

INFORMATION FOR COMPLETING FORM W-2 FOR CLERGY

The purpose of this document is to give some general information on completing Form W-2 for clergy. More specific instructions on completing Form W-2 are available at the IRS website www.irs.gov.

Box A – Employee’s Social Security Number

Box B – Employer Identification Number (EIN). Each local church (or charge) should have its own EIN.

Box C – The church’s name and address

Box D – The control number is for internal use only and not required by the IRS

Box E – The Employee’s full legal name – this must match the employee’s Social Security card

Box F – The Employee’s mailing address

Box 1 – Wages, tips, other compensation

ITEMS REPORTED IN Box 1:

1. Salary, wages, and bonuses
2. Most gifts which are paid through a church account
3. Allowances (other than the housing allowance) as well as reimbursements which are made under a non-Accountable Reimbursement Policy
4. If a per diem arrangement is used, payments in excess of IRS rates
5. If the standard IRS mileage rate is not used for reimbursement, any amounts paid in excess of the IRS rate
 - a. For example: The 2021 IRS rate was 56 cents per mile and the pastor was paid 60 cents per mile. The difference of 4 cents per mile would be reported in box 1.
6. Taxable fringe benefits, the most common are:
 - a. the cost of employer-provided group term life insurance that exceeds \$50,000 (Note: This applies to the \$50,000 CPP death benefit together with any PPP death benefit or policy purchased by either the church or provided through an annual conference group plan. Conference treasurers or pension officers will need to supply information from conference plans. (If the total insurance coverage does not exceed \$50,000, the cost of such coverage is not reported.)
 - b. The value of the personal use of a church-provided automobile
7. A social security allowance (or any portion of the minister's self-employment taxes paid by the church)
8. Reimbursements of moving expenses

ITEMS NOT REPORTED IN Box 1:

1. Pre-tax salary reduction contributions to the Wespith 403(b) Plan or other qualified plans
 2. Properly designated housing and utility allowance (these must be designated **in advance**)
 3. Qualified (pre-tax) health and medical plan premium payments
 4. Reimbursement of business expenses under an Accountable Reimbursement Policy
 5. Payments under a qualified pre-tax salary reduction plan for medical reimbursement accounts or dependent care
 6. Excludable Fringe Benefits:
 - a. Term life insurance (up to \$50,000 of life insurance coverage or CPP or BPP death benefit)
 - b. Qualified tuition payments
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Box 2 – Federal income tax withheld

The local church is not required to do any federal income tax withholding for clergy. However, some clergy may wish to request voluntary withholding by filing a Form W-4 with the church. Through voluntary income tax withholding, clergy may avoid the need to pay quarterly estimated taxes.

Leave these boxes blank for clergy:

- **Box 3 – Social security wages**
- **Box 4 – Social security tax withheld**
- **Box 5 – Medicare wages and tips**
- **Box 6 – Medicare tax withheld**

Clergy are defined as self-employed for Social Security or SECA purposes under the Internal Revenue Code Section 3121 (b)(S)(A). The church **should not report** SS/Medicare wages and **must not withhold or pay** any SS/Medicare taxes. Any SS/Medicare taxes paid erroneously by the church is considered additional reportable income to the pastor. If the church wishes to assist the pastor in paying all or a portion of their Social Security taxes, the church should add an additional amount to the wages paid to the pastor instead.

Leave these boxes blank (not applicable):

- **Box 7 – Social security tips**
- **Box 8 – Allocated tips**
- **Box 9 – Empty**

Box 10 – Dependent care benefits

Include any dependent care benefits that are paid to the employee or incurred on their behalf. Include the amount deducted from employee's wages for dependent care flexible spending arrangements (FSAs).

Box 11 – Nonqualified plans

Box 11 does not apply for most clergy. Amounts contributed to plans administered by Wespath or other 403(b) plans should not be included in this box. However, if a pastor is a participant in some other (non-qualified) plan, amounts may need to be reported here.

Box 12 – used to show codes and amounts of benefits or contributions for clergy. (See the IRS Form W-2 instructions for a complete list of codes.)

The following codes are the most relevant for clergy:

- **C** - If the pastor is provided more than \$50,000 in CPP and BPP death benefits or group term life insurance, you need to show the premiums attributed to benefits in excess of \$50,000. If CPP and BPP together provide more than \$50,000 in death benefits, Wespath will supply this information on request to your conference treasurer who, in turn, should make this available to the local church. If the pastor has served more than one church during the year, typically this information is only included in the W-2 of the last church served.
 - **E** – elective deferrals under a section 403(b) salary reduction agreement (pre-tax UMPIP and Transition Fund contributions)
 - **BB** – designated Roth contributions under a section 403(b) plan (Roth UMPIP and Transition Fund contributions)
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Box 13 – Retirement Plan - checked if the pastor is a participant in the church retirement plan(s)

Box 14 – Other - may be used for additional reporting. You may include information on a housing allowance or utility allowance here. If the church does not put that information here, the church should independently tell the pastor these amounts.

Box 16-20 – State and Local tax information – Use these boxes to report state and local income tax information. Enter the two-letter abbreviation for the name of the state. The employer's state ID numbers are assigned by the individual states. Contact your state or locality for specific reporting information.

The North Carolina Conference of The United Methodist Church is not engaged in providing legal, tax, or accounting services. If legal or tax advice is required, the service of a competent professional should be sought.