

Certification by Churches and Qualified Church-Controlled Organizations Electing Exemption from Employer Social Security Taxes

File in Duplicate

Please type or print	Full name of organization.	Employer identification number
	Address (Number and street)	
	City, State, and ZIP code	
	If exemption is based on a group ruling, give full name of central organization	Group exemption number

Purpose of Form.—By filing this form, the organization named above elects exemption from employer social security taxes by certifying that it is a church or church-controlled organization which is opposed for religious reasons to the payment of social security taxes.

Effect of Election.—This election applies to all current and future employees of the electing organization for services performed after December 31, 1983. However, this election does not apply to ministers of a church, members of a religious order, or to services performed in an unrelated trade or business of the church or church-controlled organization. The organization may not revoke the election.

The electing organization is required to continue to withhold income tax and to report the tax withheld and wages, tips, and other compensation paid to each employee on **Form W-2, Wage and Tax Statement**, and to file **Form 941E, Quarterly Return of Withheld Federal Income Tax (or Form 941, Employer's Quarterly Federal Tax Return**, if the organization has employees whose wages are not exempted by this election (such as those engaged in unrelated business activities) and remain subject to employer taxes). This election shall be permanently revoked if the organization fails to file Form W-2 for 2 years and fails to furnish the information upon request by the IRS.

Employees receiving compensation of \$100 or more in a year from the electing organization are subject to self-employment tax on the compensation. They will be considered employees for all other purposes of the Internal Revenue Code including the withholding of income tax.

Organizations filing this form who have reported and paid social security taxes on Form 941 for services performed in 1984 prior to making this election, can receive a refund of these taxes by filing **Form 843, Claim**, with the Internal Revenue Service Center where they filed Form 941. The refund will be made without interest and is conditioned upon the organization agreeing to pay to each employee (or former employee) the portion of the refund attributable to the employee social security tax. This may be accomplished by adding the following sentence in the explanation section on the Form 843: "I agree to repay promptly any withheld employee social

security tax to each employee or former employee covered by the election on Form 8274 on which the claim is based." The Service Center will process the claim faster if it is marked "Section 3121(w)" above the title on Form 843 and if Form 8274 accompanies it.

Who May File.—Churches and qualified church-controlled organizations (defined below) who are opposed for religious reasons to the payment of social security taxes may elect exemption from the taxes by filing this form.

The term church includes conventions or associations of churches. It also includes an elementary or secondary school that is controlled, operated, or principally supported by a church (or conventions or associations of churches).

A qualified church-controlled organization includes any church-controlled tax-exempt organization described in section 501(c)(3) of the Internal Revenue Code except an organization that:

1. offers goods, services, or facilities for sale, other than on an incidental basis, to the general public AND
2. normally receives more than 25 percent of its support from the sum of governmental sources and receipts from admissions, sales of merchandise, or furnishing of facilities in activities that are not unrelated trades or businesses.

Goods, services, or facilities which are sold at a nominal charge substantially less than the cost of providing such goods, services, or facilities are not included in 1 above.

An organization which meets both conditions 1 and 2 above will be excluded from the definition of a qualified church-controlled organization and therefore not eligible to file this form.

For example, a church-controlled hospital will generally meet both conditions and will not qualify to make the election.

However, a seminary, a religious retreat center, or a burial society will generally qualify to make the election regardless of its funding sources because it does not offer goods, services, or facilities for sale to the general public. A church-run orphanage or home-for-the-aged may qualify if not more than 25 percent of its support is from admissions, sales of merchandise, or furnishing of facilities in other than unrelated trades or businesses plus from

governmental sources. Auxiliary organizations of a church such as youth groups, women's auxiliaries, church pension boards and fund-raising organizations will generally be eligible to make the election.

When to File.—Any organization in existence on September 30, 1984, must file this form by October 30, 1984. Any organization created after September 30, 1984, must file prior to the first date on which a quarterly employment tax return would otherwise be due from the electing organization.

Where to File.—File with the Internal Revenue Service Center for the State in which the church or church-controlled organization is located, as listed below.

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtsville, NY 00501
New York (All other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
District of Columbia, Delaware, Maryland, Pennsylvania	Philadelphia, PA 19255
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501

Churches or church-controlled organizations in Guam, American Samoa, the Virgin Islands, or Puerto Rico should file this form with the U.S. Internal Revenue Service Center, Philadelphia, PA 19255.

If you are already filing Form 941, file with the Internal Revenue Service Center where you are filing the 941.

Filing Instructions.—Complete this form by supplying the information called for. An authorized official of the church or the qualified church-controlled organization must sign the form. Send two copies to the appropriate IRS address. Keep a copy for your records.

I certify that the above named organization is a church or qualified church-controlled organization, as defined in section 3121(w) of the Internal Revenue Code, which is opposed for religious reasons to the payment of employer social security taxes, and elects not to be subject to such taxes.

Sign Here

(Signature of authorized official) (Title) (Date)