



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 forms 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 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/>


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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	
12/1/2023	Alert your payroll processor to any upcoming Tax Frequency or Rate Changes .	Page 4 
12/1/2023	Avoid fees for W-2 corrections by making changes now. Review Employee and Independent Contractor Information for accuracy and make necessary changes.	Page 5
12/1/2023	Avoid fees for 1099-NEC and 1099-MISC forms.	Page 7
12/8/2023	Last day to send in Bonus Payroll information for processing.	Page 12
12/22/2023	MinistryWorks office is closed.	
12/25/2023	MinistryWorks office is closed.	
On or before 12/26/2023	Run Final Payroll of the Year. Last day to process Bonus Payrolls .	Page 9 Page 12
Before your last 2023 payroll	Review Employee and Independent Contractor Information , and Check Employee Totals for Accuracy .	Page 5 Page 8
12/28/2023	W-2 Preview Reports are available for online review. See Review Tax Forms / Changes and Corrections to W-2s .	Page 10
12/29/2023	Last day to submit W-2 changes. Please submit changes by 1:00 p.m. EST. Note: 2023 changes submitted after this day may require Form W-2 C and amended returns. Processing fees will apply. See Review Tax Forms / Changes and Corrections to W-2s .	Page 10
1/1/2024	MinistryWorks office is closed.	
1/5/2024	Last day to submit additional 1099 form amounts for current contractors. Additional fees will apply to new contractors added to the system.	
1/19/2024	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 . *W-2 and 1099 forms will be sent directly to employees/independent contractors. Actual delivery will depend on the U.S. Postal Service.	Page 11 Page 10
1/31/2024	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 2024 unemployment rates. Please send these notices to your payroll processor so that your first payroll of 2024 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 form after 12/29/2023 will incur a \$50 change fee, additional amendment fees may apply. Changes to or additional 1099 forms added after 1/5/2024 will incur a \$50 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

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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 12/1/2023.

VENDOR SETUP INFORMATION

Received prior to 12/1/23

Received 12/1/23 – 1/5/24

Received after 1/5/24

CHARGES

No charge for setup, standard \$10 per form fee applies.

\$25 setup fee per independent contractor, standard \$10 per form fee applies.

\$50 fee per independent contractor for any additions or changes, standard \$10 per form fee applies.

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

CHECK EMPLOYEE TOTALS FOR ACCURACY

Beginning in the fourth quarter, but before 12/8/23, you must update missing totals for your employees and send in any [bonus payroll](#) information. Last day to process bonus payroll is 12/26/23.




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 12/29/23. 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 2023 payrolls with a December check date, including **bonus and special payrolls**, is 12/26/23. 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 2024 for days worked in 2023, earnings and deductions are reflected in 2024 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 2023. 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 29, 2023, 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, 2024.

YEAR-END FORMS

W-2, 1099-NEC and 1099-MISC forms will be available by January 19, 2024, to view in **Published Reports**. Your ministry will be notified when the forms are ready for review and you will be billed for them in January.

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.

VIEW W-2 PREVIEW REPORT

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



VIEW W-2 FORMS

Starting Point: Reports > Published Reports > Check date 12/31/2023
W-2 Annual EE



VIEW 1099-NEC AND 1099-MISC FORMS

Starting Point: Reports > Published Reports > Check date 12/31/2023



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 2023, 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 2023 check date will be included in 2023 wages and reflected on all fourth-quarter 2023 tax reports and W-2s. You may incur penalties and interest if you report a bonus payroll with a check date of 2023 after January 1, 2024.

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

