



# DIOCESE OF SIOUX CITY

## Office of Parish Accounting

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Date: December 20, 2024

To: Bookkeepers & Business Managers, Pastors, School Administrators,  
The Grotto, Marian Home, Holy Spirit Retirement, Catholic Charities

CC: Royce Ranniger

From: Deb Conley

RE: **2024 Year End Tax Information**

This memo recaps required tax reporting for the 2024 tax year. Please read it carefully, as it is important that your location complies with Federal & State tax filing requirements.

The IRS business mileage reimbursement rate for 2025 increased from 67 to **70 cents** per mile.

### **Federal Tax Reporting for 2024 – Due January 31, 2025:**

- Goal is to issue W-2s to all employees by January 17, 2025
- Entities with 10 or more employees must electronically file Form W-3, *Transmittal of Wage and Tax Statements* & Copy A of W-2s to the Social Security Administration (SSA). In QuickBooks, click *Submit Form*. Paper copies are not to be mailed to the IRS.
- Entities with less than 10 employees can electronically file Form W-3, *Transmittal of Wage and Tax Statements* & Copy A of W-2s to the Social Security Administration (SSA). In QuickBooks, click *Submit Form*. Or Copy A and Form W-3 can be mailed to the IRS.
- QuickBooks prints W2's and W3's in the correct format on plain paper, so there is no need to purchase forms (See Attachment I, pages 3 & 4 for detailed instructions).
- Do not file fourth quarter 941 for 2024 to the Internal Revenue Service (IRS) until you have ensured all four quarterly 941s for the year agree with the W-3. (See Attachment II, page 5 for detailed instructions).
- Form 1099-NEC, *Nonemployee Compensation* must be sent to all unincorporated contractors paid \$600 or more for services performed for your entity. (See Attachment III, page 6 for detailed instructions).
- If you are issuing less than 10 1099-NECs, you can U.S. mail Forms 1099-NEC & 1096, *Annual Summary & Transmittal of U.S. Information Returns* to the IRS.
- If you are issuing 10 or more 1099-NECs, you must electronically file Forms 1099-NEC & 1096, *Annual Summary & Transmittal of U.S. Information Returns* to the IRS.
  - QuickBooks has partnered with Tax1099 for e-filing 1099s & 1096s. The following link offers helpful instructions [https://quickbooks.intuit.com/learn-support/en-us/help-article/form-1099/create-file-1099s-quickbooks-desktop/L0BDDnpjz\\_US\\_en\\_US?uid=m4vpn3lv](https://quickbooks.intuit.com/learn-support/en-us/help-article/form-1099/create-file-1099s-quickbooks-desktop/L0BDDnpjz_US_en_US?uid=m4vpn3lv)
  - Click CTRL and the link above, or copy/paste the link into a web browser to access the instructions.
  - Once in *QuickBooksHelp*, click through steps 1 through 5 for assistance with electronically filing the 1099s and 1096s.

- **Do not** choose to “Create and file 1099s with QuickBooks Contractor Payments if you use QuickBooks Desktop”.
- Form 1099-MISC *Miscellaneous Income* is for persons paid at least \$600 in rents, prizes, awards, payments to an attorney, other income payments. (See Attachment III, page 6 for detailed instructions).
- Form W-2G, *Certain Gambling Winnings* are issued to raffle prize winners either when the prize is claimed, or at the end of the year. (See Attachment III, page 6 for detailed instructions).
- Fillable forms W-2G can be found on the internet.

#### **State Tax Reporting Requirements for 2024– Due January 31, 2025:**

- Remit the final quarterly state withholding tax payment to Iowa.
- Iowa Sales Tax – Follow the State’s instruction on paying the sales tax for your raffles and other events.
- Iowa Sales Tax Return, as required – follow the State’s instruction. Work with the State on any other State reports that may need to be submitted if your location holds an event that requires a sales tax permit and/or gambling license.

#### **State Tax Reporting Requirements for 2024 – Due February 15, 2025:**

- IRS W-2s must be filed using **GovConnectIowa**. Businesses that issued W-2s that contain Iowa withholding must electronically file those documents. Please use the QuickBooks feature to E-File State W-2’s. File located in QuickBooks under Employees – Payroll Tax forms- Process tax forms at the bottom of the page *E-File State W-2\_*

**2025 State Withholding:** Employees can complete a new Iowa W-4 to make changes to their withholding. The 2025 Iowa W-4 is on the diocesan website in the bookkeeper manuals, this is also on the [www.tax.iowa.gov](http://www.tax.iowa.gov) website. A “Withholding Calculator” is also on this site, reference individuals to this that need help calculating their 2025 withholding amounts.

**2025 Federal Withholding Tax Tables:** The IRS has issued updated income tax withholding tables for 2025. Employees can complete the Federal W-4 to make changes to their withholding, the 2025 Federal W-4 is available on the diocesan website in the bookkeeper manuals, you can also find this on the [www.irs.gov](http://www.irs.gov) website. QuickBooks has incorporated these changes. Refer to this link for more info:

<https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2024>

#### **Before the First Payroll of 2025:**

- Install the latest payroll update and make sure your QuickBooks is on the latest release.
- Update employee information, such as employee SSNs, legal names, and addresses.
- Ask employees to review and update federal and state W-4 withholding forms.
- Review and update any changes to your federal deposit and filing schedule. If you get a letter from the IRS changing your entity from monthly to semi-weekly, make sure you file your taxes within three days of completing your payroll.
- Ensure Medicare and Social Security is not withheld from priest paychecks.
- Ensure federal and state unemployment is not marked in the employee records.

#### **Keep a copy of signed & dated tax forms for your file, note the date e-filed on the copy.**

Step-by-step instructions are included on subsequent attachments for QuickBooks users. For questions or assistance, contact me 712-233-7515 or [debrac@scdiocese.org](mailto:debrac@scdiocese.org).

# Attachment I

## PROCESSING W-2s and W-3s

### QuickBooks Preparations

- You can print government accepted black and white laser W-2s and W-3s **on plain paper** directly from QuickBooks.
- Ensure each employee's name, address, social security number, and retirement eligibility information is correct in QuickBooks so the W-2 will print properly. (*Employee Center*)
- In the employee record, payroll info tab, tax tab - make sure both the federal and state tax tabs are complete. **We frequently see the state worked marked as "none", this is not correct.** For the state, Iowa must be selected as the state worked and as the state subject to withholding.
- The SUI box should not be marked as state unemployment does not apply.
- Download Payroll Updates before preparing tax forms and before running your first 2025 payroll. In QuickBooks, choose Employees and Get Payroll Updates.
- Mass stipends paid to Pastor's are taxable and should be included on their W2.
- If your Pastor chose to have a flat \$450 paid to them on their paycheck for food and provisions, this should be included on their W2.

### Preparing the W-2s/W-3 in QuickBooks

- Select Employees – Payroll Tax Forms & W-2s – Process Payroll Forms – In the File Forms tab double-click on Annual Form W-2/W-3-Wage & Tax Statement to select it.
  - Select the Auto-Fill Contact info field and ensure your name, title, and business phone is listed in the Primary Signature field. Select OK.
  - Ensure the filing period year is **2024**. Select OK.
  - The screen will appear "Select Employees for Form W-2/W-3. All will be marked. Select Review/Edit.
  - Step 1: Forms W-2 and W-3 interview will appear. This provides important dates to mark on your calendar and instructions. Select Next.
  - This is page 2 of the Interview. This information should automatically populate.
    - If you have full time employees with 401K, select "Yes" to special situations. In these employees' records, the "eligible for 401K" box should be marked.
    - Note you do **NOT** have any statutory employees.
    - A control number is **not** necessary. Select Next.
    - The employee list with special situations will appear. Verify, select Next.
  - Carefully review each employee W-2 for reasonableness and accuracy selecting the Next button to move from employee to employee.
    - **Ensure the priest does not have Medicare or Social security withheld.** If the priest had federal or state withholding, verify this tax appears on the W-2.
    - If priest had supplemental life, this should appear as an "after tax" deduction NOT pre-tax.
    - **Ensure the state tax ID number appears in box 15. If not there, go to the payroll item list and edit state ID, wages and income tax appear in fields 15 to 17.** ("New" withholding account number assigned a couple of years ago can be found at [www.govconnect.iowa.gov](http://www.govconnect.iowa.gov) on the Accounts tab.) State wages in field 16 should equal federal wages in field 1.

- W-2 Box 12d plus Box 1 should equal Box 3. Box 1 and Box 16 should have the same dollar amount.
- When complete, Select “Check for Errors”. If there are errors, complete the corrections noted in the instruction. If none, select Close Errors. Remember to call if you have questions.
- When ready to print select Submit Form. Unmark the box “Provide employees with secure, online access to their W-2 forms. Select Print. Select items to print.
  - First under “For employees” Print the W-2 forms – Copies B, 2 and C.
  - Next under “For employees” Print the employee filing instructions
  - Under “For employer” Print the W-2, Copy D for your records, noting there will be 2 employees on each page.
  - Next under “For employer” Print the Employee filing instructions (& review).
  - Then under “For government”, first print the W-3, next the W-2 Copy A for the SSA (noting there are 2 per page). It’s not necessary to print for the State.
- Before issuing the W-2’s:
  - Check them against the payroll summary in QuickBooks, “*Reports*”, “*Employees & Payroll*”, “*Payroll Summary*”, enter calendar year dates.
  - Follow instructions on the next page to reconcile the quarterly 941 forms to the W-3.

## **Attachment II**

### **RECONCILING W-3 to 941's**

#### **Reconciliation of Quarterly 941 to W-3:**

The four quarterly 941s need to agree with the W-3 before issuing the W-2s, W-3 & final 4<sup>th</sup> quarter 941:

- Wages, tips and other compensation: The sum of line 2, Form 941 amounts for the four quarters should equal the amount in Box 1, Form W-3.
- Social Security wages: The sum of Line 5a (column 1), Form 941 amounts for the four quarters should equal the amount in Box 3, Form W-3.
- Medicare wages and tips: The sum of Line 5c (column 1), Form 941 amounts should equal the amount in Box 5, Form W-3.
- Note: Medicare and taxable wages on lines 5a and 5c of the 941 are the sum of the Adjusted Gross Pay from the payroll summary in QuickBooks, plus the total employee 401K, plus wellness, plus supplemental life, plus Roth 401K, less priest salary.
- Federal income tax withholdings: The sum of Line 3, Form 941 amounts for the four quarters should equal the amount in Box 2, Form W-3.
- State wages: All W-2's must include state wages in Box 16.
- On the W-3, employee deferred 401K in Box 12 plus wages in Box 1 (less any priest wages) less Roth IRA must equal Social Security and Medicare wages reported in Boxes 3 and 5.
- Federal wages reported in Box 1 must equal state wages reported in Box 16.

#### **Quarterly 941**

- Fourth quarter 941 is due January 31, 2025. **Issue the employee W-2s in early January.** Allow a week or two to determine if changes are needed. Ensure the four quarterly 941s agree with the W-3 before issuing (as noted above).
- Keep a signed copy of your 941s and note the date mailed, or e-filed on the form.

#### **Issuing W-2s Electronically to the State**

- This is required if your location has W-2s with Iowa withholding, if so, all need to be filed.
- The W-2 file that needs to be submitted to the State must be created in QuickBooks. Refer to the State W-2 memo for this detailed instruction.
- Employers have the option to manually enter W-2 information on the Iowa website as opposed to creating the electronic file in QuickBooks. We only suggest this if you have a few W-2s that need to be remitted. Go on-line to your GovConnectIowa account select Upload bulk file or manually key W-2 following their instructions.

#### **Other State Reports** (e.g., annual sales tax report, annual gambling report...)

- Work with the State if you need assistance in filing these to ensure they are completed properly.

## **Attachment III**

### **PROCESSING 1099s and 1096s**

#### **IRS Filing Requirements for the 1099**

File Form 1099-NEC (Non-employee compensation) for each contractor (individual, sole proprietor, partnership...):

1. To whom you have paid at least \$600 in services (including parts and materials) in the calendar year (Box 1-Non-employee compensation). Examples:
    - Extra clergy that provide coverage in the pastor's absence (**exclude** mileage)
    - Musician services, e.g., non-employee cantors, organists
    - Religious education catechists that receive stipends
    - Snow removal, mowing and grounds maintenance, church, school, and other building (interior and exterior) and property repairs.
    - Professional services, e.g., bookkeeping/accounting, computer tech support.
    - Other contracted services, e.g., non-employee cleaning/janitorial.
  2. That is not incorporated.
    - You should have an IRS W-9 on file for each contractor that you do business with to support the legal business name, tax status, TIN/SSN
  3. Non-employee compensation **must be reported in box 1**.
- If you are issuing less than 10 1099-NECs, you can U.S. mail Forms 1099-NEC & 1096, *Annual Summary & Transmittal of U.S. Information Returns* to the IRS.
  - If you are issuing 10 or more 1099-NECs, you must electronically file Forms 1099-NEC & 1096, *Annual Summary & Transmittal of U.S. Information Returns* to the IRS.
    - QuickBooks has partnered with *Tax1099* for e-filing 1099s & 1096s. The following link offers helpful instructions [https://quickbooks.intuit.com/learn-support/en-us/help-article/form-1099/create-file-1099s-quickbooks-desktop/L0BDDnpjz\\_US\\_en\\_US?uid=m4vpn3lv](https://quickbooks.intuit.com/learn-support/en-us/help-article/form-1099/create-file-1099s-quickbooks-desktop/L0BDDnpjz_US_en_US?uid=m4vpn3lv)
    - Click CTRL and the link above, or copy/paste the link into a web browser to access the instructions.
    - Once in *QuickBooksHelp*, click through steps 1 through 5 for assistance with electronically filing the 1099s and 1096s.

Note: Employees do not receive 1099s. All earnings must be reported on the W-2. If employees were paid bonuses or other amounts that are at least \$600 "outside of payroll", they need a 1099 but must be paid via payroll going forward. Example, the principal is also a coach, the coaching pay is included on his/her paycheck with the applicable taxes applied.

The 1099-Misc is required if at least \$600 in rents (box 1), if at least \$600 in legal services paid to an attorney (even if a corporation) (box 10). Refer to [www.irs.gov](http://www.irs.gov).

#### **QuickBooks Preparations**

Pre-printed IRS 1099 and 1096 forms are required to be used when printing the IRS 1099s and 1096s. Forms downloaded from the IRS website **cannot be used**.

- Please review all payments in QuickBooks to ensure you have properly identified all independent contractors required to receive a 1099 NEC and that the amount shown on the 1099 is correct. Don't assume if the contractor does not appear, 1099 is not needed. You may have incorrectly set up the vendor in QuickBooks. Remember to **enter Tax ID number and map 1099's in QuickBooks** before attempting to print 1099 NEC. Please call me for assistance 712-233-7515.

- Refer to our *1099 Instruction* memo on [www.scdiocese.org](http://www.scdiocese.org) in the Bookkeeper Manuals for assistance identifying contractors, instructions on setting up the vendor record in QB, and step by step instructions for preparing the 1099/1096 forms for independent contractors.
  - This also includes instructions for issuing the W-2G and 1096 forms.

### **W-2G/1096**

If your location held a raffle and cash prizes of \$600 or more were issued, you must give the winner a W-2G and withhold state taxes. If cash prizes were \$5,000 or more, you must withhold both federal and state taxes. The federal rate is 24% and the state rate is 5%. The W-2G forms were to be issued at the time the money was paid to the winner. If you did NOT provide a W-2G at that time, you will need to issue it to the winner(s) before January 31, 2025. All copies of the W-2G must be signed by the winner. The 1096 needs to be sent to the IRS with a signed Copy A of W-2G. Bookkeepers/Business managers: Please ensure this is done.