Voluntary Withholding for Clergy

Clergy are considered employees for Federal and State tax purposes. However, because they are considered self-employed for Social Security, they are exempt from federal tax withholding.

Clergy may request “voluntary withholding of taxes. Under such an arrangement, the church withholds taxes from the clergy’s wages, just as it would for any non-clergy employee: The taxes are deposited and are reported on the quarterly Form 941 and the Form W-2. Some clergy find voluntary withholding attractive since it avoids the additional work and discipline associated with the estimated tax procedure.

The church (employer) cannot withhold Self-employment tax (SECA); however, the clergy can authorize “over-withholding” for federal tax to cover the clergy’s self-employment obligation at the end of the year when the amounts are reconciled on the Form 1040.

For the calendar year: ______________

Do you want the church to make the optional withholding of taxes from your salary? If so, you must specify the exact annual withholding amount for each category:

___ YES, Withhold $ _________________ annually for Federal Tax

___ YES, Withhold $ _________________ annually for NJ State Tax

___ NO, DO NOT WITHHOLD ANY TAX FOR EITHER ABOVE.

Note: As clergy you are responsible for determining the amount of your total tax liability and making quarterly payments for the required amount, if greater than the above selection. Inadequate estimated tax payments will lead to IRS penalties.

NAME (print): _____________________________

SIGNATURE: _____________________________

DATE: _____________________________