

Sending IRS Form 1099 to Evangelists and Missionaries

Q: When is it necessary to send an IRS Form 1099-MISC to an evangelist or missionary?

A: In general, you are required to send an IRS Form 1099-MISC (that reports taxable income in box 7 of the form) if you have paid an evangelist or minister \$600 or more during the calendar year.

However, if the payments are being directly or indirectly received by another organization (such as a missions organization or the evangelist's ministry corporation) and this organization will accept responsibility to report the income, a form 1099-MISC isn't required.

In either case, it is advisable for you to communicate with the evangelist or missionary concerning who the payment should be made payable to and the tax identification number for the payee. This is accomplished by having the evangelist complete an IRS Form W-9. Consider the following examples:

Example 1: If payment is made in the name of the evangelist or missionary and the individual is not turning over these payments for reporting to another organization, you should: (1) obtain a Form W-9 from the evangelist or missionary; (2) make payment according to the name provided on the Form W-9 (this is their legal name, official address, and Social Security number); and (3) issue a Form 1099-MISC at the end of the calendar year with the taxable amount paid listed in box 7 of the form (if you paid them \$600 or more for the year).

Example 2: If payment is made to the evangelist's tax-exempt organization or if payment is made to the evangelist (but only as an agent for the evangelist's tax-exempt organization), a Form 1099-MISC doesn't

need to be issued by the church. Because the evangelist's tax-exempt organization is taking responsibility for the proper reporting of any taxable income, the church is relieved of its responsibility to report on this payment as income to the evangelist. We strongly recommend that the church request and receive a receipt from the evangelist's organization confirming that the payment has been received and accepted by the organization.

Example 3: If payment is made to the General Council of the Assemblies of God, or to the missionary as an agent for the General Council, a Form 1099-MISC doesn't need to be issued by the church if the church receives a receipt from the General Council. In this case, the General Council is accepting responsibility to report any taxable income for the missionary and relieves the church of this responsibility. However, if the church doesn't receive a receipt from the General Council, the church isn't relieved of this responsibility and should issue a Form 1099-MISC to the missionary. As a result, we recommend the church obtain a "deputational receipt" from the missionary at the time the payment is made. A copy of this deputational receipt is submitted by the missionary to the General Council and acts as a source document for the General Council to issue a receipt to the church. This deputational receipt is especially important if the payment was made in the name of the missionary as an agent for the General Council.

This Q&A was excerpted from a pamphlet titled *Frequently Asked Questions: Business Practices*. This free resource, as well as other FAQs in English and Spanish, can be downloaded at <http://generaltreasurer.ag.org>.