



MinistryWorks®
by Brotherhood Mutual

YEAR-END PAYROLL,
Simplified

A STRESS-FREE PROCEDURAL GUIDE

WELCOME TO YEAR-END PAYROLL, SIMPLIFIED

The key to successfully completing year-end payroll and tax filing tasks is planning. This guide, designed by the MinistryWorks team, gives you the tools you need to meet year-end payroll related deadlines, avoid costly fees and penalties, and save ministry resources. Consult with your tax professional or a locally licensed attorney for facts specifically related to your ministry.

W-2s/1099s MAILED DIRECTLY TO WORKERS

MinistryWorks will be mailing W-2 and 1099's directly to your employees and independent contractors. Please note the deadlines for:

- Reviewing employee information (page 5).
- Changes to tax forms and W-2s (page 10).

NEED TO CONTACT US?

Call or email your questions directly to your payroll processor. You can find additional departments within the MinistryWorks organization by calling 866-215-5540.

Only authorized contacts currently listed on the account may contact us. You can update your contacts by [clicking here](#).

RESOURCES FROM THE MINISTRYWORKS WEBSITE

Take a moment to browse the MinistryWorks website. The site offers a free resource library in a clean, simple design that's easy to use. Go to [MinistryWorks.com/resources](https://www.ministryworks.com/resources) to discover payroll-related articles, checklists, webinars, and government resource links.



You can also access our training page for video links, training manual, and common forms. Go to <https://www.ministryworks.com/training/>

© 2022 Brotherhood Mutual Insurance Company. All rights reserved.

The information in this publication is intended to be helpful but it does not constitute legal advice and is not a substitute for the advice from a licensed attorney in your area. Brotherhood Mutual® and MinistryWorks® assume no liability for reliance upon the information provided in this publication.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission of Brotherhood Mutual Insurance Company.

WELCOME TO YEAR-END PAYROLL, SIMPLIFIED

End the current year smoothly and start the new year stress free. The list below offers step-by-step instructions to ensure a seamless transition for both you and your ministry's payroll. Click the links for more information about each deadline.

DEADLINE	TASK	
12/1/2022	Alert your payroll processor to any upcoming Tax Frequency or Rate Changes .	Page 4
12/1/2022	Avoid fees for W-2 corrections by making changes now. Review Employee and Independent Contractor Information for accuracy and make necessary changes.	Page 5
12/2/2022	Avoid fees for 1099-NEC forms.	Page 7
12/9/2022	Last day to send in Bonus Payroll information for processing.	Page 12
12/23/2022	MinistryWorks office is closed.	
12/26/2022	MinistryWorks office is closed.	
On or before 12/27/2022	Run Final Payroll of the Year. Last day to process Bonus Payrolls .	Page 9 Page 12
Before your last 2022 payroll	Review Employee and Independent Contractor Information, and Check Employee Totals for Accuracy.	Page 5 Page 8
12/28/2022	W-2 Preview Reports are available for online review. See Review Tax Forms / Changes and Corrections to W-2s .	Page 10
12/30/2022	Last day to submit W-2 changes and add 1099 amounts to avoid incurring a change fee. Please submit changes by 1:00 p.m. EST. Note: 2022 changes submitted after this day may require a W-2 C or amended 1099 and amended returns. Processing fees will apply. See Review Tax Forms / Changes and Corrections to W-2s .	Page 10
1/2/2023	MinistryWorks office is closed.	
1/15/2023	W-2 and 1099 forms delivery.* W-2 and 1099 forms are available in Published Reports. See Year-End Forms and Review Tax Forms/Changes and Corrections to W-2s . <i>*W-2 and 1099 forms will be sent directly to employees/independent contractors. Actual delivery will depend on the US Postal Service.</i>	Page 11 Page 10
1/31/2023	Deadline for your ministry to distribute W-2 and 1099 forms. Year-End and Fourth Quarter forms are available in Published Reports.	



TAX FREQUENCY OR RATE CHANGES

In the final months of the year, the Internal Revenue Service (IRS) and your state will notify all employers of any deposit frequency changes that will take effect in the upcoming year.

IMPORTANT: Federal, state, and local governments may assess penalties for failure to deposit payroll taxes. **To ensure that your taxes are filed in a timely manner, it is important that all IRS and state notices be sent to your payroll processor as soon as you receive them.** Any penalties that result from failure to notify MinistryWorks of such changes will be your responsibility.

UNEMPLOYMENT TAXES. If your ministry is subject to state unemployment taxes, you may receive a notice with your 2023 unemployment rates. Please send these notices to your payroll processor so that your first payroll of 2023 will have the correct withholding calculations.

For more information on IRS filing frequencies, refer to the calendar section of [IRS Publication 15](#).
For state tax information, please visit your state's department of revenue website.



If you have questions about your tax setup—or if you receive a tax-related notice—please contact your payroll processor.

REVIEW EMPLOYEE AND INDEPENDENT CONTRACTOR INFORMATION

Did a ministry employee move or change marital status? Have a baby? It's important that all employee information is up to date and correct. Names, addresses, and Social Security numbers in our system will be used to complete your employees' W-2s. Information for all independent contractors needs to be verified, too.

FEE ALERT: Changes made to a W-2 or 1099 form after 12/30/2022 will incur a \$50 change fee.

FOR EMPLOYEES, CHECK:

- Employee name (Is it spelled correctly? Does it match the name on the Social Security card?)
- Employee address (Is it accurate?)

**NOTE: W-2 and 1099 forms will be mailed directly to employees/
independent contractors**

- Social Security Number (SSN) - (Does it match the number on the Social Security card?)
- Lived-in jurisdiction
- Worked-in jurisdiction
- Status (active, terminated, seasonal, etc)
- Federal status (federal withholding election)
- Salary and hourly rate changes
- Year-to-date wages
- Year-to-date taxes
- Year-to-date pre-tax amounts (e.g., investment, medical plans, or HSA contributions)
- Year-to-date housing (in box 14)

FOR INDEPENDENT CONTRACTORS, CHECK:

- Name
- SSN or Taxpayer's Identification Number (TIN)
- Address
- Earnings totals

Continue to next page

NON-PAYROLL DATA: To make a change to non-payroll data, such as an address, go to **Employees** and double click on the employee's name, or contact your payroll processor. If you make a change, notify your payroll processor.

PAYROLL DATA: To make a change to payroll data, please contact your payroll processor.

HELPFUL REPORTS FOR EMPLOYEE VERIFICATION



1. Run the following reports to review your employees' information:

STARTING POINT: Reports > Defined Reports

- Select **Employee Profiles (S263)** report
 - Click on **Configure Report**
 - Check box next to **Check Date**
 - Click on **Misc Options** tab and check box next to **Print also not changed Employees**
 - Click on **Run Report**
 - Click on **Run this Report**
 - Click on arrow below next to **Task Queue**

STARTING POINT: Reports > Published Reports

- Select **W2 Preview (S2594)** report with most recent payroll check date
 - Click on **Preview Report**
- Select **Payroll Register (S109)**
 - Click on **Preview Report**

STARTING POINT YTD FOR 1099: Reports > Defined

- Select **Payroll Register, configure report**
 - Payroll filter - **Select all payrolls**
 - EE Filter- Select **1099 EE**
 - MISC options - Check **Show only summary for multiple check dates**
 - Click on Run report

2. Review the information in the reports. To make reports easier to review, print hard copies.
3. If you discover inaccurate information, contact your payroll processor or call 866-215-5540.

1099-NEC INCOME

Form 1099-NEC (Nonemployee Compensation) is the new form that employers must file for nonemployees (independent contractors) who are paid compensation of \$600 or more during the calendar year. These items were previously reported in Box 7 of the 1099-MISC.

The revised **Form 1099-MISC** is still going to be applicable for some employers so please contact your processor if you have questions surrounding the two form types.

Please see the fee schedule below if you'd like MinistryWorks to process your ministry's 1099-MISC and/or 1099-NEC forms.

Brotherhood Mutual offers [many resources](#) to help guide a ministry's interactions with an independent contractor. For information specific to your ministry, contact your tax professional or a locally licensed attorney.



TIP: Avoid setup fees by sending us your [completed W-9 form](#) before 12/2/2022.

VENDOR SETUP INFORMATION

CHARGES

Received prior to 12/2/22	No charge for setup, standard \$10 per form fee applies.
Received 12/2/22 – 12/30/22	\$25 setup fee per independent contractor, standard \$10 per form fee applies.
Received after 12/30/22	\$50 fee per independent contractor for any additions or changes, standard \$10 per form fee applies.

IMPORTANT: IRS may assess penalties for 1099-MISC forms filed after the filing deadlines.

CHECK EMPLOYEE TOTALS FOR ACCURACY

Beginning in the fourth quarter, but before 12/9/22, you must update missing totals for your employees and send in any [bonus payroll](#) information. Last day to process bonus payroll is 12/27/22.




Prior to the last scheduled payroll of the year (see page 9), correct missing totals for any of the following items:

- Clergy salary
- Clergy housing
- Manual checks
- Voided checks
- Third-party sick payments
- Group term life insurance
- Dependent care benefits
- Moving expenses
- Cafeteria plans (CAFE 125)
- 401(k) and 403(b)
- Retirement plans
- Paid time off
- Taxable fringe benefits
- Other necessary adjustments to employee wage and tax amounts
- Employer health contributions
- HSA
- QSERHA

FEE ALERT: Please run special payrolls for manual checks, voided checks, or third-party sick payments no later than 1:00 p.m. EST on 12/30/22. After that date, government agencies may assess penalties and interest based on their deposit and filing deadlines. MinistryWorks amendment fees also may apply.

RUN FINAL PAYROLL OF THE YEAR

The last day you can submit final 2022 payrolls with a December check date, including  [bonus and special payrolls](#), is 12/27/22. Payrolls submitted after this date may incur penalty and interest charges.

IMPORTANT: Payroll taxes are based upon the date wages are paid, not the date wages are earned. If an employee receives payment in 2023 for days worked in 2022, earnings and deductions are reflected in 2023 wage totals. This may result in extra pay for either the current year or the following year.

We encourage you to review your **Pay Run Annual Calendar**, found under the **Reports > Published Reports**. Notify your payroll processor if you need to adjust your **Pay Run Calendar**.

REVIEW TAX FORMS/CHANGES AND CORRECTIONS TO W-2s

Examine employees' W-2 forms with last payroll of 2022. If you determine that changes are needed, contact your payroll processor immediately. Changes made to a W-2 by 1:00 p.m. EST on December 30, 2022, will be made at no additional fee. Changes requested after that date will be assessed a fee of \$50 per form.

TIP: Look for payroll-related items that were paid outside of the MinistryWorks payroll system. Did your pastor receive a check directly from the church? Was a retirement plan or health savings account (HSA) paid by the ministry?

STARTING POINT: Reports > Published Reports

- Choose **W2 Preview (S2594)** report.
- Review employees' W-2 forms.



IMPORTANT: MinistryWorks must file employee W-2s with the Social Security Administration by January 31, 2023.

YEAR-END FORMS

W-2 and 1099-MISC forms will be available by January 15, 2023, to view in **Published Reports**. Your ministry will be notified when the forms are ready for review. Employees can view their W-2s in the employee portal after they are published. Before that time, you can use the **W-2 Preview Report** to view W-2 information. W-2 and 1099-MISC form fees will be billed in January.

VIEW W-2 PREVIEW REPORT

Starting Point: Reports > Published Reports > W-2 Preview



VIEW W-2 FORMS

Starting Point: Reports > Published Reports > Check date 12/31/2022
W-2 Annual EE



VIEW 1099-MISC FORMS

Starting Point: Reports > Published Reports > Check date 12/31/2022



BONUS PAYROLLS

TIP: If you pay your employees a bonus check outside of payroll, the amount **MUST** be grossed up to include FICA taxes when it is recorded in the payroll system..

You have two options when processing bonus payrolls:

1. Include the bonus as part of a regularly scheduled payroll.
2. Process the bonus as a separate pay run.

Before processing a bonus payroll, be prepared to answer the following questions:

- Will the bonus payroll be issued by direct deposit or paper check?
- Should voluntary deductions (e.g., retirement plan) be taken out of the bonus payroll?
- Are federal or state tax withholding changes needed from the bonus check?
- Did you know that Social Security and Medicare taxes are **required** for employees who are subject to this tax?

TIP: Not sure of the best way to give your employees a bonus? Contact your payroll processor to discuss your options, review the tax rules, and learn about potential pitfalls.

TAXING BONUS PAYROLLS: You have the following options for taxing bonus payrolls:

1. Include the bonus as a part of your regular payroll and apply taxes at regular payroll rates.
2. Run the bonus as a separate payroll and apply taxes at the supplemental wage rates for federal and state income tax. For 2022, the federal rate is 22% for amounts of one million dollars or less and 37% for amounts greater than one million dollars.

FEE ALERT: Bonus payrolls with a 2022 check date will be included in 2022 wages and reflected on all fourth-quarter 2022 tax reports and W-2s. You may incur penalties and interest if you report a bonus payroll with a check date of 2022 after January 1, 2023.

For more information on supplemental wages, see [IRS Publication 15 section 7.](#) 