

2021 Minister Estimated Taxes

I am often asked by ministers how to estimate the quarterly estimated tax payments or amount of federal withholding. The instructions for the W-4 do not work for ministers and ministers must also pay their own Self Employment Tax. This example is for a relatively simple situation and will work for most ministers with housing allowance even up to a family income of about \$115,000 if married filing jointly.

Federal Income Tax Estimate

1. Salary (don't include housing allowance) \$ _____
2. Bonus/love offering \$ _____
3. Social Security offset \$ _____
4. Taxable benefits such as non-accountable car allowance, health plan that doesn't qualify, etc. \$ _____
5. Estimate income from weddings, funerals, revivals, etc. \$ _____
6. Total Minister Income Subject to Federal Income Tax \$ _____
7. Add multiple jobs income/ spouse income, etc. if any \$ _____
8. Less Standard Deduction (\$25,100 married or \$12,550 single) \$ _____
9. Total Family Taxable Income \$ _____
10. Multiply line 9 X .12= (12% tax rate) \$ _____
11. Less \$2000 for each child under age 17 \$ _____
12. Less \$500 for each child 17, 18, or college to age 23 \$ _____
13. Estimated 2021 Federal Income Tax (line 10 – lines 11&12) \$ _____

If less than \$0, see IRS instructions for refundable portion of child tax credit.

Self-Employment Tax Estimate

1. Minister Taxable Income from line 6 above \$ _____
2. Housing allowance \$ _____
3. Total Subject to SE tax (add lines 1 and 2) \$ _____
4. Multiply line 3 X .9235, then multiply that result X .153 \$ _____
This is your estimated Self Employment Tax
5. Add line 4 and line 13 above for Total Tax Estimate \$ _____
6. Less Federal withholding at other jobs/spouse's work 2021 \$ _____
7. Amount to be included in quarterly estimates or ministerial income tax withholding. Subtract line 6 from line 5. \$ _____

Divide line 7 by four for quarterly estimates or by the number of pay periods in a year for Income Tax Withholding. Withhold all as Federal Income Tax only. Do not do FICA on an ordained minister.

Note: For simplicity, line 10 skips the 10% tax bracket since 10% and 12% are very close. This will result in a slightly high estimate. Also, this form may not work correctly when other types of income are involved such as Social Security income, capital gains, etc.