

2024 MINISTRY TAX & RESOURCE UPDATE

Charissa Cotten, CPA
Miller CPA



Stewardship

"God Can Do It: We Can Help"

The background is a solid green color with various light green geometric shapes scattered across it, including squares, circles, and crosses. Some shapes are solid, while others are hollow.

Let's talk finances!

×

*And my God will meet all your needs according to
His glorious riches in Christ Jesus.*

Philippians 4:19

Church Financial Status 2023-2024

“

As reported in the blog of Breeze Chms Giving, we have had a period of high inflation resulting in the following:

- × Higher costs for ministry
- × Declines in giving
- × Poorer Staff
- × Need for more benevolence for church and community

But God.

But God.

“

We follow Jesus so if we look at this situation from a biblical perspective... we find that:



**And we know that
all things work
together for good to
those who love God,
to those who are
the called
according to His
purpose.
Romans 8:28**

- Your congregation is probably more open to thinking about money from a biblical perspective than usual. **Consider the opportunity you have to teach your congregation from the Bible on wise financial practices.**
- People in your community need help in this season. Your church has opportunities to share financial resources and by extension, the love of Christ and perhaps the Gospel as well. **This season is ripe with opportunities to serve families in your community.**
- In addition, if your church is in a decent financial position, **you have opportunities to serve churches in your area that are struggling.** This challenging financial season could provide opportunities for churches that don't normally collaborate to build deeper friendships as churches serve other churches.
- Lastly, **inflation provides us an opportunity as church leaders to deepen our faith and trust in God.** The Church is often at its best when we are uncomfortable, uncertain, and forced to trust in God.



Your Online Account

English | [Español](#) | [中文\(简体\)](#) | [中文\(繁體\)](#) | [한국](#)

Individuals

Who Should File

How to File

When to File

Access your individual account information including balance, payments, tax records and more.

[Sign in to your Online Account](#)

If you don't have an existing IRS username or ID.me account, have your photo identification ready. More information about identity verification is available on the sign-in page.

- View Your Balance
- Make and View Payments
- View or Create Payment Plans
- Manage Communication Preferences
- Access Tax Records
- View Tax Pro Authorizations
- **Approve/Sign POAs and Tax Authorizations from CPA's or Enrolled Agents**

IRS Online Account:

<https://www.irs.gov/payments/your-online-account>

ONE LOVE

One Heart Outreach Easter Outreach
March 25th-31st 2024

Create with avatar

Edit cover photo



One Love- One Heart Outreach

903 likes • 930 followers



Advertise

Manage

Edit

Join us to serve the community at Easter!

Changes for 2023-2024

- ✗ There was a bigger than usual adjustment (7%) to federal income tax brackets, expanding the amount of taxable income in each tier.
- ✗ As per norm, the standard deduction increased.
- ✗ Form 1099-K reporting changes are delayed.
- ✗ Energy tax credits increased
- ✗ Beneficial Ownership Reporting

Tax Tables (tiered, based on taxable income)

2023 Tax Brackets

Tax Rate	Single	Married filing jointly	Married filing separately	Head of household
10%	\$11,000 or less	\$22,000 or less	\$11,000 or less	\$15,700 or less
12%	\$11,001 to \$44,725	\$22,001 to \$89,450	\$11,001 to \$44,725	\$15,701 to \$59,850
22%	\$44,726 to 95,375	\$89,451 to \$190,750	\$44,726 to \$95,375	\$59,851 to \$95,350
24%	\$95,376 to \$182,100	\$190,751 to \$364,200	\$95,376 to \$182,100	\$95,351 to \$182,100
32%	\$182,101 to \$231,250	\$364,201 to \$462,500	\$182,101 to \$231,250	\$182,101 to \$231,250
35%	\$231,251 to \$578,125	\$462,501 to \$693,750	\$231,251 to \$346,875	\$231,251 to \$578,100
37%	Over \$578,125	Over \$693,750	Over \$346,875	Over \$578,100

Standard Deductions

Standard Deductions

Filing Status	2022	2023
Single	\$12,950	\$13,850
Married Filing Jointly	\$25,900	\$27,700
Head of Household	\$19,400	\$20,800

Standard Mileage Rates

Mileage Rate Changes



Purpose

Rates 1/1/23 through 12/31/23

Business

65.5

Medical/Moving

22

Charitable

14

25C Residential Energy Efficiency Tax Credit

For qualified electrification upgrades

Total Annual Credit	\$3,200
Heat Pumps and HPWHs	\$2,000
Other Upgrades	\$1,200
Annual Credit for Heat Pumps & HPWHs	\$1,200
Heat Pump	\$2,000
HPWH	\$2,000
Annual Credit for Other Upgrades	\$1,200
Insulation	\$1,200
Doors	\$500
Windows	\$600
Electrical Panel	\$600
Energy Audit	\$150

Common Tax Issues

- ✗ Young adults filing their own returns but parents plan to claim - filing issues
- ✗ For parents to claim they must be in school or make less than \$4700
- ✗ Be sure to get tax forms sent in online accounts and email- interest, dividends, stock sales, mortgage interest, property taxes, health insurance marketplace forms, education expenses, childcare expenses, HSA distributions, and cryptocurrency.
- ✗ Extensions are for filing later, NOT paying later.

Common Ministry Tax & Accounting Issues

- × W-2s: Bonuses are added to wages- not in information.
- × Churches don't withhold social security/medicare from ministers pay BUT ministers can elect to withhold income tax.
- × Housing should be designated but can change during the year for the rest of the year, but change cannot be backdated.
- × Parsonage FRV and utility allowance are not subject to income tax but are included as housing and subject to self-employment tax, just as housing allowances for non-parsonages are treated.
- × Insurance compensation is taxable as wages unless in group plan.
- × Reviews/Audits
- × Internal Control
- × Designated Funds
- × Qualified Charitable Distribution

Minister's Housing Taxation

Ministers must keep records to substantiate amounts included for housing expenses. Eligible housing allowance expenses include: mortgage payments (principal and interest), rent payments, real estate taxes, property insurance, utilities, appliances and furniture, remodeling expenses, repairs, homeowners' dues, pest control, etc.

Ministers that live in a church parsonage are allowed to designate part of their regular salary as tax-free housing allowance, which can be used for utilities, furniture, home repairs, and other home items that are not reimbursed by the church.

Minister's Housing Taxation

The housing allowance may not exceed the lesser of 100% of compensation or actual housing expenses. Housing designations that are more than the actual expenses should be added back to taxable wages and included on line 1 of your 1040 at tax time.

The downside to receiving a tax-free housing/parsonage allowance is that the tax code denies a tax deduction for a matching portion of ministry expenses. But this rule does not limit your deductions for home mortgage interest or real estate taxes on your home.

Where to Report Ministry Income

1040 Line 1, Wages:

Salary Income from
Box 1 of W-2

(subject to SE Tax)

Schedule C:

Income from offerings
and services

Expenses (pro-rated)
related to this income

(subject to SE Tax)

Self-Employment Tax:

Sch C net income

Wages + Housing

Less: adjustments for
unreimbursed ministry
expenses prorated
between W-2 and
housing allowances

Housing and Retirement Income

One of the greatest benefits of a [403\(b\)\(9\) Church Retirement Plan](#) is that ministers can take non-taxable ministerial housing allowance distributions in retirement from their plan to help with housing expenses—a big tax break because it does not count towards their gross income. An example:

A minister wants to take \$50,000 a year in retirement distributions. Their housing allowance is set at \$10,000 a year. Normally, if they do not have a housing allowance setup, their gross income would be \$50,000.

However, because of their housing allowance, their gross income is reduced by \$10,000 (the housing allowance), leaving them with a taxable income of \$40,000. Saving them a significant amount in income taxes. (Credit: Envoy)

Housing and Retirement Income

Can You Take a Housing Allowance Distribution if You've Rolled Over to an IRA or 401(k)?

In short, no. This is why it is important for pastors to keep their money in a 403(b)(9) and not roll over into an IRA or 401(k). Retired pastors may want to consolidate various investments into a single account. But if you roll over your 403(b) account into an IRA or 401(k), you will no longer be able to claim housing allowance on those funds. It's important for retired pastors to keep their funds in a 403(b) account so that they can take tax-free distributions. The housing allowance benefit usually helps their retirement funds last up to 25% longer!

Health Insurance

- Churches can pay through company such as Guidestone and count as a tax-free benefit.
- Can be paid by minister through company such as Guidestone or Healthcare.gov Marketplace and deducted as a self-employed health insurance.
- Churches can set up a QSEHRA. This permits small businesses (<50 employees) that don't sponsor health coverage reimburse employees tax free for medical expenses, as long as the employees are enrolled in MEC under ACA. Maximum amounts reimbursed for 2024 are \$6,150 for single and \$12,450 for family coverage. Excess amounts are deducted as self-employed health insurance.

SALARY STRATEGIES

Reduce Total Income

- × Accountable Plan
- × Health HSA
- × Retirement Plan
- × Fringe Benefits
- × Parsonage Allowance

Reduce Self-Employment

- × Reduce Total Income
- × Track Unreimbursed Expenses

Resources



Ministry Stewardship

The logo for techsoup.org is displayed on a dark grey rectangular background. The word "techsoup" is written in a lowercase, sans-serif font, with "tech" in white and "soup" in orange. Below it, ".org" is written in white. The background of the slide is green with various white geometric shapes like squares, circles, and crosses scattered around.

techsoup
.org

Nonprofits, libraries, and foundations are potentially eligible for donated or discounted software, hardware, and services. QB Online available with a deep discount.

*QB Desktop will be discontinued in the near future.


Key Church Giving Statistics

- Churches in the US received 27% of all donations in 2021, down from 56% in 1980 ([GivingUSA](#))
- 44% of US adults are digital donors ([Barna](#))
- 49% of all donating to churches comes from credit cards or other electronic means ([Enterprise Apps Today](#))
- 40% tithe by means of cash ([Enterprise Apps Today](#))
- 60% are willing to give to their church digitally ([Enterprise Apps Today](#))
- Churches that accept tithing online see a 32% increase in overall donations ([Nonprofits Source](#))
- 37% of regular church attendees don't give money to church ([Nonprofits Source](#))
- Average per-person giving is higher in smaller churches than in larger ones ([ChurchSalary](#))
- Average giving by adults at US Protestant churches is about \$17 a week ([Health Research Funding](#))
- 5% of churchgoers tithe regularly ([Church Development](#))
- 50% of those who donate give about 2% of their income ([Church Development](#))
- 81% of regular church attenders give to other religious organizations ([Philanthropy Roundtable](#))
- Depending on size, churches typically spend 40-60% of their budget on payroll ([ChurchSalary](#))
- The smaller the church, the smaller percentage of income is spent of payroll ([ChurchSalary](#))

Online Giving

Start using Tithely Giving for Free.

No contracts or cancellation fees. No credit card required. No risk.

 Giving Platform

\$0/mo

2.9% + 0.30 per trx
ACH/Bank: 1% + 30c
AMEX: 3.5% + 30c

A free giving solution packed with everything your church needs.

- ✓ iOS + Android mobile giving app
- ✓ Online giving & mobile kiosks
- ✓ Check scanning + remote deposit
- ✓ Cash + check gift recording
- ✓ Event registration & management

- ✓ Recurring giving & Cover the Fees™
- ✓ Debit, Credit, ACH payment types
- ✓ QuickBooks Online integration
- ✓ Manage and stay connected to your people
- ✓ ... and much more!

breeze

\$72

per month

2.9% + 0.30 per trx
ACH/Bank: 1% + 25c
AMEX: 3.5% + 0c

One. Simple. Price.

- ✓ Unlimited People
- ✓ Unlimited Users
- ✓ All Features
- ✓ Phone & Email Support
- ✓ Mobile App
- ✓ Unlimited People
- ✓ Cancel Anytime
- ✓ No Termination Fees
- ✓ Free Data Transfer
- ✓ Free Upgrades

ACCESS ALL TITHELY APPS

Want to use all of the Tithely products? This is the plan for you. Church Management, Events, Church App, Sites, Messaging, and Online Giving (Including Text Giving which is normally \$19/mo) bundled into a value packed plan at an unbeatable price!

\$119/mo

\$149 Setup Fee

Sign Up Free >

BENEFITS OF VENMO FOR NONPROFITS



Easy to use



Affordable



Secure



Encourages donations of



Includes social proof



Facilitates relationships

Use Venmo

Increase
profit
relations



STEPS FOR SETTING UP YOUR NONPROFIT'S VENMO ACCOUNT



STEP 1



Download the Venmo app or visit the Venmo website.

STEP 2



Choose your sign-up method and create your password.

STEP 3



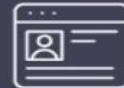
Verify your phone number and email address.

STEP 4



Add and verify your bank account.

STEP 5



Change your username and add a profile picture to reflect your organization.



www.guidestone.org

FINANCIAL SERVICES *guided by* CHRISTIAN
VALUES

Individual & Church Retirement 403(b) Plans,
Health Insurance, Property & Casualty Insurance

Protection Benefits

GuideStone works with the Florida Baptist Convention to provide pastors two protection benefits at no additional cost if a \$50 monthly contribution is made to your 403(b) account.

** Eligible participants earn 1/12 of the value of these benefits for each consecutive month of participation in the Church Retirement Plan for each of the 12 months immediately preceding your death or disability.*

Disability Income Benefit

This benefit provides an income of up to \$500* per month if you become disabled, plus \$35 is contributed to your retirement account each month of your disability.

Survivor Protection Benefit

This benefit is paid to your beneficiary if you die while making contributions to your account. The benefit amount depends upon a participant's age at death, but can be as much as \$100,000*. It is paid in addition to all the money in your retirement account.

Your age at death	Maximum benefit payable
35 and under	\$100,000
36-45	\$75,000
46-55	\$50,000
56-65	\$25,000
66-70	\$16,000
71 and over	\$10,000

Giving Strategies & Resources

We take biblical principles, best giving practices, and your ministry's DNA and collaborate with you to weave them together into a strategy that will help you fund your God-inspired vision.

<https://generis.com/church/>



Generis

Church Law & Tax

ChurchLaw&Tax

- Finance
- Taxes
- Legal

Financial Misconduct
Compensation
Editing Bylaws
Meeting Minutes/Rules
Service Animals
Church Mergers
Constitutional Protections
Sexual Abuse
Keeping Children Safe
Harassment
Natural Disasters
Cybercrime

<https://www.churchlawandtax.com>

Grants



Loans



CHURCH LOANS & GRANTS

Loans

- × Church Growth Investment Fund, Inc
- × Baptist Church Loan Corporation
- × SRBA/FBC

Grants

- × Revitalization
- × Church Planting
- × SRBA/FBC



Thanks!

Any questions?

You can find me at

www.facebook.com/cottencpa

charissa@millercpapa.com