

Tax Reminders for April 2021

Monthly requirements

If your church reported withheld taxes of *\$50,000 or less* during the most recent lookback period (for 2021 the lookback period is July 1, 2019, through June 30, 2020), then withheld payroll taxes are deposited monthly.

Monthly deposits are due by the 15th of the following month. Note, however, that if withheld taxes are less than \$2,500 at the end of any calendar quarter (March 31, June 30, September 30, or December 31), the church need not deposit the taxes.

Instead, it can pay the total withheld taxes directly to the IRS with its quarterly Form 941. Withheld taxes include federal income taxes withheld from employee wages, the employee's share of Social Security and Medicare taxes, and the employer's share of Social Security and Medicare taxes.

Semiweekly requirements

If your church reported withheld taxes of *more than \$50,000* during the most recent lookback period (for 2021 the lookback period is July 1, 2019, through June 30, 2020), then the withheld payroll taxes are deposited semiweekly with a bank.

This means that for paydays falling on Wednesday, Thursday, or Friday, the payroll taxes must be deposited on or by the following Wednesday. For all other paydays, the payroll taxes must be deposited on the Friday following the payday.

Note further that large employers having withheld taxes of *\$100,000 or more* at the end of

any day must deposit the taxes by the next banking day. The deposit days are based on the timing of the employer's payroll. Withheld taxes include federal income taxes withheld from employee wages, the employee's share of Social Security and Medicare taxes (7.65 percent of wages), and the employer's share of Social Security and Medicare taxes (an additional 7.65 percent of employee wages).

April 15, 2021: Tax returns, Form 4361, and quarterly payments

Individual tax returns

Important notice. The IRS has announced that the federal income tax filing due date for individuals for the 2020 tax year will be automatically extended from April 15, 2021, to May 17, 2021. This relief does not apply to estimated tax payments that are due on April 15, 2021. These payments are still due on April 15.

Individual taxpayers do not need to file any forms or call the IRS to qualify for this automatic federal tax filing and payment relief. Individual taxpayers who need additional time to file beyond the May 17 deadline can request a filing extension until Oct. 15 by filing Form 4868 through their tax professional, tax software, or using [Free File](#) on IRS.gov.

Filing Form 4868 gives taxpayers until October 15 to file their 2020 tax return but does not grant an extension of time to pay taxes due. Taxpayers should pay their federal income tax due by May 17, 2021, to avoid interest and penalties.

The federal tax filing deadline postponement to May 17, 2021, only applies to individual federal income returns and tax (including tax on self-employment income) payments otherwise due April 15, 2021, not state tax payments or deposits or payments of any other type of federal tax.

Taxpayers also will need to file income tax returns in 42 states plus the District of Columbia. State filing and payment deadlines vary and are not always the same as the federal filing deadline. The IRS urges taxpayers to check with their state tax agencies for those details.

Exemption from Social Security coverage—Form 4361

Last day to file an exemption from Social Security coverage (Form 4361) for most eligible clergy who began performing ministerial services in 2019 (deadline extended if applicant obtains an extension of time to file Form 1040).

Fourth quarter estimated tax payments for certain employees and churches

Ministers who have not elected voluntary withholding and self-employed workers must file their first quarterly estimated federal tax payment for 2021 by this date (a similar rule applies in many states to payments of estimated state taxes).

Nonminister employees of churches that filed a timely Form 8274 (waiving the church's obligation to withhold and pay Social Security and Medicare taxes) are treated as self-employed for Social Security purposes, and are subject to the estimated tax deadlines with respect to their self-employment (Social Security) taxes unless they ask their employing church to withhold an additional amount of *income taxes* from each paycheck (use a new Form W-4 to make this request) that will be sufficient to cover self-employment taxes.

A church must make quarterly estimated tax payments if it expects an unrelated business

income tax liability for the year to be \$500 or more. Use IRS Form 990-W to figure your estimated taxes. Quarterly estimated tax payments of one-fourth of the total tax liability are due by April 15, June 15, September 15, and December 15, 2021, for churches on a calendar year basis. Deposit quarterly tax payments electronically using [EFTPS](#).

April 29, 2021: Nonminister employee exemption—Form 8274

Churches hiring their first nonminister employee between January 1 and March 31, 2021, may exempt themselves from the employer's share of Social Security and Medicare taxes by filing Form 8274 by this date (nonminister employees are thereafter treated as self-employed for Social Security purposes).

The exemption is only available to churches that are opposed on the basis of religious principles to paying the employer's share of Social Security and Medicare taxes.

April 30, 2021: Employer's quarterly federal tax return—Form 941

Churches having nonminister employees (or one or more ministers who report their federal income taxes as employees and who have elected voluntary withholding) must file an employer's quarterly federal tax return (Form 941) for the first calendar quarter of 2021 by this date.

Enclose a check in the total amount of all payroll taxes (withheld income taxes, the withheld employee's share of Social Security taxes, and the employer's share of Social Security taxes) if these taxes were less than \$2,500 on March 31, 2021.

For complete information, consult the [2021 Church & Clergy Tax Guide](#) by [Richard R. Hammar, JD, CPA](#). Visit [ChurchLawAndTax.com](#) for the expert insights you need to manage tax issues with confidence.

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