

FAQ Series: W-2 Forms

December 2018



UUA Office of Church Staff Finances

24 Farnsworth Street, Boston, MA 02210

Jan Gartner, Compensation and Staffing Practices Manager

JGartner@uua.org or (617) 948-6424

Topic: W-2 Forms

Question: Can you provide guidance and resources for completing W-2 forms for both ministers and other congregational staff?

Deadline

By January 31, 2019, W-2 forms must be given to employees and sent to the Social Security Administration.

IRS Resources

- See 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.

Special Note: Moving Expenses

The Tax Cuts and Jobs Act changed the rules for employer payment/reimbursement of Moving Expenses. If a move occurred in 2017, payment or reimbursement of valid expenses are tax-free to the employee (as in prior years), even if the payment was made by the employer in 2018. However, for moves that took place in 2018, direct payments or reimbursements of employee moving expenses are now treated as taxable income. The amount should be included in Box 1.

Remember: Professional Expenses which are provided according to an accountable plan are not reportable income.

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 2018 Tax Year. The Office of Church Staff Finances will update this form before the end of each tax year.

Box Number	Box Description	Ministers	All Other Congregational Employees
Box 1	Wages, Tips, other compensation	<p>Here you should place all earnings</p> <ul style="list-style-type: none"> • minus the housing allowance • including in lieu of FICA payment • plus the total disability premium paid by either the congregation or employee (unless the employee has paid them from post-tax dollars) • 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.) • plus any unsubstantiated reimbursements or reimbursements under a non-accountable plan • minus any income sheltered under a cafeteria plan • plus any dependent care benefits paid in excess of \$5000 • minus any voluntary employee contributions to the UUA or other qualified retirement plan <p>The Tax Cuts and Jobs Act of 2017 changed the rules for moving expenses. Please note:</p> <ul style="list-style-type: none"> • For moves that took place in calendar year 2017, payment or reimbursement of valid relocation expenses is still tax-free and does not appear in Box 1. • For moves that took place in calendar year 2018, payment or reimbursement of relocation expenses is taxable wages and included in Box 1. 	<p>Here you should place all earnings</p> <ul style="list-style-type: none"> • plus the total disability premium paid by either the congregation or employee (unless the employee has paid them from post-tax dollars) • 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.) • plus any unsubstantiated reimbursements or reimbursements under a non-accountable plan • minus any income sheltered under a cafeteria plan • plus any dependent care benefits paid in excess of \$5000 • minus any voluntary employee contributions to a qualified retirement plan <p>The Tax Cuts and Jobs Act of 2017 changed the rules for moving expenses. Please note:</p> <ul style="list-style-type: none"> • For moves that took place in calendar year 2017, payment or reimbursement of valid relocation expenses is still tax-free and does not appear in Box 1. • For moves that took place in calendar year 2018, payment or reimbursement of relocation expenses is taxable wages and included in Box 1.
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	Leave this blank. The IRS prohibits congregations from	Show the total wages paid subject to employee Social

		filing social Security (FICA) taxes on behalf of ministers. Ministers are required to file their own quarterly Social Security (SECA) tax payment.	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 2018 earnings cap of \$128,400. <i>(Note: this is an increase from 2017.)</i>
Box 4	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 (\$128,400 for 2018) and should not exceed \$7960.80. <i>(Note: this is an increase from 2017.)</i>
Box 5	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).
Box 6	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.)
Box 7	Social Security tips	Leave this blank	Assuming your employees do not receive tips, leave this blank
Box 8	Allocated Tips	Leave this blank	Assuming your employees do not receive allocated tips, leave this blank
Box 9		Leave this blank	Leave this blank
Box 10	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.
Box 11	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.

Box 12	a, b, c, and d	<ul style="list-style-type: none"> • 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. • 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. • If unsubstantiated reimbursements are included in Box 1 enter total substantiated amounts paid to the employee using code L 	<ul style="list-style-type: none"> • 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. • 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. • If unsubstantiated reimbursements are included in Box 1 enter total substantiated amounts paid to the employee using code L
Box 13		<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>
Box 14	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 may enter the following (not required). Enter the amount and a clear description.</p> <ul style="list-style-type: none"> • the housing allowance amount, plus a description (for example \$18,000 HOUSG) • non-elective employer contributions made on behalf of an employee • voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay, • required employee contributions, and • employer matching contributions • employee health insurance premiums deducted • For 2018 moves, the amount of employer-paid 	<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 may enter the following (not required). Enter the amount and a clear description.</p> <ul style="list-style-type: none"> • non-elective employer contributions made on behalf of an employee • voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay, • required employee contributions, and • employer matching contributions • employee health insurance premiums deducted • For 2018 moves, the amount of employer-paid moving expenses included in Box 1.

		moving expenses included in Box 1.	
Box 15	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
Box 16	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
Box 17	State Income Tax	Enter the amount of any State Income Tax withheld at the Ministers' request	enter state income tax withheld
Box 18	Local wages, tips, etc.	Check your local requirements	Check your local requirements
Box 19	Local Income Tax	Enter the amount of any Local Income Tax withheld at the Ministers' request	Enter local tax withheld
Box 20 (locality)	Locality	Enter the code for your locality – if local taxes are required	Enter the code for your locality – if local taxes are required

While we understand the above information to be correct, the staff of the UUA Office of Church Staff Finances are not certified tax professionals. We encourage congregations to seek the services of their own tax experts in dealing with unusual cases or individual circumstances.