



# Mastering the 2026 Tax Season

A webinar presented by:

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# One Big Beautiful Bill Update



2025

# Big, Beautiful Tax Legislation Changes for Individuals

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## Individuals may deduct up to \$25,000 of qualified tips

Note: Employers report qualifying tips in any acceptable manner for 2025. For 2026, they will be reported on Form W-2 in Box 12.

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## Individuals may deduct up to \$12,500 for qualified overtime.

Note: Employers report qualifying tips in any acceptable manner for 2025. For 2026, reported on Form W-2 in Box 12.

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## Seniors may receive an additional deduction up to \$6,000 each.

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## Individuals may deduct interest on qualifying new car purchases.

Note: Lenders are required to provide this information to the borrower in an acceptable manner for 2025. In the future they will be required to issue Form 1098-VLI

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## The child tax credit has been established at \$2,200 per child.

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## Potential deductions for personal taxes on Schedule A are increased from \$10,000 to \$40,000 for taxpayers with AGI of less than \$500,000.

2026

## Big, Beautiful Tax Legislation Changes for Individuals

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A floor returns for itemized deductions for taxpayers in the 37% tax bracket

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Non-itemizers may deduct limited charitable contributions

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For taxpayers who itemize – there will be a reduction in the contribution amount that may be claimed

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Corporations may not claim a charitable contribution until they exceed 1% of their taxable income

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Trump accounts for minors – more confusing than you can imagine!

# Big, Beautiful Bill Legislation Affecting Employers

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Reporting thresholds for Forms 1099-NEC and 1099-MISC increased to \$2,000 from the long standing \$600

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HSA plans may contain telehealth services and include primary care arrangements

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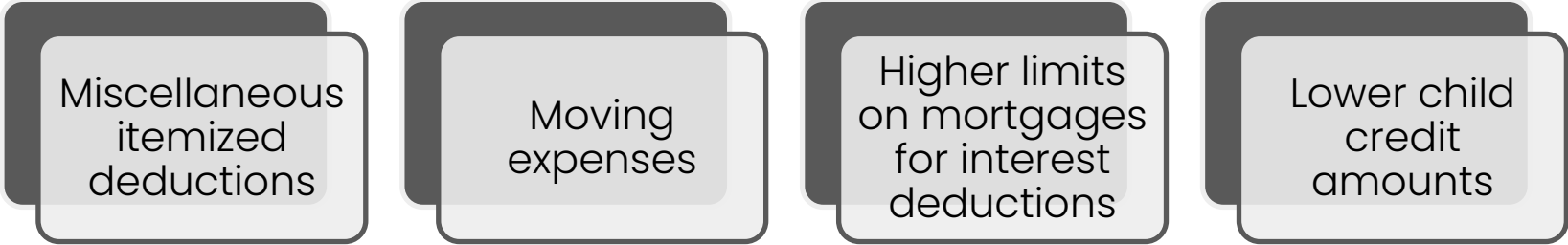
Dependent care plan maximum benefits increase from \$5,000 to \$7,500

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ERC claims for the quarter ended 9/30/21 filed after January 31, 2024, and not processed as of the enactment date, will be denied. The statute on this quarter is also extended to 6 years.

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# Things not returning after the OBBBA



Miscellaneous  
itemized  
deductions

Moving  
expenses

Higher limits  
on mortgages  
for interest  
deductions

Lower child  
credit  
amounts

# Church Considerations for 2026



# It's the New Year – Immediate Concerns

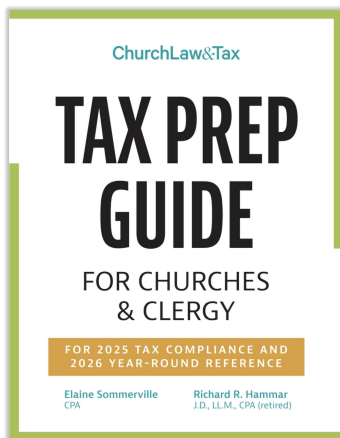
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## Filing Requirements for February 2, 2026

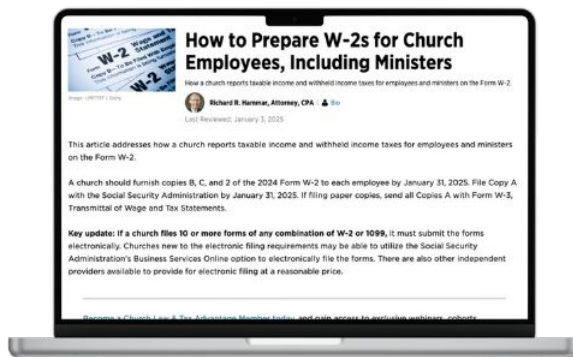
- ❑ Form 941 and Forms W-2 – Have you:
  - ❑ Review for noncash benefits that need to be added
  - ❑ Review for cash benefits that need to be added – especially those gift cards and holiday bonuses
  - ❑ Prepare for mandatory electronic filing requirements
  - ❑ Issue statements of qualifying tips and/or overtime paid to employees
  
- ❑ Forms 1099 – Have you:
  - ❑ Review all vendor payments to determine those who received \$600 or more
  - ❑ Obtain reporting information from all applicable vendors
  - ❑ Prepare for mandatory electronic filing requirements
  
- ❑ Confirm 2026 payroll is correctly set up
  - ❑ Housing allowances have been established
  - ❑ Benefit elections are made
  - ❑ Payroll amounts are correct
  - ❑ Confirm tax deposit requirements



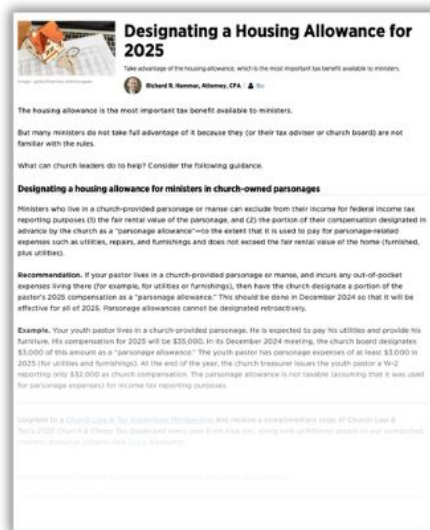
# Related Resources



[2026 Tax Prep Guide  
For Churches and Clergy](#)



[How To Prepare W-2s](#)



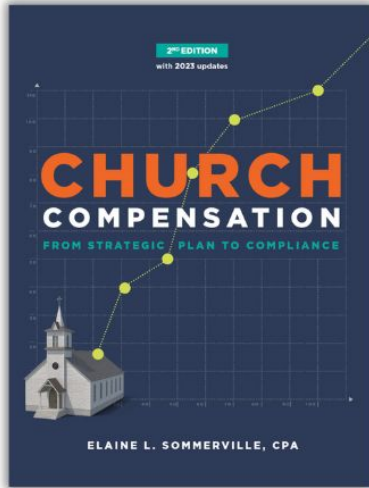
[Designating a  
Housing Allowance](#)

# Other Beginning of the Year Tasks

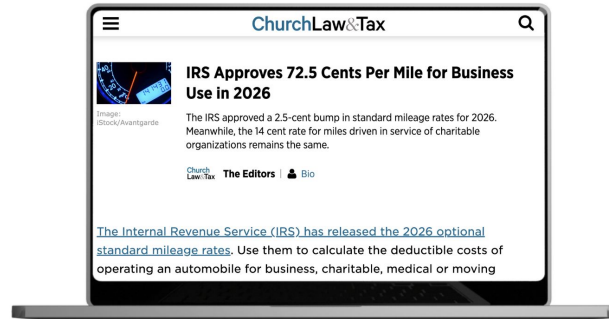
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- ❑ Prepare contribution receipts (not technically due by the end of January)
- ❑ Review worker classifications and see if there are any deserving of a separate analysis either from the perspective of the Department of Labor or the IRS
- ❑ Confirm all credentialed ministers are properly set up regarding FICA/Medicare taxes
- ❑ Review compensation packages including housing allowance approvals
- ❑ Update budgets and review the chart of accounts to see if it is still functional
- ❑ Review any restricted funds that may receive contributions to confirm they are still necessary
- ❑ Update mileage rates for reimbursement plans to .725 cents per mile
- ❑ Consider updating the fair rental value of the parsonage

# Related Resources



[Church Compensation – Second Edition](#)



[IRS Approves 72.5 Cents Per Mile for Business Use in 2026](#)



[The Right Way To Handle Wage Classifications](#)

# Retirement Planning

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- ❑ **Law changes** may require plan document amendments
- ❑ **Acceptable hardship distributions** may need to be redefined
- ❑ **Provision for Roth accounts** may need to be added
- ❑ **Expansion of benefits** to long term part-time employees may be considered
- ❑ Consideration of provisions providing **plan matching contributions** based on student loan payments may be desired
- ❑ **Catch up provisions in the plan** may need to be updated for the increased amount for those 60 to 63 years old
- ❑ **Consider employee training sessions** to gain better retirement plan participation
- ❑ Review the plans for **funding retirement plans** for staff members, especially key staff members – do not leave for later years – a little now is better than nothing

# Minister Considerations

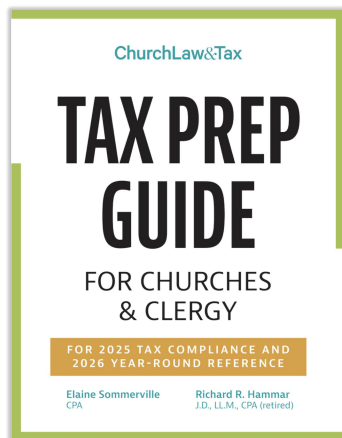


# Considerations for 2025

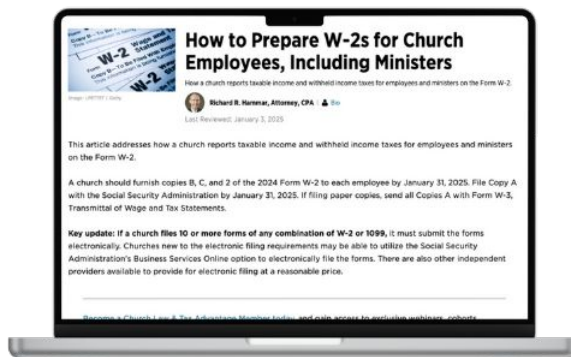
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- ❑ Prepare for filing the 2025 1040 by April 15th
  - ❑ Review 2025 income reported and confirm accuracy – are you aware of any income that should be reported that is not reported on your Form W-2
  - ❑ Gather outside income, such as honorariums, and related expenses for reporting on Schedule C
  - ❑ Gather receipts for contributions, medical, and interest
  - ❑ Gather receipts and information for unreimbursed employee business expenses – not available for a federal tax deduction but may reduce the amount of self-employment tax due
  - ❑ Engage an experienced tax professional
- ❑ Consider eligibility for making IRA contributions for either spouse by April 15, 2026
  - ❑ Regular contributions – either deductible or nondeductible
  - ❑ Catch up contributions
  - ❑ Roth contributions
- ❑ Are you filing Form 4361 to opt out of self-employment tax?

# Related Resources



[2026 Tax Prep Guide  
For Churches and Clergy](#)



[How To Prepare W-2s](#)



[Six Questions to Ask When  
Exempting a Minister from  
Social Security](#)

# Considerations for 2026

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## **Don't leave for tomorrow what could be advantageous today!**

- ❑ Should requests to withholding federal income tax be adjusted – better now than later
- ❑ If you make estimated tax payments – are you prepared for the 4/15/26 payment electronically
- ❑ Is your housing allowance adequate – you can still correct for the remainder of the year
- ❑ Retirement plan contributions
  - ❑ Review elective deferrals considering potential catch up amounts
    - ❑ Regular deferral \$24,500
    - ❑ Catch up deferral \$8,000 except for those 60 through 63 and their catch up is \$11,250
  - ❑ To Roth or not to Roth – that is a question
- ❑ Are there other benefit plans that may be available for 2026 through the church

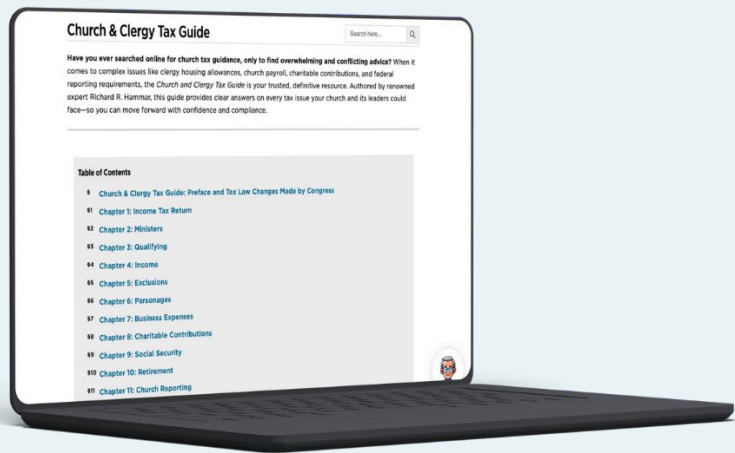


# More 2026 Considerations

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- ❑ Social Security considerations
  - ❑ Will you turn 65 during 2026 and trigger Medicare considerations
  - ❑ Are there plans to initiate SS retirement payments – consider effect on income tax estimates & earnings limits
  - ❑ If you are or plan to be participating in receiving benefits or participating in Medicare, have you considered the effects on employer provided health benefits, especially HSA plans
- ❑ Is it time to reevaluate the fair rental value of your home for purposes of determining the housing allowance limitations – this should be done every 3 to 5 years
- ❑ Will required minimum distributions from retirement accounts be a factor
- ❑ If you are 70 or older, do you want to consider charitable giving through IRAs

# Now Available: Online Church & Clergy Tax Guide



## Tax Returns

Prepare and file your 2025 tax returns.



## Social Security

Sort out social security and medicare.



## Housing

Maximize your housing allowance benefits.



## Expenses

Correctly process business expenses.



## Withholdings

Properly calculate how much you can withhold.



## Donations

Know how to handle charitable contributions.



## Exclusions

Identify exclusions from gross income.



## Tax Reporting

Comply with tax reporting requirements

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