Chapter 7: Payroll and Other Information Returns

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**7.100: Introduction**

A typical Lutheran church or school will have two kinds of workers: the employee, who is treated for income tax purposes similarly to all secular businesses, and the “minister of the Gospel,” for whom the regulations for income, social security and Medicare tax are unique. IRS Publication 517, “Social Security and Other Information for Members of the Clergy and Religious Workers,” alludes to this uniqueness: “Because of specific legislation, you (minister of the Gospel) are considered a self-employed individual in performing your ministerial services for social security purposes. However, because of common-law rules, you may be considered an employee for other tax purposes.” See 7.105 for common-law rules and also IRS Publication 15-A. As the reporting and withholding requirements differ for each set of workers, the treasurer should be well versed in the differences and clearly understand in which category each worker is classified.

If you use an outside payroll service, you (congregation and minister) are still responsible. Because of the unique nature of regulations regarding “minister,” please pass this information on to your payroll service. The IRS indicates that there are 3 categories to properly classify workers as an independent contractor (self-employed) or an employee: 1. Behavioral Control 2. Financial Control 3. Relationship of the parties. IRS Revenue Ruling 87-41 lists 20 factors to consider when making such a determination. When applying the factors to ministers, the factors will describe the worker as an independent contractor in some cases and a common-law employee in others. However, the preponderance of factors indicate that a minister in The Lutheran Church—Missouri Synod is a common-law employee, even though for social security and Medicare tax and income tax withholding purposes, the worker is treated as self-employed.

At the bottom of the page is a summarized list of the characteristics of employees and independent contractors.

### Characteristics of Employees/Self-Employed

<table>
<thead>
<tr>
<th>Employees</th>
<th>Self-Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required to comply with instructions</td>
<td>Can employ assistants</td>
</tr>
<tr>
<td>Continuous relationship with employer</td>
<td>The order and sequence of work set by worker</td>
</tr>
<tr>
<td>Work is done personally by the worker</td>
<td>Payment is by the job</td>
</tr>
<tr>
<td>Works full time</td>
<td>Hours of work set by worker</td>
</tr>
<tr>
<td>No liability incurred if worker quits</td>
<td>The person may work for someone else at the same time</td>
</tr>
<tr>
<td>Worker’s expenses are reimbursed</td>
<td>The worker’s services are available to the public</td>
</tr>
<tr>
<td>Reports of work completed must be submitted by worker</td>
<td>Tools are provided by the worker</td>
</tr>
<tr>
<td>Worker is furnished with tools and place to work</td>
<td>The worker can enjoy a financial profit or loss</td>
</tr>
<tr>
<td>Pension, health or other benefits are provided</td>
<td>The work can be done on someone else’s business premises</td>
</tr>
<tr>
<td></td>
<td>There is a substantial financial investment by the worker</td>
</tr>
<tr>
<td></td>
<td>The worker has a business license</td>
</tr>
</tbody>
</table>
7.110: Status of Congregational Workers
All congregational workers—both ministers and non-ministers—should normally have their compensation reported on IRS Form W-2. For purposes of paying social security and Medicare tax, all congregational workers, other than certain "IRS-recognized" ministers, will pay a portion of their social security and Medicare tax by means of social security and Medicare tax withholding, with the employer also paying its appropriate share. Persons paying social security and Medicare tax in this way are generally referred to as covered by the Federal Insurance Contribution Act (FICA). The Self-Employed Contribution Act (SECA) tax is levied on those who work for themselves and ministers of Religion regardless if employed by the congregation. It requires these workers to contribute tax to pay both the employer and employee portions of FICA.

A summary of various congregational workers and their social security status follows.

<table>
<thead>
<tr>
<th>Normal Worker Title</th>
<th>Social Security Status</th>
<th>Exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Lay Minister</td>
<td>SECA</td>
<td>None</td>
</tr>
<tr>
<td>Deaconess</td>
<td>SECA</td>
<td>None</td>
</tr>
<tr>
<td>Directors of Christian Education, Christian Outreach or Parish Music</td>
<td>SECA</td>
<td>If not listed on Synod’s roster as “Commissioned Minister,” the social security status is FICA.</td>
</tr>
<tr>
<td>Director of Evangelism</td>
<td>FICA</td>
<td>None</td>
</tr>
<tr>
<td>Guest Pastor</td>
<td>SECA</td>
<td>Report earnings of at least $600 on Form 1099-NEC.</td>
</tr>
<tr>
<td>Intentional Interim Minister</td>
<td>SECA</td>
<td>None</td>
</tr>
<tr>
<td>Janitor</td>
<td>FICA</td>
<td>If the worker does other work in the profession under contract, report earnings on Form 1099-NEC.</td>
</tr>
<tr>
<td>Lay Minister, Deacon</td>
<td>FICA</td>
<td>None</td>
</tr>
<tr>
<td>Nurse</td>
<td>FICA</td>
<td>None</td>
</tr>
<tr>
<td>Organist</td>
<td>FICA</td>
<td>If the worker does other work in the profession under contract, report earnings on Form 1099-NEC.</td>
</tr>
<tr>
<td>Parish Assistant</td>
<td>SECA</td>
<td>None</td>
</tr>
<tr>
<td>Parish Worker</td>
<td>FICA</td>
<td>None</td>
</tr>
<tr>
<td>Pastor</td>
<td>SECA</td>
<td>None</td>
</tr>
<tr>
<td>Secretary</td>
<td>FICA</td>
<td>None</td>
</tr>
<tr>
<td>Teacher/Substitute Teacher (not on Synod’s roster)</td>
<td>FICA</td>
<td>None</td>
</tr>
<tr>
<td>Teacher/Substitute Teacher (on Synod’s roster)</td>
<td>SECA</td>
<td>None</td>
</tr>
<tr>
<td>Vacancy Pastor</td>
<td>SECA</td>
<td>None</td>
</tr>
<tr>
<td>Vicar</td>
<td>FICA</td>
<td>If listed on Synod’s roster as “Commissioned Minister,” the social security status is SECA.</td>
</tr>
</tbody>
</table>

7.115: Employee’s File
The church should maintain a file for each employee of the church. This file should include the following forms or reports, most of which are described in other areas of this manual:

1. Employment application and/or resume or call document.
2. Employer payroll authorization form. (See Exhibit 7-E.)
3. Copy of Concordia Plan Services enrollment form.
5. Form I-9 (keep separate from employee’s file).
6. Forms required by the state.
7. Copy of applicable insurance enrollment forms, such as HMO, dental and vision plans.
8. Copy of statement to employee that no unemployment insurance is available if applicable. (See 12.400.)
9. Employee signed authorization for any payroll adjustment.
10. Federal or state levy (if exists).

The employee’s file should be retained permanently. The contents are considered confidential. Access to this file should be limited to the employee’s direct supervisor(s) and/or those involved in retention of him or her.
If the church has an employee evaluation, the evaluation also should be included in this file. However, as there are federal and state laws regarding these evaluations, it is recommended the church receive legal counsel for maintaining these evaluations.

Since Forms I-9 must be available for inspection upon an audit, it is advisable to keep these forms separate from the employee’s personnel file.

7.120: Minister of the Gospel
The IRS regulations require that all “IRS-recognized” ministers of the Gospel, male and female, are governed by the terms of the Self-Employment Contribution Act (SECA) for social security tax purposes. “IRS-recognized” ministers may pay their social security (SECA) and federal income tax in one of two ways. One method is to request their employer to “voluntarily” withhold federal income tax in an amount sufficient to cover both their social security (SECA) and federal income tax liability. (Please note that this allowable method of voluntary withholding payments for both SECA and federal income tax should be reported as federal income tax withheld, and not as either social security or Medicare tax.) See Exhibits 7-J(1), 7-K(3), and 7-L. The second method is to pay timely quarterly estimated tax payments for both the SECA and the federal income tax liability. (Refer to 1.340.)

7.200: Cafeteria Plans
The “cafeteria plan” is a written plan established by an employer under Internal Revenue Code 125 that allows its employees a choice between a taxable (cash) benefit or a menu of “qualified” nontaxable benefits usually made via a salary reduction agreement. A cafeteria plan permits employees to receive certain tax-free fringe benefits from their employer even though they had the right to receive cash instead. If an employer has not established a bona fide cafeteria plan, any compensation of a non-taxable benefit in lieu of cash salary becomes taxable.

A cafeteria plan must present employees with a choice between cash and one or more nontaxable fringe benefits paid by the employer. A plan that allows employees to choose among several non-cash fringe benefits is not a cafeteria plan.

While this section of the Congregational Treasurer’s Manual will provide some basic information regarding the cafeteria plan, the requirements for a qualified cafeteria plan are complex and we encourage you to consult a tax attorney or Certified Public Accountant for assistance in preparing your plan. We would also note that some insurance carriers offer services in writing and administering cafeteria plans. Other agencies may offer services to administer the employer’s plan for a fee.

Please note that the name “cafeteria plan” is drawn from the menu of options and has no relationship to the eating facility.

7.205: Qualified Benefits
The only taxable benefit under the cafeteria plan is cash. Employees electing to receive cash will have that amount recorded as ordinary income on the W-2 form. Nontaxable benefits under a cafeteria plan may include the following:

- Employer-paid group term life insurance coverage up to $50,000.
- Employer-paid medical insurance premiums.
- Employer reimbursements of medical expenses under an accident or health plan. This includes the deductibles under the Concordia Health Plan, dental expense deductibles or those exceeding the plan limit, eye examinations and corrective lenses not in the health plan, etc.
- Employer paid dependent care.
- Adoption assistance.

7.210: Non-Qualified Benefits
A cafeteria plan may not include such benefits as scholarships, educational assistance programs, fringe benefits that are of such little value that it would be administratively impractical to account for them, employee discounts and fringe benefits granted by the employer as a working condition (business use of a car furnished by the employer).

Other items which may not be included are elective cosmetic surgery, health club dues, medical insurance premiums not employer paid, dancing lessons, maternity clothing, marriage counseling and swimming pools, saunas or exercise equipment.

7.215: Requirements
1. The plan must be in writing.
2. A specific description of each of the benefits available under the plan and the periods during which the benefits are provided (usually the fiscal or calendar year).
3. An explanation of procedures for participants’ elections under the plan including when the elections can be made for incumbent and new employees, whether the elections are irrevocable, and the periods for which they are effective (usually one year).
4. How the plan is to be funded. Employer contributions may be made by a salary reduction agreement with the employee or by nonelective employer contributions.
5. The maximum amount that can be made available in the form of employer contributions to any one employee.

6. The calendar or fiscal year on which the plan operates.

7.220: Highly Compensated Employees
The employer’s plan may not discriminate in favor of highly compensated employees. If it does discriminate in favor of such employees, they may lose the benefit of the exclusion.

7.225: Recordkeeping
A critical point of recordkeeping is that records for each claim under the plan must clearly substantiate that the requirements of the plan are being met. That is, that the funds are used only for permitted purposes and the claim is properly verified.

7.230: Flexible Spending Arrangement (FSA)
This is a popular type of cafeteria plan and offers the employee options to cover health care costs in an era of diminishing health benefits. It may also be used for certain dependent care. Concordia Health Plan offers three types of “personal spending accounts” that the employee can integrate with his or her selected health options. One of these products is an FSA. It allows a salary reduction to pay health costs with pre-tax dollars.

In addition to other cafeteria plan requirements noted above, the following additional requirements apply to the Health FSA:
1. In 2020, annual employee contributions will be capped at $2,750.
2. An employee cannot receive funds set aside in a health FSA as cash or any other benefit in the event they are not needed to pay medical expenses.
3. Employers may offer only one of two of the following options or none at all: 1) it can provide a “grace period” of up to 2 1/2 extra months to use any balance remaining in the FSA at year’s end, or 2) it can allow employees to carry up to $550 per year to use in the following year.

Unused funds revert back to the employer and may be used to defray administrative costs of the plan or distributed to all participants equally as an experience gain dividend (added to the W-2 for the year).
4. Changes in the amount of salary reductions may not be made during the plan year except in the case of changes in family status or employment status.
5. An employee may claim reimbursement for medical expenses at any time during the year up to the maximum amount of coverage, that is, up to the amount of salary reduction for the year, even if actual payments into the FSA are less than the amount claimed at this time of the year.

The employer also benefits from the FSA in that payroll taxes including the employer’s share of FICA are reduced by the amount the employee sets aside.

7.235: Dependent Care Under FSA
The FSA may also be used for qualified dependent care expenses, providing all the following conditions are met:
1. The services must be rendered during the year for which the deduction applies.
2. Each individual for whom the employee incurs expenses is:
   a. a dependent under age 13, who the employee is entitled to claim as a dependent on his/her federal income tax return; or
   b. a spouse or other tax dependent who is physically or mentally incapable of caring for himself or herself.
3. The expenses are incurred for the care of a dependent described above and are incurred so that the worker may be gainfully employed.
4. If the expenses are incurred outside the household, they are incurred for the care of a dependent who is described in 2a (above), or who regularly spends at least eight hours per day in the worker’s household.
5. If the expenses are incurred for services provided by a dependent care center (caring for more than six individuals not residing at the facility) the center must comply with all applicable state and local laws and regulations.
6. If the expenses are incurred for services provided by a camp, the dependent may not stay overnight at the camp.
7. The expenses may not be paid to a child of yours under the age of 19 at the end of the year in which the expense was incurred or to an individual whom you may claim as a personal tax exemption on your tax return.
8. The reimbursement (when aggregated with all other cafeteria plan/FSA
What is the difference between a cafeteria plan and an FSA? A pure cafeteria plan is funded with employer dollars and the employee has the choice of the benefit or the funds. The FSA, on the other hand, is funded with employee before-tax dollars. These dollars are not subject to federal, state or social security withholding. Neither are they subject to a minister’s self-employment tax liability.
reimbursements received by the worker under the plan during the same year) may not exceed the least of the following:

a. $5,000 ($2,500 if you do not certify that [i] you will file a joint Federal income tax return for the year with your spouse or [ii] you are not married).

b. Your taxable compensation (after the reduction agreed to for dependent care assistance).

c. If you are married, your spouse’s actual or deemed earned income.

7.300: Payroll Returns

7.305: Sample Payroll with Completed Tax Forms

Sections 7.310 to 7.370 contain step-by-step procedures for completing the payroll of First Lutheran Church. Exhibit 7-A is the annual payroll information illustrated on the following filled-in forms. The payroll information correlates with the bookkeeping records illustrated in Chapter 23.

7.310: Employer Identification Number

Every congregation and separately incorporated school should have an Employer Identification Number (EIN). A school that is operated by a congregation and not separately incorporated should use the congregation’s EIN number. An EIN is a nine-digit number assigned by the IRS. It must be used on all forms and reports submitted to the IRS, including the annual submission LCMS makes with respect to maintaining the organization’s group income tax exemption. It is also necessary for opening a checking or savings account in the church’s name.

If the congregation does not have an EIN, there are a variety of ways to obtain one. The preferred method is by Internet. Go to irs.gov anytime (24/7) and search the IRS site for “EIN.” Follow the instructions for completing all the necessary fields of the online application. When asked for type of legal structure is applying for an EIN, find and select “Church-Controlled Organization.” The IRS will issue the EIN immediately upon successful submission of the online application. No paper needs to be sent to the IRS.

It can also be acquired by fax or mail. Applications usually take four to five weeks for processing. Obtain and complete IRS Form SS-4, “Application for Employer Identification Number” (Exhibit 7-B). The address to which it must be mailed can be found in the form’s instructions.

Applying for an EIN is a free service offered by the Internal Revenue Service. Beware of websites on the Internet that charge for this same service.

Application by fax generates an EIN within four business days. Complete and fax the Form SS-4 to the IRS using the Fax-TIN number provided in the form’s instructions. Be sure to give the IRS a fax number to which it can fax the EIN back. Similar to the Internet, Fax-TIN is available 24 hours a day, seven days a week.

Upon obtaining the EIN, the applicant should subsequently receive IRS Publication 15, “Circular E.” This publication has complete instructions on withholding, remitting and reporting taxes. Tables for determining the amount of income tax to withhold are found in IRS Publication 15-T.

7.311: Responsible Party Update

When a church or church-related organization applies for a federal Employer Identification Number (“EIN”) it reports the organization’s responsible party. As this person changes, the new information must be updated with the IRS within 60 days of the change on IRS Form 8822-B. The form and its instructions are available at irs.gov.

The responsible party for an organization depends on its legal structure and polity. It could be another entity, but is more typically an individual. For most LCMS congregations, the person who best fits the IRS definition is more likely than not their respective treasurer because he or she, more than anyone else, directly or indirectly “controls, manages or directs the entity and the disposition of its funds and assets.”

7.315: Form W-4, Employee’s Withholding Certificate

Form W-4, “Employee’s Withholding Certificate,” (Exhibit 7-C) must be completed by each employee, full-time and part-time. It reports the employee’s name, address and social security number (SSN). It is the basis for determining the amount of income tax withheld. For regular wages, income tax withholding is based on the employee’s marital status plus any increases or decreases to standard withholding as requested by the employee. The employee can complete the form using the W-4 form worksheets or the IRS Withholding Calculator, at irs.gov/W4App. Employees should consider using the calculator for special tax situations such as a working spouse, more than one job or a large amount of non-wage income. If the calculator is used, there is no need to use the W-4 worksheets. If the employee does not provide a completed Form W-4, the employer must withhold federal income tax as if the worker were single with no withholding allowance.

The form remains valid until a new one is furnished by the employee. The employee is required to file a new Form W-4 when changes to a personal or financial situation would change the entries on the form.

It is necessary to report the correct names and SSNs on W-2 wage reports. The Social Security Administration provides an online service to verify that employee names and SSN’s match. Go to ssa.gov/employer/ssnv.htm for information on this service.

(Ch#23:7-305:7-310:7-311:7-315)
<table>
<thead>
<tr>
<th>Period Ending</th>
<th>Basic Salary</th>
<th>Housing Allowance</th>
<th>Auto Allowance</th>
<th>Christmas Gift</th>
<th>Total Earnings</th>
<th>Federal Withheld</th>
<th>Social Security Tax</th>
<th>Medicare Tax</th>
<th>State Withheld</th>
<th>Other</th>
<th>Advance</th>
<th>Net Paid</th>
<th>Check No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-31-XX</td>
<td>800.00</td>
<td></td>
<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>2-28-XX</td>
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<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
<td>124</td>
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</tr>
<tr>
<td>3-31-XX</td>
<td>800.00</td>
<td></td>
<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
<td>147</td>
<td></td>
</tr>
<tr>
<td>Total First Quarter</td>
<td>2400.00</td>
<td></td>
<td></td>
<td></td>
<td>2400.00</td>
<td>180.00</td>
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<td>34.80</td>
<td>63.00</td>
<td>8.40</td>
<td>1965.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-30-XX</td>
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<td></td>
<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
<td>167</td>
<td></td>
</tr>
<tr>
<td>5-31-XX</td>
<td>800.00</td>
<td></td>
<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
<td>191</td>
<td></td>
</tr>
<tr>
<td>6-30-XX</td>
<td>800.00</td>
<td></td>
<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>Total 2nd Quarter</td>
<td>2400.00</td>
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<td></td>
<td></td>
<td>2400.00</td>
<td>180.00</td>
<td>148.80</td>
<td>34.80</td>
<td>63.00</td>
<td>8.40</td>
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<td>7-31-XX</td>
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<td>60.00</td>
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<td>60.00</td>
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<td>655.00</td>
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<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
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<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
<td>253</td>
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<td>Total 3rd Quarter</td>
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<td></td>
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<td>180.00</td>
<td>148.80</td>
<td>34.80</td>
<td>63.00</td>
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<td>1965.00</td>
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<tr>
<td>10-31-XX</td>
<td>800.00</td>
<td></td>
<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
<td>308</td>
<td></td>
</tr>
<tr>
<td>11-30-XX</td>
<td>800.00</td>
<td></td>
<td></td>
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<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
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<td>2.80</td>
<td>655.00</td>
<td>329</td>
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<tr>
<td>12-20-XX</td>
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<td></td>
<td></td>
<td>50.00</td>
<td>3.10</td>
<td>.73</td>
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<td></td>
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<td>46.17</td>
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<tr>
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<td></td>
<td></td>
<td>800.00</td>
<td>60.00</td>
<td>49.60</td>
<td>11.60</td>
<td>21.00</td>
<td>2.80</td>
<td>655.00</td>
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</tr>
<tr>
<td>Total 4th Quarter</td>
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<td></td>
<td></td>
<td>2400.00</td>
<td>180.00</td>
<td>151.90</td>
<td>35.53</td>
<td>63.00</td>
<td>8.40</td>
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<td></td>
</tr>
<tr>
<td>Annual Totals</td>
<td>9600.00</td>
<td></td>
<td></td>
<td></td>
<td>9650.00</td>
<td>720.00</td>
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<td>139.93</td>
<td>252.00</td>
<td>33.60</td>
<td>7906.17</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Application for Employer Identification Number

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

- Go to www.irs.gov/FormSS4 for instructions and the latest information.
- See separate instructions for each line.
- Keep a copy for your records.

## Form SS-4

**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.)

▶ Go to www.irs.gov/FormSS4 for instructions and the latest information.

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

---

**Type or print clearly.**

**[1]** Legal name of entity (or individual) for whom the EIN is being requested

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

**[3]** Executor, administrator, trustee, "care of" name

**[4a]** Mailing address (room, apt., suite no. and street, or P.O. box)

**[5a]** Street address (if different) (Don't enter a P.O. box.)

**[4b]** City, state, and ZIP code (if foreign, see instructions)

**[5b]** City, state, and ZIP code (if foreign, see instructions)

**[6]** County and state where principal business is located

---

**[7a]** Name of responsible party

**[7b]** SSN, ITIN, or EIN

**[8a]** Is this application for a limited liability company (LLC) (or a foreign equivalent)?

- [ ] Yes
- [ ] No

**[8b]** If 8a is “Yes,” enter the number of LLC members

**[8c]** If 8a is “Yes,” was the LLC organized in the United States?

- [ ] Yes
- [ ] No

**[9a]** Type of entity (check only one box).

- [ ] Sole proprietor (SSN)
- [ ] Estate (SSN of decedent)
- [ ] Partnership
- [ ] Corporation (enter form number to be filed)
- [ ] Personal service corporation
- [ ] Church or church-controlled organization
- [ ] Other nonprofit organization (specify)
- [ ] Group Exemption Number (GEN) if any

**[9b]** Other (specify)

If a corporation, name the state or foreign country where incorporated

- [ ] State
- [ ] Foreign country

**[10]** Reason for applying (check only one box)

- [ ] Started new business (specify type)
- [ ] Changed type of organization (specify new type)
- [ ] Purchased going business
- [ ] Created a trust (specify type)
- [ ] Created a pension plan (specify type)
- [ ] Other (specify)

**[11]** Date business started or acquired (month, day, year).

**[12]** Closing month of accounting year

**[13]** Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.

- [ ] Agricultural
- [ ] Household
- [ ] Other

**[14]** If you expect your employment tax liability to be $1,000 or less in a full calendar year and want to file Form 944 annually instead of Forms 941 quarterly, check here.

(Your employment tax liability generally will be $1,000 or less if you expect to pay $5,000 or less in total wages.)

If you don’t check this box, you must file Form 941 for every quarter.

**[15]** First date wages or annuities were paid (month, day, year). Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year)

**[16]** Check one box that best describes the principal activity of your business.

- [ ] Health care & social assistance
- [ ] Wholesale-agent/broker
- [ ] Construction
- [ ] Retail
- [ ] Real estate
- [ ] Manufacturing
- [ ] Finance & insurance
- [ ] Other (specify)

**[17]** Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.

**[18]** Has the applicant entity shown on line 1 ever applied for and received an EIN?

- [ ] Yes
- [ ] No

If “Yes,” write previous EIN here

**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)
- [ ] 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.

- [ ] Applicant’s telephone number (include area code)
- [ ] Applicant’s fax number (include area code)

**Signature**

**Date**

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

---

**Exhibit 7-B**

Changes in tax law may affect accuracy of text. Copyrighted. All rights reserved.
All Form W-4s are to be retained by the employer. The “minister of the Gospel” may also complete the form but should note that no taxes are to be withheld pursuant to Section 3401(a)(9) of the Internal Revenue Code that specifically exempts the minister’s wages from income tax withholding. If the minister elects to have income tax withheld (see 1.350), he/she must complete the form as instructed with additional amounts to be deducted for self-employment tax. If voluntary withholding is requested, both the employee and employer must sign Form W-4.

Additional withholding forms may be required in some states. Contact your LCMS district office for clarification.

7.316: Disposal of Consumer Reports
The Federal Trade Commission requires employers to dispose of their consumer reports in any such manner that discourages or impedes identity theft. Credit checks, criminal records, and references that are often gathered in hiring employees are all examples of consumer reports under this rule. It is recommended to destroy these document types by shredding, burning or pulverizing. Simply throwing them into a trash can is prohibited. Before you dispose of a computer containing similar information, use a wipe utility program to overwrite the entire hard drive. For more detailed information, go to the FTC website at ftc.gov.

7.317: New Hire Reporting
Employers are required to report any new employee to their state New Hire Reporting Agency. Requirements and due dates for reporting varies by individual state. You should consult with your individual state for applicable requirements. (See also 12.700.)

---

![Employee's Withholding Certificate](image)

EXHIBIT 7-C

Changes in tax law may affect accuracy of text. Copyrighted. All rights reserved.
7.318:
Form I-9, Employment Eligibility Verification
Because of the Immigration Reform and Control Act (ACT) of 1986, all U.S. employers must complete and retain Form I-9, “Employment Eligibility Verification,” (Exhibit 7-D) for each employee hired, including a minister of religion — ordained or commissioned, even if the employer is absolutely certain the employee is a U.S. citizen. Churches and schools are not exempt from this Act.

To understand the Act and complete the form, the church should obtain Form M-274, the “Handbook for Employers” from U.S. Citizenship and Immigration Services. By phone, call 800-375-5283; by internet, go to uscis.gov. Form I-9 contains two parts: (1) employee information and verification, and (2) employer review and verification. The second part requires that the employer examine original documents of the employee. These documents include in part: a United States passport, a state-issued driver’s license, a U.S. military card, social security number card or birth certificate.

The form must be retained by the employer for at least three years after hiring or one year after the date of employee termination, whichever is later.

Note: Payments to non-U.S. citizens can be subject to an entirely different set of reporting and withholding rules that make up a tax system completely separate from the U.S. Tax System. Failing to report or withhold correctly may cost you severely in penalties. In determining how to tax any non-U.S. citizen, you must first decide whether the recipient is classified as a U.S. “resident” alien or a “nonresident” alien. For more information about the classification, reporting and withholding rules applicable to non-resident aliens, obtain Publication 515 from IRS.
### Section 2. Employer or Authorized Representative Review and Verification

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

#### Employee Info from Section 1

<table>
<thead>
<tr>
<th>Last Name (Family Name)</th>
<th>First Name (Given Name)</th>
<th>M.I.</th>
<th>Citizenship/Immigration Status</th>
</tr>
</thead>
</table>

#### List A

<table>
<thead>
<tr>
<th>Document Title</th>
<th>Issuing Authority</th>
<th>Document Number</th>
<th>Expiration Date (if any) (mm/dd/yyyy)</th>
</tr>
</thead>
</table>

#### OR

<table>
<thead>
<tr>
<th>Document Title</th>
<th>Issuing Authority</th>
<th>Document Number</th>
<th>Expiration Date (if any) (mm/dd/yyyy)</th>
</tr>
</thead>
</table>

#### List B AND List C

<table>
<thead>
<tr>
<th>Document Title</th>
<th>Issuing Authority</th>
<th>Document Number</th>
<th>Expiration Date (if any) (mm/dd/yyyy)</th>
</tr>
</thead>
</table>

#### Additional Information

- QR Code - Sections 2 & 3
- Do Not Write In This Space

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

**The employee's first day of employment (mm/dd/yyyy):**

(See instructions for exemptions)

#### Section 3. Reverification and Rehires

(To be completed and signed by employer or authorized representative.)

<table>
<thead>
<tr>
<th>A. New Name (if applicable)</th>
<th>B. Date of Rehire (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last Name (Family Name)</td>
<td>First Name (Given Name)</td>
</tr>
<tr>
<td>Middle Initial</td>
<td>Date (mm/dd/yyyy)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Document Title</th>
<th>Document Number</th>
<th>Expiration Date (if any) (mm/dd/yyyy)</th>
</tr>
</thead>
</table>

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

**Signature of Employer or Authorized Representative**

**Today's Date (mm/dd/yyyy)**

**Name of Employer or Authorized Representative**

---

**EXHIBIT 7-D(2)**
**LISTS OF ACCEPTABLE DOCUMENTS**

**All documents must be UNEXPIRED**

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

<table>
<thead>
<tr>
<th>LIST A</th>
<th>Documents that Establish Both Identity and Employment Authorization</th>
<th>OR</th>
<th>LIST B</th>
<th>Documents that Establish Identity</th>
<th>AND</th>
<th>LIST C</th>
<th>Documents that Establish Employment Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. U.S. Passport or U.S. Passport Card</td>
<td>1. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551)</td>
<td>2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa</td>
<td>3. School ID card with a photograph</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Employment Authorization Document that contains a photograph (Form I-766)</td>
<td>4. Voter's registration card</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. For a nonimmigrant alien authorized to work for a specific employer because of his or her status:</td>
<td>5. U.S. Military card or draft record</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Foreign passport;</td>
<td>6. Military dependent's ID card</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Form I-94 or Form I-94A that has the following:</td>
<td>7. U.S. Coast Guard Merchant Mariner Card</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) The same name as the passport; and</td>
<td>8. Native American tribal document</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) An endorsement of the alien's nonimmigrant status as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form.</td>
<td>9. Driver's license issued by a Canadian government authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI</td>
<td>10. School record or report card</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Driver's license issued by a Canadian government authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. School record or report card</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Clinic, doctor, or hospital record</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Day-care or nursery school record</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Examples of many of these documents appear in Part 13 of the Handbook for Employers (M-274).

Refer to the instructions for more information about acceptable receipts.
7.320: Payroll Authorization Form
A payroll authorization form (Exhibit 7-E) should be completed each time a new employee is added or deleted from the payroll or any other payroll revision is made.

The authorization form is to be completed by a congregational officer (president, treasurer, etc.) after the voters’ assembly or appropriate board or committee has approved a payroll revision.

7.325: Payroll Check
The stub of the payroll check or an attached schedule must contain all payroll and withholding information (see Exhibit 7-F). It is helpful to include year-to-date payroll information.

7.330: Payroll Records
Accurate records that record each payroll check, wages and all taxes withheld with quarterly and annual totals must be kept (see Exhibit 7-G). An individual ledger sheet should be maintained for each employee.

7.334: Overtime Pay
The Fair Labor Standards Act (FLSA) requires that overtime be paid at a rate of not less than one and one-half times an employee’s regular rate of pay for each hour that an employee works in excess of 40 hours in a single workweek. It may begin on any day of the week and at any hour of the day.

Contrary to popular belief, comp time does not exist as an alternative to paying overtime. Time off cannot be banked or accrued beyond the workweek in which the worker works overtime. It is permissible, however, to offer “time off” in lieu of the overtime pay if the time-off is used within the same workweek. Generally, employers who offer this “time off” administer it on an hour-for-hour basis.

There exist certain exemptions from the minimum wage and overtime requirements. The most used are the executive, administrative and professional exemptions. These are often called the “white collar exemptions.” To be exempt, employees must be paid on a salary basis, paid at the required salary level of at least $455 per week (the equivalent of $23,660 per year). Effective 1/1/2020, the required salary level increases to $684 per week (the equivalent of $35,568 per year). To be paid on a salary basis means that the employee’s compensation is not subject to reduction based on the quality or quantity of work. In addition to meeting the salary test and being paid on a salary basis, the employee is exempt only if he or she meets a “duties test.” The “duties test” varies depending upon the particular exemption. An employee whose duty requires advanced knowledge beyond high school level and is customarily acquired by a prolonged course of specialized intellectual instruction may meet the duty requirement for the learned or creative professional.

An employee whose primary duty is to manage or direct operations and supervise at least two full-time employees or their equivalent (one full-time and two half-time employees) may qualify under the executive exemption. An employee whose primary duty is the performance of office or non-manual work directly related to the management or general business operations, which include the exercise of discretion and independent judgment with respect to matters of significance, may qualify under the administrative exemption. Whether or not an individual qualifies under an exemption is not decided based on one’s job title but rather on the employee’s actual job duties. Go to the website of the Department of Labor at dol.gov for more information.

Pastors, DCEs, DCOs (including interns) and vicars who meet the required salary and duties tests are not subject to overtime pay or would likely be exempt on other grounds.

Doctors, lawyers and teachers are generally exempt regardless of their pay because minimum salary requirements do not apply to them. However, to be exempt, a teacher’s primary duty must be teaching, tutoring, instructing or lecturing in an educational institution. Preschool teachers whose primary duty is to care for the physical needs of children ordinarily would not meet the teacher exemption.

The ministerial exception may provide another avenue to assert that the FLSA does not apply to certain positions. Ordained ministers and most (if not all) commissioned ministers should fall within the ministerial exception. Potentially other positions, such as teachers or music directors, may also be subject to the ministerial exception. Each position and its particular duties must be reviewed before assuming the ministerial exemption applies. Legal counsel should be sought to determine whether the ministerial exemption is applicable.

Any uncertainty about an individual’s employment status (exempt or non-exempt) should be resolved with the assistance of legal counsel.

Finally, be aware that some states may have stricter standards with respect to these rules. Where federal and state law differs, the higher standard applies. If in doubt, contact your congregation’s district office for more information or your own state’s department of labor office.

7.335: Minimum Wage
The federal minimum wage rate is currently $7.25 per hour. Most employers (including churches, schools, preschools and early childhood centers) must pay their non-exempt employees at least the minimum wage.

Although the standard is fixed on an hourly basis, employers may pay workers a salary on a monthly basis, by piecework or any other basis as long as the minimum wage is met.
## PAYROLL AUTHORIZATION FORM

**NEW EMPLOYEE** X  
**REVISION**  
**REMOVAL**  
**EFFECTIVE DATE** 2/1/XX  

**NAME** Mary A. Kelly  
**SSN** 342-02-1234  
**MARITAL STATUS** M  
**EXEMPTIONS** FED:1  
**STATE:** 1  
**LOC:** 0  

**POSITION** Secretary  
**DATE OF HIRE**  
**DATE OF CHURCH COUNCIL ACTION** 12  

**STATUS** FULL TIME X  
**PART TIME**  
**NO. OF MONTHS/YEAR**  

**MINISTER OF THE GOSPEL?** YES  
**NO** X  
**HOURS/WEek** 40  

### REMUNERATION

<table>
<thead>
<tr>
<th>PER PAY PERIOD</th>
<th>ANNUALLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALARY</td>
<td>$800.00</td>
</tr>
<tr>
<td>HOUSING ALLOWANCE</td>
<td></td>
</tr>
<tr>
<td>OTHER</td>
<td></td>
</tr>
<tr>
<td>TSA</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$800.00</td>
</tr>
</tbody>
</table>

**RATE:**  
**HOURLY** $57.5¢  
**WEEKLY**  
**MONTHLY**  

**AUTO EXPENSES**  
**REIMBURSE** 57.5¢  
**CENTS PER MILE**  
**MONTHLY ALLOWANCE**  

### DEDUCTIONS PER PAY PERIOD

<table>
<thead>
<tr>
<th>(YES, NO OR AMOUNT)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FEDERAL INCOME TAX yes</td>
<td></td>
</tr>
<tr>
<td>SOCIAL SECURITY TAX yes</td>
<td>All-Cause Accident yes</td>
</tr>
<tr>
<td>MEDICARE TAX yes</td>
<td>Local Income Tax no</td>
</tr>
<tr>
<td>STATE INCOME TAX yes</td>
<td></td>
</tr>
</tbody>
</table>

### CONCORDIA PLANS OR OTHER HEALTH PLANS

<table>
<thead>
<tr>
<th>ELIGIBLE</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASIS: RETIREMENT FULL</td>
<td>REGULAR X</td>
<td></td>
</tr>
<tr>
<td>HEALTH COVERAGE OPTION: (FILL IN)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SURVIVOR/DISABILITY FULL</td>
<td>REGULAR X</td>
<td></td>
</tr>
<tr>
<td>ENROLLED IN ALL-CAUSE ACCIDENT YES</td>
<td>NO</td>
<td></td>
</tr>
</tbody>
</table>

### PERMANENT MAILING ADDRESS

789 Main Street  
St. Louis, MO 63xxx  
(314) 826-1xxx

### IN CASE OF EMERGENCY

same  
same  
(314) 865-02xx (work no.)

### COMPLETED BY:

Eunice Kramer  
Treasurer  
SIGNED  
2-1-XX  
TITLE  
DATE

### APPROVED BY:

William Schwartz  
President  
SIGNED  
2-1-XX  
TITLE  
DATE

---

**EXHIBIT 7-E**
The minimum wage requirement is met if each workweek, the straight-time wages paid (or accrued to be paid) is equal to the number of hours worked multiplied by the minimum wage rate. Wage payments in any medium other than cash are also allowed as long as its fair market value to the employee meets the minimum wage requirements.

In lieu of the minimum wage, an employer may temporarily pay an employee under age 20 a training or "opportunity" wage. This special wage cannot be less than $4.25 per hour during the worker's first 90 consecutive calendar days of employment. However, an employer is prohibited from hiring employees at the opportunity wage for the sole purpose of reducing the hours or employment benefits of its workforce.

Minimum wage standards do not apply to exempt employees. An exempt employee is any individual employed in an executive, administrative or professional capacity if certain income tests are met (see 7.334).

Finally, be aware that many states and cities have adopted wage standards higher than the federal minimum. If in doubt, contact your congregation's district office for more information or your own state and local department of labor offices.

(Go to page 7-17.)

**EXHIBIT 7-F**

<table>
<thead>
<tr>
<th>Date</th>
<th>Invoice Number and Description</th>
<th>Account No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/xx</td>
<td>December 19xx Payroll</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>YTD</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gross Salary</td>
<td>$800.00</td>
<td>$9,600.00</td>
</tr>
<tr>
<td></td>
<td>Christmas Bonus</td>
<td>$50.00</td>
<td>50.00</td>
</tr>
<tr>
<td>Less:</td>
<td>Federal W/H</td>
<td>(60.00)</td>
<td>(720.00)</td>
</tr>
<tr>
<td></td>
<td>Social Sec W/H</td>
<td>(52.70)</td>
<td>(598.30)</td>
</tr>
<tr>
<td></td>
<td>Medicare W/H</td>
<td>(12.33)</td>
<td>(139.93)</td>
</tr>
<tr>
<td></td>
<td>State W/H</td>
<td>(21.00)</td>
<td>(252.00)</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>(2.80)</td>
<td>(33.60)</td>
</tr>
<tr>
<td></td>
<td>Net Pay</td>
<td>$701.17</td>
<td>$7,906.17</td>
</tr>
</tbody>
</table>

ATACHED IS OUR CHECK IN PAYMENT OF THE ITEMS SHOWN ABOVE.

F&RST LUTHERAN CHURCH
2743 Concordia Drive, St. Louis, Missouri 63122

NO. 0 3 4 9

FIRST NATIONAL BANK OF ST. LOUIS, MISSOURI
24-12/1230

PLEASE DETACH BEFORE DEPOSITING

December 31 20 xx

THE SUM OF $701 dollars 17 cents

DOLLARS $701.17

TO THE ORDER OF

MARY KELLY

FIRST LUTHERAN CHURCH

A 051705 | | C A 123 000123A104 000011 6 |
# Congregational Payroll Information

<table>
<thead>
<tr>
<th>Position Name</th>
<th>Payroll Period</th>
<th>Gross Salary</th>
<th>Housing Allowance</th>
<th>Net Salary</th>
<th>Other</th>
<th>TSA</th>
<th>Marital Status</th>
<th>No. of Exemp.</th>
<th>Federal WHI</th>
<th>State WHI</th>
<th>(6.20%) FICA</th>
<th>(1.45) Medicare</th>
<th>Other</th>
<th>NET Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pastor/Schmidt</td>
<td>Monthly</td>
<td>2,350.00</td>
<td>800.00</td>
<td>1,550.00</td>
<td></td>
<td>100.00</td>
<td>M</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.80</td>
<td>2247.20</td>
</tr>
<tr>
<td>Secretary/</td>
<td>Group term life insurance</td>
<td><em>196.76</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>196.76</td>
</tr>
<tr>
<td>Mary Kelly</td>
<td>Monthly</td>
<td>800.00</td>
<td>800.00</td>
<td>50.00</td>
<td></td>
<td></td>
<td>M**</td>
<td>1</td>
<td>60.00</td>
<td>21.00</td>
<td>19.60</td>
<td>3.10</td>
<td>11.60</td>
<td>655.00</td>
</tr>
<tr>
<td>Janitor/</td>
<td>X-mas bonus</td>
<td>250.00</td>
<td>250.00</td>
<td></td>
<td></td>
<td></td>
<td>M</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15.50</td>
<td>227.37</td>
</tr>
<tr>
<td>Harry Plumber</td>
<td>Monthly</td>
<td>300.00</td>
<td>300.00</td>
<td></td>
<td></td>
<td></td>
<td>S</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>18.60</td>
<td>274.25</td>
</tr>
<tr>
<td>Organist/</td>
<td>Ann Rodgers</td>
<td>1600.00</td>
<td>525.00</td>
<td>1075.00</td>
<td></td>
<td></td>
<td>S</td>
<td>2</td>
<td>310.80</td>
<td>19.00</td>
<td>0</td>
<td>0</td>
<td>3.50</td>
<td>1266.70</td>
</tr>
<tr>
<td>Teacher***</td>
<td>Irene Braun</td>
<td>Monthly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

*only included in month paid.

**married, but withholding at the higher single rate.

***Commissioned minister with voluntary withholding for tax & social security, all paid as federal WHI.

## Monthly Totals
- **Gross Salary**: 5,300.00
- **Housing Allowance**: 1,325.00
- **Net Salary**: 3,975.00
- **Other**: 246.76
- **TSA**: 100.00

## Quarterly Totals
- **Gross Salary**: 15,900.00
- **Housing Allowance**: 3,975.00
- **Net Salary**: 11,925.00
- **Other**: 246.76
- **TSA**: 300.00

## Annual Totals
- **Gross Salary**: 63,600.00
- **Housing Allowance**: 15,900.00
- **Net Salary**: 47,700.00
- **Other**: 1,200.00

## NET Pay
- **Federal WHI**: 370.80
- **State WHI**: 40.00
- **(6.20%) FICA**: 86.80
- **(1.45) Medicare**: 20.31
- **Other**: 15.40
- **Total**: 4913.45

- **Federal WHI**: 112.40
- **State WHI**: 120.00
- **(6.20%) FICA**: 254.20
- **(1.45) Medicare**: 59.47
- **Other**: 46.20
- **Total**: 14251.49

- **Federal WHI**: 4449.60
- **State WHI**: 480.00
- **(6.20%) FICA**: 1007.50
- **(1.45) Medicare**: 235.69
- **Other**: 184.80
- **Total**: 58289.17
7.336: Labor Law Posters

The Department of Labor (DOL) requires that certain notices be posted in the workplace. Posting requirements vary by statute; that is, not all employers are covered by each of DOL’s statutes and thus may not be required to post a specific notice. For example, every employer of employees subject to the Fair Labor Standards Act’s (FLSA) minimum wage law and OSHA provisions must post, and keep posted, notices explaining these Acts in a conspicuous place in all of their establishments so as to permit employees to readily read it; but if the employer is considered a small business, it may not be covered by the Family and Medical Leave Act and thus would not be subject to posting notices related to those statutes.

Your posted notice, if any, may be modified to explain that the FLSA minimum wage and overtime pay requirements do not apply to ministers.

Another poster required to hang in a prominent location for employees to read is one explaining that it is generally unlawful for an employer to require its employees or job applicant to take a polygraph test.

A notice that employment discrimination is prohibited must also be displayed. However, it may be modified appropriately to explain specific exemptions to allow religious employers to discriminate in employment decisions on the basis of religion.

This link webapps.dol.gov/elaws/posters.htm to the Department of Labor website (dol.gov) provides a survey where you answer questions regarding your church or organization and produces a list of which posters you need to post in your building based on the state your ministry is located as well as links to the posters for you to print for free.

For the number of the Wage and Hour Office closest to you, call the Wage-Hour toll-free help line at 866-4USWAGE (866-487-9243). A customer service representative is available from 8 a.m. to 5 p.m. in your time zone, with referral information.

7.337: Notice Regarding the Rights of Employees Serving in the Armed Forces

A provision that expands the rights and benefits of veterans is one that requires employers to post a notice of affected employees’ rights and obligations under the Uniformed Services Employment and Reemployment Rights Act of 1994. The law specifies that this notice requirement may be satisfied by posting a notice where other required notices for employees are customarily posted. To secure a copy of the notice from the website of the Department of Labor, go to dol.gov.
7.343:
Social Security/Medicare Tax Rates
for Employees/Employers

<table>
<thead>
<tr>
<th>Year</th>
<th>Employee Rate</th>
<th>Employer Rate</th>
<th>Total</th>
<th>Wage Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 (S.S.)</td>
<td>* 6.20%</td>
<td>6.20%</td>
<td>12.4%</td>
<td>Wages up to $137,700</td>
</tr>
<tr>
<td>2021 (S.S.)</td>
<td>* 6.20%</td>
<td>6.20%</td>
<td>12.4%</td>
<td>Not available (contact local SSA office)</td>
</tr>
<tr>
<td>2020/2021 (Med.)</td>
<td>1.45%</td>
<td>1.45%</td>
<td>2.9%</td>
<td>Wages up to $200,000 for single and joint filers</td>
</tr>
<tr>
<td>(Med.)</td>
<td>2.35%</td>
<td>1.45%</td>
<td>3.8%</td>
<td>Wages above $200,000 for single and joint filers</td>
</tr>
</tbody>
</table>

* Refer to IRS Publication 15, “Circular E, Employer's Tax Guide,” (irs.gov/publication/p15) for the current rates and wage base as those shown are only estimates. The IRS mails a “Circular E” to all employers on record at the end of each year. Contact your nearest IRS office if you do not receive your copy prior to the first payroll of the new year.

7.344:
Withholding Taxes on Deceased Worker's Paycheck
A deceased worker's wages paid to the beneficiary or estate in the same calendar year as the worker's death are subject to FICA tax withholding, but not income tax withholding. However, wages are subject to neither FICA tax withholding nor income tax withholding if paid in a subsequent year. For more detailed information about how to report these payments to the IRS, refer to the IRS Instructions for Forms W-2 and 1099-MISC. Wages paid after the year of death are not subject to tax withholding and should be reported only in Box 3 (Other) of Form 1099-MISC in the name of the beneficiary of the payment. The recipient of a deceased worker’s net paycheck generally incurs a federal income tax liability based on the gross amount of wages paid (before social security/Medicare taxes withheld, if any). If he or she does not provide a TIN (SSN if payable to a beneficiary; EIN if to an estate) for reporting purposes, the general backup withholding rules described later in Sec. 7.464 applies to this gross paid amount.

7.345:
Depositing Payroll Taxes
All deposits of income, social security and Medicare taxes withheld and the employer's portion of social security and Medicare tax, may be made electronically under the Electronic Federal Tax Payment System (“EFTPS”) or in some cases mailed with your payroll tax liability report. The frequency of the deposits depends on the amount of taxes the congregation owes for its payroll period. Use the following schedule to determine the deposit due date. It is critical to deposit the taxes by the due date to avoid severe penalties.
### Summary of Deposit Rules for Social Security and Medicare Taxes and Withheld Income Tax (for calendar year 2020)

#### Monthly Deposit Rule

<table>
<thead>
<tr>
<th>Condition</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the total tax reported on Form 941 (or 941-E) for the third and fourth quarters of 2018 and the first and second quarters of 2019 is $50,000 or less:</td>
<td>Then, you are a monthly depositor for the current year (2020). You must deposit employment taxes and taxes withheld on payments made during a calendar month by the 15th day of the following month.</td>
</tr>
</tbody>
</table>

#### Semi-Weekly Deposit Rule

<table>
<thead>
<tr>
<th>Condition</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>If the total tax reported on Form 941 (or 941-E) for the third and fourth quarters of 2018 and the first and second quarters of 2019 is more than $50,000:</td>
<td>Then, you are a semi-weekly depositor for the current year (2020). If you are a semi-weekly depositor, you must deposit on Wednesday and/or Friday depending on what day of the week you make payments as shown below:</td>
</tr>
<tr>
<td></td>
<td>Payment Days/Deposit Periods: Wednesday, Thursday and/or Friday&lt;br&gt;Deposit by—Following Wednesday</td>
</tr>
<tr>
<td></td>
<td>Payment Days/Deposit Periods: Saturday, Sunday, Monday and/or Tuesday&lt;br&gt;Deposit by—Following Friday</td>
</tr>
</tbody>
</table>

Attach Schedule B to Form 941. [Exhibit 7-J(2) pp. 7-22]


### 7.346: Methods for Depositing Payroll Taxes

**Electronic Federal Tax Payment System ($200,000 threshold)**

The Electronic Federal Tax Payment System (EFTPS) is as simple as making a telephone call to your bank authorizing an electronic transfer. Any business, regardless of its size, may deposit its payroll taxes by this method. However, employers that deposit $200,000 or more of payroll taxes must use EFTPS as its method of depositing. Payroll taxes include withheld FICA and income taxes, as well as the employer’s share of FICA taxes. The IRS can impose a 10 percent penalty on businesses failing to deposit electronically when required.

For more information on EFTPS or to get an enrollment form, call EFTPS Customer Service at 800-555-4477 or 800-945-8400 or visit the website at eftps.gov.

**Form 941**

Employers whose quarterly payroll tax liability will not accumulate to $2,500, may pay the full amount to IRS directly when filing a timely Form 941. Payment, Form 941-V Payment Voucher, and tax return should be mailed together.

Employers also may pay the IRS directly when filing a timely Form 941 if their previous quarter’s tax liability was less than $2,500 and whose current liability is less than $100,000.

**Form 944**

Some employers have been notified by the IRS to file a Form 944, reporting their payroll tax liability on an annual basis. The amount of annual tax liability ($1,000 or less) that makes an employer eligible for annual filing must not be confused with the $2,500 threshold at which federal tax deposits must be made. See Sec. 7.348 for the eligibility rules to file annually. Most 944 filer’s liability for social security, Medicare and withheld federal income taxes is less than $1,000 for the year. They can pay the taxes with the timely filing of their return. They do not have to deposit the taxes; however, may choose to do so. Refer to Instructions for Form 944 if the payroll tax liability reaches or exceeds $2,500. It may be required in that case to deposit the taxes sooner than the due date of the tax return.

The look-back period (see 7.345) for previous 941 filers is the second preceding year for either of the two previous calendar years, not just the one previous year. Example: If filed Form 941 in 2018 but not 2019, the look-back for 2020 would be calendar year 2018.

### 7.347: Quarterly Reporting of Payroll Taxes

By the last day of the month following the end of each calendar quarter, Form 941, “Employer’s Quarterly Federal Tax Return” (Exhibit 7-J) must be filed. A filer may complete and mail-in the Form 941 or choose various paperless options for filing. If all taxes have already been deposited on-time and no taxes are due, you have 10 more days in which to file the form. Closely follow the instructions accompanying the form.

**Note:** If a minister is the only employee and there is no voluntary withholding, Form 941 is not required. However, mark “941” kind of payer when filing the Form W-3 regardless of this condition.
Data for Exhibit 7-J(1).

FORM 941, EMPLOYER’S QUARTERLY FEDERAL TAX RETURN

Line 2  The wages paid this quarter to the employees:

John Schmidt (Minister)
Salary: $4,650 (exclusive of housing allowance)
less $300 for TSA
plus group term life
insurance in excess of
$50,000: $196.76 $4,546.76

Mary Kelly
Salary: $2,400 plus
Christmas gift of $50 2,450.00

Harry Plumber
Salary 750.00

Ann Rogers
Salary 900.00

Irene Braun (Commissioned Minister)
Salary: $3,225 3,225.00
(exclusive of housing allowance)

$11,871.76

Line 3  This is the amount of federal income tax withheld from the three non-minister workers for October, November, and December; and the amount of federal income and self-employment taxes (SECA) withheld from the teacher during the same payroll period under the voluntary withholding plan.

Line 5a and 5c
The wages paid this quarter to social security and Medicare tax of all non-minister workers.

Kelly $2,450.00
Plumber 750.00
Rogers 900.00

$4,100.00

The total social security and Medicare tax should be the total amount withheld from the non-minister workers for October, November, and December plus the church’s share of the tax.

Line 15  This congregation would follow the “Monthly Depositor Rule.” Deposits would have been made on or before November 15, December 15 and January 15.
**Form 941 for 2020: Employer’s QUARTERLY Federal Tax Return**

**Employer identification number (EIN):** 4 3 8 9 1 2 0 5 5

**Name:** FIRST LUTHERAN CHURCH

**Trade name:**

**Address:**

- Number: 2743
- Street: CONCORDIA DRIVE
- City: ST. LOUIS
- State: MO
- ZIP code: 63122

**Foreign country name:**

**Foreign province/county:**

**Foreign postal code:**

---

**Part 1:** Answer these questions for this quarter.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of employees who received wages, tips, or other compensation</td>
<td>1</td>
</tr>
<tr>
<td>2. Wages, tips, and other compensation</td>
<td>2</td>
</tr>
<tr>
<td>3. Federal income tax withheld from wages, tips, and other compensation</td>
<td>3</td>
</tr>
<tr>
<td>4. If no wages, tips, and other compensation are subject to social security or Medicare tax</td>
<td>Check and go to line 6.</td>
</tr>
<tr>
<td>5a. Taxable social security wages</td>
<td>4100</td>
</tr>
<tr>
<td>5a(i). Qualified sick leave wages</td>
<td>4100</td>
</tr>
<tr>
<td>5a(ii). Qualified family leave wages</td>
<td>4100</td>
</tr>
<tr>
<td>5b. Taxable social security tips</td>
<td>4100</td>
</tr>
<tr>
<td>5c. Taxable Medicare wages &amp; tips</td>
<td>4100</td>
</tr>
<tr>
<td>5d. Taxable wages &amp; tips subject to Additional Medicare Tax withholding</td>
<td>4100</td>
</tr>
<tr>
<td>5e. Total social security and Medicare taxes. Add Column 2 from lines 5a, 5a(i), 5a(ii), 5b, 5c, and 5d</td>
<td>627 30</td>
</tr>
<tr>
<td>5f. Section 3121(q) Notice and Demand—Tax due on unreported tips</td>
<td>1739</td>
</tr>
<tr>
<td>6. Total taxes before adjustments. Add lines 3, 5a, and 5f</td>
<td>1739</td>
</tr>
<tr>
<td>7. Current quarter’s adjustment for fractions of cents</td>
<td>1739</td>
</tr>
<tr>
<td>8. Current quarter’s adjustment for sick pay</td>
<td>1739</td>
</tr>
<tr>
<td>9. Current quarter’s adjustments for tips and group-term life insurance</td>
<td>1739</td>
</tr>
<tr>
<td>10. Total taxes after adjustments. Combine lines 6 through 9</td>
<td>1739</td>
</tr>
</tbody>
</table>

**Report for this Quarter of 2020**

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

Go to www.irs.gov/Form941 for instructions and the latest information.
### Part 1: Answer these questions for this quarter. (continued)

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>11d Total nonrefundable credits. Add lines 11a, 11b, and 11c</td>
<td></td>
</tr>
<tr>
<td>12 Total taxes after adjustments and nonrefundable credits. Subtract line 11d from line 10</td>
<td>1739.74</td>
</tr>
<tr>
<td>13a Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, or 944-X (SP) filed in the current quarter</td>
<td>1739.74</td>
</tr>
<tr>
<td>13b Deferred amount of the employer share of social security tax</td>
<td></td>
</tr>
<tr>
<td>13c Refundable portion of credit for qualified sick and family leave wages from Worksheet 1</td>
<td></td>
</tr>
<tr>
<td>13d Refundable portion of employee retention credit from Worksheet 1</td>
<td></td>
</tr>
<tr>
<td>13e Total deposits, deferrals, and refundable credits. Add lines 13a, 13b, 13c, and 13d</td>
<td>1739.74</td>
</tr>
<tr>
<td>13f Total advances received from filing Form(s) 7200 for the quarter</td>
<td></td>
</tr>
<tr>
<td>13g Total deposits, deferrals, and refundable credits less advances. Subtract line 13f from line 13e</td>
<td>1739.74</td>
</tr>
<tr>
<td>14 Balance due. If line 12 is more than line 13g, enter the difference and see instructions</td>
<td></td>
</tr>
<tr>
<td>15 Overpayment. If line 13g is more than line 12, enter the difference</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

  **Tax liability:**
  - **Month 1**: 577.36
  - **Month 2**: 577.36
  - **Month 3**: 585.02

  **Total liability for quarter**: 1739.74

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

➤ You MUST complete all three pages of Form 941 and SIGN it.
EXHIBIT 7-J (2)
7.348:  
**Annual Reporting of Payroll Taxes**

Form 944, Employer's Annual Federal Tax Return, is designed so the smallest employers (those whose annual liability for social security, Medicare and withheld federal income taxes is $1,000 or less) will file and pay these taxes only once a year instead of every quarter.

Based on current tax rates, if you pay $5,000 or less in wages subject to social security and Medicare taxes and federal income tax withholding, you are likely to pay $1,000 or less in employment taxes.

Currently, the IRS notifies employers selected to file a Form 944. If you believe you are eligible to report your tax liability on Form 944 but were not notified, call the IRS at 1-800-829-4933. You may express your desire to file Form 944 if you estimate that your annual employment tax liability will not exceed $1,000.

The Form 944 must be filed by the last day of the month following the end of the calendar year (January 31). If you have already made deposits in full payment of your taxes by this date, you have 10 more calendar days in which to file your return.

After you file your first Form 944, you must file Form 944 for every year after that or until the IRS notifies you to file Form 941.

The program is entirely voluntary, enabling employers who have been notified by the IRS to file a Form 944 to opt out from doing so; and, enabling employers who believe they are eligible to file a Form 944 to elect to do so. Instructions to Form 944 details how either is to be done.

7.350:  
**Form W-2, Wage and Tax Statement**

By January 31, each employee must be mailed Form W-2, “Wage and Tax Statement” [Exhibits 7-K(1), 7-K(2), and 7-K(3)] for the previous calendar year. Employers may instead furnish its employees with electronic Form W-2s if the employees have consented to this option (for details see IRS Publication 15-A).

The minister's Form W-2 should not report any social security or Medicare wages or taxes withheld. However, if a minister elects voluntary withholding, the total federal income and self-employment tax liability withheld is to be reported as federal income tax withheld [see 1.350 and Exhibit 7-K(3)].

An employer may visit the SSA’s Business Services Online (BSO) website at socialsecurity.gov/thirdparty/business. html, complete up to 50 Forms W-2 per W-3 right on the computer, electronically submit them to the SSA and print copies suitable for distribution to its employees — a completely “paperless” process of filing. There is no limit on the number of Forms W-3 an employer can submit even for the same Employer Identification Number (EIN). (Note: Advance registration is required for online wage reporting.) Alternatively, fewer than 250 blank “paper” Forms W-2 and W-3 can be obtained for free from IRS by calling 800-829-3676, suitable for filing with the SSA and distributing to employees. Any software used to produce and complete Forms W-2, must conform to the specifications and standards in the latest IRS Publication 1141. If any organization has more than 250 Form W-2s, paper copies may be distributed to the employees but the reportable information must be submitted to the SSA electronically.
FORM W-2, “WAGE AND TAX STATEMENT” — for the lay employee
[Exhibit 7-K(1)]

Boxes 1, 2, 3, 4, 5, 6, 16, 17
Include the appropriate information from the worker’s “individual payroll record” totals.

Boxes 12 a-d
Leave blank since no applicable payments were made. See form’s instructions.

Box 13 Check “Retirement plan” as the worker is a full-time employee and is included in the Concordia Retirement Plan.

Box 15 Include the two-letter code for your state and your Employer’s State Identification Number.

---

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

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>b</td>
<td>c</td>
<td>d</td>
<td>e</td>
<td>f</td>
<td>g</td>
<td>h</td>
<td>i</td>
</tr>
<tr>
<td>Employee’s social security number</td>
<td>Employer identification number (EIN)</td>
<td>Employer’s name, address, and ZIP code</td>
<td>Control number</td>
<td>Employee’s first name and last name</td>
<td>Employee’s address and ZIP code</td>
<td>State</td>
<td>Employer’s state ID number</td>
<td></td>
</tr>
</tbody>
</table>

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Wages, tips, other compensation</td>
<td>Federal income tax withheld</td>
<td>Social security wages</td>
<td>Social security tax withheld</td>
<td>Medicare wages and tips</td>
<td>Medicare tax withheld</td>
<td>Social security tips</td>
<td>Allocated tips</td>
<td>Nonqualified plans</td>
</tr>
</tbody>
</table>

<p>| | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>11</td>
<td>12a</td>
<td>12b</td>
<td>12c</td>
<td>12d</td>
<td>13</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Dependent care benefits</td>
<td>Nonqualified plans</td>
<td>Retirement plan</td>
<td>Third-party plan</td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FORM W-2, “WAGE AND TAX STATEMENT”
—for the minister of the Gospel (no withholding) [Exhibit 7-K(2)]

Box 1  Salary ($1,550/mo x 12)  $18,600.00
Less: TSA ($100/mo x 12)         (1,200.00)
Add: Group term life insurance  196.76
Total wages  $17,596.76

Do not include the housing allowance in this box.

If the minister of the Gospel received cash allowances for auto expenses, include this amount in Box 1.

You may give the employee more than one Form W-2. For example, if you have completed the Form W-2s with the usual payroll items, and then you receive the group term life insurance information, you may prepare a second Form W-2 rather than amend the first. See 1.305 for a list of the items to be included in Box 1.

Boxes 2, 3, 4, 5, 6
No dollar amount should ever be included.

Box 12 a-d
Include the applicable payments made by Code:
C– Group-term life insurance over $50,000
E– Elective deferrals to a section 403(b) salary reduction agreement (Tax-Sheltered Annuity)
L– Substantiated Employee Business Expense (Federal rate)(Required if NOT substantiated)
P– Qualified moving expenses

R– Employer contributions to your medical savings account
T– Adoption benefits
W– Employee contributions to a Health Savings Account (HSA) under a Cafeteria Plan or Employer Contributions to an HSA.
BB– Roth contributions under a section 403(b) plan.

Box 13 Check “Retirement plan” since the worker is enrolled in the Concordia Retirement Plan.

Box 14 Suggest writing “Minister of the Gospel” in this box and “Housing Allow. not incl. in Box 1: $xxxx.”
If space doesn’t permit it, report housing allowance payments on a separate statement.

Box 15 Include the two-letter code for your state and your Employer’s State Identification Number.

Box 16 Include the wages from Box 1.

Box 17 Include the state taxes withheld if your state requires the church to withhold state income tax from the minister’s wages.

Boxes 18-20
Complete these boxes if your county, city, or other municipality requires the church to withhold a local tax.

---

**EXHIBIT 7-K(2)**
FORM W-2, “WAGE AND TAX STATEMENT”
—for the minister of the Gospel (with voluntary withholding) [Exhibit 7-K(3)]

Follow directions for “minister of the Gospel (no withholding)” with the following exceptions.

Box 2  Include amounts withheld for federal income and self-employment tax.

Box 17  Include amount withheld for state income tax.

---

EXHIBIT 7-K(3)

7.351: Cost of Health Care Coverage Reporting
Employers that provide coverage through a self-funded church health plan, such as the Concordia Health Plan (CHP), currently are exempt from the requirement to report the cost of health coverage on Form W-2. Employers that offer health plans other than the CHP may not be eligible for this exemption and should check with their health plan carrier or review IRS Notice 2012-9 to determine whether an exemption is applicable. Other W-2 reporting obligations continue to apply. The Internal Revenue Service (IRS) notices describing this exemption suggest that the exemption may not be permanent. Concordia Plan Services will continue to monitor IRS guidance and provide information as it becomes available. The IRS has stated it will provide at least a six-month notice if the exemption is eliminated.
7.355:  
Transmittal of Wage and Tax Statements to SSA  
Form W-3 summarizes the various amounts on the accumulative Forms W-2. Its purpose is to transmit Copy A of Forms W-2 to the Social Security Administration (SSA). This transmittal must be mailed by January 31 to the address found in the form’s instructions. The data is shared with the IRS to reconcile your previously filed Forms 941 [Exhibit 7-J (1)] or Form 944, if applicable. No money is sent with the Form W-3.  
Electronic submission of wage and tax statements is also due by January 31.  
For more information about electronic filing, go to ssa.gov/bso.

### Form W-3: “TRANSMITTAL OF INCOME AND TAX STATEMENTS”

<table>
<thead>
<tr>
<th>Worker Name</th>
<th>Box 1</th>
<th>Box 2</th>
<th>Box 3 &amp; 5</th>
<th>Box 4</th>
<th>Box 6</th>
<th>Box 12</th>
<th>Box 16</th>
<th>Box 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schmidt</td>
<td>17,596.76</td>
<td>720.00</td>
<td>9,650.00</td>
<td>598.30</td>
<td>139.93</td>
<td>1,200.00</td>
<td>46,746.76</td>
<td></td>
</tr>
<tr>
<td>Kelly</td>
<td>9,650.00</td>
<td>3,000.00</td>
<td>3,600.00</td>
<td>3,600.00</td>
<td>3,600.00</td>
<td>3,600.00</td>
<td>3,600.00</td>
<td>3,600.00</td>
</tr>
<tr>
<td>Plumber</td>
<td>3,000.00</td>
<td>3,600.00</td>
<td>223.20</td>
<td>223.20</td>
<td>223.20</td>
<td>223.20</td>
<td>223.20</td>
<td>223.20</td>
</tr>
<tr>
<td>Rogers</td>
<td>3,600.00</td>
<td>3,600.00</td>
<td>52.20</td>
<td>52.20</td>
<td>52.20</td>
<td>52.20</td>
<td>52.20</td>
<td>52.20</td>
</tr>
<tr>
<td>Braun</td>
<td>12,900.00</td>
<td>3,729.60</td>
<td>12,900.00</td>
<td>12,900.00</td>
<td>12,900.00</td>
<td>12,900.00</td>
<td>12,900.00</td>
<td>12,900.00</td>
</tr>
</tbody>
</table>

### Summary of Totals:

<table>
<thead>
<tr>
<th></th>
<th>Box 1</th>
<th>Box 2</th>
<th>Box 3 &amp; 5</th>
<th>Box 4</th>
<th>Box 6</th>
<th>Box 12</th>
<th>Box 16</th>
<th>Box 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td>46,746.76</td>
<td>4,449.60</td>
<td>16,250.00</td>
<td>1,007.50</td>
<td>235.69</td>
<td>1,200.00</td>
<td>46,746.76</td>
<td>480.00</td>
</tr>
</tbody>
</table>

- **Box 1**: The salary and other compensation of all employees. This box does not include the housing allowance. The total in this box must be the total of Box 1 of all Form W-2s included. This amount must all agree with the totals on line 2, Form 941 (or 944) for all such returns filed, if any, during the year.

- **Box 2**: The total of all federal income tax withheld on all employees during the year. This box also includes Self-Employment tax (SECA) from “ministers of the Gospel” who elect to withhold. The total in this box must equal the total of Box 2 on all Form W-2s included with the Form W-3.

- **Box 3 & 5**: The total of all social security tax (Box 3) and Medicare tax (Box 5) of all non-minister employees. The totals in these boxes must equal the total of Box 3 and Box 5 of all Form W-2s included with the Form W-3.

- **Box 4**: The total of all social security tax withheld from the employees’ payroll checks. This box does not include the employer’s share of the social security tax. The total in this box must equal total of Box 4 of all Form W-2s included with the Form W-3.

- **Box 6**: The total of all Medicare tax withheld from the employee’s payroll checks. This box does not include the employer’s share of the Medicare tax. The total in this box must equal the total of Box 6 of all Form W-2s included with the Form W-3.

- **Box 12**: The total of all deferred compensation (TSA earnings) of all eligible employees.

- **Box 15**: Two-letter abbreviation for name of the state being reported on Forms W-2 and employer’s state assigned id number. If more than one state being reported, enter “X” and no id number.

- **Box 16,17**: The total state wages and taxes shown in their corresponding boxes on the Form W-2.
**EXHIBIT 7-L**

<table>
<thead>
<tr>
<th>EXHIBIT 7-L</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIRST LUTHERAN CHURCH</strong></td>
<td></td>
</tr>
<tr>
<td>2743 CONCORDIA DRIVE</td>
<td></td>
</tr>
<tr>
<td>ST LOUIS MO 63122</td>
<td></td>
</tr>
</tbody>
</table>

**W-3 Transmittal of Wage and Tax Statements 2020**

Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration (SSA).

Photocopies are not acceptable. Do not send Form W-3 if you filed electronically with the SSA.

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

**Reminder**

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

**Purpose of Form**

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

**E-Filing**

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

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

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

**When To File Paper Forms**

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

**Where To File Paper Forms**

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

**Social Security Administration**

Direct Operations Center
Wilkes-Barre, PA 18768-0001

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

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

Cat. No. 10169Y
7.370: Correcting Previously Filed Payroll Information Forms

Form 941-X
Form 941-X is used to correct previously filed Form 941s. Instructions for completing the form accompany it. Form 941-X should be filed immediately when the mistake is discovered.

Example: On April 5, the treasurer discovered an error in Mary Kelly’s payroll record. She received a $200 payroll check that was not recorded for the fourth quarter.

<table>
<thead>
<tr>
<th>Employer’s Tax Liability</th>
<th>Fed</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$200.00</td>
<td>$</td>
</tr>
<tr>
<td>Federal Tax Withheld</td>
<td>-25.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Social Security</td>
<td>-12.40</td>
<td>24.80</td>
</tr>
<tr>
<td>Medicare</td>
<td>-2.90</td>
<td>5.80</td>
</tr>
<tr>
<td>State Tax</td>
<td>-10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Net Check</td>
<td>$149.70</td>
<td>$55.60</td>
</tr>
</tbody>
</table>

Form 941-X must be used to correct under-reporting of social security wages and taxes due; also under-reporting of withheld federal income tax and payment of amounts due [see Exhibit 7-M(1)]. The net adjustment of $55.60 ($25.00 + $24.80 + $5.80) will be paid with the filing of Form 941-X.

Note: Exhibit 7-M does not correct Exhibit 7-J and is included here for illustrative purposes only.

Form W-2C
Form W-2C is used to correct previously filed Form W-2s. Instructions for completing this form are on the back side of the last copy. Following through the example above, we need to correct Mary Kelly’s Form W-2 (see Exhibit 7-N).

Form W-3C
Form W-3C is used to transmit Form W-2Cs to the Social Security Administration.

Note, for purposes of this example, the numbers only reflect the resulting change shown in Exhibit 7-N (see Exhibit 7-O).
Form 941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund

Department of the Treasury – Internal Revenue Service

OMB No. 1545-0029

Return You're Correcting ...
Check the type of return you're correcting.

X 941
X 941-SS

Check the ONE quarter you're correcting.

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

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

20XX (YYYY)

Enter the date you discovered errors:

04/05/20XX (MM/DD/YYYY)

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

X 1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct errors. You must check this box if you're correcting both underreported and overreported amounts on this form. The amount shown on line 21, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.

☐ 2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 21. Don't check this box if you're correcting ANY underreported amounts on this form.

Part 2: Complete the certifications.

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

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

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

☐ a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

☐ b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

☐ c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

If you checked line 2 because you're claiming a refund or abatement of overreported employment taxes, check all that apply. You must check at least one box.

☐ a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

☐ b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

☐ c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees; or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

☐ d. The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.
### EXHIBIT 7-M(2)

**Name (not your trade name):** FIRST LUTHERAN CHURCH  
**Employer identification number (EIN):** 43-8912055  
**Correcting quarter:** (1, 2, 3, 4)  
**Correcting calendar year:** 20XX

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

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total corrected amount (for ALL employees)</strong></td>
<td><strong>Amount originally reported or as previously corrected (for ALL employees)</strong></td>
<td><strong>Difference</strong> (if this amount is a negative number, use a minus sign.)</td>
<td><strong>Tax correction</strong></td>
</tr>
<tr>
<td>6. Wages, tips and other compensation (Form 941, line 2)</td>
<td>12,071.76</td>
<td>11,871.76</td>
<td>200.00</td>
</tr>
<tr>
<td>7. Federal income tax withheld from wages, tips, and other compensation (Form 941, line 3)</td>
<td>1,137.40</td>
<td>1,112.40</td>
<td>25.00</td>
</tr>
<tr>
<td>8. Taxable social security wages (Form 941 or 941-SS, line 5a, Column 1)</td>
<td>4,300.00</td>
<td>4,100.00</td>
<td>200.00</td>
</tr>
<tr>
<td>9. Taxable social security tips (Form 941 or 941-SS, line 5b, Column 1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Taxable Medicare wages and tips (Form 941 or 941-SS, line 5c, Column 1)</td>
<td>4,300.00</td>
<td>4,100.00</td>
<td>200.00</td>
</tr>
<tr>
<td>11. Taxable wages &amp; tips subject to Additional Medicare Tax withholding (Form 941 or 941-SS, line 5d)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Section 3121(q) Notice and Demand—Tax due on unreported tips (Form 941 or 941-SS, line 5f)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Tax adjustments (Form 941 or 941-SS, lines 7–9)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Qualified small business payroll tax credit for increasing research activities (Form 941 or 941-SS, line 11; you must attach Form 8974)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Special addition to wages for federal income tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Special addition to wages for social security taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Special addition to wages for Medicare taxes</td>
<td></td>
<td></td>
<td>55.60</td>
</tr>
<tr>
<td>18. Special addition to wages for Additional Medicare Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Combine the amounts on lines 7–18 of Column 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20a. COBRA premium assistance payments (see instructions)</td>
<td></td>
<td></td>
<td>55.60</td>
</tr>
<tr>
<td>20b. Number of individuals provided COBRA premium assistance (see instructions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Total. Combine the amounts on lines 19 and 20a of Column 4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**If line 21 is less than zero:**
- If you checked line 1, this is the amount you want applied as a credit to your Form 941 for the tax period in which you’re filing this form. (If you’re currently filing a Form 944, Employer’s ANNUAL Federal Tax Return, see the instructions.)
- If you checked line 2, this is the amount you want refunded or abated.

**If line 21 is more than zero, this is the amount you owe.** Pay this amount by the time you file this return. For information on how to pay, see Amount you owe in the instructions.
Name (not your trade name)  
FIRST LUTHERAN CHURCH  
Employer identification number (EIN)  
43-8912055  
Correcting quarter  
4 (1, 2, 3, 4)  
Correcting calendar year (YYYY)  
20XX

Part 4: Explain your corrections for this quarter.

☐ 22. Check here if any corrections you entered on a line include both underreported and overreported amounts. Explain both your underreported and overreported amounts on line 24.

☐ 23. Check here if any corrections involve reclassified workers. Explain on line 24.

24. You must give us a detailed explanation of how you determined your corrections. See the instructions.

Clerical error, one payroll check found not recorded.

Part 5: Sign here. You must complete all three pages of this form and sign it.

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign your name here  
Eunice Kramer  
Print your name here  
EUNICE KRAMER  
Print your title here  
TREASURER  
Date  
04 / 05 / 20XX  
Best daytime phone  
314 667-8215

Paid Preparer Use Only

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

Check if you’re self-employed . . .

EXHIBIT 7-M(3)
**EXHIBIT 7-N**

**FIRST LUTHERAN CHURCH**  
2743 CONCORDIA DRIVE  
ST. LOUIS, MO 63122

**789 MAIN STREET**  
ST. LOUIS, MO 63122

<table>
<thead>
<tr>
<th>Previously reported</th>
<th>Correct information</th>
<th>Previously reported</th>
<th>Correct information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, tips, other compensation 9650.00</td>
<td>1 Wages, tips, other compensation 9850.00</td>
<td>Federal income tax withheld 720.00</td>
<td>Federal income tax withheld 745.00</td>
</tr>
<tr>
<td>Social security wages 9650.00</td>
<td>3 Social security wages 9850.00</td>
<td>Social security tax withheld 598.30</td>
<td>Social security tax withheld 610.70</td>
</tr>
<tr>
<td>Medicare wages and tips 9650.00</td>
<td>5 Medicare wages and tips 9850.00</td>
<td>Medicare tax withheld 139.93</td>
<td>Medicare tax withheld 142.83</td>
</tr>
<tr>
<td>Social security tips 9650.00</td>
<td>7 Social security tips 9850.00</td>
<td>Allocated tips 139.93</td>
<td>Allocated tips 142.83</td>
</tr>
</tbody>
</table>

**State Correction Information**

<table>
<thead>
<tr>
<th>Previously reported</th>
<th>Correct information</th>
<th>Previously reported</th>
<th>Correct information</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Employer’s state ID number</td>
<td>15 State Employer’s state ID number</td>
<td>15 State Employer’s state ID number</td>
<td>15 State Employer’s state ID number</td>
</tr>
<tr>
<td>State wages, tips, etc. 9650.00</td>
<td>16 State wages, tips, etc. 9850.00</td>
<td>State wages, tips, etc. 9850.00</td>
<td>State wages, tips, etc. 9850.00</td>
</tr>
<tr>
<td>State income tax 252.00</td>
<td>17 State income tax 262.00</td>
<td>State income tax 262.00</td>
<td>State income tax 262.00</td>
</tr>
</tbody>
</table>

**Locality Correction Information**

<table>
<thead>
<tr>
<th>Previously reported</th>
<th>Correct information</th>
<th>Previously reported</th>
<th>Correct information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local wages, tips, etc. 19 Local income tax 19</td>
<td>20 Locality name 20</td>
<td>Local wages, tips, etc. 18</td>
<td>Local income tax 19</td>
</tr>
</tbody>
</table>

**Note.** Only complete money fields that are being corrected (exception: for corrections involving MGGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6).
**EXHIBIT 7-O**

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

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

**E-Filing**
The SSA strongly suggests employers report Form W-3c and Forms W-2c Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website:
- **W-2c Online.** Use fill-in forms to create, save, print, and submit up to 25 Forms W-2c at a time to the SSA.
- **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA’s Specifications for Filing Forms W-2c Electronically (EPSW2C).

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

**Transmittal of Corrected Wage and Tax Statements**

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

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

- **Social Security Administration**
  - Data Operations Center
  - P.O. Box 3333
  - Wilkes-Barre, PA 18777-3333

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

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

**Cat. No. 10164R**

---

**FIRST LUTHERAN CHURCH**

2743 CONCORDIA DRIVE

ST LOUIS MO 63122

<table>
<thead>
<tr>
<th>Number of Forms W-2c</th>
<th>Employer's Federal EIN</th>
<th>Establishment number</th>
<th>Employer's state ID number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>43-8912055</td>
<td></td>
<td>800-0484-6</td>
</tr>
</tbody>
</table>

Complete boxes h, i, or j only if incorrect on last form filed.

<table>
<thead>
<tr>
<th>Total of amounts previously reported as shown on enclosed Forms W-2c.</th>
<th>Total of corrected amounts as shown on enclosed Forms W-2c.</th>
<th>Total of amounts previously reported as shown on enclosed Forms W-2c.</th>
<th>Total of corrected amounts as shown on enclosed Forms W-2c.</th>
</tr>
</thead>
<tbody>
<tr>
<td>9650.00</td>
<td>9850.00</td>
<td>9650.00</td>
<td>9850.00</td>
</tr>
<tr>
<td>Social security wages</td>
<td>Medicare wages and tips</td>
<td>Social security tips</td>
<td>Medicare wages and tips</td>
</tr>
<tr>
<td>9650.00</td>
<td>9850.00</td>
<td>9650.00</td>
<td>9850.00</td>
</tr>
</tbody>
</table>

**EUNICE KRAMER**

Treasurer

314  667-8215

314  667-8217

EUNICE KRAMER@ABC.NET

**EXHIBIT 7-O**

Changes in tax law may affect accuracy of text. Copyrighted. All rights reserved.
7.400: Other Information Returns

7.464: Backup Withholding
If the congregation pays an individual or business entity for services rendered and that person is not an employee, then the congregation must determine whether to withhold taxes. In general, it must withhold 24 percent of all taxable payments made to a non-employee (except corporations, exempt organizations, or payees who have established foreign status) who does not provide a TIN for income tax reporting purposes.

Report backup withholding on Form 945, Annual Return of Withheld Federal Income Tax. For more information, including the deposit requirements for Form 945, see its instructions or IRS Publication 15 (Circular E), Employer’s Tax Guide.

7.465: Payments for Services of At Least $600 (Form 1099-NEC and Form W-9)
If the congregation (the service recipient) pays remuneration to any person (includes honoraria) or unincorporated organization for services performed by that person of at least $600 and that person is not an employee of the congregation, then the congregation must file a return reporting the aggregate amount of such payments, the name and address of the recipient of the payments and the social security number. The exemption from reporting payments to corporations does not apply to payments for legal services. Payments totaling $600 or more made to an attorney, a law firm or other provider of legal services must also be reported to the IRS. (See 7.467.)

The return to file is Form 1099-NEC (Exhibit 7-P). This form must be given to the recipient by January 31 of the following year. The congregation must report the social security number or Employer Identification Number of the individual or organization on the form.

For practical purposes, require the person to complete and return a Form W-9 before paying him or her. The form is useful for collecting in advance the personal and tax information needed later to complete the Form 1099-NEC. The Internal Revenue Service does not require the reporting of disbursements made payable to corporations on Form 1099-NEC. However, if the incorporated payee’s name does not indicate its type of legal entity (i.e., a designation of Inc. or Corp.), consider requesting the corporation to complete an IRS Form W-9 (Exhibit 7-Q). This form will support why a Form 1099 was not reported by the congregation.

To avoid certain reporting penalties, Form 1099s must contain the telephone number of a person to contact concerning the information reported on the return.

---

**EXHIBIT 7-P**

**FORM 1099-NEC**

First Lutheran Church paid Conrad Wilson $3,800 to repair the roof at the church. Mr. Wilson is a sole proprietor, not an incorporated business. As the compensation to him for services and supplies exceeded $600, the church must provide Mr. Wilson with a Form 1099-NEC.
Payments to Volunteers for Travel Expenses

There are three methods that a congregation can use to reimburse a volunteer (including director and officer) for his or her travel expenses without including the amount in his or her income. The two most commonly used methods are either payments based on the charitable standard mileage rate of 14 cents per mile, or payments for the volunteer’s actual travel expenses (documented). However, the standard business mileage rate may be the basis for payments if a volunteer employee follows the same accountable plan rules otherwise required of paid employees (Treasury Regulation 1.132-5[f][1]). Refer to Chapter 6 for the details of such plans. Amounts reimbursed in excess of these limits must be reported on IRS Form 1099-NEC if their sum total paid during the year is $600 or more.

Payments to Attorneys

Payments of $600 or more made to lawyers must be reported on Form 1099-NEC. To facilitate the completion of this information return, the lawyer must promptly provide the filer with their TIN. Failing to do so, the payor must consider backup withholding on the reportable income. Payments to law firms are considered payments to lawyers, and therefore are not exempt from this reporting requirement.

<table>
<thead>
<tr>
<th>W-9 Form</th>
<th>Request for Taxpayer Identification Number and Certification</th>
<th>Give Form to the requester. Do not send to the IRS.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.</td>
<td>CONRAD WILSON</td>
<td></td>
</tr>
<tr>
<td><strong>2</strong> Business name/disregarded entity name, if different from above</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3</strong> Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual sole proprietor or single-member LLC</td>
<td>C Corporation</td>
<td>S Corporation</td>
</tr>
<tr>
<td>Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note: Check the appropriate box in the line above for the tax classification of the single-member LLC. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (see instructions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4</strong> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exempt payee code [if any]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exemption from FATCA reporting code [if any]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Applies to accounts maintained outside the U.S.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5</strong> Address (number, street, and apt. or suite no.) See instructions.</td>
<td>123 HIGHLAND</td>
<td></td>
</tr>
<tr>
<td><strong>6</strong> City, state, and ZIP code</td>
<td>ST LOUIS MO 63122</td>
<td></td>
</tr>
<tr>
<td><strong>7</strong> List account number(s) here (optional)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Part I Taxpayer Identification Number (TIN)

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

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

**Social security number**

| 530 - 76 - 4000 |

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); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

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

**Signature of U.S. person**

CONRAD WILSON

**Date**

6-30-xx

EXHIBIT 7-Q

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### 7.470: Aid and Education Grants/Scholarship

Student Aid Grants — Any amount given as a qualified scholarship to someone who is a candidate for a degree at a qualified educational institution should not be considered part of the recipient's gross income, and a Form 1099 should not be issued as long as the amount is for qualified tuition and related expenses such as fees, books, supplies and equipment required for instruction. Recipients of grants and scholarships should seek professional tax advice regarding their own tax and reporting requirements.

### 7.475: Form 1096, Annual Summary and Transmittal of U.S. information Returns

By January 31, the congregation must complete Form 1096, “Annual Summary and Transmittal of U.S. Information Returns,” (Exhibit 7-R) and submit it and Copy A of all Form 1099-NECs to the Internal Revenue Service Center noted on Form 1096.

---

**EXHIBIT 7-R**

---

<table>
<thead>
<tr>
<th>Form 1096</th>
<th>Annual Summary and Transmittal of U.S. Information Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FILER’S name</strong></td>
<td><strong>ST LOUIS MO 63122</strong></td>
</tr>
<tr>
<td><strong>Name of person to contact</strong></td>
<td><strong>EUNICE KRAMER</strong></td>
</tr>
<tr>
<td><strong>Telephone number</strong></td>
<td><strong>314 667-8215</strong></td>
</tr>
<tr>
<td><strong>Email address</strong></td>
<td><strong>314 667-8217</strong></td>
</tr>
<tr>
<td><strong>1 Employer identification number</strong></td>
<td><strong>43-8912055</strong></td>
</tr>
<tr>
<td><strong>2 Social security number</strong></td>
<td><strong>X</strong></td>
</tr>
<tr>
<td><strong>3 Total number of forms</strong></td>
<td><strong>1</strong></td>
</tr>
<tr>
<td><strong>W-2G</strong></td>
<td><strong>1097-DTC</strong></td>
</tr>
<tr>
<td><strong>1098</strong></td>
<td><strong>1098-C</strong></td>
</tr>
<tr>
<td><strong>1098-E</strong></td>
<td><strong>1098-Q</strong></td>
</tr>
<tr>
<td><strong>1098-QA</strong></td>
<td><strong>1099-A</strong></td>
</tr>
<tr>
<td><strong>1099-B</strong></td>
<td><strong>1099-B</strong></td>
</tr>
<tr>
<td><strong>1099-C</strong></td>
<td><strong>1099-CAP</strong></td>
</tr>
<tr>
<td><strong>1099-D</strong></td>
<td><strong>1099-DIV</strong></td>
</tr>
<tr>
<td><strong>1099-G</strong></td>
<td><strong>1099-INT</strong></td>
</tr>
<tr>
<td><strong>1099-L5</strong></td>
<td><strong>1099-L5</strong></td>
</tr>
<tr>
<td><strong>1099-LTC</strong></td>
<td><strong>1099-MISC</strong></td>
</tr>
<tr>
<td><strong>1099-NEC</strong></td>
<td><strong>1099-NEC</strong></td>
</tr>
<tr>
<td><strong>1099-Q</strong></td>
<td><strong>1099-Q</strong></td>
</tr>
<tr>
<td><strong>1099-QA</strong></td>
<td><strong>1099-QA</strong></td>
</tr>
<tr>
<td><strong>1099-SA</strong></td>
<td><strong>1099-SA</strong></td>
</tr>
<tr>
<td><strong>1099-SD</strong></td>
<td><strong>1099-SD</strong></td>
</tr>
<tr>
<td><strong>5 Total amount reported with this Form 1096</strong></td>
<td><strong>$3800.00</strong></td>
</tr>
</tbody>
</table>

Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.

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

**Signature**

**Title**

**Date** 1-31-xx
7.600: Employer-Provided Automobile

The following sections describe the IRS-approved methods in reporting the value of the personal use of an automobile. An employer is generally free to use any of these methods for any vehicle, provided all the requirements are met for the particular method. Once the method is chosen for a specific automobile and person, this method must be consistently followed. Another resource for information about this matter is IRS Publication 15-B, Employers Tax Guide to Fringe Benefits. It should also be emphasized that the use of most of these methods require a certain amount of record keeping.

7.601 Annual Lease Valuation (ALV)

This method is the least restrictive of all methods and is an option that is available whenever any of the other methods are either not available or simply costlier to the employee. This method may NOT be used unless it was chosen when the car was first made available to the particular employee for personal use. Once this method is adopted, it must be used for all subsequent periods; except when the Commuting Valuation method is used or on the first day the auto no longer qualifies for the vehicle cents per mile rule described later. (See 7-602 and 7.605.)

The Annual Lease Value Table (7.606) is used to determine a value that is used for each year of the first four years the vehicle is used. Thereafter, the automobile may be revalued every four years, as well as whenever it will be used for a different employee. It is important that due consideration be given in determining the proper Fair Market Value (FMV) of the automobile when applying this table. The FMV of an automobile is the amount a person would pay a third party in the area in which the vehicle is purchased or leased. The employer's actual cost for either purchasing or leasing the automobile does not determine its FMV. The ALV method assumes maintenance and insurance are included in the ALV. The Annual Lease Value MAY NOT be reduced for any such services not provided by the employer. The ALV method DOES NOT include the value of employer-provided fuel. If provided, it must be included in addition to the ALV either in an amount equal to the FMV of the fuel, or at a rate of 5.5 cents per mile. A car's fair market value does not include the FMV of any telephone, fax, or specialized equipment added to or carried in the car if the presence of that equipment is required by and attributable to the business needs of the employer. To figure the annual lease value of an automobile to use under the ALV method, one of the following “safe harbor” values can be used.

1) When the automobile is bought in an arm's-length purchase by the employer, the fair market value is the cost, including sales tax, title fees and other purchase expenses.

2) When leased, it's
   (a) the suggested retail price less 8 percent,
   (b) the retail value as reported in a nationally recognized publication, or
   (c) the manufacturer's invoice price plus 4 percent

A copy of the ALV table is provided in paragraph 7.606. You simply find the dollar range in column (1) of the table the amount corresponding to the FMV of the automobile. The corresponding amount in column (2) is the auto's annual lease value. Finally, multiply the corresponding value by the percent of personal use. The resulting amount should be included in the employee's taxable wages.

If the fuel cost for personal use is reimbursed by or charged to the employer, the additional inclusion is the amount reimbursed or charged. Any other services provided by the employer must be added to the ALV in determining the FMV of the benefit provided.

7.602 Vehicle Cents Per Mile

To qualify for the Vehicle Cents Per Mile method, 1) the fair market value of a passenger automobile when first provided to the employee (for 2020) must not exceed $50,400 for a truck or van, AND 2) it must have been regularly used throughout the year OR it must satisfy the mileage rule. The benefit provided to the employee is valued by using the standard mileage rate multiplied by the total miles driven by the employee for personal use.

In order to use this method, one of the following two criteria must be met:

Whether or not a vehicle is regularly used in an employer's trade or business is determined based on all the facts and circumstances. A vehicle is considered to be regularly used in a trade or business if it meets ONE of the following conditions:

1. At least 50 percent of the vehicle's total annual mileage is for that trade or business, OR
2. The vehicle is generally used each workday to drive at least three employees to and from work in an employer-sponsored commuting pool.

The standard mileage rate is applied only to the personal miles. Business miles are disregarded. Personal use is any use of the automobile other than use in the employee's trade or business.

An automobile satisfies the mileage rule for a calendar year if:

1. It is actually driven at least 10,000 miles in that year, AND
2. It is used during the year primarily by employees. The vehicle is considered used primarily by employees if they use it consistently for commuting. For example, if only one employee uses an automobile during the year and that employee drives the vehicle at least 10,000 miles in that calendar year, the vehicle meets the mileage rule even if all miles driven are personal. Use of the vehicle by an individual (other than the employee)
whose use would be taxed to the employee IS NOT considered used by the employee. If the employee owns or leases the vehicle only part of the year, the 10,000-mile requirement is reduced proportionately.

Maintenance and insurance are included in the standard mileage rate. No reduction is allowed, however, if an employer does not provide these services. The rate also includes the FMV of employer-provided fuel. If fuel is not provided by the employer, the rate MAY BE REDUCED by up to 5.5 cents.

### 7.603
**Prorated Annual Lease Value**
When the amount of time the vehicle is available is **at least** 30 days but less than a year, then the value to use is a pro-rated ALV. This is calculated by multiplying the applicable ALV by a fraction, the numerator of which is the number of days of availability and the denominator is 365.

### 7.604
**Daily Lease Valuation**
This method is available only for those instances in which the use is less than 30 days. This method is calculated by multiplying the applicable ALV by a fraction, the numerator of which is four times the number of days of availability and the denominator is 365. An election may also be made to treat the period of availability as if it had been 30 days (and not multiply it by four), if doing so would result in a lower valuation than the Daily Lease Value.

### 7.605
**Commuting Valuation Method**
This is a special valuation rule whereby only the value of the commuting is treated as income to the employee. This method is only available when **ALL** of the following criteria are met:

1. The vehicle is owned or leased by the employer and is provided to one or more employees for use in connection with the employer's business and is used as such.
2. The employer requires the employee to commute to and/or from work in this vehicle for bona fide noncompensatory business reasons.
3. The employer establishes a written policy stating that such vehicles cannot be used for personal use either by the employee or any other individual whose use would be taxable to the employee.
4. Except for de minimis personal use, the employee does not use the vehicle for any other personal use than commuting.
5. The employer may not provide such vehicle to an employee in 2020 earning $125,000 or more annually in 2019. (See IRS Pub. 15-B.)

Under this method, the value assigned to commuting is $1.50 per one-way trip. Thus, the amount includable for a round-trip would be $3.00 per employee. This applies to each employee using the vehicle when it is used for carrying more than one employee.

### 7.606
**Annual Lease Value Table**

<table>
<thead>
<tr>
<th>Fair Market Value</th>
<th>Annual Lease Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 999</td>
<td>600</td>
</tr>
<tr>
<td>1,000 to 1,999</td>
<td>850</td>
</tr>
<tr>
<td>2,000 to 2,999</td>
<td>1,100</td>
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<tr>
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For vehicles having a fair market value in excess of $59,999, the Annual Lease Value is equal to: (.25 x the fair market value of the automobile) + $500.