

# CHURCH PAYROLL TAXES

Does your church have non-ministerial employees? If so, unless your church has filed a timely Form 8274 to exempt itself from paying the employer's share of Social Security and Medicare Taxes, it must withhold Federal, Social Security and Medicare taxes and send them to the appropriate governmental office.

Open Bible Churches does not encourage exemption from paying

the employer's share of Social Security and Medicare Taxes. However, in 1984 churches that had at least one non-ministerial employee were allowed to exempt themselves from the employer's share of Social Security and Medicare by filing Form 8274 by October of that year.

Churches that had no non-ministerial employees in 1984 or came into existence after 1984 have a one-time opportunity to apply for an exemption from payroll taxes. To utilize this window, a

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church must file Form 8274 one day before the deadline for filing the first quarterly 941 due after its first non-ministerial employee is hired.

Churches often feel they are automatically exempt from withholding for non-ministerial employees and fail to file 941 forms and submit payments as required. In such cases, both the church bookkeeper and the pastor can be liable to pay the government for all back 941 taxes, as well as penalties and interest due.

All federal taxes and social security taxes withheld should be deposited in a qualified financial institution by the 15th day of the month following the withholding. In addition, churches must file quarterly 941 forms by April 30, July 31, October 31 and January 31 of the following year. Don't let this important obligation be overlooked.

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