

# W-2 Form Instructions

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## UUA Office of Church Staff Finances

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## Topic: W-2 Forms

These instructions provide guidance and resources for completing W-2 forms for ministers and other congregational staff. We cover the most common situations applicable to congregations and their staff. Complete instructions can be found on the IRS webpage listed in the resources below.

## Deadline

By **January 31, 2020**, W-2 forms must be given to employees and sent to the Social Security Administration.

## IRS Resources

- IRS general instructions for filling out Form W-2: <https://www.irs.gov/pub/irs-pdf/iw2w3.pdf>.
- Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers: <http://www.irs.gov/pub/irs-pdf/p517.pdf>
- Section 4: Religious Exemptions and Special Rules for Ministers in Pub. 15-A: <http://www.irs.gov/pub/irs-pdf/p15a.pdf>
- IRS webpage: <http://www.irs.gov/instructions/iw2w3/ch01.html> under Clergy and Religious Workers.
- The IRS operates a centralized call site to answer questions about reporting information on the form: 1-866-455-7438.

## Reminders:

- **Moving expenses** paid by the employer, whether directly paid to a vendor or reimbursed to an employee, are taxable (as of 2018).
- **Professional Expenses** are not reportable income as long as they are provided according to an accountable plan. See <https://www.uua.org/leadership/library/money-matters/professional-expense>.

## Box-by-box Assistance

The chart below shows how to complete the W-2 for ministers and for other employees. This information is applicable to the 2019 Tax Year. The Office of Church Staff Finances updates this form before the end of each tax year.

## Form W-2 Instructions

Box Number	Box Description	Ministers (Those treated as ministers for IRS tax purposes)	All Other Congregational Employees
Box 1	Wages, Tips, other compensation	<p>Here you should place all earnings</p> <ul style="list-style-type: none"> <li>• minus the housing allowance</li> <li>• including in lieu of FICA payment</li> <li>• including any bonuses (e.g., signing bonus)</li> <li>• plus any payment or reimbursement of relocation expenses</li> <li>• plus the total disability premium paid by either the congregation or employee (unless the employee has paid them from post-tax dollars)</li> <li>• plus the taxable cost of Group Term Life (Use the IRS table found in Pub. 15B, not the actual premium cost – and remember that it is based only on the amount of coverage over \$50,000.)</li> <li>• plus any unsubstantiated reimbursements or reimbursements under a non-accountable plan</li> <li>• minus any income sheltered under a cafeteria plan</li> <li>• plus any dependent care benefits paid in excess of \$5000</li> <li>• minus any voluntary employee contributions to the UUA or other qualified retirement plan</li> </ul>	<p>Here you should place all earnings</p> <ul style="list-style-type: none"> <li>• including any bonuses (e.g., signing bonus)</li> <li>• plus any payment or reimbursement of relocation expenses</li> <li>• plus the total disability premium paid by either the congregation or employee (unless the employee has paid them from post-tax dollars)</li> <li>• plus the taxable cost of Group Term Life (Use the IRS table found in Pub. 15B, not the actual premium cost – and remember that it is based only on the amount of coverage over \$50,000.)</li> <li>• plus any unsubstantiated reimbursements or reimbursements under a non-accountable plan</li> <li>• minus any income sheltered under a cafeteria plan</li> <li>• plus any dependent care benefits paid in excess of \$5000</li> <li>• minus any voluntary employee contributions to a qualified retirement plan</li> </ul>
Box 2	Federal income tax withheld	Enter the amount of any Federal income tax withheld at the minister’s request.	Enter the amount of any Federal income tax withheld
Box 3	Social Security Wages	<b>Leave this blank.</b> The IRS prohibits congregations from filing social Security (FICA) taxes on behalf of ministers. Ministers are required to file their own quarterly Social Security (SECA) tax payment.	Show the total wages paid subject to employee Social Security Tax. In most cases this will be all of Box 1 earnings, PLUS elective employee deferrals to employee retirement plans (codes D, E, F, G, and S), up to the 2019 earnings cap of \$132,900. <i>(Note: this is an increase from 2018.)</i>

<b>Box 4</b>	Social Security tax withheld	Leave this blank	Enter the employee paid Social Security tax – 6.2% of wages. This amount is subject to an earnings cap (\$132,900 for 2019) and should not exceed \$8,239.80. <i>(Note: this is an increase from 2018.)</i>
<b>Box 5</b>	Medicare wages and tips	Leave this blank	Total wages paid. In most cases, this will be all of Box 1 earnings, PLUS elective employee deferrals to employee retirement plans (codes D, E, F, G, and S).
<b>Box 6</b>	Medicare tax withheld	Leave this blank	Enter the total employee-paid Medicare tax withheld – this tax is not subject to a wage base cap: 1.45% of wages. (A higher rate applies to amounts over \$200,000.)
<b>Box 7</b>	Social Security tips	Leave this blank	Assuming your employees do not receive tips, leave this blank
<b>Box 8</b>	Allocated Tips	Leave this blank	Assuming your employees do not receive allocated tips, leave this blank
<b>Box 9</b>		Leave this blank	Leave this blank
<b>Box 10</b>	Dependent Care Benefits	Show total dependent care benefits paid or provided by you (section 129 or 125 plans), including benefits paid from the pre-tax contributions made by the employee under a section 125 dependent care FSA and those in excess of the \$5,000 exclusion.	Report all amounts paid or incurred by you for the employee under a Sect. 129 or 125 Plan - including benefits paid from the pre-tax contributions made by the employee under a section 125 dependent care FSA and those in excess of the \$5,000 exclusion.
<b>Box 11</b>	Nonqualified Plans	Report distributions and all other taxable amounts to an employee from a nonqualified plan. This is likely to be blank for our congregations.	Report distributions and all other taxable amounts to an employee from a nonqualified plan. This is likely to be blank for our congregations.

<b>Box 12</b>	a, b, c, and d	<ul style="list-style-type: none"> <li>• Enter any retirement plan contributions made by the employee (but not employer contributions). Under the UUA Retirement Plan, voluntary contributions should be designated with Code D.</li> <li>• Enter the taxable cost of Group Term Life (use the IRS table found in Pub. 15B), not the actual premium cost – and remember that it is based only on the amount of coverage over \$50,000.) Use code C.</li> <li>• If unsubstantiated reimbursements are included in Box 1 enter total substantiated amounts paid to the employee using code L.</li> </ul> <p>A complete list of Box 12 codes can be found at <a href="https://www.irs.gov/pub/irs-pdf/iw2w3.pdf">https://www.irs.gov/pub/irs-pdf/iw2w3.pdf</a>, pp 18-20.</p>	<ul style="list-style-type: none"> <li>• Enter any retirement plan contributions made by the employee (but not employer contributions). Under the UUA Retirement Plan, voluntary contributions should be designated with Code D.</li> <li>• Enter the taxable cost of Group Term Life (use the IRS table found in Pub. 15B), not the actual premium cost – and remember that it is based only on the amount of coverage over \$50,000.) Use code C.</li> <li>• If unsubstantiated reimbursements are included in Box 1 enter total substantiated amounts paid to the employee using code L.</li> </ul> <p>A complete list of Box 12 codes can be found at <a href="https://www.irs.gov/pub/irs-pdf/iw2w3.pdf">https://www.irs.gov/pub/irs-pdf/iw2w3.pdf</a>, pp 18-20.</p>
<b>Box 13</b>		<p>Check the “Retirement Plan” box in Box 13 if the employee was an “active participant” (i.e., employer and/or employee contributions made) during any part of the year in the UUA Retirement Plan or in another qualified retirement plan sponsored by you. Check IRS instructions if employee participated in another type of qualified plan.</p>	<p>Check the “Retirement Plan” box in Box 13 if the employee was an “active participant” (i.e., employer and/or employee contributions made) during any part of the year in the UUA Retirement Plan or in another qualified retirement plan sponsored by you. Check IRS instructions if employee participated in another type of qualified plan.</p>

<b>Box 14</b>	Other	<p>This is an “FYI” box; it is not tracked by the IRS. You can use it to note anything that might be helpful to employer or employee. For instance, you <b>may</b> enter the following (not required). Enter the amount <i>and a clear description</i> for each item.</p> <ul style="list-style-type: none"> <li>• the housing allowance amount</li> <li>• non-elective employer contributions made on behalf of an employee</li> <li>• voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay,</li> <li>• required employee contributions, and</li> <li>• employer matching contributions</li> <li>• employee health insurance premiums deducted</li> <li>• the amount of employer-paid moving expenses included in Box 1.</li> </ul>	<p>This is an “FYI” box; it is not tracked by the IRS. You can use it to note anything that might be helpful to employer or employee. For instance, you <b>may</b> enter the following (not required). Enter the amount <i>and a clear description</i> for each item.</p> <ul style="list-style-type: none"> <li>• non-elective employer contributions made on behalf of an employee</li> <li>• voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay,</li> <li>• required employee contributions, and</li> <li>• employer matching contributions</li> <li>• employee health insurance premiums deducted</li> <li>• the amount of employer-paid moving expenses included in Box 1.</li> </ul>
<b>Box 15</b>	your State’s tax ID number	Enter the two-letter abbreviation for the name of the state plus the ID number	Enter the two-letter abbreviation for the name of the state plus the ID number
<b>Box 16</b>	State Wages, tips, etc.	Usually same as federal Box 1. But, check your state tax requirements – some states (Pennsylvania, for example) tax the housing allowance	Same as federal wages, Box 1
<b>Box 17</b>	State Income Tax	Enter the amount of any State Income Tax withheld at the Ministers’ request	enter state income tax withheld
<b>Box 18</b>	Local wages, tips, etc.	Check your local requirements	Check your local requirements
<b>Box 19</b>	Local Income Tax	Enter the amount of any Local Income Tax withheld at the Ministers’ request	Enter local tax withheld
<b>Box 20</b> (locality)	Locality	Enter the code for your locality – if local taxes are required	Enter the code for your locality – if local taxes are required

The staff of the UUA Office of Church Staff Finances are not certified tax professionals.

While we understand the above information to be correct, we encourage congregations to seek the services of their own tax experts in dealing with individual circumstances or unusual cases.