

Agenda

- Taxes for churches
- 1099 Reporting
- Church receipting
- Adventist Giving

How most SDA Churches are organized

- Internal Revenue Code section 501(c)(3)
 - Able to receive tax deductible donations
- Group exemption under the General Conference of SDA, through the local Conference
- For bank purposes, the description would be **Unincorporated, non-profit**, similar to a neighborhood homeowners association. You are sort of like a DBA of the conference.
- You should have your own EIN number. Please make sure you are using your number when submitting 1099 forms to the IRS.

Types of taxes that are relevant to you



Employment

Income

Sales or Use

Property

Even though you are tax exempt,
all of these still apply!

Employment taxes

- Employee vs. Independent Contractor vs. Volunteer – BE CAREFUL when classifying!
- Payroll tax reporting – Employer portions of Social Security and Medicare
- 1099 reporting – Due to Independent Contractors by end of January
- Garnishments – Turn in to your payroll processor (SECC) immediately when you receive them
- Backup withholding – Possibly due on Independent Contractors
- Other government agency notices – Don't wait to address them. Begin right away.

1099 Forms

- Primarily use the 1099-NEC forms
- If 10 or more forms to be issued, must be filed electronically-use paid preparer if needed.
- Filed using the form 1096, if in paper
- Filed with the IRS
- Sent to Vendors by January 31
- Threshold for 2026 is \$2,000.

Who gets a Form 1099?

- Payments made for services (1099-NEC) or rentals (1099-MISC), to someone not your employee or a company that is not a corporation (except medical and legal corporations). Get a W-9, signed, before payment is made.
- All payments made to payee in calendar year totaling at least \$2,000 or more
- **Any** payments where you have withheld funds

Sales and use taxes

- Churches are NOT exempt from sales tax
- If you run a retail enterprise and have a resale certificate, you may be able to avoid paying sales tax on purchases you make, but ONLY on items you plan to resell.
- If you purchase an item and are not charged sales tax, CA law says you must pay USE tax on the item if it is used in CA.
- Coincidentally, Sales and Use taxes are the same percentage.....

Property taxes

- Churches are given a property tax exemption on the portion of their property used for religious purposes – IF they submit the proper paperwork ON TIME.
- Non-profit entities are normally not exempted from special tax assessments.
- Property taxes must be paid on property being used for non-religious purposes. For example, if a for profit business is using the church property during the week to operate a for profit school, you will have to pay property taxes on that property. It is the church's responsibility to have all relevant paperwork on hand. Work with the conference on this.

Other items

- Reimbursement payments –
 - Fully supported with receipts
 - Supported with appropriate standard amounts (mileage rate, etc.)
 - Otherwise the unsupported, excess amount is TAXABLE
- Charitable gifts (Aid) – Not taxable
- Gifts to employees – Taxable, report to payroll immediately
- Gifts to volunteers (cash, cash equivalent) – Taxable, with potential tax problems (minimum wage rules, etc) An example the IRS gives is if you give a cash/gift card bonus to a volunteer, you have just made them an employee by paying them.
- Reimbursing someone who paid a vendor that did services for the church - ?

- Collection of funds for an SDA organization within the General Conference IRS exemption
 - Collection of funds for an independent ministry or other non-profit entity outside the General Conference IRS exemption – IS NOT ALLOWED.
 - You cannot issue a tax-deductible receipt for funds that are not given for your Organization (or an org under the GC umbrella) to use, or benefit from.
- Sending funds overseas
 - IRS guidance says the giving organization must maintain control of funds
 - To send funds overseas and maintain control, the recommended path is through the General Conference
- Donations with strings attached
 - specific persons – there is no charitable donation when a donation is given to a charity, and the donor has specified the beneficiary of the donation, unless the project is supported by the full church body.

Donation Receipts

- Required Disclosures
 - Quid pro quo transactions – A penalty is imposed on a charity that does not make the required disclosure in connection with a Quid pro quo contribution of more than \$75.
 - Quid pro quo transaction is a type where the donor gives something to the charity and the charity gives something of value back to the donor.
 - The disclosure required is a notice to the donor of how much the value is that they received in exchange for the donation.
- Not required, but necessary disclosures
 - Cash/funds received – Disclosure provided from Church/SECC if recorded properly
 - Non-cash received – A letter can be issued from the local church for non-cash items donated to the church.
 - Acknowledgment letters should include Name of the Organization, Description (but not value) of non-cash contribution, Statement that no goods or services were provided by your Organization in return for the contribution if that was the case, Description and good faith estimate of the value of goods or services if any that the Organization provided in return for the contribution, and/or a statement that goods or services if any that your Organization provided in return for the contribution were entirely intangible religious benefits if that was the case.

IRS response to 1099s



Department of the Treasury
Internal Revenue Service
Philadelphia, PA 19255-0833

IRS Notice CP 2100A

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SOUTHEASTERN CALIFORNIA CONFERENCE
% DAVID ANDERSON
PO BOX 79990
RIVERSIDE, CA 92513-1990



013438


April 28, 2026

The payee information you reported on Form 1099 for tax year 2024 may be incorrect

Withholding agents such as banks, financial institutions, sole proprietors, and others must withhold 24% of certain reportable payments if payees don't provide a correct TIN. This is required by Internal Revenue Code (IRC) Section 3406(a).

What you need to do

IRS response to 1099s

Payer TIN: XX-XXX6050 Payer name: SOUTHEASTERN CALIFORNIA CONFERENCE Payee TIN status: NOT CURRENTLY ISSUED TIN(S)	Transmitter control code: Form: 1099-NEC
Payee information	Payee name and address
Payee TIN: 000000000 Sequence No: 00001	FLOORING
 Payee TIN: 000000000 Sequence No: 00002	JANITORIAL SERV

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Bottom line

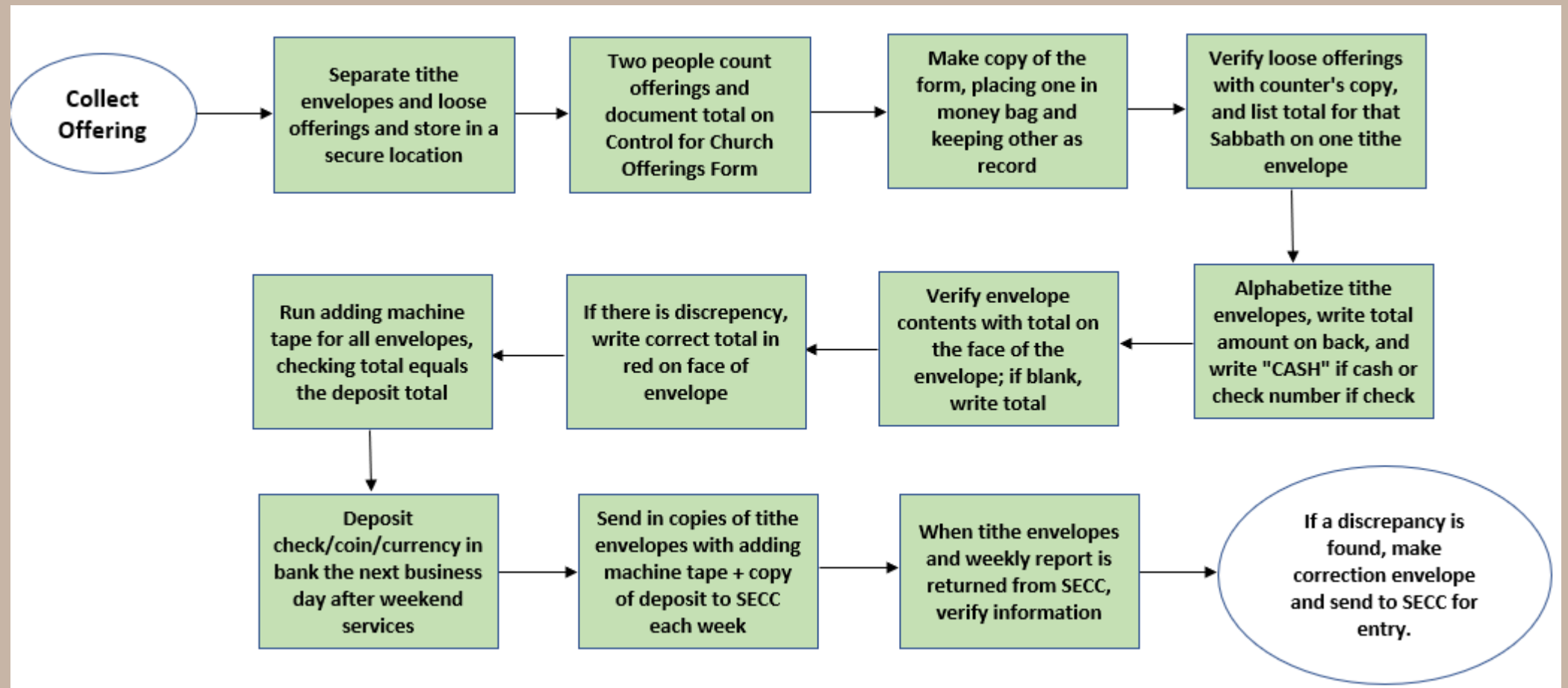


- Stay in compliance
- Don't ignore Government or SECC correspondence
- If you have started communication of an issue with a government entity, don't drop it until it is fully settled
- If you have questions, contact us. We may know the answer or have run into the question before and can point you in the right direction.

Church Receipting

- Ideal system –
 - Church Treasury team – Counts, deposits, posts to church records
 - Send summary report monthly with funds by 10th of every month.
 - Local Church creates/distributes donor receipts.

Church receipting original system



A few Church Receipting items/requests

- We need as much time as possible to process.
 - If you are submitting monthly totals of codes, please submit by or before the 10th of every month. Do not also submit weekly! Also include all Adventist Giving (both deposits for that month's donations) and any other types of giving.
 - If you are submitting weekly, please send **every** week. Do not wait until the end of the month.
- If submitting weekly, Make sure it can be printed and read. For example, don't try to take a picture of 20 envelopes together. No matter how you blow that up, it cannot be printed and read. Make sure spreadsheets will fit on an 8 ½ x 11 inch piece of paper. Spreadsheets with 50 columns, cannot be read after printing no matter how hard you try. Please make printing your documents as easy as possible. Thank you

A few Church Receipting items/requests - continued

- Communication
 - If you are contacted, please respond timely. It is difficult to have a conversation when there is a week or more in between responses. This goes for all things from the conference: Property taxes, property exemptions, remittance submissions, building projects, etc.
 - If you are switching from weekly submissions to monthly, Please communicate your plan change to Church Receipting. Don't assume they know. Thanks
 - When emailing us – Please include church name in subject line
 - We email – Treasurer preferably should have a non-personal email that can be passed on to the next treasurer and so info is not mixed and lost with personal stuff.
- Treasurer changes – Please try not to change treasurers in January. That is the worst time to change. Try when nothing unusual is going on like May, June, etc.

A few Church Receipting items/requests - continued

- If you are submitting weekly – Corrections need to be communicated to us timely and effectively. Please take the report we gave you and pen in the corrections so we can clearly see what changes are needed.
- PLEASE DO NOT MAIL (exception checks) – If you think you must still mail something, talk to us. There has to be a better way than getting lost in the mail.
- We offer direct debit for Remittance amounts. If you want to sign up, please request the form.
- We will no longer be printing donor receipts – effective NOW.

Adventist Giving (AG) – Adventistgiving.org

- Every Treasurer should be able to login to their church account
- AG offers two deposits per month 1-15, 16-End of Month. Deposits into your bank account 6 days later.
- You need to enter the donations in the month they happen, not when the money is deposited in your account.
- Follow the Official Deposit Reports when entering donations. Do not stray from that unless you must make adjustments for donor receipts at year end.

Thank
you

- David Anderson, David.Anderson@seccsda.org
- 951-509-2246

- Church Receipting – churchreceipting@seccsda.org
- Raquel Rosete, Raquel.Rosete@seccsda.org
- 951-509-2305

- AR/General items
- Arifin Hasiholan, Arifin.Hasiholan@seccsda.org
- 951-509-2245

- Payroll – payroll@seccsda.org
- Kim Brooks, Kim.Brooks@seccsda.org
- 951-509-2301

- Seccadventist.org