

HOW TO SET UP PAYROLL FOR CLERGY OR MINISTERS

Question

PLEASE REFER TO THE STEPS BELOW:

Answer

First consult with your tax adviser for any exemptions for clergy or ministers. Please speak with your tax adviser on what taxes will apply to your clergy or minister, and what taxes will apply to income categories such as Housing Allowance.

Payroll Mate allows you to create a user defined income.

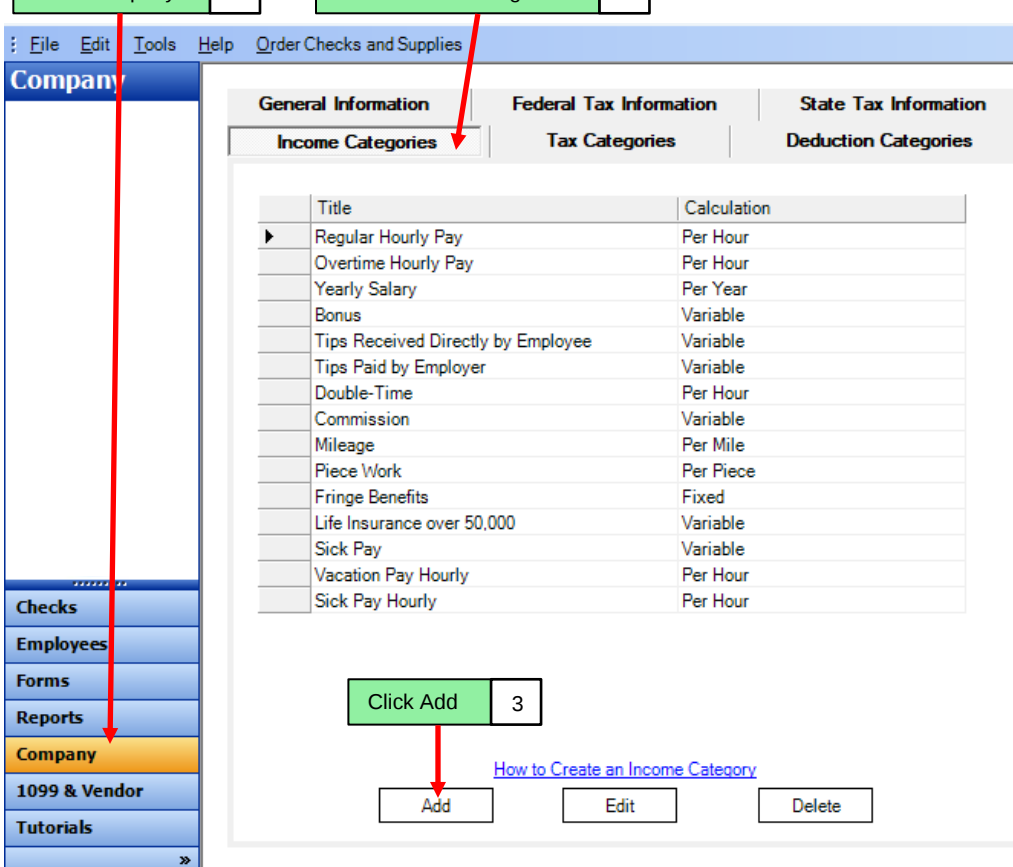
1. Click **Company**
2. Click **Income Categories**
3. Click **Add**

Click Company

1

Click Income Categories

2

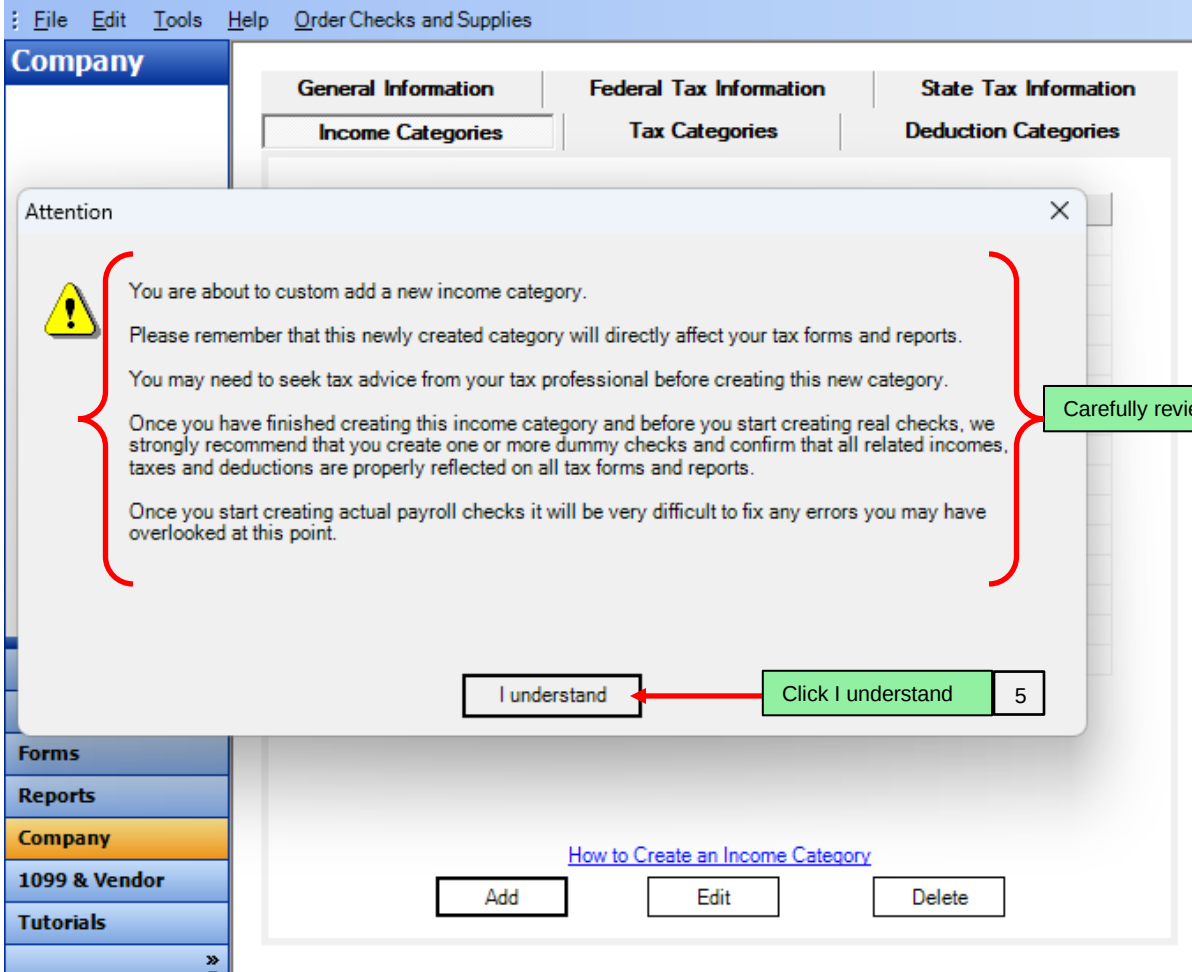


The screenshot shows the Payroll Mate software interface. On the left is a sidebar with a menu: File, Edit, Tools, Help, Order Checks and Supplies, Company, Checks, Employees, Forms, Reports, 1099 & Vendor, and Tutorials. The 'Company' menu item is highlighted. In the main window, the 'General Information' tab is selected, and the 'Income Categories' sub-tab is active. It displays a table with columns 'Title' and 'Calculation'. The table lists various income categories like Regular Hourly Pay, Overtime Hourly Pay, Yearly Salary, Bonus, etc. At the bottom of the table, there is a link 'How to Create an Income Category' and three buttons: 'Add', 'Edit', and 'Delete'. A red arrow points to the 'Add' button.

Click Add

3

4. **Carefully review the disclaimer**
5. Once you have carefully read and understand the disclaimer, click **I understand**



The screenshot shows the Payroll Mate software interface. A dialog box titled "Attention" is displayed in the center. The dialog box contains a yellow warning icon and the following text:

You are about to custom add a new income category.

Please remember that this newly created category will directly affect your tax forms and reports.

You may need to seek tax advice from your tax professional before creating this new category.

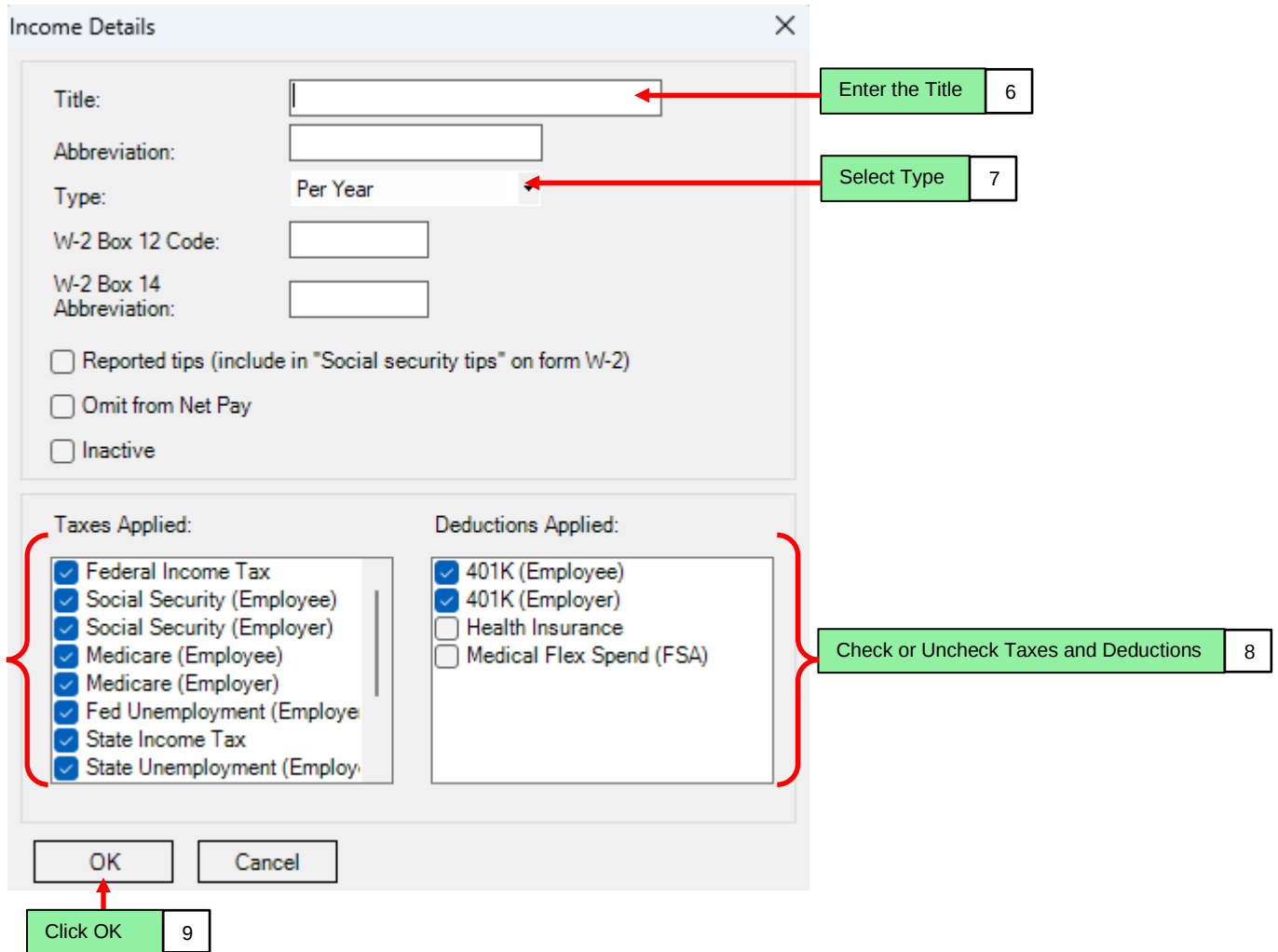
Once you have finished creating this income category and before you start creating real checks, we strongly recommend that you create one or more dummy checks and confirm that all related incomes, taxes and deductions are properly reflected on all tax forms and reports.

Once you start creating actual payroll checks it will be very difficult to fix any errors you may have overlooked at this point.

At the bottom of the dialog box, there are two buttons: "I understand" and "Click I understand". A red arrow points from the "Click I understand" button to the "I understand" button. A green box with the text "Carefully review the disclaimer" and the number "4" is positioned to the right of the dialog box. Another green box with the text "Click I understand" and the number "5" is positioned below the dialog box, with a red arrow pointing from it to the "I understand" button.

The background interface shows a menu bar with "File", "Edit", "Tools", "Help", and "Order Checks and Supplies". Below the menu bar is a "Company" tab with sub-tabs for "General Information", "Federal Tax Information", and "State Tax Information". Under "Federal Tax Information", there are sub-tabs for "Income Categories", "Tax Categories", and "Deduction Categories". The "Income Categories" tab is currently selected. Below the dialog box, there is a link "How to Create an Income Category" and three buttons: "Add", "Edit", and "Delete".

6. **Enter the Title** you want for the income category
7. **Select Type** of calculation from the drop down
8. **Check or Uncheck the Taxes and Deductions that apply** to the income
9. Click **OK**



The screenshot shows the 'Income Details' dialog box with the following fields and options:

- Title:** A text input field. An annotation 'Enter the Title' with a box containing '6' points to this field.
- Abbreviation:** A text input field.
- Type:** A dropdown menu currently showing 'Per Year'. An annotation 'Select Type' with a box containing '7' points to this dropdown.
- W-2 Box 12 Code:** A text input field.
- W-2 Box 14 Abbreviation:** A text input field.
- Options:** Three checkboxes: 'Reported tips (include in "Social security tips" on form W-2)', 'Omit from Net Pay', and 'Inactive'.
- Taxes Applied:** A list of checkboxes including 'Federal Income Tax', 'Social Security (Employee)', 'Social Security (Employer)', 'Medicare (Employee)', 'Medicare (Employer)', 'Fed Unemployment (Employee)', 'State Income Tax', and 'State Unemployment (Employee)'. A red bracket groups these checkboxes.
- Deductions Applied:** A list of checkboxes including '401K (Employee)', '401K (Employer)', 'Health Insurance', and 'Medical Flex Spend (FSA)'. A red bracket groups these checkboxes.
- An annotation 'Check or Uncheck Taxes and Deductions' with a box containing '8' points to the 'Taxes Applied' and 'Deductions Applied' sections.
- Buttons:** 'OK' and 'Cancel' buttons at the bottom. An annotation 'Click OK' with a box containing '9' points to the 'OK' button.

Please Note:

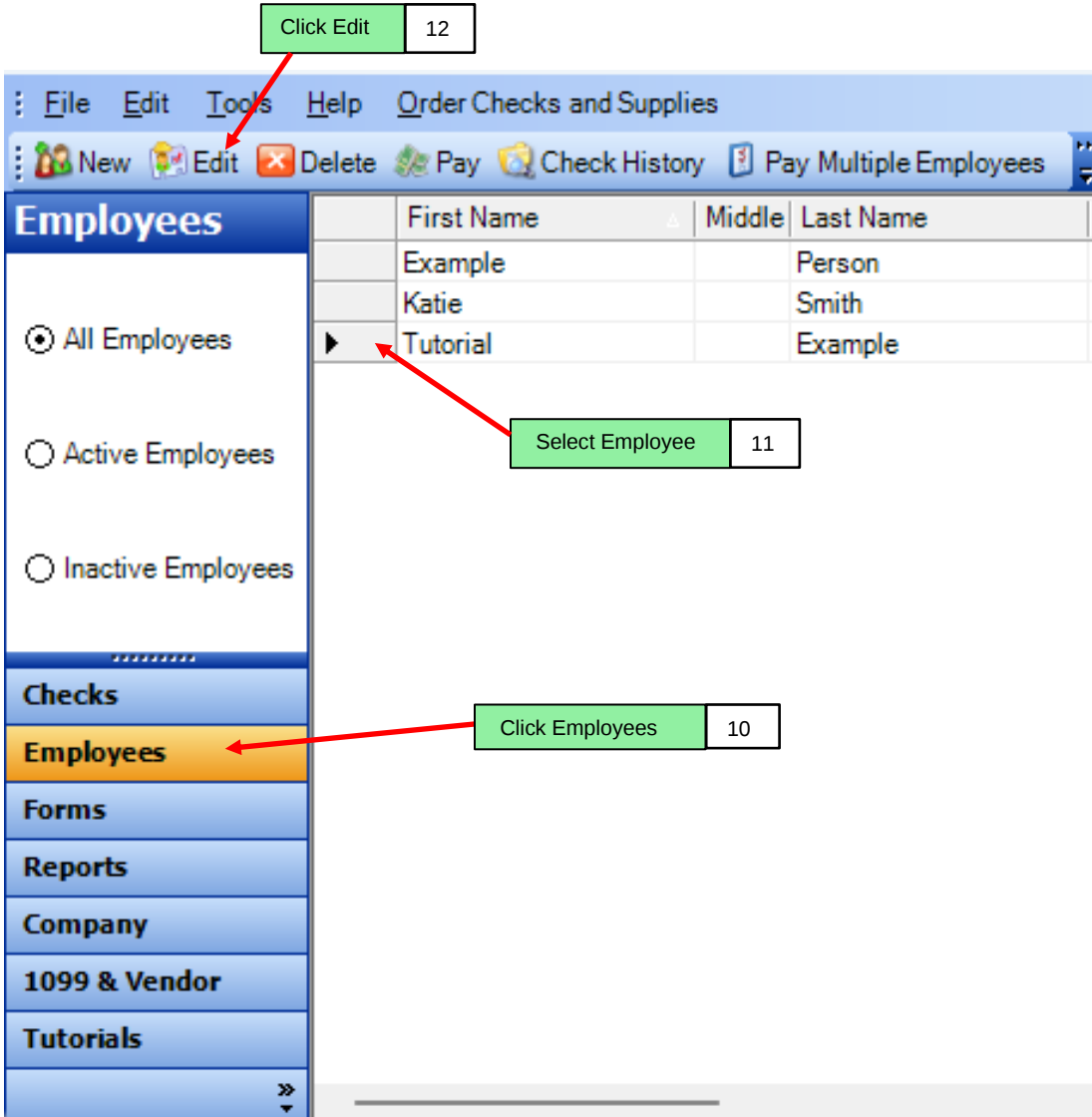
Clergy Housing (Cash) is included in net pay. Typically, this income will be exempt from the following: Federal income tax, Social Security, Medicare, and Federal Unemployment.

Note: Clergy Housing (In-Kind) is excluded from net pay. Typically, this income will be exempt from the following: Federal income tax, Social Security, Medicare, and Federal Unemployment.

Please speak with your tax adviser on what will apply to your income and how to correctly input the information

Apply it to the employee(s):

10. Click **Employees**
11. **Select the employee** you need to add the income category to
12. Click **Edit**



The screenshot shows the Payroll Mate software interface. On the left is a vertical menu with options: All Employees, Active Employees, Inactive Employees, Checks, Employees, Forms, Reports, Company, 1099 & Vendor, and Tutorials. The 'Employees' option is highlighted in orange. A red arrow points from a green box labeled 'Click Employees' with the number 10 to this option. To the right of the menu is a table with columns: First Name, Middle, and Last Name. The table contains three rows: 'Example', 'Katie', and 'Tutorial'. The 'Tutorial' row is selected, indicated by a black arrow. A red arrow points from a green box labeled 'Select Employee' with the number 11 to this row. Above the table is a toolbar with buttons: New, Edit, Delete, Pay, Check History, and Pay Multiple Employees. A red arrow points from a green box labeled 'Click Edit' with the number 12 to the 'Edit' button. The top of the window has a menu bar with File, Edit, Tools, Help, and Order Checks and Supplies.

First Name	Middle	Last Name
Example		Person
Katie		Smith
Tutorial		Example

13. You will be taken to the Modify Employee Wizard, click **Next** until you reach the **Incomes** page

Modify Employee

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Welcome to the "Modify Employee" Wizard!

This wizard will guide you through the process of modifying an existing employee.

To continue, please click "Next".

Click Next 13

Cancel < Back **Next >** Finish

14. **Select the Income Category** you just created for this employee (Example: Housing Allowance).
The income should contain the calculation you created when you created the income in steps 1-9.
15. **Enter the amount** for this employee
16. Click **Next**

Select the Income Category 14

Modify Employee

Incomes [How to Create an Income Category](#)

☐ Mileage	[Per Mile]	0.00
☐ Piece Work	[Per Piece]	0.00
☐ Fringe Benefits	[Fixed]	0.00
☐ Vacation Pay Hourly	[Per Hour]	0.00
☐ Sick Pay Hourly	[Per Hour]	0.00
☐ Housing Allowance	[Per Year]	0.00
☐ Bonus	[Variable]	
☐ Tips Received Directly by Employee	[Variable]	
☐ Tips Paid by Employer	[Variable]	
☐ Commission	[Variable]	
☐ Life Insurance over 50,000	[Variable]	
☐ Sick Pay	[Variable]	

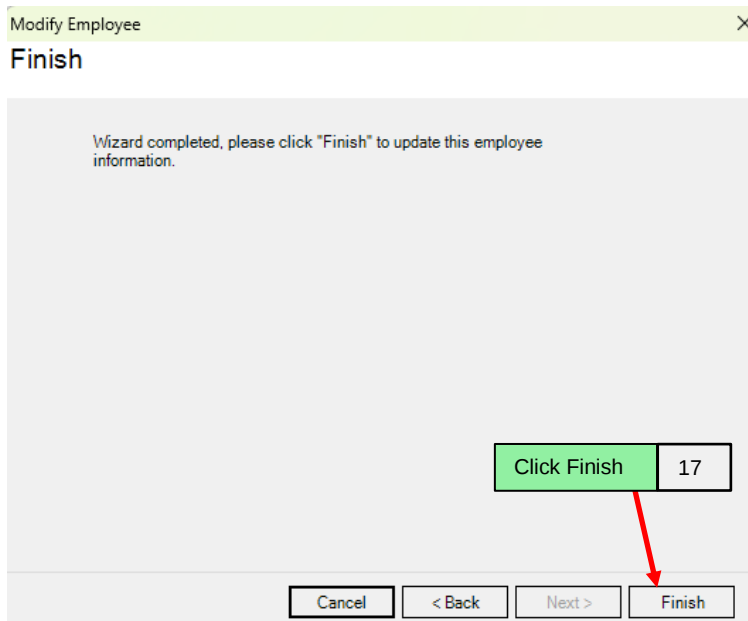
Enter the Amount 15

Click Next 16

Cancel < Back **Next >** Finish

Continue to click Next until you reach the Finish screen.

17. Click **Finish**



Modify Employee

Finish

Wizard completed, please click "Finish" to update this employee information.

Click Finish 17

Cancel < Back Next > Finish

This income will now appear on all future checks for this employee.