, Texas, or Kansas City, Missouri, based on the filer's location.

Purpose of form. Use this form to transmit paper Forms 1099, 1098, 5498, and W-2G to the Internal Revenue Service. Do not use Form 1096 to transmit electronically. For electronic submissions, see Pub. 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically.

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 2008 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Who must file. 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 1099, 1098, 5498, or W-2G. A filer is any person or entity who files any of the forms shown in line 6 above.

Preaddressed Form 1096. If you received a preaddressed Form 1096 from the IRS with Package 1096, use it to transmit paper Forms 1099, 1098, 5498, and W-2G to the Internal Revenue Service. If any of the preprinted information is incorrect, make corrections on the form.

If you are not using a preaddressed form, enter the filer's name, address (including room, suite, or other unit number), and TIN in the spaces provided on the form.

When to file. File Form 1096 as follows.

- With Forms 1099, 1098, or W-2G, file by March 2, 2009.
- With Forms 5498, 5498-ESA, or 5498-SA, file by June 1, 2009.

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 three-line address
Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia	Department of the Treasury Internal Revenue Service Center Austin, TX 73301

For more information and the Privacy Act and Paperwork Reduction Act Notice, see the 2008 General Instructions for Forms 1099, 1098, 5498, and W-2G. Cat. No. 14400O Form **1096** (2008)

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