



# 2025 TAX UPDATES & MINISTRY RESOURCES

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# Let's talk finances!



*But seek first the Kingdom of God and His righteousness, and all these things will be added to you.*

*Matthew 6:33*

# IRS Online Account

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

- 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
- Approve/Sign Tax Authorizations

**Sign in with an existing account**

Sign in with **ID.me**

OR

**Create a new account**

**ID.me** Create an account

# IRS Where's My Refund

<https://www.irs.gov/wheres-my-refund>

## Check your refund

Information is updated once a day, overnight.

### What you need

- Your Social Security or individual taxpayer ID number (ITIN)
- Your filing status
- The exact refund amount on your return

[Check your refund](#)

**Prefer a mobile app?** You can also check your refund with [IRS2Go](#).

**Find your tax information** in your [online account](#) or get a [copy \(transcript\) of your tax records](#).

**To check an amended return,** visit [Where's My Amended Return?](#)

# IRS Direct File

<https://directfile.irs.gov/>

## You can use Direct File with these types of income in 2024

- Income from an employer (Form W-2)
- Unemployment compensation (Form 1099-G)
- Social Security benefits (Form SSA-1099)
- Distributions from Health Savings Accounts (Form 1099-SA)
- Interest income (Form 1099-INT)
- Alaska Permanent Fund Dividend

### IRS Direct File

#### File online directly with the IRS for free.

- Available in 25 participating states
- Supports common filing, credits, deductions and income types
- Easy, guided federal tax preparation and filing
- Connects to a free state tax filing tool

[Use IRS Direct File](#)

# IRS Free File

## IRS Free File

**File with guided tax software or fillable forms for free.**

- Available in all 50 states and DC
- Supports all major tax situations
- Easy, guided federal and state tax preparation and filing
- Free state return offers available for most states

[Use IRS Free File](#)

<https://www.irs.gov/file-your-taxes-for-free>

### Guided Tax Software

For [Adjusted Gross Income \(AGI\)](#) \$84,000 or less

Let the software do the work

- You choose from IRS partner tax software companies
- Simple questions to guide you
- Accurate math calculations guaranteed
- Some free state tax preparation and filing
- [Spanish](#) tax preparation and filing available



# Tax Changes for 2024

- Standard updates to federal income tax brackets and standard deduction
- Form 1099-K reporting \$5000 or more
- Beneficial Ownership Reporting ?????

## Eye on Possibilities for 2025:

- Extensions for TCJA cuts
- Removing tax on social security, overtime, and tips

## Tax brackets for income earned in 2024

Tax Rate	Single filers	Married filing jointly
10%	Up to \$11,600	Up to \$23,200
12%	\$11,601 - \$47,150	\$23,201 - \$94,300
22%	\$47,151 - \$100,525	\$94,301 - \$201,050
24%	\$100,526 - \$191,950	\$201,051 - \$383,900
32%	\$191,951 - \$243,725	\$383,901 - \$487,450
35%	\$243,726 - \$609,350	\$487,451 - \$731,200
37%	Over \$609,350	Over \$731,200

Married filing separately pay at same rate as singles.



## Standard deduction 2024

The standard deduction for 2024 (tax returns filed in 2025) is \$14,600 for single filers and married people filing separately, \$21,900 for heads of household, and \$29,200 for joint filers and surviving spouses.

Filing status	2024 standard deduction
Single; Married filing separately	\$14,600.
Married filing jointly; Surviving spouse	\$29,200.
Head of household	\$21,900.

Source: [\*Internal Revenue Service\*](#)

# Standard Mileage Rates

## IRS Mileage Rate 2024

**67 cents per mile** — for business purposes

**21 cents per mile** — for medical purposes

**14 cents per mile** — for charitable purposes



# 25C Residential Energy Efficiency Tax Credit

*For qualified electrification upgrades*

<b>Total Annual Credit</b>	<b>\$3,200</b>
Heat Pumps and HPWHs	\$2,000
Other Upgrades	\$1,200
<b>Annual Credit for Heat Pumps &amp; HPWHs</b>	<b>\$1,200</b>
Heat Pump	\$2,000
HPWH	\$2,000
<b>Annual Credit for Other Upgrades</b>	<b>\$1,200</b>
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
  - Watch out for filing status- they should NOT claim themselves
  - Must be in school or make less than \$5050
- Be sure to get tax forms from online accounts
- Extensions are for filing later, NOT paying later
- Things to know before you start a business



# Common Ministry Tax & Accounting Issues

- W-2s: Bonuses are added to wages- not in information
- Churches don't withhold social security/medicare from ministers 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/utility allowance are not subject to income tax but are included as housing subject to self-employment tax, like housing allowances for non-parsonages
- Insurance compensation is taxable as wages unless in group plan
- Qualified Charitable Distribution (QCD)



# 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.

Because of the tax-free housing/parsonage allowance, the tax code denies a tax deduction for unreimbursed ministry expenses for regular income tax- there is no place to deduct those so it is a good idea for your church to have an accountable plan and reimburse your expenses if possible, even if you have to adjust your income to accommodate it (if the church cannot afford to pay more- you can save tax by reallocating your income). 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

Do not move 403b funds into a different type of retirement account.

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.

## 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.

# Resources





**techsoup**

Technology for nonprofits, charities, and libraries

[www.techsoup.org](http://www.techsoup.org)



[www.guidestone.org](http://www.guidestone.org)

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## 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.*



[www.guidestone.org](http://www.guidestone.org)

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## **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



# ChurchLaw&Tax

- 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>





# Any questions?

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