Social Security and Other Information for Members of the Clergy and Religious Workers

For use in preparing 2020 Returns

Future Developments

For the latest information about developments related to Pub. 517, such as legislation enacted after this publication was published, go to IRS.gov/Pub517.

What's New

Tax relief legislation. Recent legislation provided certain tax-related benefits, including the election to use your 2019 earned income to figure your 2020 earned income credit. See Election to use prior-year earned income for more information.

Credits for self-employed individuals. New refundable credits are available to certain self-employed individuals impacted by the coronavirus. See the Instructions for Form 7202 for more information.

Deferral of self-employment tax payments under the CARES Act. The CARES Act allows certain self-employed individuals who were affected by the coronavirus and file Schedule SE (Form 1040), to defer a portion of their 2020 self-employment tax payments until 2021 and 2022. The self-employment tax payments eligible for deferral must be attributed to the period March 27, 2020, through December 31, 2020. The deferral is calculated and reported on Part III of Schedule SE (Form 1040). For more information, see Schedule SE (Form 1040) and its instructions.

Standard mileage rate. The business standard mileage rate for 2020 is 57.5 cents a mile.
Earnings subject to social security tax. For 2020, the maximum wages and self-employment income subject to social security tax has increased to $137,700.

Modified adjusted gross income (AGI) limit for traditional IRA contributions. For 2020, you may be able to take an IRA deduction for your contributions if you were covered by a retirement plan at work and your modified AGI is:
- Less than $124,000 if married filing jointly or qualifying widow(er);
- Less than $75,000 if single or head of household; or
- Less than $10,000 if married filing separately.

If you file a joint return and either you or your spouse wasn’t covered by a retirement plan at work, you may be able to take an IRA deduction if your modified AGI is less than $206,000.

Modified AGI limit for Roth IRA contributions increased. For 2020, you may be able to contribute to your Roth IRA if your modified AGI is:
- Less than $206,000 if married filing jointly or qualifying widow(er);
- Less than $139,000 if single, head of household, or married filing separately and you didn’t live with your spouse at any time during the year; or
- Less than $10,000 if married filing separately and you lived with your spouse at any time during the year.

Earned income credit (EIC). For 2020, the maximum amount of income you can earn and still claim the EIC has increased. See Earned Income Credit, later.

Introduction

Three federal taxes are paid on wages and self-employment income—income tax, social security tax, and Medicare tax. Social security and Medicare taxes are collected under one of two systems. Under the Self-Employment Contributions Act (SECA), the self-employed person pays all the taxes. Under the Federal Insurance Contributions Act (FICA), the employee and the employer each pay half of the social security and Medicare taxes. No earnings are subject to both systems.

In addition, all wages and self-employment income that are subject to Medicare tax are subject to a 0.9% Additional Medicare Tax to the extent they exceed the applicable threshold for an individual’s filing status. Medicare wages and self-employment income are combined to determine if income exceeds the threshold. A self-employment loss isn’t considered for purposes of this tax. Railroad retirement (RRTA) compensation is separately compared to the threshold. Additional Medicare Tax applies to Medicare wages, RRTA compensation, and self-employment income that are more than:
- $125,000 if married filing separately,
- $75,000 if single.

Table 1. Are Your Ministerial Earnings* Covered Under FICA or SECA?

Find the class to which you belong in the left column and read across the table to find if you are covered under FICA or SECA. Don’t rely on this table alone. Also read the discussion for the class in the following pages.

<table>
<thead>
<tr>
<th>Class</th>
<th>Covered under FICA?</th>
<th>Covered under SECA?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister</td>
<td>NO. Your ministerial earnings are exempt.</td>
<td>YES, if you don’t have an approved exemption from the IRS.</td>
</tr>
<tr>
<td>Member of a religious order who hasn’t taken a vow of poverty</td>
<td>NO. Your ministerial earnings are exempt.</td>
<td>YES, if you don’t have an approved exemption from the IRS.</td>
</tr>
</tbody>
</table>
| Member of a religious order who has taken a vow of poverty | YES, if:  
- Your order elected FICA coverage for its members; or  
- You worked outside the order and the work wasn’t required by, or done on behalf of, the order.  
  NO, if neither of the above applies. | NO. Your ministerial earnings are exempt. |
| Christian Science practitioner or reader    | NO. Your ministerial earnings are exempt. | YES, if you don’t have an approved exemption from the IRS. |
| Religious worker (church employee)         | YES, if your employer didn’t elect to exclude you. | YES, if your employer elected to exclude you from FICA. |
| Member of a recognized religious sect       | NO, if you are covered under FICA. | NO, if you have an approved exemption. |

* Ministerial earnings are the self-employment earnings that result from ministerial services, defined and discussed later.

Reminders

Form 1040-SR. Form 1040-SR, U.S. Tax Return for Seniors, was introduced for use beginning in tax year 2019. You can use this form for tax year 2020 if you are age 65 or older at the end of 2020. The form generally mirrors Form 1040. However, the Form 1040-SR has larger text and some helpful tips that older taxpayers may find helpful. See the Instructions for Forms 1040 and 1040-SR for more information.

No miscellaneous itemized deductions allowed. You can no longer claim any miscellaneous itemized deductions. Miscellaneous itemized deductions are those deductions that would have been subject to the 2% of adjusted gross income limitation. See the Instructions for Schedule A (Form 1040) for more information on these changes.

Social security information. Social security beneficiaries may quickly and easily obtain various information from SSA’s website with a my Social Security account, including getting a replacement Form SSA-1099 or SSA-1042S. For more information, go to SSA.gov/myaccount.

Photographs of missing children. The IRS is a proud partner with the National Center for Missing & Exploited Children® (NCMEC). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 800-THE-LOST (800-843-5678) if you recognize a child.
• $250,000 if married filing jointly, or
• $200,000 for any other filing status.

There is no employer match for Additional Medi-
care Tax. For more information, see Form 8959, Additional Medicare Tax, and its separate
instructions.

This publication contains information for the
following classes of taxpayers:
• Ministers.
• Members of a religious order.
• Christian Science practitioners and read-
ers.
• Religious workers (church employees).
• Members of a recognized religious sect.

Note. Unless otherwise noted, in this pub-
cation references to members of the clergy in-
clude ministers, members of a religious order
(but not members of a recognized religious
sect), and Christian Science practitioners and
readers.

This publication covers the following topics
about the collection of social security and Medi-
care taxes from members of the clergy, reli-
gious workers, and members of a recognized religious sect.
• Which earnings are taxed under FICA and
which under SECA. See Table 1.
• How a member of the clergy can apply for
an exemption from self-employment tax.
• How a member of a recognized religious
sect can apply for an exemption from both self-
employment tax and FICA taxes.
• How a member of the clergy or religious
worker figures net earnings from self-emp-
loyment.

This publication also covers certain income
tax rules of interest to ministers and members of
a religious order.

In the back of Pub. 517 is a set of work-
sheets that you can use to figure the
amount of your taxable ministerial in-
come and allowable deductions.

Note. In this publication, the term “church”
is generally used in its generic sense and not in
reference to any particular religion.

Comments and suggestions. We welcome
your comments about this publication and sugges-
tions for future editions.

You can send us comments through IRS.gov/FormComments. Or, you can write to:

Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Although we can’t respond individually to
each comment received, we do appreciate your
feedback and will consider your comments and
suggestions as we revise our tax forms, instruc-
tions, and publications. Do not send tax ques-
tions, tax returns, or payments to the above ad-
dress.

Getting answers to your tax questions.
If you have a tax question not answered by this
publication or the How To Get Tax Help section
at the end of this publication, go to the IRS In-
teractive Tax Assistant page at IRS.gov/HelpITA
where you can find topics using the
search feature or by viewing the categories lis-
ted.

Getting tax forms, instructions, and pub-
lincations. Visit IRS.gov/Forms to download
current and prior-year forms, instructions, and
publications.

Ordering tax forms, instructions, and pub-
lincations. Go to IRS.gov/OrderForms to
order current forms, instructions, and publi-
cations; call 800-829-3676 to order prior-year
forms and instructions. The IRS will process
your order for forms and publications as soon
as possible. Do not resubmit requests you’ve
already sent to us. You can get forms and publi-
cations faster online.

Useful Items
You may want to see:

Publication
• 54 Tax Guide for U.S. Citizens and
  Resident Aliens Abroad
• 525 Taxable and Nontaxable Income
• 529 Miscellaneous Deductions
• 535 Business Expenses
• 590-A Contributions to Individual
  Retirement Arrangements (IRAs)
• 590-B Distributions from Individual
  Retirement Arrangements (IRAs)
• 596 Earned Income Credit (EIC)

Form (and Instructions)
• SS-8 Determination of Worker Status for
  Purposes of Federal Employment
  Taxes and Income Tax Withholding
• SS-16 Certificate of Election of Coverage
  Under the Federal Insurance
  Contributions Act
• Schedule C (Form 1040) Profit or Loss
  From Business (Sole Proprietorship)
• Schedule SE (Form 1040) Self-Employment
  Tax
• 1040-ES Estimated Tax for Individuals
• 1040-X Amended U.S. Individual Income
  Tax Return
• 4029 Application for Exemption From
  Social Security and Medicare Taxes
  and Waiver of Benefits
• 4361 Application for Exemption From
  Self-Employment Tax for Use by
  Ministers, Members of Religious
  Orders and Christian Science
  Practitioners
• 8274 Certification by Churches and
  Qualified Church-Controlled
  Organizations Electing Exemption
  From Employer Social Security and
  Medicare Taxes
• 8959 Additional Medicare Tax
• 8962 Premium Tax Credit (PTC)

Ordering publications and forms. See How
To Get Tax Help, at the end of this publication,
for information about getting these publications
and forms.

Social Security Coverage

This section gives information about which sys-
tem (SECA or FICA) is used to collect social se-
curity and Medicare taxes from members of the
clergy (ministers, members of a religious order,
and Christian Science practitioners and readers)
and religious workers (church employees).

Coverage of Members of the Clergy

The services you perform in the exercise of
your ministry, of the duties required by your reli-
gious order, or of your profession as a Christian
Science practitioner or reader are covered by
social security and Medicare under SECA. Your
earnings for these ministerial services (defined later) are subject to self-employment (SE) tax
unless one of the following applies.
• You are a member of a religious order who
  has taken a vow of poverty.
• You ask the IRS for an exemption from SE
tax for your services and the IRS approves
  your request. See Exemption From
  Self-Employment (SE) Tax, later.
• You are subject only to the social security
  laws of a foreign country under the provi-
sions of a social security agreement be-
tween the United States and that country.
  For more information, see Bilateral Social
  Security (Totalization) Agreements in Pub.
  54.

Your earnings that aren’t from ministerial
services may be subject to social security tax
under FICA or SECA according to the rules that
apply to taxpayers in general. See Ministerial
Services, later.

Ministers

If you are a minister of a church, your earnings
for the services you perform in your capacity as
a minister are subject to SE tax, even if you per-
form these services as an employee of that
church. However, you can request that the IRS
grant you an exemption, as discussed under
Exemption From Self-Employment (SE) Tax,
later. For the specific services covered, see
Ministerial Services, later.

Ministers defined. Ministers are individuals
who are duly ordained, commissioned, or li-
censed by a religious body constituting a
church or church denomination. Ministers have
the authority to conduct religious worship, per-
form sacramental functions, and administer ordi-
nances or sacraments according to the prescri-
bbed tenets and practices of that church or
denomination.

If a church or denomination ordains some
ministers and licenses or commissions others,
anyone licensed or commissioned must be able
to perform substantially all the religious func-
tions of an ordained minister to be treated as a
minister for social security purposes.
Employment status for other tax purposes. Even though all of your income from performing ministerial services is subject to self-employment tax for social security tax purposes, you may be an employee for income tax or retirement plan purposes in performing those same services. For income tax or retirement plan purposes, your income earned as an employee will be considered wages.

**Common-law employee.** Under common-law rules, you are considered either an employee or a self-employed person. Generally, you are an employee if you perform services for someone who has the legal right to control both what you do and how you do it, even if you have considerable discretion and freedom of action. For more information about the common-law rules, see Pub. 15-A, Employer’s Supplemental Tax Guide.

If a congregation employs you and pays you a salary, you are generally a common-law employee and income from the exercise of your ministry is wages for income tax purposes. However, amounts received directly from members of the congregation, such as fees for performing marriages, baptisms, or other personal services, aren’t wages; such amounts are self-employment income for both income tax purposes and social security tax purposes.

**Example.** A church hires and pays you a salary to perform ministerial services subject to its control. Under the common-law rules, you are an employee of the church while performing those services.

**Form SS-8.** If you aren’t certain whether you are an employee or a self-employed person, you can get a determination from the IRS by filing Form SS-8.

**Members of Religious Orders**

If you are a member of a religious order who hasn’t taken a vow of poverty, your earnings for ministerial services you perform as a member of the order are subject to SE tax. See Ministerial Services, later. However, you can request that the IRS grant you an exemption as discussed under Exemption From Self-Employment (SE) Tax, later.

**Vow of poverty.** If you are a member of a religious order and have taken a vow of poverty, you are already exempt from paying SE tax on your earnings for ministerial services you perform as an agent of your church or its agencies. You don’t need to request a separate exemption. For income tax purposes, the earnings are tax free to you. Your earnings are considered the income of the religious order.

**Services covered under FICA at the election of the order.** However, even if you have taken a vow of poverty, the services you perform for your church or its agencies may be covered under social security. Your services are covered if your order, or an autonomous subdivision of the order, elects social security coverage for its current and future vow-of-poverty members.

The order or subdivision elects coverage by filing Form SS-16. The election may cover certain vow-of-poverty members for a retroactive period of up to 20 calendar quarters before the quarter in which it files the certificate. If the election is made, the order or subdivision pays both the employer’s and employee’s share of the tax. You don’t pay any of the FICA tax.

**Services performed outside the order.** Even if you are a member of a religious order who has taken a vow of poverty and the order requires you to turn over amounts you earn, your earnings are subject to federal income tax and either SE tax or FICA tax (including estimated tax payments and/or withholding) if you:

- Are self-employed or an employee of an organization outside your religious community; and
- Perform work not required by, or done on behalf of, the order.

In these cases, your income from self-employment or as an employee of that outside organization is taxable to you directly. You may, however, be able to take a charitable deduction for the amount you turn over to the order. See Pub. 526, Charitable Contributions.

**Rulings.** Organizations and individuals may request rulings from the IRS on whether they are religious orders, or members of a religious order, respectively, for FICA tax, SE tax, and federal income tax withholding purposes. To request a ruling, follow the procedures in Revenue Procedure 2021-1. To find the revenue procedure, go to IRS.gov and type “Revenue Procedure 2021-1” in the search box.

**Christian Science Practitioners and Readers**

Generally, your earnings from services you perform in your profession as a Christian Science practitioner or reader are subject to SE tax. However, you can request an exemption as discussed under Exemption From Self-Employment (SE) Tax, later.

**Practitioners.** Christian Science practitioners are members in good standing of the Mother Church, The First Church of Christ, Scientist, in Boston, Massachusetts, who practice healing according to the teachings of Christian Science. State law specifically exempts Christian Science practitioners from licensing requirements.

Some Christian Science practitioners are also Christian Science teachers or lecturers. Income from teaching or lecturing is considered the same as income from their work as practitioners.

**Readers.** For tax purposes, Christian Science readers are considered the same as ordained, commissioned, or licensed ministers.

**Coverage of Religious Workers (Church Employees)**

If you are a religious worker (a church employee) and aren’t in one of the classes already discussed, your wages are generally subject to social security and Medicare tax under FICA, not SECA. Some exceptions are discussed next.

**Election by Church To Exclude Its Employees From FICA Coverage**

Churches and qualified church-controlled organizations (church organizations) that are opposed for religious reasons to the payment of social security and Medicare taxes may elect to exclude their employees from FICA coverage. If your employer makes this election, it doesn’t pay the employer’s portion of the FICA taxes or withhold from your pay your portion of the FICA taxes. Instead, your wages are subject to SECA and you must pay SE tax on your wages if they exceed $108.28 during the tax year. However, you can request an exemption from SE tax if you are a member of a recognized religious sect, as discussed below.

Churches and church organizations make this election by filing two copies of Form 8274. For more information about making this election, see Form 8274.

**Election by Certain Church Employees Who Are Opposed to Social Security and Medicare**

You may be able to choose to be exempt from social security and Medicare taxes, including the SE tax, if you are a member of a recognized religious sect or division and work for a church (or church-controlled nonprofit division) that doesn’t pay the employer’s part of the social security tax on wages. This exemption doesn’t apply to your service, if any, as a minister of a church or as a member of a religious order.

Make this choice by filing Form 4029. See Requesting Exemption—Form 4029, later, under Members of Recognized Religious Sects.

**U.S. Citizens and Resident and Nonresident Aliens**

To be covered under the SE tax provisions (SECA), individuals must generally be citizens or resident aliens of the United States. Nonresident aliens aren’t covered under SECA unless a social security agreement in effect between the United States and the foreign country determines that they are covered under the U.S. social security system.

To determine your alien status, see Pub. 519, U.S. Tax Guide for Aliens.

Residents of Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands (CNMI), and American Samoa. If you are a resident of one of these U.S. territories but not a U.S. citizen, for SE tax purposes you are treated the same as a citizen or resident alien of the United States. For information on figuring the tax, see Self-Employment Tax: Figuring Net Earnings, later.

**Ministerial Services**

Ministerial services, in general, are the services you perform in the exercise of your ministry, in the exercise of your duties as required by your
religious order, or in the exercise of your profession as a Christian Science practitioner or reader. Income you receive for performing ministerial services is subject to SE tax unless you have an exemption, as explained later. Even if you have an exemption, only the income you receive for performing ministerial services is exempt. The exemption doesn’t apply to any other income.

The following discussions provide more detailed information on ministerial services of ministers, members of a religious order, and Christian Science practitioners and readers.

**Ministers**

Most services you perform as a minister, priest, rabbi, etc., are ministerial services. These services include:
- Performing sacerdotal functions;
- Conducting religious worship; and
- Controlling, conducting, and maintaining religious organizations (including religious boards, societies, and other integral agencies of such organizations) that are under the authority of a religious body that is a church or denomination.

You are considered to control, conduct, and maintain a religious organization if you direct, manage, or promote the organization’s activities.

A religious organization is under the authority of a religious body that is a church or denomination if it’s organized for and dedicated to carrying out the principles of a faith according to the requirements governing the creation of institutions of the faith.

**Services for nonreligious organizations.**

Your services for a nonreligious organization are ministerial services if the services are assigned or designated by your church. Assigned or designated services quality even if they don't involve performing sacerdotal functions or conducting religious worship.

If your services aren’t assigned or designated by your church, they are ministerial services only if they involve performing sacerdotal functions or conducting religious worship.

**Services that aren't part of your ministry.**

Income from services you perform as an employee that aren’t ministerial services is subject to social security and Medicare tax withholding under FICA (not SECA) under the rules that apply to employees in general. The following aren't ministerial services:
- Services you perform for nonreligious organizations other than the services stated above.
- Services you perform as a duly ordained, commissioned, or licensed minister of a church as an employee of the United States, the District of Columbia, a foreign government, or any of their political subdivisions. These services aren't ministerial services even if you are performing sacerdotal functions or conducting religious worship. (For example, if you perform services as a chaplain in the Armed Forces of the United States, those services aren’t ministerial services.)

**Members of Religious Orders**

Services you perform as a member of a religious order in the exercise of duties required by the order are ministerial services. The services are considered ministerial because you perform them as an agent of the order.

For example, if the order directs you to perform services for another agency of the supervising church or an associated institution, you are considered to perform the services as an agent of the order.

However, if the order directs you to work outside the order, this employment won’t be considered a duty required by the order unless:
- Your services are the kind that are ordinarily performed by members of the order; and
- Your services are part of the duties that must be exercised for, or on behalf of, the religious order as its agent.

**Effect of employee status.** Ordinarily, if your services aren't considered directed or required of you by the order, you and the outside party for whom you work are considered employee and employer. In this case, your earnings from the services are taxed under the rules that apply to employees in general, not under the rules for services performed as an agent of the order. This result is true even if you have taken a vow of poverty.

**Example.** Pat Brown and Chris Green are members of a religious order and have taken vows of poverty. They renounce all claims to their earnings. The earnings belong to the order.

Pat is a licensed attorney. The superiors of the order instructed her to get a job with a law firm. Pat joined a law firm as an employee and, as she requested, the firm made the salary payments directly to the order.

Chris is a secretary. The superiors of the order instructed him to accept a job with the business office of the church that supervises the order. Chris took the job and gave all his earnings to the order.

Pat's services aren't duties required by the order. Her earnings are subject to social security and Medicare tax under FICA and to federal income tax.

Chris' services are duties required by the order. He is acting as an agent of the order and not as an employee of a third party. He doesn't include the earnings in gross income, and they aren't subject to income tax withholding or to social security and Medicare tax under FICA or SECA.

**Christian Science Practitioners and Readers**

Services you perform as a Christian Science practitioner or reader in the exercise of your profession are ministerial services. Amounts you receive for performing these services are generally subject to SE tax. You may request an exemption from SE tax, discussed next, which applies only to those services.

| Table 2. The Self-Employment Tax Exemption Application and Approval Process |
|-----------------------------|-----------------------------|-----------------------------|
| **Who Can Apply** | **Members of the Clergy** | **Members of Recognized Religious Sects** |
| **How** | File Form 4361 | File Form 4029 |
| **When** | File by the due date (including extensions) of your income tax return for the second tax year in which you had at least $400 of net earnings from self-employment, any of which came from ministerial services | File anytime |
| **Approval** | If approved, you will receive an approved copy of Form 4361 | If approved, you will receive an approved copy of Form 4029 |
| **Effective Date** | For all tax years after 1967 in which you have at least $400 of net earnings from self-employment, any of which came from ministerial services | For all tax years beginning with the first year you meet the eligibility requirements, discussed later |
Exemption From Self-Employment (SE) Tax

You can request an exemption from SE tax if you are a member of the clergy (minister, member of a religious order, or Christian Science practitioner or reader) or a member of a recognized religious sect.

**TIP**

Generally, members of religious orders who have taken a vow of poverty are already exempt from paying SE tax, as discussed earlier under Members of Religious Orders under Social Security Coverage. They don't have to request the exemption.

Who can't be exempt. You can't be exempt from SE tax if you made one of the following elections to be covered under social security. These elections are irrevocable.

- You elected before 1968 to be covered under social security for your ministerial services.

**Requesting exemption.** Table 2 briefly summarizes the procedure for requesting exemption from the SE tax. More detailed explanations follow.

**TIP**

If you are a minister, member of a religious order, or Christian Science practitioner, an approved exemption only applies to earnings you receive for ministerial services, discussed earlier. It doesn't apply to any other self-employment income.

Members of the Clergy

To claim the exemption from SE tax, you must meet all of the following conditions.

- You file Form 4361, described below under Requesting Exemption—Form 4361.
- You are conscientiously opposed to public insurance because of your individual religious considerations (not because of your general conscience), or you are opposed because of the principles of your religious denomination.
- You file for other than economic reasons.
- You inform the ordaining, commissioning, or licensing body of your church or order that you are opposed to public insurance if you are a minister or a member of a religious order (other than a vow-of-poverty member). This requirement doesn't apply to Christian Science practitioners or readers.
- You establish that the organization that ordained, commissioned, or licensed you, or your religious order, is a tax-exempt religious organization.
- You establish that the organization is a church or a convention or association of churches.
- You didn't make an election discussed earlier under Who can't be exempt.
- You sign and return the statement the IRS mails to you to certify that you are requesting an exemption based on the grounds listed on the statement.

**Requesting Exemption—Form 4361**

To request exemption from SE tax, file Form 4361 in triplicate (original and two copies) with the IRS.

The IRS will return to you a copy of the Form 4361 if you filed indicating whether it has approved your exemption. If it's approved, keep the approved copy of Form 4361 in your permanent records.

**When to file.** File Form 4361 by the date your income tax return is due, including extensions, for the second tax year in which both of the following are true.

1. You have net earnings from self-employment of at least $400.
2. Any part of those net earnings was from ministerial services you performed as a:
   a. Minister,
   b. Member of a religious order, or
   c. Christian Science practitioner or reader.

The 2 years don't have to be consecutive tax years.

**TIP**

The approval process can take some time, so you should file Form 4361 as soon as possible.

**Example 1.** Rev. Lawrence Jaeger, a clergymen ordained in 2020, has net self-employment earnings as a minister of $450 in 2020 and $500 in 2021. He must file his application for exemption by the due date, including extensions, for his 2021 income tax return. However, if Rev. Jaeger doesn't receive IRS approval for an exemption by April 15, 2022, his SE tax for 2021 is due by that date.

**Example 2.** Rev. Louise Wolfe has only $300 in net self-employment earnings as a minister in 2020, but earned more than $400 in 2019 and expects to earn more than $400 in 2021. She must file her application for exemption by the due date, including extensions, for her 2021 income tax return. However, if she doesn't receive IRS approval for an exemption by April 15, 2022, her SE tax for 2021 is due by that date.

**Example 3.** In 2018, Rev. David Moss was ordained a minister and had $700 in net self-employment earnings as a minister. In 2019, he received $1,000 as a minister, but his related expenses were over $1,000. Therefore, he had no net self-employment earnings as a minister in 2019. Also in 2019, he opened a bookstore and had $8,000 in net self-employment earnings from the store. In 2020, he had net self-employment earnings of $1,500 as a minister and $10,000 net self-employment earnings from the store.

Rev. Moss had net earnings from self-employment in 2018 and 2020 that were $400 or more each year, and part of the self-employment earnings in each of those years was for his services as a minister. Thus, he must file his application for exemption by the due date, including extensions, for his 2020 income tax return. However, if Rev. Moss doesn't receive IRS approval for an exemption by April 15, 2021, his SE tax for 2020 is due by that date.

**Death of individual.** The right to file an application for exemption ends with an individual's death. A surviving spouse, executor, or administrator can't file an exemption application for a deceased clergy member.

**Effective date of exemption.** An approved exemption is effective for all tax years after 1967 in which you have $400 or more of net earnings from self-employment and any part of those earnings is for services as a member of the clergy. Once the exemption is approved, it is irrevocable.

**Example.** Rev. Trudy Austin, ordained in 2017, had $400 or more in net self-employment earnings, in both 2017 and 2020, part of which was from her services as a minister. She files an application for exemption on February 19, 2021. If an exemption is granted, it is effective for 2017 and the following years.

**Refunds of SE tax.** If, after receiving an approved Form 4361, you find that you overpaid SE tax, you can file a claim for refund on Form 1040-X. Generally, for a refund, you must file Form 1040-X within 3 years from the date you filed the return or within 2 years from the date you paid the tax, whichever is later. A return filed, or tax you paid, before the due date is considered to have been filed or paid on the due date.

If you file a claim after the 3-year period but within 2 years from the time you paid the tax, the credit or refund won't be more than the tax you paid within the 2 years immediately before you file the claim.

**Members of Recognized Religious Sects**

If you are a member of a recognized religious sect, or a division of a recognized religious sect, you can apply for an exemption from payment of social security and Medicare taxes on both your self-employment income and the wages you earn from an employer who also has an exemption.

**Exception.** If you received social security benefits or payments, or anyone else received these benefits or payments based on your wages or self-employment income, you can't apply. However, if you pay your benefits back, you may be considered for exemption. Contact your local Social Security Administration office to find out the amount you must pay back.
Eligibility requirements. To claim this exemption from SE tax, all of the following requirements must be met.

1. You must file Form 4029, discussed later under Requesting Exemption—Form 4029.
2. As a follower of the established teachings of the sect or division, you must be conscientiously opposed to accepting benefits of any private or public insurance that makes payments for death, disability, old age, retirement, or medical care, or provides services for medical care.
3. You must waive all rights to receive any social security payment or benefit and agree that no benefits or payments will be made to anyone else based on your wages and self-employment income.
4. The Commissioner of Social Security must determine that:
   a. Your sect or division has the established teachings as described in (2) above;
   b. It is the practice, and has been for a substantial period of time, for members of the sect or division to provide for their dependent members in a manner that is reasonable in view of the members’ general level of living; and
   c. The sect or division has existed at all times since December 31, 1950.

Requesting Exemption—Form 4029

To request the exemption, file Form 4029 in triplicate (original and two copies) with the Social Security Administration at the address shown on the form. The sect or division must complete part of the form.

The IRS will return to you a copy of the Form 4029 that you filed indicating whether it has approved your exemption. If it is approved, keep the approved copy of Form 4029 in your permanent records.

When to file. You can file Form 4029 at any time.

If you have an approved exemption from SE tax and for some reason that approved exemption ended, you must file a new Form 4029 if you subsequently meet the eligibility requirements, discussed earlier. See Effective date of exemption next for information on when the newly approved exemption would become effective.

If you have a previously approved exemption from SE tax, you are considered to have met the requirements for exemption from social security and Medicare taxes on wages and don’t need to file a new Form 4029.

Effective date of exemption. An approved exemption from SE tax is generally effective for all tax years beginning with the first year you meet the eligibility requirements discussed earlier. (For example, if you meet the eligibility requirements in 2018, file Form 4029 in 2019, and the IRS approves your exemption in 2020, your exemption is effective for tax year 2018 and all later years.)

The exemption will end if you fail to meet the eligibility requirements or if the Commissioner of Social Security determines that the sect or division fails to meet them. You must notify the IRS within 60 days if you are no longer a member of the religious group, or if you no longer follow the established teachings of this group. The exemption will end for the tax year in which you or your sect/division first fails to meet the eligibility requirements.

Refunds of SE tax paid. To get a refund of any SE tax you paid while the exemption was in effect, file Form 1040-X. For information on filing this form, see Refunds of SE tax paid under Requesting Exemption—Form 4361, earlier.

Exemption From FICA Taxes

Generally, under FICA, the employer and the employee each pay half of the social security and Medicare tax. Both the employee and the employer, if they meet the eligibility requirements, discussed earlier, can apply to be exempt from their share of FICA taxes on wages paid by the employer to the employee.

A partnership in which each partner holds a religious exemption from social security and Medicare tax is an employer for this purpose.

If the employer's application is approved, the exemption will apply only to FICA taxes on wages paid to employees who also received an approval of identical applications.

Information for employers. If you have an approved Form 4029 and you have an employee who has an approved Form 4029, don’t report wages you paid to the employee as social security and Medicare wages.

If you have an employee who doesn’t have an approved Form 4029, you must withhold the employee’s share of social security and Medicare taxes and pay the employer’s share.

Form W-2. When preparing a Form W-2 for an employee with an approved Form 4029, enter “Form 4029” in box 14, “Other.” Don’t make any entries in boxes 3, 4, 5, or 6.

Forms 941, 943, and 944. If both you and your employee have received approved Forms 4029, don’t include these exempt wages on the following forms. Instead, follow the instructions given below.

- Form 941, Employer’s QUARTERLY Federal Tax Return: check the box on line 4 and enter “Form 4029” in the empty space below the checkbox.
- Form 943, Employer’s Annual Federal Tax Return for Agricultural Employees: enter “Form 4029” on the dotted line next to the lines 2 and 4 entry spaces.
- Form 944, Employer’s ANNUAL Federal Tax Return: check the box on line 3 and enter “Form 4029” in the empty space below the checkbox.

Effective date. An approved exemption from FICA becomes effective on the first day of the first calendar quarter after the quarter in which you file Form 4029. The exemption will end on the last day of the calendar quarter before the quarter in which the employer, employee, sect, or division fails to meet the requirements.

Self-Employment Tax: Figuring Net Earnings

There are two methods for figuring your net earnings from self-employment as a member of the clergy or a religious worker.

- Regular method.
- Nonfarm optional method.

You may find Worksheets 1 through 3 helpful in figuring your net earnings from self-employment. Blank worksheets are in the back of this publication.

Regular Method

Most people use the regular method. Under this method, figure your net earnings from self-employment by totaling your gross income for services you performed as a minister, a member of a religious order who hasn’t taken a vow of poverty, or a Christian Science practitioner or reader. Then, subtract your allowable business deductions and multiply the difference by 92.35% (0.9235). Use Schedule SE (Form 1040) to figure your net earnings and SE tax.

If you are an employee of a church that elected to exclude you from FICA coverage, figure net earnings by multiplying your church wages shown on Form W-2 by 92.35% (0.9235). Don’t reduce your wages by any business deductions when making this computation. Use Schedule SE (Form 1040), to figure your net earnings and SE tax.

If you have an approved exemption, or you are automatically exempt, don’t include the income or deductions from ministerial services in figuring your net earnings from self-employment.

Amounts included in gross income. To figure your net earnings from self-employment (on Schedule SE (Form 1040)), include in gross income:

1. Salaries and fees for your ministerial services (discussed earlier);
2. Offerings you receive for marriages, baptisms, funerals, masses, etc.;
3. The value of meals and lodging provided to you, your spouse, and your dependents for your employer’s convenience;
4. The fair rental value of a parsonage provided to you (including the cost of utilities that are furnished) and the rental allowance (including an amount for payment of utilities) paid to you; and
5. Any amount a church pays toward your income tax or SE tax, other than withholding the amount from your salary. This amount is also subject to income tax.
For the income tax treatment of items (2) and (4), see Income Tax: Income and Expenses, later.

Example. Pastor Roger Adams receives an annual salary of $39,000 as a full-time minister. The $39,000 includes $5,000 that is designated as a rental allowance to pay utilities. The church owns a parsonage that has a fair rental value of $12,000 per year. The church gives Pastor Adams the use of the parsonage. He isn’t exempt from SE tax. He must include $51,000 ($39,000 plus $12,000) when figuring his net earnings for SE tax purposes.

The results would be the same if, instead of the use of the parsonage and receipt of the rental allowance for utilities, Pastor Adams had received an annual salary of $51,000 of which $17,000 ($5,000 plus $12,000) per year was designated as a rental allowance.

Overseas duty. Your net earnings from self-employment are determined without any foreign earned income exclusion or the foreign housing exclusion or deduction if you are a U.S. citizen or resident alien serving abroad and living in a foreign country.

For information on excluding foreign earned income or the foreign housing amount, see Pub. 54.

Example. Diane Jones was the minister of a U.S. church in Mexico. She earned $35,000 in that position and was able to exclude it all for income tax purposes under the foreign earned income exclusion. The United States doesn’t have a social security agreement with Mexico, so Mrs. Jones is subject to U.S. SE tax and must include $35,000 when figuring net earnings from self-employment.

Specified U.S. territories. The exclusion from gross income for amounts derived from American Samoa or Puerto Rico doesn’t apply in figuring net earnings from self-employment. Also see Residents of Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands (CNMI), and American Samoa, earlier, under U.S. Citizens and Resident and Nonresident Aliens.

Amounts not included in gross income. Don’t include the following amounts in gross income when figuring your net earnings from self-employment.

• Offerings that others made to the church.
• Contributions by your church to a tax-sheltered annuity plan set up for you, including any salary reduction contributions (elective deferrals) that aren’t included in your gross income.
• Pension payments or retirement allowances you receive for your past ministerial services.
• The rental value of a parsonage or a parsonage allowance provided to you after you retire.

Allowable deductions. When figuring your net earnings from self-employment, deduct all your expenses related to your ministerial services performed as a self-employed person. These are ministerial expenses you incurred while working other than as a common-law employee of the church. They include expenses incurred in performing marriages and baptisms, and in delivering speeches. Deduct these expenses on Schedule C (Form 1040), and carry the net amount to line 2 of Schedule SE (Form 1040).

Wages earned as a common-law employee (explained earlier) of a church are generally subject to self-employment tax unless an exception is requested, as discussed earlier under Exemption From Self-Employment (SE) Tax. Subtract any allowable expenses from these wages, include the net amount on line 2 of Schedule SE (Form 1040), and attach an explanation. Don’t complete Schedule C (Form 1040).

Employee reimbursement arrangements. If you received an advance, allowance, or reimbursement for your employee expenses, how you report this amount and your employee expenses depends on whether your employer reimbursed you under an accountable plan or a nonaccountable plan. Ask your employer if you aren’t sure if it reimburses you using an accountable or a nonaccountable plan.

Accountable plans. To be an accountable plan, your employer’s reimbursement arrangement must include all three of the following rules.

• Your expenses must have a business connection—that is, you must have paid or incurred deductible expenses while performing services as an employee of your employer.
• You must adequately account to your employer for these expenses within a reasonable period of time.
• You must return any excess reimbursement or allowance within a reasonable period of time.

The reimbursement isn’t reported on your Form W-2. Generally, if your expenses equal your reimbursement, you have no deduction. If your expenses are more than your reimbursement, you can deduct your excess expenses for SE tax and income tax purposes.

Nonaccountable plan. A nonaccountable plan is a reimbursement arrangement that doesn’t meet one or more of the three rules listed under Accountable plans above. In addition, even if your employer has an accountable plan, the following payments will be treated as being paid under a nonaccountable plan.

• Excess reimbursements you fail to return to your employer.
• Reimbursement of nondeductible expenses related to your employer’s business.

Your employer will combine any reimbursement paid to you under a nonaccountable plan with your wages, salary, or other compensation and report the combined total in box 1 of your Form W-2. Because reimbursements under a nonaccountable plan are included in your gross income, you can deduct your related expenses (for SE tax and income tax purposes) regardless of whether they are more than, less than, or equal to your reimbursement.

For more information on accountable and nonaccountable plans, see Pub. 463, Travel, Gift, and Car Expenses.

Married Couple Missionary Team

If both spouses are duly ordained, commissioned, or licensed ministers of a church and have an agreement that each will perform specific services for which they are paid jointly or separately, they must divide the self-employment income according to the agreement.

If the agreement is with one spouse only and the other spouse isn’t paid for any specific duties, amounts received for their services are included only in the self-employment income of the spouse having the agreement.

Earnings Subject to SE Tax

For 2020, the maximum net earnings from self-employment subject to social security (old age, survivors, and disability insurance) tax is $137,700 minus any wages and tips you earned that were subject to social security tax. The tax rate for the social security part is 12.4%. In addition, all of your net earnings are subject to the Medicare (hospital insurance) part of the SE tax. This tax rate is 2.9%. The combined self-employment tax rate is 15.3%.

Additional Medicare Tax. A 0.9% Additional Medicare Tax applies to Medicare wages, RRTA compensation, and self-employment income that are more than:
• $125,000 if married filing separately.
• $250,000 if married filing jointly, or
• $200,000 for any other filing status.

Medicare wages and self-employment income are combined to determine if income exceeds the threshold. A self-employment loss isn’t considered for purposes of this tax. RRTA compensation is separately compared to the threshold. For more information, see Form 8959, Additional Medicare Tax, and its separate instructions.

Nonfarm Optional Method

You may be able to use the nonfarm optional method for figuring your net earnings from self-employment. In general, the nonfarm optional method is intended to permit continued coverage for social security and Medicare purposes when your income for the tax year is low.

You may use the nonfarm optional method if you meet all of the following tests.

1. You are self-employed on a regular basis.
   You meet this test if your actual net earnings from self-employment were $400 or more in at least 2 of the 3 tax years before the one for which you use this method. The net earnings can be from either farm or nonfarm earnings or both.

2. You have used this method less than 5 prior years. (There is a 5-year lifetime limit.) The years don’t have to be consecutive.

3. Your net nonfarm profits were:
   a. Less than $6,107; and
If you are a member of a religious organization and you give your outside earnings to the organization, you still must include the earnings in your income. However, you may be entitled to a charitable contribution deduction for the amount paid to the organization. For more information, see Pub. 526.

**Exclusion of Rental Allowance and Fair Rental Value of a Parsonage**

Ordained, commissioned, or licensed ministers of the gospel may be able to exclude from income tax the rental allowance or fair rental value of a parsonage that is provided to them as pay for their services. Services include:

- Ministerial services, discussed earlier;
- Administrative duties and teaching at theological seminaries; and
- The ordinary duties of a minister performed as an employee of the United States (other than as a chaplain in the Armed Forces), a state, territory, political subdivision, or the District of Columbia.

This exclusion applies only for income tax purposes. It doesn’t apply for SE tax purposes, as discussed earlier under Amounts included in gross income under Self-Employment Tax: Figuring Net Earnings.

**Designation requirement.** The church or organization that employs you must officially designate the payment as a housing allowance before it makes the payment. It must designate a definite amount. It can’t determine the amount of the housing allowance at a later date. If the church or organization doesn’t officially designate a definite amount as a housing allowance, you must include your total salary in your income.

If you are employed and paid by a local congregation, a resolution by a national church agency of your denomination doesn’t effectively designate a housing allowance for you. The local congregation must officially designate the part of your salary that is a housing allowance. However, a resolution of a national church agency can designate your housing allowance if you are directly employed by the national agency.

An official designation of an amount as a housing or rental allowance may be shown in an employment contract, in the minutes of a church or qualified organization, in a budget, or in any official action taken in advance of payment of the allowance. A designation is sufficient if it permits a payment to be identified as a payment of a rental or housing allowance as distinguished from salary or other remuneration.

Informal discussions don’t amount to an official designation. However, the facts and circumstances of a designation may demonstrate that the designation was official.

A church or employing organization may report the rental allowance or fair rental value of the parsonage (and utilities) in box 14 of Form W-2.

**Rental allowances.** If you receive in your salary an amount officially designated as a rental allowance (including an amount to pay utility costs), you can exclude the allowance from your gross income if:

- You use the amount to provide or rent a home, and
- The amount isn’t more than reasonable pay for your services.

The amount you exclude can’t be more than the fair rental value of the home, including furnishings, plus the cost of utilities.

**Fair rental value of parsonage.** You can exclude from gross income the fair rental value of a house or parsonage, including utilities, furnished to you as part of your earnings. However, the exclusion can’t be more than the reasonable pay for your services. If you pay for the utilities, you can exclude any allowance designated for utility costs, up to your actual cost.

**Example.** Rev. Joanna Baker is a full-time minister. The church allows her to use a parsonage that has an annual fair rental value of $24,000. The church pays her an annual salary of $67,000, of which $7,500 is designated for utility costs. Her actual utility costs during the year were $7,000.

For income tax purposes, Rev. Baker excluded $31,000 from gross income ($24,000 fair rental value of the parsonage plus $7,000 from the allowance for utility costs). She will report $60,000 ($59,500 salary plus $500 of unused utility allowance). Her income for SE tax purposes, however, is $91,000 ($67,000 salary + $24,000 fair rental value of the parsonage).

**Home ownership.** If you own your home and you receive as part of your salary a housing or rental allowance, you may exclude from gross income the smallest of:

- The amount actually used to provide a home;
- The amount officially designated as a rental allowance; or
- The fair rental value of the home, including furnishings, utilities, garage, etc.

**Excess rental allowance.** You must include in gross income the amount of any rental allowance that is more than the smallest of:

- Your reasonable salary,
- The fair rental value of the home plus utilities, or
- The amount actually used to provide a home.

Include this amount in the total on Form 1040 or 1040-SR, line 1. On the dotted line next to line 1, enter “Excess allowance” and the amount.

You may deduct the home mortgage interest and real estate taxes paid on your home even though you pay all or part of those expenses with funds you get through a tax-free rental or parsonage allowance. However, you can only deduct these expenses as itemized deductions on Schedule A (Form 1040).

**Retired ministers.** If you are a retired minister, you can exclude from your gross income the rental value of a home (plus utilities) furnished to you by your church as a part of your pay for past services, or the part of your pension that was designated as a rental allowance. However, a minister’s surviving spouse can’t exclude the rental value unless the rental value is for ministerial services he or she performs or performed.

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**Table 3. Figuring Nonfarm Net Earnings**

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<thead>
<tr>
<th>Gross Nonfarm Income</th>
<th>THEN Your Net Earnings Equal to</th>
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<tbody>
<tr>
<td>$8,460 or less</td>
<td>Two-thirds of your gross nonfarm income.</td>
</tr>
<tr>
<td>More than $8,460</td>
<td>$5,640</td>
</tr>
</tbody>
</table>

Actual net earnings. Multiply your total earnings subject to SE tax by 92.35% (0.9235) to get actual net earnings. Actual net earnings are equivalent to net earnings under the “Regular Method.”

**More information.** For more information on the nonfarm optional method, see Pub. 334, Tax Guide for Small Business, and the Instructions for Schedule SE (Form 1040).

**Income Tax: Income and Expenses**

Some income and expense items are treated the same for both income tax and SE tax purposes and some are treated differently.

**Note.** For purposes of this section, references to members of the clergy are only to ministers or members of a religious order.

**Income Items**

The tax treatment of offerings and fees, outside earnings, rental allowances, rental value of a parsonage, earnings of members of religious orders, and foreign earned income is discussed here.

**Offerings and Fees**

If you are a member of the clergy, you must include in your income offerings and fees you receive for marriages, baptisms, funerals, masses, etc., in addition to your salary. If the offering is made to the religious institution, it isn’t taxable to you.

**Outside Earnings**

If you are a member of a religious organization and you give your outside earnings to the organization, you still must include the earnings in your income. However, you may be entitled to a charitable contribution deduction for the amount paid to the organization. For more information, see Pub. 526.
Teachers or administrators. If you are a min- ister employed as a teacher or administrator by a church school, college, or university, you are performing ministerial services for purposes of the housing exclusion. However, if you perform services as a teacher or administrator on the faculty of a nonchurch college, you can’t ex- clude from your income a housing allowance or the value of a home that the college provides to you.

If you live in faculty lodging as an em- ployee of an educational institution or academic health center, all or part of the value of that lodging may be nontaxable un- der a different rule. In Pub. 525, see Faculty lodging in the discussion on meals and lodging under Fringe Benefits.

If you serve as a minister of music or minis- ter of education, or serve in an administrative or other function of your religious organization, but aren’t authorized to perform substantially all of the religious duties of an ordained minister in your church (even if you are commissioned as a minister of the gospel), the housing exclusion doesn’t apply to you.

Theological students. If you are a theological student serving a required internship as a part-time or assistant pastor, you can’t exclude a parsonage or rental allowance from your in- come unless you are ordained, commissioned, or licensed as a minister.

Traveling evangelists. You can exclude a designated rental allowance from out-of-town churches if you meet all of the following require- ments:
- You are an ordained minister.
- You perform ministerial services at churches located away from your com- munity.
- You actually use the rental allowance to maintain your permanent home.

Cantors. If you have a bona fide commission and your congregation employs you on a full-time basis to perform substantially all the religious duties of the Jewish faith, you can ex- clude a rental allowance from your gross in- come.

Earnings—Members of Religious Orders
Your earnings may be exempt from both in- come tax and SE tax if you are a member of a religious order who:
- Has taken a vow of poverty,
- Receives earnings for services performed as an agent of the order and in the exer- cise of duties required by the order, and
- Renounces the earnings and gives them to the order.

See Members of Religious Orders, earlier, under Social Security Coverage.

Foreign Earned Income
Certain income may be exempt from income tax if you work in a foreign country or in a specified U.S. territory. Pub. 54 discusses the foreign earned income exclusion. Pub. 570, Tax Guide for Individuals With Income From U.S. Posses- sions, covers the rules for taxpayers with in- come from U.S. territories. You can get these free publications from the IRS at IRS.gov/Forms or from most U.S. embassies or consulates.

Expense Items
The tax treatment of expenses allocable to tax-free income and health insurance costs is discussed here.

Expenses Allocable to Tax-Free Income
If you receive a rental or parsonage allowance that is exempt from income tax (tax free), you must allocate a portion of the expenses of oper- ating your ministry to that tax-free income. You can’t deduct the portion of your expenses that you allocate to your tax-free rental or parsonage allowance.

Exception. This rule doesn’t apply to your de- ductions for home mortgage interest or real es- tate taxes on your home.

Figuiring the allocation. Figure the portion of your otherwise deductible expenses that you can’t deduct (because you must allocate that portion to tax-free income) by multiplying the expenses by the following fraction:

\[
\text{Tax-free rental or parsonage allowance} \quad \frac{\text{All income (taxable and tax free) earned from your ministry}}{\text{All income (taxable and tax free) earned from your ministry}}
\]

When figuring the allocation, include the in- come and expenses related to the ministerial duties you perform both as an employee and as a self-employed person.

Reduce your otherwise deductible ex- penses only in figuring your income tax, not your SE tax.

Example. Rev. Charles Ashford received $40,000 in earnings for ministerial services con- sisting of a $28,000 salary for ministerial serv- ices performed as an employee, $2,000 for weddings and baptisms performed as a self-employed person, and a $10,000 tax-free parsonage allowance. He incurred $4,000 of unreimbursed expenses connected with his earnings for ministerial services. $3,500 of the $4,000 is for employee expenses related to his ministerial salary. He is no longer able to deduct the $3,500 incurred for employee expenses re- lated to his ministerial salary. Since the $500 is related to the weddings and baptisms he per- formed as a self-employed person, this amount is deductible.

Rev. Ashford figures the nondeductible (tax-free) portion of expenses related to his wedding and baptism income as follows:

\[
($10,000 - $40,000) \times \frac{550}{10,000} = $125
\]

Required statement. If you receive a tax-free rental or parsonage allowance and have minis- terial expenses, attach a statement to your tax return. The statement must contain all of the fol- lowing information:
- A list of each item of deductible ministerial in- come by source (such as wages, salary, weddings, baptisms, etc.) plus the amount.
- A list of each item of deductible ministerial in- come by source (parsonage allowance) plus the amount.
- A list of each item of otherwise deductible ministerial expenses plus the amount.
- How you figured the nondeductible part of your otherwise deductible expenses.
- A statement that the other deductions claimed on your tax return aren’t allocable to your tax-free income.

At the end of this publication, you will find blank worksheets for your own use.

Health Insurance Costs of Self-Employed Ministers
If you are self-employed, you may be able to deduct the amount you paid in 2020 for medical and dental insurance and qualified long-term care insurance for you, your spouse, your de- pendingents, and any child you may have who, as of the end of the tax year, had not attained age 27.

For purposes of this deduction, your child must be an individual who is your son, daugh- ter, stepson, stepdaughter, or eligible foster child. An individual who has been legally adopt- ted by you (or placed with you for adoption) will be treated as your child.

If you qualify, you can take this deduction as an adjustment to income on Schedule 1 (Form 1040), line 16. See the instructions for Forms 1040 and 1040-SR to figure your deduction.

The following special rules apply to the self-employed health insurance deduction:
- You can’t take a medical expense deduc- tion on Schedule A (Form 1040) for any ex- penses you claim for purposes of the self-employed health insurance deduction.
- You can’t take the deduction for any month you are eligible to participate in a subsi- dized plan of your (or your spouse’s) em- ployer.
- The deduction can’t exceed your net earn- ings from the business under which the in- surance plan is established. Your net earn- ings under this rule don’t include the income you earned as a common-law em- ployee (discussed earlier) of a church.

More information. For more information about the self-employed health insurance deduction, see chapter 6 in Pub. 535.

Deduction for SE Tax
You can deduct one-half of your SE tax in figuring AGI. This is an income tax deduction only, which is claimed on Schedule 1 (Form 1040), line 14.

Don’t claim this deduction in figuring net earnings from self-employment subject to SE tax.
Income Tax Withholding and Estimated Tax

The federal income tax is a pay-as-you-go tax. You must pay the tax as you earn or receive income during the year. An employee usually has income tax withheld from his or her wages or salary. However, your salary isn’t subject to federal income tax withholding if both of the following conditions apply:

- You are a duly ordained, commissioned, or licensed minister, a member of a religious order (who hasn’t taken a vow of poverty), or a Christian Science practitioner or reader.
- Your salary is for ministerial services (see Ministerial Services, earlier).

If your salary isn’t subject to withholding, or if you don’t pay enough tax through withholding, you may need to make estimated tax payments to avoid penalties for not paying enough tax as you earn your income.

You must generally make estimated tax payments if you expect to owe taxes, including SE tax, of $1,000 or more, when you file your return.

Determine your estimated tax by using the worksheets in Pub. 505, Tax Withholding and Estimated Tax. You can also use the IRS Withholding Estimator at IRS.gov/W4App. Pay the entire estimated tax for 2021 or the first installment by April 15, 2021. See Form 1040-ES for the different payment methods. The April 15 date applies whether or not your tax home and abode are outside the United States and Puerto Rico. For more information, see chapter 2 of Pub. 505.

If you perform your services as a common-law employee of the church and your salary isn’t subject to income tax withholding, you can enter into a voluntary withholding agreement with the church to cover any income and SE tax that may be due.

Filing Your Return

You must file an income tax return for 2020 if your gross income was at least the amount shown in the third column of Table 4.

**Exemption from SE tax.** If you filed Form 4361 and received IRS approval not to be taxed on your ministerial earnings, and you don’t have any other income subject to SE tax, don’t file Schedule SE (Form 1040). Instead, enter “Exempt—Form 4361” on the dotted line next to Schedule 2 (Form 1040), line 4. However, if you had net earnings from another trade or business of $400 or more subject to SE tax, see line A at the top of Schedule SE (Form 1040).

If you filed Form 4029 and received IRS approval not to be taxed on those earnings, and you don’t have any other income subject to SE tax, don’t file Schedule SE (Form 1040). Instead, enter “Exempt—Form 4029” on the dotted line next to Schedule 2 (Form 1040), line 4.

More information. For more information on filing your return, including when and where to file it, see the Instructions for Forms 1040 and 1040-SR.

**Retirement Savings Arrangements**

Retirement savings arrangements are plans that offer you a tax-favored way to save for your retirement. You can generally deduct your contributions to the plan. Your contributions and the

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<thead>
<tr>
<th>Table 4. 2020 Filing Requirements for Most Taxpayers</th>
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<td><strong>IF your filing status is ...</strong></td>
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<td>Married filing jointly***</td>
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<tr>
<td>Qualifying widow(er)</td>
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</tbody>
</table>

* If you were born on January 1, 1956, you are considered to be age 65 at the end of 2020. (If your spouse died in 2020 or you are preparing a return for someone who died in 2020, see Pub. 501, Dependents, Standard Deduction, and Filing Information.)

** Gross income means all income you received in the form of money, goods, property, and services that isn’t exempt from tax, including any income from sources outside the United States or from the sale of your main home (even if you can exclude part or all of it). Don’t include any social security benefits unless (a) you are married filing a separate return and you lived with your spouse at any time in 2020, or (b) one-half of your social security benefits plus your other gross income and any tax-exempt interest is more than $25,000 ($32,000 if married filing jointly). If (a) or (b) applies, see the Instructions for Forms 1040 and 1040-SR, lines 6a and 6b, to figure the taxable part of social security benefits you must include in gross income. Gross income includes gains, but not losses, reported on Form 8949 or Schedule D (Form 1040). Gross income from a business means, for example, the amount on Schedule C (Form 1040), line 7; or Schedule F (Form 1040), line 9. But, in figuring gross income, don’t reduce your income by any losses, including any loss on Schedule C (Form 1040), line 7; or Schedule F (Form 1040), line 9.

*** If you didn’t live with your spouse at the end of 2020 (or on the date your spouse died) and your gross income was at least $5, you must file a return regardless of your age.
earnings on them generally aren't taxed until they are distributed.

Retirement plans for the self-employed. To set up one of the following plans you must be self-employed:

- SEP (simplified employee pension) plan.
- SIMPLE (savings incentive match plan for employees) plan.
- Qualified retirement plan (also called a Keogh or H.R. 10 plan), including a 401(k) plan.

The common-law rules determine whether you are an employee or a self-employed person for purposes of setting up a retirement plan. See Employment status for other tax purposes under Coverage of Members of the Clergy, earlier. This result is true even if your compensation for ministerial services (defined earlier) is subject to SE tax.

For example, if a congregation pays you a salary for performing ministerial services and you are generally a common-law employee, you aren't a self-employed person for purposes of setting up a retirement plan. This result is true even if your salary is subject to SE tax.

On the other hand, amounts received directly from members of the congregation, such as fees for performing marriages, baptisms, or other personal services that you report on Schedule C (Form 1040), are earnings from self-employment for all tax purposes. For more information on establishing a SEP, SIMPLE, or qualified retirement plan, see Pub. 560, Retirement Plans for Small Business.

Individual retirement arrangements (IRAs). The traditional IRA and the Roth IRA are two individual retirement arrangements you can use to save money for your retirement. Generally, your maximum contribution for 2020 to either of these plans (or to a combination of the two) is the smaller of your taxable compensation or $6,000 ($7,000 if you are age 50 or older by the end of 2020).

However, your maximum contribution to a Roth IRA will be further reduced or eliminated if your AGI is above a certain amount. You can't deduct Roth IRA contributions, but if you satisfy certain requirements, the contributions won't be included in your total wages on your Form W-2, but you will pay tax on distributions from your plan. However, if you choose to have contributions made to a Roth contribution program, they won't be excluded from your income, but will be distributed tax free if you satisfy certain requirements.

You may also participate in a 403(b) plan if you are a minister or chaplain and, in the exercise of your ministry, you are either self-employed or employed by an organization that isn't exempt from tax under section 501(c)(3) of the Internal Revenue Code. If either situation applies to you, you can deduct your contributions to a 403(b) plan as explained next.

- If you are self-employed, deduct your contributions on Schedule 1 (Form 1040), line 15.
- If you aren't self-employed and your employer doesn't exclude your contributions from your earned income, deduct your contributions on Schedule 1 (Form 1040), line 22. Enter the amount of your deduction and “403(b)” on the dotted line next to line 22.

Retirement savings contributions credit. You may be able to take a tax credit of up to $1,000 (up to $2,000 if filing jointly) for certain contributions you make to any of the retirement plans or IRAs discussed earlier. The credit is based on the contributions you make and your credit rate. Your credit rate can be as low as 10% or as high as 50%, depending on your filing status and AGI. Figure the credit on Form 8860, Credit for Qualified Retirement Savings Contributions.

You can't take the credit if any of the following apply:

1. You were born after January 1, 2003.
2. You were a student who during any part of 5 calendar months (not necessarily consecutive) of 2020:
   a. Was enrolled as a full-time student at a school; or
   b. Took a full-time, on-farm training course given by a school or a state, county, or local government agency.
3. Someone, such as your parent(s), claims an exemption for you on his or her 2020 tax return.
4. Your AGI for 2020 is more than:
   a. $65,000, if your filing status is married filing jointly;
   b. $48,750, if your filing status is head of household; or
   c. $32,500, if your filing status is single, married filing separately, or qualifying widow(er).

Full-time student. You are a full-time student if you are enrolled for the number of hours or courses the school considers to be full time.

AGI. When figuring AGI, you must add back any exclusion or deduction claimed for the year for:

1. Foreign earned income,
2. Foreign housing costs,
3. Income of bona fide residents of American Samoa, and
4. Income of bona fide residents of Puerto Rico.

More information. For more information about the credit, see Pub. 590-A.
If you are a minister and have an approved Form 4361, your earned income will still include wages and salaries earned as an employee, but it will not include amounts you received for nonemployee ministerial duties, such as fees for performing marriages and baptisms, and honoraria for delivering speeches.

More information. For detailed rules on this credit, see Pub. 596. To figure the amount of your credit, you can either fill out a worksheet or have the IRS figure the credit for you. You may need to complete Schedule EIC (Form 1040) and attach it to your tax return.
Worksheets

These worksheets are provided to help you figure your taxable ministerial income, your allowable deductions, and your net self-employment income.

Worksheet 1. Figuring the Percentage of Tax-Free Income

**Note.** For each line, enter the appropriate amount in all boxes that aren't shaded.

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>(a) Taxable</th>
<th>(b) Tax-free</th>
<th>(c) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 W-2 salary as a minister (from box 1 of Form W-2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Gross income from weddings, baptisms, writing, lecturing, etc. (from line 1 of Schedule C)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note.** Complete either lines 3a through 3e or lines 4a through 4i.

- If your church provides you with a parsonage, complete lines 3a through 3e.
- If, instead of providing a parsonage, your church provides you with a rental or parsonage allowance, complete lines 4a through 4i.

| 3a FRV* of parsonage provided by church |            |              |           |
| 3b Utility allowance, if any          |            |              |           |
| 3c Actual expenses for utilities     |            |              |           |
| 3d Enter the smaller of line 3b or 3c |            |              |           |
| 3e Excess utility allowance (subtract line 3d from line 3b)            |            |              |           |
| 4a Parsonage or rental allowance     |            |              |           |
| 4b Utility allowance, if separate    |            |              |           |
| 4c Total allowance (add lines 4a and 4b)                                   |            |              |           |
| 4d Actual expenses for parsonage    |            |              |           |
| 4e Actual expenses for utilities    |            |              |           |
| 4f Total actual expenses for parsonage and utilities (add lines 4d and 4e) |            |              |           |
| 4g FRV* of home, plus the cost of utilities                              |            |              |           |
| 4h Enter the smaller of line 4c, 4f, or 4g                                 |            |              |           |
| 4i Excess allowance (subtract line 4h from line 4c)                      |            |              |           |
| 5 Ministerial income (for columns (a), (b), and (c), add lines 1 through 4i) |            |              |           |
| 6 Percentage of tax-free income: Total tax-free income (line 5(b)) $    |            |              |           |
| Total income (line 5(c)) $                                                  |            |              |           |
| = %**                                                                   |            |              |           |

* FRV (Fair Rental Value): As determined objectively and between unrelated parties, what it would cost to rent a comparable home (including furnishings) in a similar location.
** This percentage of your ministerial expenses won’t be deductible. Use Worksheets 2 and 3 to figure your allowable deductions.
Worksheet 2. **Figuring the Allowable Deduction for Schedule C Expenses**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Percentage of expenses that are nondeductible *(from Worksheet 1, line 6): _____%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Business use of car for entire year: _____ miles x 57.5 cents ($0.575)</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Meals: $ _____ × 50% (0.50)</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Other expenses (list item and amount)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a</td>
<td>4a</td>
</tr>
<tr>
<td></td>
<td>b</td>
<td>4b</td>
</tr>
<tr>
<td></td>
<td>c</td>
<td>4c</td>
</tr>
<tr>
<td></td>
<td>d</td>
<td>4d</td>
</tr>
<tr>
<td></td>
<td>e</td>
<td>4e</td>
</tr>
<tr>
<td>f</td>
<td>Total other expenses (add lines 4a through 4e)</td>
<td>4f</td>
</tr>
<tr>
<td>5</td>
<td>Total Schedule C expenses (add lines 2, 3, and 4f)</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Nondeductible part of Schedule C expenses (multiply line 5 by the percent in line 1)</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Deduction allowed.* Subtract line 6 from line 5. Enter the result here and on Schedule C, line 27a.</td>
<td>7</td>
</tr>
</tbody>
</table>

* None of the other deductions claimed in this return are allocable to tax-free income.

Worksheet 3. **Figuring Net Self-Employment Income for Schedule SE (Form 1040)**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>W-2 salary as a minister *(from box 1 of Form W-2)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Net profit from Schedule C, line 31</td>
<td>2</td>
</tr>
<tr>
<td>3a</td>
<td>Parsonage or rental allowance *(from Worksheet 1, line 3a or 4a)</td>
<td>3a</td>
</tr>
<tr>
<td>b</td>
<td>Utility allowance *(from Worksheet 1, line 3b or 4b)</td>
<td>3b</td>
</tr>
<tr>
<td>c</td>
<td>Total allowance *(add lines 3a and 3b)</td>
<td>3c</td>
</tr>
<tr>
<td>4</td>
<td>Add lines 1, 2, and 3c</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Schedule C expenses allocable to tax-free income *(from Worksheet 2, line 6)</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Total unreimbursed employee business expenses</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Total business expenses not deducted in lines 1 and 2 above *(add lines 5 and 6)</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Net self-employment income. Subtract line 7 from line 4. Enter here and on Schedule SE *(Form 1040), line 2.</td>
<td>8</td>
</tr>
</tbody>
</table>

**How To Get Tax Help**

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to IRS.gov and find resources that can help you right away.

Preparing and filing your tax return. After receiving all your wage and earnings statements *(Form W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.)*; unemployment compensation statements *(by mail or in a digital format)*; or other government payment statements *(Form 1099-G)*; and interest, dividend, and retirement other government payment statements *(Form 1099-other)*, you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

Free options for tax preparation. Go to IRS.gov to see your options for preparing and filing your return online or in your local community, if you qualify, which include the following.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using brand-name tax-preparation-and-filing software or Free File fillable forms. However, state tax preparation may not be available through Free File. Go to IRS.gov/FreeFile to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance *(VITA)* program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. Go to IRS.gov/VITA, download the free IRS2Go app, or call 800-906-9887 for information on free tax return preparation.
- **TCE.** The Tax Counseling for the Elderly *(TCE)* program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to IRS.gov/TCE, download the free IRS2Go app, or call 888-227-7669 for information on free tax return preparation.
- **MiTax.** Members of the U.S. Armed Forces and qualified veterans may use MiTax, a free tax service offered by the Department of Defense through Military One-Source.

Also, the IRS offers Free Fillable Forms, which can be completed online and then filed electronically regardless of income.

Using online tools to help prepare your return. Go to IRS.gov/Tools for the following.

- The Earned Income Tax Credit Assistant *(IRS.gov/EITCAssistant)* determines if you're eligible for the earned income credit *(EIC).*
- The Online EIN Application *(IRS.gov/EIN)* helps you get an employer identification number *(EIN).*
- The Tax Withholding Estimator *(IRS.gov/W4App)* makes it easier for everyone to pay the correct amount of tax during the year. The tool is a convenient, online way to check and tailor your withholding. It's more user-friendly for taxpayers, including
retirees and self-employed individuals. The features include the following:

- Easy to understand language.
- The ability to switch between screens, correct previous entries, and skip screens that don’t apply.
- Tips and links to help you determine if you qualify for tax credits and deductions.
- A progress tracker.
- A self-employment tax feature.
- Automatic calculation of taxable social security benefits.

- The First Time Homebuyer Credit Account Look-up (IRS.gov/HomeBuyer) tool provides information on your repayments and account balance.
- The Sales Tax Deduction Calculator (IRS.gov/SalesTax) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).

Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- IRS.gov/Help: A variety of tools to help you get answers to some of the most common tax questions.
- IRS.gov/ITA: The Interactive Tax Assistant, a tool that will ask you questions on a number of tax law topics and provide answers.
- IRS.gov/Forms: Find forms, instructions, and publications. You will find details on 2020 tax changes and hundreds of interactive links to help you find answers to your questions.
- IRS.gov/mytaxassistant: You may also be able to access tax law information in your electronic filing software.

Need someone to prepare your tax return? There are various types of tax return preparers, including tax preparers, enrolled agents, certified public accountants (CPAs), attorneys, and many others who don’t have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).

Although the tax preparer always signs the return, you’re ultimately responsible for providing all the information required for the preparer to accurately prepare your return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to Tips for Choosing a Tax Preparer on IRS.gov

Coronavirus. Go to IRS.gov/Coronavirus for links to information on the impact of the coronavirus, as well as tax relief available for individuals and families, small and large businesses, and tax-exempt organizations.

Tax reform. Tax reform legislation affects individuals, businesses, and tax-exempt and government entities. Go to IRS.gov/TaxReform for information and updates on how this legislation affects your taxes.

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at SSA.gov/employer for fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement, and Form W-2c, Corrected Wage and Tax Statement.

IRS social media. Go to IRS.gov/SocialMedia to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are paramount. We use these tools to share public information with you. Don’t post your SSN or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- YouTube.com/irsvideos.
- YouTube.com/irsvideosmultilingual.
- YouTube.com/irsvideosASL.

Watching IRS videos. The IRS Video portal ( IRSvideos.gov ) contains video and audio presentations for individuals, small businesses, and tax professionals.

Online tax information in other languages. You can find information on IRS.gov/MyLanguage if English isn’t your native language.

Free interpreter service. Multilingual assistance, provided by the IRS, is available at Taxpayer Assistance Centers (TACs) and other IRS offices. Over-the-phone interpreter service is accessible in more than 350 languages.

Getting tax forms and publications. Go to IRS.gov/Forms to view, download, or print all of the forms, instructions, and publications you may need. You can also download and view popular tax publications and instructions (including the Instructions for Forms 1040 and 1040-SR) on mobile devices as an eBook at IRS.gov/eBooks. Or you can go to IRS.gov/OrderForms to place an order.

Access your online account (individual taxpayers only). Go to IRS.gov/Account to securely access information about your federal tax account.

- View the amount you owe, pay online, or set up an online payment agreement.
- Access your tax records online.
- Review your payment history.
- Go to IRS.gov/SecureAccess to review the required identity authentication process.

Using direct deposit. The fastest way to receive a tax refund is file electronically and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. The IRS issues more than 90% of refunds in less than 21 days.

Getting a transcript of your return. The quickest way to get a copy of your tax transcript is to go to IRS.gov/Transcripts. Click on either “Get Transcript Online” or “Get Transcript by Mail” to order a copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn’t initiate contact with taxpayers by email, text messages, telephone calls, or social media channels to request personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to IRS.gov/IdentityTheft, the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you’re a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to eligible taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to IRS.gov/IPPIN.

Checking on the status of your refund.

- Go to IRS.gov/Refunds.
- The IRS can’t issue refunds before mid-February 2021 for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

Making a tax payment. The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to IRS.gov/Payments for information on how to make a payment using any of the following options.

- IRS Direct Pay: Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- Debit or Credit Card: Choose an approved payment processor to pay online, by phone, or by mobile device.
Electronic Funds Withdrawal: Offered only when filing your federal taxes using tax return preparation software or through a tax professional.

Electronic Federal Tax Payment System: Best option for businesses. Enrollment is required.

Check or Money Order: Mail your payment to the address listed on the notice or instructions.

Cash: You may be able to pay your taxes at a participating retail store.

Same-Day Wire: You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and cut-off times.

What if I can’t pay now? Go to IRS.gov/Payments for more information about your options.

- Apply for an online payment agreement (IRS.gov/OPA) to meet your tax obligation in monthly installments if you can’t pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the Offer in Compromise Pre-Qualifier to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to IRS.gov/OIC.

Filing an amended return. You can now file Form 1040-X electronically with tax filing software to amend 2019 Forms 1040 and 1040-SR. To do so, you must have e-filed your original 2019 return. Amended returns for all prior years must be mailed. See Tips for taxpayers who need to file an amended tax return and go to IRS.gov/Form1040X for information and updates.

Checking the status of your amended return. Go to IRS.gov/WMR to track the status of Form 1040-X amended returns. Please note that it can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter you’ve received. Go to IRS.gov/Notices to find additional information about responding to an IRS notice or letter.

Contacting your local IRS office. Keep in mind, many questions can be answered on IRS.gov without visiting an IRS Taxpayer Assistance Center (TAC). Go to IRS.gov/LetUsHelp for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can’t be handled online or by phone. All TACs now provide service by appointment, so you’ll know in advance that you can get the service you need without long wait times. Before you visit, go to IRS.gov/TACLocator to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on “Local Offices.”

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the Taxpayer Bill of Rights.

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to TaxpayerAdvocate.IRS.gov to help you understand what these rights mean to you and how they apply. These are your rights. Know them. Use them.

What Can TAS Do For You?

TAS can help you resolve problems that you can’t resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You’ve tried repeatedly to contact the IRS but no one has responded, or the IRS hasn’t responded by the date promised.

How Can You Reach TAS?

TAS has offices in every state, the District of Columbia, and Puerto Rico. Your local advocate’s number is in your local directory and at TaxpayerAdvocate.IRS.gov/Contact-Us. You can also call them at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to them at IRS.gov/SAMS.

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you’ve seen in your practice.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee. To find a clinic near you, visit TaxpayerAdvocate.IRS.gov/About-Us/Low-Income-Taxpayer-Clinics-LITC/ or see IRS Pub. 4134, Low Income Taxpayer Clinic List.
The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

Assistance
American Samoa
Administrators
Additional Medicare Tax
Accountable plan
Exclusion, foreign earned
Estimated tax
Employment status
Exemption:
Effective date:
Form:
Filing requirements for most taxpayers
Foreign earned income
1040-ES
1040 or 1040-SR
1040-X
4029
4361
8959
941
943
944
SS-8

L
Lay employees
(See Religious workers)
Living abroad

M
Members of recognized religious sects
Members of religious orders
Ministerial services, exemption for:
Christian Science practitioners and readers
Members of religious orders
Ministers
Missionary team, married couple

N
Nonaccountable plan
Nonfarm optional method
Nonresident aliens

O
Offerings and fees
Overseas duty

P
Parsonage allowance
Publications (See Tax help)
Puerto Rico

Q
Qualified retirement plan

R
Refunds, self-employment tax
Reimbursements

S
SECA
Sects, members of recognized religious
Self-employment, net earnings from
Self-Employment Contributions Act (See SECA)
Self-employment tax:
Deduction
Exemption
Maximum earnings
Nonfarm optional method
Refunds of
Regular method
SIMPLE plan
Simplified employee pension (SEP) plan
Social security coverage

T
Tax-free income, deductibility of expenses
Tax help
Tax-sheltered annuity plans
Teachers
Theological students
Traveling evangelists

U
U.S. citizens
U.S. Virgin Islands

V
Vow of poverty