

New Church Checklist

- **Obtain an Employer Identification Number (EIN)** - Note the “responsible party” should generally be the church planter or the church treasurer. Apply at <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>.
- **501(c)(3) status** - There is no requirement to seek separate 501(c)(3) non-profit status for the church. Under federal law, a church that holds itself out as a church automatically is considered to be a non-profit as long as it does not violate the rules of inurement (over-paying the pastor or staff), does not spend a substantial portion of its revenue on lobbying, and does not participate in political activities. Once the church is organized, it will be added to the “group exemption” letter issued to the denomination.
- **State Sales Tax Exemption** - In a limited number of states, churches may be exempt from paying state sales tax. Check with your state office and state revenue (or state tax) department to determine if such an exemption is available in your state.
- **Property Taxes** - If you purchase property, talk with your city and county property tax assessor/collector to determine if your property can be exempted from property taxes - and if it can, how often you must file a request to maintain that exemption.
- **Payroll Taxes** - Churches are required to collect and pay payroll taxes IF they have employees other than credentialed ministers. Failure to do so can result in civil, as well as criminal, liability. Therefore, all employees must complete Form W-4 and Form I-9.
- **Form W-2** - Even if the minister is the only employee of the church, the church must provide the minister with a Form W-2 by no later than the end of January, showing his compensation for the previous tax year. Other employees must receive W-2s as well.
- **Form 1099** - Independent contractors receiving more than \$600 cumulative in one year from a church must receive a Form 1099 before January 31 for amounts received in the previous year.
- **Form W-9** - Must be completed by all non-employees before a church provides them with any compensation/honorarium. Such provides the identifying information needed to complete the Form 1099.
- **I-9** - This immigration form verifies that your employees are legally able to work in the United States.
- **Minimum Wage** - The “wage and hour” laws apply to church employees, meaning those who are not ministers and those who are not legally “exempted” under the law, may not work more than 40 hours in any week without receiving time and a half for all hours over 40. Further, all employees must be paid at least the minimum wage for time worked.
- **Workers’ Compensation** - All churches should speak with their insurance carrier and State Labor Department to determine at what point workers compensation coverage is required. It is advisable to have coverage even if there is only one employee.
- **Charitable Receipts** - Churches are responsible for providing charitable receipts to any donor that gave more than \$250 at any one time during the year. These receipts can be given at the time of the gift, monthly, quarterly, or no less than once a year. If given annually, receipts should be based upon the calendar year and not the church fiscal year.
- **Recordkeeping** - A church is required to maintain records for different periods of time based upon the type of records. Some records are required to be maintain permanently.