

BUSINESS MANAGER NEWS
Iowa District West Congregations' Mission Receipts



Month Ending November 2020	
Anticipated Amount	\$117,000
Actual Receipts	\$112,794
Fiscal Year-to-Date Receipts	
Anticipated Amount	\$1,170,000
Actual Receipts	\$1,141,476
Over (under) anticipated amount	\$(28,524)
Use of Mission Receipts	
Remitted to Synod (45%)	\$526,500
Balance for District programs & ministries	\$614,974
Total Receipts	\$1,141,474
Mission Receipts Compared with Last Year	
Month ending November 2020	\$1,141,476
Month ending November 2019	\$1,124,676
Over (under) last year	\$16,800

Stewardship Corner - by Ron Chewning - www.StewardshipAdvisors.org – 248.644.6150

**LORD, IN THIS NEW YEAR, HELP US
 TO BE BETTER STEWARDS OF THE
 TIME THAT YOU GIVE US.**



It is impossible to give unselfishly without being blessed in return. In Proverbs 3:10, we are told that, when we give God our first and best, “[our] barns will be filled with plenty.” Proverbs 22:9 tells us, “A generous man will himself be blessed, for he shares his food with the poor.” Jesus tells us that as we give it will be given back to us (Luke 6:38). God promises us through His Word that He will bless those who give faithfully. The blessings that we can be certain of are spiritual blessings and, for some, financial blessings as well. Giving is a blessing for both the giver and the recipient.

Stewardship Spark / Monthly Mission Moment

The year is almost over, but you still have time to make a year-end gift before December 31, 2020. Reminder: according to IRS regulations, it is the postmark that determines the date of a mailed-in gift, not the date written on the check. If you have a specific ministry you want to support (District missionary, IOWAY, Mission Central, Joy in Ministry Scholarship Fund, Kapfer Memorial Scholarship, Disaster relief/LERT fund, Yiech family memorial fund, Youth Gathering, etc.) write on the memo the ministry you want to support or give online by clicking on the [Donate](#) link. The Synod also has several areas to support: www.lcms.org/givenow.

Church & Clergy Finance/Treasurers Workshop

If you missed the November workshop, the District is offering another opportunity to learn the latest tax updates. Plan now to attend the upcoming online workshop on **January 16, 2021** from 9 to 11 am. This session will be a high-level general overview and offer a great opportunity to get all your questions answered. Pastors and any individuals within the church having financial responsibilities should participate. To avoid winter weather and COVID-19 challenges, this will be held virtually. The guest speaker will be Mr. Bob Joy, CPA. He is very knowledgeable and has nearly 30 years of financial experience. Bob owns his own accounting business specializing in clergy taxes and is the accounting manager for a large church. It would be helpful to inform Roger Curtis if you plan to listen online or register at https://www.surveymonkey.com/r/treasurer_wrkshp and the Zoom information will be emailed to you.



2021 Congregation Commitments



The 2021 Congregation Mission and Ministry Commitment forms have been sent to all 167 congregations. If your church has not yet completed the form or pledge, please do so by January 15. Your intention of support assists us in planning our budget. If you need a form, print a copy online at www.idwlcms.org (under Ministry Areas click on Stewardship, Annual Mailing, and Commitment Form) or contact Sue@IowaDistrictWest.org.

Fiscal Year-End District Remittances

Final receipts for 2020 will be received and credited to congregations through January 25, 2021. The District's fiscal period ends January 31, 2021. We ask that all receipts be mailed before the deadline to ensure they will be credited to the correct fiscal period.

2021 Receipt Vouchers

New vouchers for District mission and ministry support will be mailed in mid-January for remittances beginning February 1, 2021. Receipts for non-budgetary agencies should be sent directly to the organization.

IRS Decreases 2021 Business Mileage Rate



Beginning January 1, 2021, the standard mileage rate used to reimburse workers' business miles under an accountable reimbursement arrangement will **DECREASE 1 ½ cents to 56 cents per mile**. The accountable reimbursement is the most favorable because the congregation does not have to report the reimbursement as compensation paid to the employee on Form W-2. The employee should document the amount, time and place, business purpose, and business relationship. Employees should substantiate miles at least every 60 days. The standard medical and moving mileage rate will also **DECREASE 1 cent to 16 cents per mile**. The rate used for charitable deduction purposes, set by statute rather than IRS, remains unchanged at 14 cents per mile.

Churches may choose to reimburse a lower rate without any tax consequences. If the church chooses to reimburse at a rate higher than the IRS approved rates, the church must add the excess amount to the employee's taxable income. To read the complete IRS announcement, go online to www.irs.gov and search "2021 Mileage Rates" or the direct link is www.irs.gov/newsroom/irs-issues-standard-mileage-rates-for-2021.

Gifts to Church Workers

Monetary Christmas gifts to church workers from the congregation in most cases represent taxable income and not a tax-free gift. Be sure to report correctly on the recipients W-2 or 1099 the amount of these gifts. Also, important to note – donations made by members for these gifts are not included as tax-deductible contributions recorded by the church office.



**Love-Your-Church
Workers!**

When a church collects a love offering and informs the congregation that their contributions will be receipted by the church, this requires the individual offerings to be treated as a single distribution by the church. This triggers the rule requiring distributions by employers to their employees to be treated as taxable compensation.

The exception is when members give their pastor or church staff a personal gift for special occasions or Christmas. These personal gifts may be treated as nontaxable gifts by the employee because they were not distributed by the employing church (more info under www.lcms.org/churchoffice Taxes & Ministers, page 12).

Tax Calendar Summary for December 31

1. **Housing Allowance:** Churches must designate a portion of a worker's (ordained minister and/or commissioned minister) compensation as housing or parsonage allowance by December 31 in order to receive the full benefit of a housing allowance exclusion for 2021. The designation should be adopted during a council meeting and be contained in the written minutes of the meeting.
2. **Reclassification of workers:** A lay worker who is treated as self-employed but wishes to reclassify as an employee, should make the change on January 1 of the new year.
3. **Marital status:** Your marital status on December 31 determines your filing status for the year.
4. **Handling end-of-year contributions:** Generally, a contribution is effective when received. Donors must deliver or mail (postmark) checks on or before December 31 in order to claim a charitable deduction for 2020. Checks that are placed in the church offering during the first worship service of 2021 will not qualify for a charitable contribution deduction in 2020 even if the check was written in 2020. However, checks that are written, mailed, and postmarked in 2020 will be deductible in 2020 even if they are not received by a church until 2021 (same principle would apply to donations given electronically).
5. **Order IRS tax forms:** December is a good time to order copies of forms W-2, W-3, 1099, and 1096; call 1.800.TAX.FORM (800.829.3676). Please note for 2020 tax reporting, the 1099 MISC form has been revised to Form 1099-NEC (Nonemployee Compensation). You can also download the current withholding charts for both Iowa and Federal as well as many tax forms at www.state.ia.us/tax or www.irs.gov.



Clergy Tax Notes

Congregations must provide an IRS Form W-2 to their pastor and other employees prior to January 31. Taxable income reported in Box 1 on the W-2 should not include any housing allowance dollars, the value of the parsonage, or any dollars sheltered from income tax by a congregational housing allowance resolution. The minister of the Gospel pays self-employment tax (15.3%) on those dollars. Complete details shared in the Congregational Treasurer's Manual and at the Church & Clergy Finance/Treasurers Workshop!

IRS Tax Help



Need tax assistance on the reporting requirements for forms 1099, 1096 as well as Forms W-2 and W-3? You may send your request for assistance to mccirp@irs.gov or call 866.455.7438 to speak to a Customer Service Representative who will assist you with questions concerning information and wage reporting.

To access IRS forms and publications, visit the website at www.irs.gov. To order forms and publications through the toll-free forms line, call 800.829.3676 between 7:30 am and 4:30 pm (M-F); allow 7-10 days for delivery.

Year-end Tax Forms – Independent Contractors

Now is a good time to make sure you have all the necessary W-9 forms from your payees. A W-9 form should be sent to all payees with whom you may have to issue a Form 1099 for the calendar year. The payee then completes the W-9, showing you their name, address, taxpayer I.D. number, and their business structure, a corporation, partnership, sole proprietor, etc. They should then return the W-9 form to you. This is the information you use to prepare the Form 1099 at the end of the year.

Nearly Every Ministry Must File Form 1099s. Generally, there are three requirements for issuing a year-end 1099 tax form. You must issue a Form 1099 to:

- 1) Service providers (includes medical service providers, accountants, attorneys, snow removal, repair businesses)
- 2) Anyone to whom you have paid \$600 or more in a calendar year
- 3) Individual/Sole proprietor (anyone not incorporated)

In summary, a Form 1099 needs to be sent to anyone who received \$600 or more in a calendar year. These forms must be provided to the payee by January 31. The reporting date to the IRS will now be the same as the due date for the forms to be issued to recipients, January 31. In summary, please note the due date has been accelerated for filing Form 1099 that includes nonemployee compensation (NEC) from February 28 to January 31.

Substantiation of Contributions

No law requires the church to issue the donor a receipt; however, a donor cannot claim a tax deduction for any single contribution of \$250 or more unless the donor obtains a written acknowledgement. Due to changes in the tax law, there is no longer an incentive for the vast majority of donors to itemize deductions. Church treasurers should still print contribution statements shortly after the first of the year. The receipt must include the church's name, the donor's name, the date(s) of the donation(s), and the amount(s).

If you receive non-cash contributions, the value of the item/property donated should not be stated in the acknowledgement, only a description. For complete details, consult the Congregational Treasurer's Manual, chapter 10, section 10.500.

If interested in a sample thank you letter to send with the statement, email Roger@IowaDistrictWest.org and I'll share some samples from Stewardship Advisors.

Completing W-2 Forms

A Form W-2 must be issued to any employee who received compensation from your church in 2020. The forms must be completed by January 31, 2021. Copies of all W-2 forms (copy A) along with the W-3 transmittal (summary) form must be submitted by January 31, 2021 to the Social Security Administration (SSA). It is a good idea to distribute W-2 forms early in January so employees have time to verify the information before sending the forms to the SSA. Some tips to consider:

- Be sure to add cents to all amounts (amounts are without a dollar sign and commas).
- Include in box 1 all wages paid to the employee during the year including: salary, taxable fringe benefits (Concordia Plans group term life insurance), Christmas gifts, and any other income or business expense reimbursements paid under a "non-accountable plan." Taxable income should not include any housing allowance dollars, the value of the parsonage or any dollars sheltered from income tax by a congregational housing allowance resolution.
- Include in box 14 optional information such as housing allowance, although not required by the IRS.
- To reduce discrepancies, "proof" the amounts reported on W-2, W-3, and 941 forms. Be sure the amounts on Form W-3 are the total amounts on W-2 forms. Reconcile W-3 with your four quarterly 941 forms by comparing amounts reported for income tax withholding (box 2), Social Security and Medicare wages (boxes 3, 5, 7), Social Security and Medicare taxes (boxes 4 and 6). The IRS has added code DD to box 12 to report the cost of employer-sponsored health coverage. This is for your information only and currently is NOT mandatory and NOT taxable.

Churches must submit to the IRS Copy A of each 2020 1099-NEC form issued to self-employed people along with a 1096 transmittal form by January 31, 2021 (same date for paper or electronic filing). To review year-end tasks (if using QuickBooks) [click here](#). To learn more, consult the Congregational Treasurer's Manual, chapter 7, section 7.350

Concordia Plan Services Tax Time Tips

The 2020 W-2 forms issued to your workers may require Plans information. The following tax tips apply:

1. The “Pension Plan” box needs to be checked for those workers enrolled in the Concordia Retirement Plan.
2. The instructions with the “2020 Cost of Group-Term Life Insurance” explain how to report the Taxable Income Amount on a worker’s W-2. Remember to add the FICA amount to the lay worker’s paycheck before year-end (if you haven’t already). Refer to the Congregational Treasurer’s Manual, Chapter 4, section 4.600 regarding Group-Term Life Insurance.
3. Until further notice, we currently are not required to record the cost of health care on the employee’s W-2.
4. Remember to include the Vitality Wellness redeemed reward dollars on the W-2 since the noncash wage is subject to FICA/SECA plus state and federal taxes. CPS has mailed the reward report to all employers.
5. Remember to make sure salaries are reported on CPS benefits portal by December 31, 2020.

Social Security Number Verification Service (SSNVS)

Sometimes the social security number or employer identification number is hard to read on the W-9 or W-4 tax forms. To verify the accuracy of the numbers, go to www.socialsecurity.gov/bsowelcome.htm and register to set up an account. This Business Services Online (BSO) is available at no cost to all employers to verify current or former employees for wage reporting purposes. Why should you verify the names and SSNs online? The BSO reports there are several good reasons:

- Correct names and SSNs on W-2 wage reports are the keys to the successful processing of your annual wage report submission.
- Receive immediate results online. It's faster and easier to use than submitting a paper request or using Social Security's telephone verification option.
- Results in more accurate wage reports.
- Saves processing costs and reduces the number of W-2c forms.
- Allows Social Security to give the proper credit to your employee’s earnings record, which will be important information in determining their Social Security benefits in the future.

Is your church incorporated? Complete the Iowa Biennial Report Early in 2021

“Why Incorporation?” The LCMS Congregational Treasurer’s Manual, Chapter 13, states: “Incorporation is a method by which individuals unite under a common purpose and thereby acquire certain advantages and protections. Every congregation of the Synod should be incorporated. The value of corporate status lies in the protection from legal liability it affords for the individuals who belong to the organization. Without this status, the members are individually responsible for acts of the organization that might cause injury to someone or for defaults by the organization such as on loans.”

Is your church still incorporated or has the status expired? A simple way to verify is to search for your congregation at the Iowa Secretary of State website at www.sos.iowa.gov: click on “Search Databases” and “Business Entities” and enter your business (church) name. It should be active and list the current registered agent. A registered agent can be any staff, church leader, or attorney.

To keep your incorporation status active, you must complete a simple form from the Secretary of State office every other year. This biennial report will be sent to the church or registered agent soon after the first of the year and is due March 31, 2021. This form can be completed online in minutes. The Iowa Secretary of State office has more information about this topic under the Nonprofits heading. Their office can also be contacted Monday-Friday 8 a.m. - 4:30 p.m. at 515-281-5204 or email sos@sos.iowa.gov.

After the Election: What Happens to the Church?

Now that the election is over, what is the forecast for the constitutional rights of churches, pastors, and religious ministries in the coming days and months? Can churches be discriminated because they are religious? Yes! Rev. Greg Seltz, speaker at the fall pastors conference and Director of [Lutheran Center for Religious Liberty](http://LutheranCenterforReligiousLiberty.org), admits the way the country is heading it is not getting any better.

Thanks to [Alliance Defending Freedom](http://AllianceDefendingFreedom.org) (ADF) for supporting LCMS organizations and the family of a third-grade student censored who was not allowed to wear a “[Jesus Loves Me](http://JesusLovesMe.com)” mask at school. The District will be partnering soon with ADF. More information coming soon.