

PART 4: COMPREHENSIVE EXAMPLE AND SAMPLE FORMS

EXAMPLE ONE: ACTIVE MINISTER

Rev. John Michaels is the minister of the First Baptist Church. He is married and has one child. The child is considered a qualifying child for the highest amount of the child tax credit. Mrs. Michaels is not employed outside the home. Rev. Michaels is a common-law employee of the church and he has not applied for an exemption from SECA. The church paid Rev. Michaels a salary of \$45,000. In addition, as a self-employed person, he earned \$4,000 during the year for weddings, baptisms, and honoraria. He made estimated tax payments during the year totaling \$12,000. He taught a course at the local community college, for which he was paid \$3,400. None of the wages paid to Rev. Michaels during 2021 were related to a coronavirus leave of absence under the Families First Coronavirus Response Act. Rev. Michaels owns a home next to the church. He makes a \$1,125 per month mortgage payment of principal and interest only. His utility bills and other housing-related expenses for the year totaled \$1,450, and the real estate taxes on his home amounted to \$1,750 for the year. The church paid him \$1,400 per month as his housing allowance. The home's fair rental value is \$1,380 per month (furnished, plus utilities). Additionally, Rev. Michaels made cash charitable contributions of \$6,000 to section 501(c)(3) public charities in 2021. Rev. Michaels and his wife received coronavirus economic impact payments (stimulus checks) of \$4,200 during 2021 and therefore do not qualify for the recovery rebate credit. Further, Rev. Michaels and his wife unenrolled from the monthly advance child tax credit payments in 2021.

The parts of Rev. and Mrs. Michaels' income tax return are explained in the order they are completed. They are illustrated in the order that Rev. Michaels will assemble the return to send it to the IRS.

Form W-2 from Church

The church completed *Form W-2* for Rev. Michaels as follows:

Box 1. The church entered Rev. Michaels' \$45,000 salary.

Box 2. The church left this box blank because Rev. Michaels did not request federal income tax withholding.

Boxes 3–6. Rev. Michaels is considered a self-employed person for purposes of FICA withholding, so the church left these boxes blank.

Box 14. The church entered Rev. Michaels' total housing allowance for the year and identified it.

TurboTax® Tips: Listed below are tips for ministers who use TurboTax to complete their returns. We have listed our recommended responses to some of the questions asked by the software when entering your *Form W-2* from your church. These tips should not be construed as an endorsement or recommendation of the TurboTax software.

1. "Do any of these apply to this *Form W-2*?"

Be sure to check the box that says, "**Religious employment** – this income was for religious employment (clergy, nonclergy, religious sect)."

2. "About your religious employment."

Please note that ministers fall under the category of clergy employment.

3. "Tell us about your clergy housing." TurboTax then asks for the parsonage or housing allowance, as well as the amount of qualifying expenses.

The amount you should enter for qualifying expenses is the lesser of your actual housing expenses, the annual fair rental value of your home (furnished, plus utilities), or the amount of your pay that was designated as ministerial housing allowance by your church.

4. "How would you like us to calculate clergy self-employment tax?"

Please note that SECA should be paid on wages and housing allowance. See *Schedule SE TurboTax Tip* for additional information.

Form W-2 from College

The community college gave Rev. Michaels a *Form W-2* that showed the following:

Box 1. The college entered Rev. Michaels' \$3,400 salary.

Box 2. The college withheld \$272 in federal income tax on Rev. Michaels' behalf.

Boxes 3 and 5. As an employee of the college, Rev. Michaels is subject to FICA withholding on his full salary from the college.

Box 4. The college withheld \$210.80 in Social Security taxes.

Box 6. The college withheld \$49.30 in Medicare taxes.

Schedule C (Form 1040)

Note: For tax years 2019 and later, the IRS announced that it will not be issuing the Schedule C-EZ. Therefore, Schedule C will be used.

Some of Rev. Michaels' entries on *Schedule C* are explained here.

Line 1. Rev. Michaels reports the \$4,000 from weddings, baptisms, and honoraria.

Lines 2–7. Rev. Michaels fills out these lines to report his gross income reported on line 7. Rev. Michaels did not have any returns or allowances, cost of goods sold, or other income for the year. Therefore, the amount reported on line 7 is \$4,000.

Lines 8–27a. Rev. Michaels reports his expenses related to the line 1 amount. The total consisted of \$87 for marriage and family booklets and \$251 for 448 miles of business use of his car, mainly in connection with honoraria. Rev. Michaels used the standard mileage rate to figure his car expense. He multiplied the standard mileage rate of 56 cents by 448 miles for a total of \$251. These expenses total \$338 (\$251 + \$87).

Line 9. Rev. Michaels reports his car expenses on this line. However, he cannot deduct the part of his expenses allocable to his tax-free housing allowance. He attaches *Attachment 1* (shown later) to his return showing that 25% (or \$63) of his car expenses are not deductible because they are allocable to that tax-free allowance. He subtracts the \$63 from the \$251 and enters the \$188 difference on line 9. Rev. Michaels also reports information regarding his vehicle in Part IV.

Line 27a. Rev. Michaels reports \$87 for marriage and family booklets. However, he cannot deduct the part of his expenses allocable to his tax-free parsonage allowance. He attaches a statement, *Attachment 1* (shown later), to his return showing that 25% (or \$22) of his expenses are not deductible because they are allocable to that tax-free allowance. He subtracts the \$22 from the \$87 and enters the \$65 difference on line 27a. He also reports a description of the expense in Part V.

Line 28. Rev. Michaels enters his total expenses, less the 25% allocable to his tax-free housing allowance, (\$188 + \$65) on line 28.

Lines 29–31. He enters his tentative profit of \$3,747 reported on line 29, less any expenses for business use of his home on line 31. Rev. Michael did not have any expenses for business use of his home; therefore, his net income is \$3,747. Net income on *Schedule C* is also reported on *Schedule 1 (Form 1040)*, line 3.

Lines 43–47b. Rev. Michaels fills out these lines to report information about his car.

Line 48. Rev. Michaels reports the total other expenses included on line 27a.

TurboTax Tip: TurboTax does not appear to calculate the non-deductible portion of the expenses which should be allocated to the tax-free portion of the housing allowance. The taxpayer will need to adjust the miscellaneous expenses and input the non-deductible figure as a negative into the software.

Schedule SE (Form 1040)

After Rev. Michaels prepares *Schedule C*, he fills out *Schedule SE (Form 1040)*. Rev. Michaels is a minister, so his salary from the church is not considered church employee income. Additionally, Rev. Michaels did not apply for an exemption from SECA by filing *Form 4361* and therefore leaves the first box on *Schedule SE* unchecked. He fills out the following lines in Part I.

Line 2. Rev. Michaels attaches a statement (*Attachment 2*, shown later) that explains how he figures the amount (\$63,826) he enters here. The calculation in *Attachment 2* includes unreimbursed business expenses from his work for the church. Although unreimbursed business expenses are clearly no longer deductible on *Schedule A* as itemized deductions for federal income tax purposes, these expenses are still deductible by ministers for SECA purposes. Rev. Michaels' records show that he drove 2,530 miles. He multiplies the miles driven by the mileage rate of 56 cents. The combined result is \$1,417. Additionally, Rev. Michaels paid \$219 for professional publications and booklets in connection with his work for the church. The total unreimbursed business expenses were \$1,636. After including the \$85 of *Schedule C* expenses allocable to tax-free income, the total deductions against self-employment income are \$1,721.

Lines 4a–6. He multiplies \$63,826 by 0.9235 to get his net earnings from self-employment (\$58,943). This amount is then carried through to line 6 since Rev. Michaels does not have any other adjustments.

Lines 8a–8d. Rev. Michaels enters the amount from Box 3 on his *Form W-2* issued by the college on lines 8a and 8d, since he had no amounts to be reported on lines 8b or 8c.

Line 10. The amount on line 6 is less than \$142,800, so Rev. Michaels multiplies the amount on line 6 (\$58,943) by 0.124 to get the Social Security portion of the SECA of \$7,309.

Line 11. He multiplies the amount on line 6 by 0.029 to calculate the Medicare portion of SECA of \$1,709.

Line 12. He adds the Social Security tax from line 10 and the Medicare tax on line 11 to determine his total SECA of \$9,018. Rev. Michaels enters that amount here and on *Schedule 2 (Form 1040)*, lines 4 and 21.

Line 13. Rev. Michaels multiplies the amount on line 12 by 0.50 to get his deduction for the employer-equivalent portion of SECA of \$4,509. He enters that amount here and on *Schedule 1 (Form 1040)*, line 15.

TurboTax Tip: The software asks about SECA on clergy wages. The taxpayer should check the box to pay SECA on wages and housing allowance (assuming, as shown in this example, that the minister has not applied for exemption from SECA). Please note that the software does not appear to automatically reduce self-employment wages by the business expenses allocated to tax-free income. The taxpayer will need to adjust net self-employment income (as shown in *Attachment 2*) and input the reduced figure into the software. This can be done by going into the “Business Taxes” section and selecting “Self-Employment Tax”. Choose “Make Adjustments” and enter in the “Ministerial Business Expenses” item the additional expenses that were not deducted elsewhere on the return (\$1,721 in this example – see *Attachment 2*).

Form 8995 QBI Deduction

Ministers who have net profit reported on *Schedule C* for ministerial services and who have 2021 taxable income of less than \$164,900 (\$329,800 if MFJ) before the application of a QBI deduction may be eligible for the QBI deduction.

After Rev. Michaels prepares *Schedule SE*, he fills out *Form 8995*.

Line 1i. In columns (a) and (b), Rev. Michaels enters the information regarding his ministerial income. In column (c), Rev. Michaels reports the net profit or loss from *Schedule C*, line 31 (\$3,747) less the portion of the deduction for SECA allocable to this net profit ($\$3,747 * 0.9235 * 0.153 * 0.5 = \265) which results in \$3,482 on line 1i, column (c). Since there are no other amounts listed on lines 1ii–1v, he also reports the amount on line 2.

Line 4. Rev. Michaels adds the total QBI or loss reported on line 2 (\$3,482) to any qualified business net losses carried forward from the prior year. Since there are no qualified business net losses carried forward from the prior year, he enters the amount on line 4.

Line 5. Rev. Michaels multiplies line 4 by 20% and enters the resulting amount (\$696) on line 5. Since there are no other amounts reported on lines 6–9, he also reports the amount on line 10.

Line 11. Rev. Michaels adds the total taxable income before qualified business income deduction (\$22,178) on line 11. This amount is equal to *Form 1040* line 11 (\$47,878) less *Form 1040* line 12c (\$25,700). Since there is no amount reported on line 12, he also reports the amount on line 13.

Line 15. Rev. Michaels multiplies line 13 by 20% (\$4,436), which he reports on line 14. He then reports the lesser of line 10 or line 14 on line 15 (\$696). Rev. Michaels also enters this amount on *Form 1040*, line 13.

Lines 16–17. Rev. Michaels enters \$0 on line 16 since line 2 plus line 3 is greater than zero and enters \$0 on line 17 since line 6 and line 7 were \$0.

Form 8812 Credits for Qualifying Children and Other Dependents

Special 2021 tax provisions allow certain taxpayers to claim a 100% refundable child tax credit. As such, Rev. Michaels prepares *Form 8812* to calculate this credit.

Lines 1–3. Rev. Michaels enters in the amount from *Form 1040*, line 11 on lines 1 and 3 since he does not have any amounts to reported on lines 2a–2d.

Lines 4a–4c. Rev. Michaels enters 1 at lines 4a and 4b since the Michaels had one qualifying child under the age of 6 at the end of 2021. Line 4b is subtracted from line 4a, and zero is entered at line 4c.

Line 5. Rev. Michaels refers to the line 5 worksheet and enters \$3,600 on line 5.

Line 8. Rev. Michaels enters the amount from line 5 on line 8, since he had no amounts to report on lines 6 or 7.

Line 9. Rev. Michaels enters \$400,000 since his filing status is MFJ.

Lines 10–12. Line 9 is subtracted from line 3. Since the result is less than zero, Rev. Michaels enters zero on lines 10 and 11. Line 11 is then subtracted from line 8, and the result (\$3,600) is entered on line 12.

Line 13. Rev. Michaels checks Box A on line 13.

Lines 14a–14e. Rev. Michaels enters zero on line 14a since this is the smaller of line 7 or line 12. Line 14a is subtracted from line 12, and the result (\$3,600) is entered on line 14b. Lines 14c and 14d are zero, so Rev. Michaels enters \$3,600 on line 14e.

Lines 14f–14i. Rev. Michaels and his wife opted out of receiving advance child tax credit payments in 2021. Therefore, he enters zero on line 14f, and \$3,600 on lines 14g and 14i. This amount is also entered on line 28 of *Form 1040*. Rev. Michaels does not complete the remainder of *Form 8812* since a box was checked on line 13, and since line 14g was not zero.

Form 1040, Schedule 1 (Form 1040), and Schedule 2 (Form 1040)

After Rev. Michaels prepares the above schedules, he fills out *Form 1040*, along with *Schedules 1–3* to the extent required. He files a joint return with his wife. First, he fills out *Form 1040*,

Page 1 and completes the appropriate lines for his filing status and exemptions. Then, he fills out the rest of the forms as follows:

Form 1040, line 1. Rev. Michaels reports \$48,640. This amount is the total of his \$45,000 church salary, \$3,400 college salary, and \$240, the excess of the amount designated and paid to him as a housing allowance over the lesser of his actual expenses and the fair rental value of his home (furnished, plus utilities). The two salaries were reported to him in Box 1 of the *Forms W-2* he received.

Schedule 1 (Form 1040), line 3. He reports his net profit of \$3,747 from *Schedule C*, line 31. Since no other amounts are reported on *Schedule 1 (Form 1040)*, lines 1-8, he also reports this amount on line 10, and carries the figure to *Form 1040*, line 8.

Form 1040, line 9. Rev. Michaels adds *Form 1040*, line 1, and the amount reported on *Form 1040*, line 8, and enters the total (\$52,387) on line 9.

Form 1040, line 10. Because Rev. Michaels has reported deductible SECA on *Schedule 1 (Form 1040)* line 15, Rev. Michaels goes to *Schedule 1 (Form 1040)* and completes Part II of the form. Since there are no other amounts listed on lines 11-24, Rev. Michaels reports \$4,509 on line 26 and enters this amount on *Form 1040*, line 10.

Form 1040, line 12a. He enters the standard deduction for taxpayers filing MFJ (\$25,100) on line 12a.

Form 1040, line 12b. In 2021, a maximum \$600 charitable contribution deduction for taxpayers filing MFJ is allowed on *Form 1040*, line 12b for qualifying charitable contributions. Since Rev. Michaels and his wife made cash contributions of \$6,000 to a qualifying 501(c)(3) public charity, he enters the maximum contribution deduction of \$600 on line 12b.

Form 1040, line 12c. Rev. Michaels adds the amounts on line 12a (\$25,100) and line 12b (\$600) and reports \$25,700 on line 12c.

Form 1040, line 13. Rev. Michaels adds the QBI deduction on *Form 8995*, line 15, and enters the total on (\$696) on line 13.

Form 1040, line 14. Rev. Michaels adds the amounts on *Form 1040*, lines 12 and 13, and enters the total (\$26,396) on line 14.

Form 1040, line 15. Subtract line 14 from line 11. This amount is taxable income.

Form 1040, Page 2, line 16. Rev. Michaels uses the tax tables in the 2021 *Form 1040* instructions to determine his applicable tax and enters the amount (\$2,179) on the space provided on lines 16 and 18.

Form 1040, Page 2, Line 19. The Michaels can take the child tax credit for their daughter, Jennifer. Jennifer is under the age of 6 at the end of 2021. Rev. Michaels figured the credit by completing *Form 8812* and determined that he qualifies for the \$3,600 refundable credit, which will be reported on line 28 (not line 19). Therefore, Rev. Michael's leaves line 19 blank.

Form 1040, Page 2, line 23 and Schedule 2 (Form 1040). Rev. Michaels completes *Schedule 2 (Form 1040)*. Since the only amount reported on *Schedule 2 (Form 1040)* is his SECA from *Schedule SE*, he reports the amount (\$9,018) on *Schedule 2 (Form 1040)* lines 4 and 21, and on *Form 1040*, Page 2, line 23.

Form 1040, Page 2, line 24. He adds the amount reported on line 22 and SECA reported on line 23. This represents his total tax obligation.


Form 1040, Page 2, lines 25a and 25d. He enters the federal income tax shown in Box 2 of his *Form W-2* from the college.

Form 1040, Page 2, line 26. Rev. Michaels enters the \$12,000 estimated tax payments he made for the year on line 26.

Form 1040, Page 2, lines 27a-32. Rev. Michaels completes the EIC worksheet in the *Form 1040* instructions and determines that he does not qualify for the EIC. However, as described above, Rev. Michaels does qualify for the refundable child tax credit in 2021. Therefore, Rev. Michaels enters \$3,600 on lines 28 and 32.

Form 1040, Page 2, line 33. Rev. Michaels adds the amount reported on lines 25d and 26 to show the total tax payments made on line 33 (\$15,872).

Form 1040, Page 2, line 34. Rev. Michaels totals his overpayment by subtracting line 33 from line 24 (\$4,675).

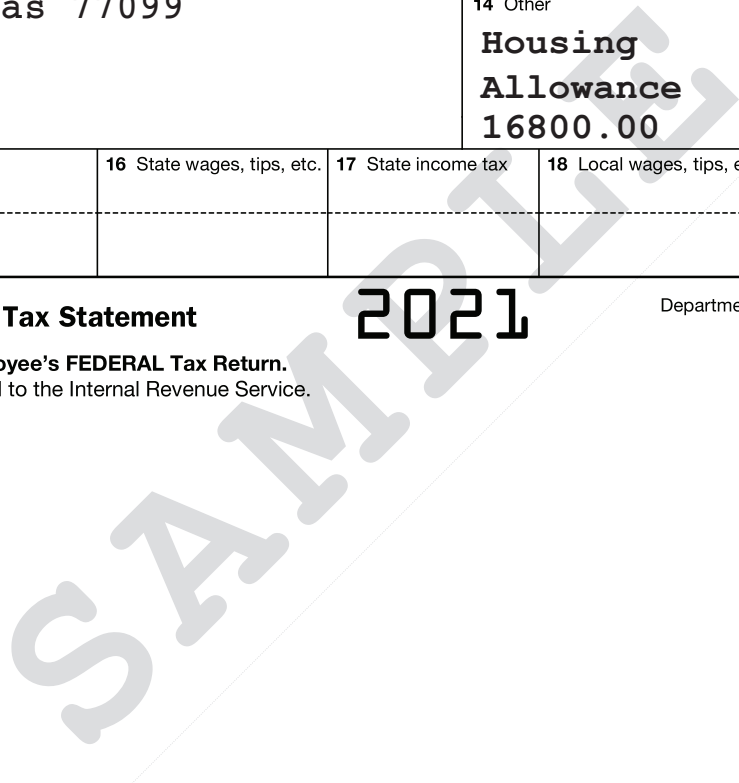
		a Employee's social security number 011-00-1111		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 00-0246810				1 Wages, tips, other compensation 45000.00		2 Federal income tax withheld					
c Employer's name, address, and ZIP code First Baptist Church 1042 Main Street Hometown, Texas 77099				3 Social security wages		4 Social security tax withheld					
				5 Medicare wages and tips		6 Medicare tax withheld					
				7 Social security tips		8 Allocated tips					
d Control number				9		10 Dependent care benefits					
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12			
John E. Michaels		1040 Main Street		Hometown, Texas 77099		13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
						14 Other Housing Allowance 16800.00		12c			
								12d			
f Employee's address and ZIP code											
15 State	Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name				


Form **W-2** Wage and Tax Statement

2021

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.



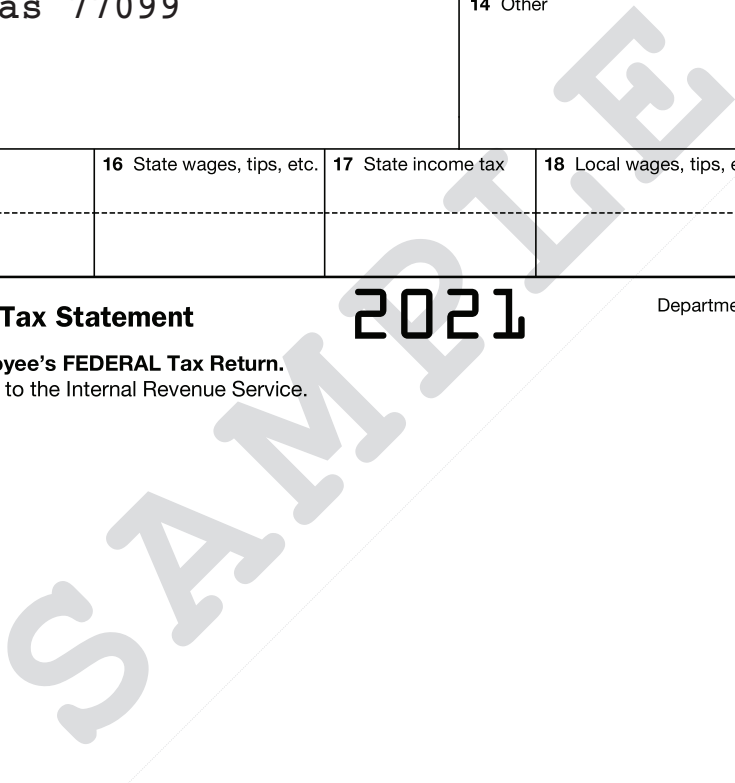
		a Employee's social security number 011-00-1111		OMB No. 1545-0008		Safe, accurate, FAST! Use				Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 00-1357913				1 Wages, tips, other compensation 3400.00		2 Federal income tax withheld 272.00					
c Employer's name, address, and ZIP code Hometown College 40 Honor Road Hometown, Texas 77099				3 Social security wages 3400.00		4 Social security tax withheld 210.80					
				5 Medicare wages and tips 3400.00		6 Medicare tax withheld 49.30					
				7 Social security tips		8 Allocated tips					
d Control number				9		10 Dependent care benefits					
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a See instructions for box 12			
John E.		Michaels						e c c c e			
1040 Main Street		Hometown, Texas 77099				13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b			
								e c c c e			
						14 Other		12c			
								e c c c e			
								12d			
								e c c c e			
f Employee's address and ZIP code											
15 State	Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name				

Form **W-2** Wage and Tax Statement

2021

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.



Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial John E.	Last name Michaels	Your social security number 011 00 1111
If joint return, spouse's first name and middle initial Susan R.	Last name Michaels	Spouse's social security number 011 00 2222
Home address (number and street). If you have a P.O. box, see instructions. 1040 Main Street		Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. Hometown		State Texas
		ZIP code 77099
Foreign country name	Foreign province/state/county	Foreign postal code
		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

Standard Deduction **Someone can claim:** You as a dependent Your spouse as a dependent Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** Were born before January 2, 1957 Are blind **Spouse:** Was born before January 2, 1957 Is blind

Dependents (see instructions): If more than four dependents, see instructions and check here ▶ <input type="checkbox"/>	(1) First name		(2) Social security number		(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit		Credit for other dependents
	Last name							
	Jennifer	Michaels	011	00	3333	Daughter	<input type="checkbox"/>	<input type="checkbox"/>
							<input type="checkbox"/>	<input type="checkbox"/>
							<input type="checkbox"/>	<input type="checkbox"/>
							<input type="checkbox"/>	<input type="checkbox"/>

Attach Sch. B if required.	1 Wages, salaries, tips, etc. Attach Form(s) W-2	1	48,640
	2a Tax-exempt interest	2a	
Standard Deduction for— • Single or Married filing separately, \$12,550 • Married filing jointly or Qualifying widow(er), \$25,100 • Head of household, \$18,800 • If you checked any box under <i>Standard Deduction</i> , see instructions.	3a Qualified dividends	3a	
	4a IRA distributions	4a	
	5a Pensions and annuities	5a	
	6a Social security benefits	6a	
	7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	7	
	8 Other income from Schedule 1, line 10	8	3,747
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income ▶	9	52,387	
10 Adjustments to income from Schedule 1, line 26	10	4,509	
11 Subtract line 10 from line 9. This is your adjusted gross income ▶	11	47,878	
12a Standard deduction or itemized deductions (from Schedule A)	12a	25,100	
b Charitable contributions if you take the standard deduction (see instructions)	12b	600	
c Add lines 12a and 12b	12c	25,700	
13 Qualified business income deduction from Form 8995 or Form 8995-A	13	696	
14 Add lines 12c and 13	14	26,396	
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	21,482	

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> _____	16	2,179
17	Amount from Schedule 2, line 3	17	
18	Add lines 16 and 17	18	2,179
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812	19	
20	Amount from Schedule 3, line 8	20	
21	Add lines 19 and 20	21	
22	Subtract line 21 from line 18. If zero or less, enter -0-	22	2,179
23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	9,018
24	Add lines 22 and 23. This is your total tax	24	11,197
25	Federal income tax withheld from:		
a	Form(s) W-2	25a	272
b	Form(s) 1099	25b	
c	Other forms (see instructions)	25c	
d	Add lines 25a through 25c	25d	272
26	2021 estimated tax payments and amount applied from 2020 return	26	12,000
27a	Earned income credit (EIC) Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions <input type="checkbox"/>	27a	
b	Nontaxable combat pay election	27b	
c	Prior year (2019) earned income	27c	
28	Refundable child tax credit or additional child tax credit from Schedule 8812	28	3,600
29	American opportunity credit from Form 8863, line 8	29	
30	Recovery rebate credit. See instructions	30	
31	Amount from Schedule 3, line 15	31	
32	Add lines 27a and 28 through 31. These are your total other payments and refundable credits	32	3,600
33	Add lines 25d, 26, and 32. These are your total payments	33	15,872
Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	4,675
	35a Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	4,675
Direct deposit? See instructions.	b Routing number _____ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number _____		
	36 Amount of line 34 you want applied to your 2022 estimated tax	36	
Amount You Owe	37 Amount you owe . Subtract line 33 from line 24. For details on how to pay, see instructions	37	
	38 Estimated tax penalty (see instructions)	38	

If you have a qualifying child, attach Sch. EIC.

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions **Yes**. Complete below. **No**

Designee's name Phone no. Personal identification number (PIN)

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date 3/15/22	Your occupation Minister	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>
Spouse's signature. If a joint return, both must sign.	Date 3/15/22	Spouse's occupation Homemaker	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) <input type="text"/>
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's name	Firm's address			Phone no.
Firm's EIN				

SCHEDULE 1
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

▶ Attach to Form 1040, 1040-SR, or 1040-NR.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2021
Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

John E. & Susan R. Michaels

Your social security number

011-00-1111

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶ _____		
3	Business income or (loss). Attach Schedule C	3	3,747
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income:		
a	Net operating loss	8a	()
b	Gambling income	8b	
c	Cancellation of debt	8c	
d	Foreign earned income exclusion from Form 2555	8d	()
e	Taxable Health Savings Account distribution	8e	
f	Alaska Permanent Fund dividends	8f	
g	Jury duty pay	8g	
h	Prizes and awards	8h	
i	Activity not engaged in for profit income	8i	
j	Stock options	8j	
k	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8k	
l	Olympic and Paralympic medals and USOC prize money (see instructions)	8l	
m	Section 951(a) inclusion (see instructions)	8m	
n	Section 951A(a) inclusion (see instructions)	8n	
o	Section 461(l) excess business loss adjustment	8o	
p	Taxable distributions from an ABLE account (see instructions)	8p	
z	Other income. List type and amount ▶ _____	8z	
9	Total other income. Add lines 8a through 8z	9	
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	3,747

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71479F

Schedule 1 (Form 1040) 2021

Part II Adjustments to Income

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	4,509
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction	17	
18	Penalty on early withdrawal of savings	18	
19a	Alimony paid	19a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions) ▶		
20	IRA deduction	20	
21	Student loan interest deduction	21	
22	Reserved for future use	22	
23	Archer MSA deduction	23	
24	Other adjustments:		
a	Jury duty pay (see instructions)	24a	
b	Deductible expenses related to income reported on line 8k from the rental of personal property engaged in for profit	24b	
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8l	24c	
d	Reforestation amortization and expenses	24d	
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
f	Contributions to section 501(c)(18)(D) pension plans	24f	
g	Contributions by certain chaplains to section 403(b) plans	24g	
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i	
j	Housing deduction from Form 2555	24j	
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	
z	Other adjustments. List type and amount ▶ _____	24z	
25	Total other adjustments. Add lines 24a through 24z	25	0
26	Add lines 11 through 23 and 25. These are your adjustments to income . Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26	4,509

**SCHEDULE 2
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Taxes

▶ Attach to Form 1040, 1040-SR, or 1040-NR.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2021
Attachment
Sequence No. **02**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

John E. & Susan R. Michaels

Your social security number

011-00-1111

Part I Tax

1	Alternative minimum tax. Attach Form 6251	1	
2	Excess advance premium tax credit repayment. Attach Form 8962	2	
3	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	3	

Part II Other Taxes

4	Self-employment tax. Attach Schedule SE	4	9,018
5	Social security and Medicare tax on unreported tip income. Attach Form 4137	5	
6	Uncollected social security and Medicare tax on wages. Attach Form 8919	6	
7	Total additional social security and Medicare tax. Add lines 5 and 6	7	
8	Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required	8	
9	Household employment taxes. Attach Schedule H	9	
10	Repayment of first-time homebuyer credit. Attach Form 5405 if required	10	
11	Additional Medicare Tax. Attach Form 8959	11	
12	Net investment income tax. Attach Form 8960	12	
13	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12	13	
14	Interest on tax due on installment income from the sale of certain residential lots and timeshares	14	
15	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000	15	
16	Recapture of low-income housing credit. Attach Form 8611	16	

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71478U

Schedule 2 (Form 1040) 2021

Part II Other Taxes *(continued)*

17	Other additional taxes:		
a	Recapture of other credits. List type, form number, and amount ► _____	17a	
b	Recapture of federal mortgage subsidy. If you sold your home in 2021, see instructions	17b	
c	Additional tax on HSA distributions. Attach Form 8889	17c	
d	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889	17d	
e	Additional tax on Archer MSA distributions. Attach Form 8853	17e	
f	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853	17f	
g	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property	17g	
h	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A	17h	
i	Compensation you received from a nonqualified deferred compensation plan described in section 457A	17i	
j	Section 72(m)(5) excess benefits tax	17j	
k	Golden parachute payments	17k	
l	Tax on accumulation distribution of trusts	17l	
m	Excise tax on insider stock compensation from an expatriated corporation	17m	
n	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866	17n	
o	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR	17o	
p	Any interest from Form 8621, line 16f, relating to distributions from, and dispositions of, stock of a section 1291 fund	17p	
q	Any interest from Form 8621, line 24	17q	
z	Any other taxes. List type and amount ► _____	17z	
18	Total additional taxes. Add lines 17a through 17z		18
19	Additional tax from Schedule 8812		19
20	Section 965 net tax liability installment from Form 965-A	20	
21	Add lines 4, 7 through 16, 18, and 19. These are your total other taxes . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b		21

**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1545-0074

2021

Department of the Treasury
Internal Revenue Service (99)

▶ Go to www.irs.gov/ScheduleC for instructions and the latest information.
▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.

Attachment
Sequence No. **09**

Name of proprietor John E. Michaels		Social security number (SSN) 011-00-1111
A Principal business or profession, including product or service (see instructions) Minister		B Enter code from instructions ▶ 5 4 1 9 9 0
C Business name. If no separate business name, leave blank.		D Employer ID number (EIN) (see instr.)
E Business address (including suite or room no.) ▶ 1040 Main Street City, town or post office, state, and ZIP code Hometown, Texas 77099		
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶		
G Did you "materially participate" in the operation of this business during 2021? If "No," see instructions for limit on losses . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2021, check here . . . <input type="checkbox"/>		
I Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
J If "Yes," did you or will you file required Form(s) 1099? . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

Part I Income

1 Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . <input type="checkbox"/>	1	4,000
2 Returns and allowances	2	
3 Subtract line 2 from line 1	3	4,000
4 Cost of goods sold (from line 42)	4	
5 Gross profit. Subtract line 4 from line 3	5	4,000
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7 Gross income. Add lines 5 and 6 ▶	7	4,000

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8 Advertising	8		18 Office expense (see instructions)	18	
9 Car and truck expenses (see instructions)	9	188	19 Pension and profit-sharing plans	19	
10 Commissions and fees	10		20 Rent or lease (see instructions):	20a	
11 Contract labor (see instructions)	11		a Vehicles, machinery, and equipment	20b	
12 Depletion	12		b Other business property	21	
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21 Repairs and maintenance	22	
14 Employee benefit programs (other than on line 19)	14		22 Supplies (not included in Part III)	23	
15 Insurance (other than health)	15		23 Taxes and licenses	24	
16 Interest (see instructions):	16		24 Travel and meals:	24a	
a Mortgage (paid to banks, etc.)	16a		a Travel	24b	
b Other	16b		b Deductible meals (see instructions)	25	
17 Legal and professional services	17		25 Utilities	26	
			26 Wages (less employment credits)	27a	65
			27a Other expenses (from line 48)	27b	
			b Reserved for future use	28	253
28 Total expenses before expenses for business use of home. Add lines 8 through 27a ▶	28		29 Tentative profit or (loss). Subtract line 28 from line 7	29	3,747
29 Tentative profit or (loss). Subtract line 28 from line 7	29		30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30	0
30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30		31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.	31	3,747
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.	31		32 If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.	32a	3,747
32 If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.	32		32a <input type="checkbox"/> All investment is at risk. 32b <input type="checkbox"/> Some investment is not at risk.	32b	

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a Cost b Lower of cost or market c Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

35 Inventory at beginning of year. If different from last year's closing inventory, attach explanation	35	
36 Purchases less cost of items withdrawn for personal use	36	
37 Cost of labor. Do not include any amounts paid to yourself	37	
38 Materials and supplies	38	
39 Other costs	39	
40 Add lines 35 through 39	40	
41 Inventory at end of year	41	
42 Cost of goods sold. Subtract line 41 from line 40. Enter the result here and on line 4	42	

Part IV Information on Your Vehicle. Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month/day/year) ▶ 7 / 15 / 13

44 Of the total number of miles you drove your vehicle during 2021, enter the number of miles you used your vehicle for:

a Business 448 b Commuting (see instructions) 0 c Other 7,467

45 Was your vehicle available for personal use during off-duty hours? Yes No

46 Do you (or your spouse) have another vehicle available for personal use?. Yes No

47a Do you have evidence to support your deduction? Yes No

b If "Yes," is the evidence written? Yes No

Part V Other Expenses. List below business expenses not included on lines 8–26 or line 30.

Marriage and family booklets.		65
48 Total other expenses. Enter here and on line 27a	48	65

**SCHEDULE SE
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Self-Employment Tax

▶ Go to www.irs.gov/ScheduleSE for instructions and the latest information.
▶ Attach to Form 1040, 1040-SR, or 1040-NR.

OMB No. 1545-0074

2021

Attachment
Sequence No. **17**

Name of person with self-employment income (as shown on Form 1040, 1040-SR, or 1040-NR)

John E. Michaels

Social security number of person
with self-employment income ▶

011-00-1111

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is **church employee income**, see instructions for how to report your income and the definition of church employee income.

A If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had \$400 or more of **other** net earnings from self-employment, check here and continue with Part I ▶

Skip lines 1a and 1b if you use the farm optional method in Part II. See instructions.

1a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a	
b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code AH	1b ()	

Skip line 2 if you use the nonfarm optional method in Part II. See instructions.

2 Net profit or (loss) from Schedule C, line 31; and Schedule K-1 (Form 1065), box 14, code A (other than farming). See instructions for other income to report or if you are a minister or member of a religious order	2	63,826
3 Combine lines 1a, 1b, and 2	3	63,826
4a If line 3 is more than zero, multiply line 3 by 92.35% (0.9235). Otherwise, enter amount from line 3 Note: If line 4a is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4a	58,943
b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b	
c Combine lines 4a and 4b. If less than \$400, stop ; you don't owe self-employment tax. Exception: If less than \$400 and you had church employee income , enter -0- and continue ▶	4c	58,943

5a Enter your church employee income from Form W-2. See instructions for definition of church employee income	5a	0
b Multiply line 5a by 92.35% (0.9235). If less than \$100, enter -0-	5b	0
6 Add lines 4c and 5b	6	58,943

7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2021	7	142,800
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8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$142,800 or more, skip lines 8b through 10, and go to line 11	8a	3,400
b Unreported tips subject to social security tax from Form 4137, line 10	8b	0
c Wages subject to social security tax from Form 8919, line 10	8c	0
d Add lines 8a, 8b, and 8c	8d	3,400

9 Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 ▶	9	139,400
10 Multiply the smaller of line 6 or line 9 by 12.4% (0.124)	10	7,309
11 Multiply line 6 by 2.9% (0.029)	11	1,709
12 Self-employment tax. Add lines 10 and 11. Enter here and on Schedule 2 (Form 1040), line 4	12	9,018

13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (0.50). Enter here and on Schedule 1 (Form 1040), line 15	13	4,509
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Part II Optional Methods To Figure Net Earnings (see instructions)

Farm Optional Method. You may use this method **only** if **(a)** your gross farm income¹ wasn't more than \$8,820, **or (b)** your net farm profits² were less than \$6,367.

14 Maximum income for optional methods	14	5,880
15 Enter the smaller of: two-thirds (² / ₃) of gross farm income ¹ (not less than zero) or \$5,880. Also, include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method **only** if **(a)** your net nonfarm profits³ were less than \$6,367 and also less than 72.189% of your gross nonfarm income,⁴ **and (b)** you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. **Caution:** You may use this method no more than five times.

16 Subtract line 15 from line 14	16	
17 Enter the smaller of: two-thirds (² / ₃) of gross nonfarm income ⁴ (not less than zero) or the amount on line 16. Also, include this amount on line 4b above	17	

¹ From Sch. F, line 9; and Sch. K-1 (Form 1065), box 14, code B. ³ From Sch. C, line 31; and Sch. K-1 (Form 1065), box 14, code A.
² From Sch. F, line 34; and Sch. K-1 (Form 1065), box 14, code A—minus the amount you would have entered on line 1b had you not used the optional method. ⁴ From Sch. C, line 7; and Sch. K-1 (Form 1065), box 14, code C.

**Qualified Business Income Deduction
Simplified Computation**

Department of the Treasury
Internal Revenue Service

▶ **Attach to your tax return.**

Attachment
Sequence No. **55**

▶ **Go to www.irs.gov/Form8995 for instructions and the latest information.**

Name(s) shown on return John E. & Susan R. Michaels	Your taxpayer identification number 001-00-1111
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Note. You can claim the qualified business income deduction **only** if you have qualified business income from a qualified trade or business, real estate investment trust dividends, publicly traded partnership income, or a domestic production activities deduction passed through from an agricultural or horticultural cooperative. See instructions.
Use this form if your taxable income, before your qualified business income deduction, is at or below \$164,900 (\$164,925 if married filing separately; \$329,800 if married filing jointly), and you aren't a patron of an agricultural or horticultural cooperative.

1	(a) Trade, business, or aggregation name	(b) Taxpayer identification number	(c) Qualified business income or (loss)
i	Minister	011-00-1111	3,482
ii			
iii			
iv			
v			

2	Total qualified business income or (loss). Combine lines 1i through 1v, column (c)	2	3,482
3	Qualified business net (loss) carryforward from the prior year	3	(0)
4	Total qualified business income. Combine lines 2 and 3. If zero or less, enter -0-	4	3,482
5	Qualified business income component. Multiply line 4 by 20% (0.20)	5	696
6	Qualified REIT dividends and publicly traded partnership (PTP) income or (loss) (see instructions)	6	0
7	Qualified REIT dividends and qualified PTP (loss) carryforward from the prior year	7	(0)
8	Total qualified REIT dividends and PTP income. Combine lines 6 and 7. If zero or less, enter -0-	8	0
9	REIT and PTP component. Multiply line 8 by 20% (0.20)	9	0
10	Qualified business income deduction before the income limitation. Add lines 5 and 9	10	696
11	Taxable income before qualified business income deduction (see instructions)	11	22,178
12	Net capital gain (see instructions)	12	0
13	Subtract line 12 from line 11. If zero or less, enter -0-	13	22,178
14	Income limitation. Multiply line 13 by 20% (0.20)	14	4,436
15	Qualified business income deduction. Enter the smaller of line 10 or line 14. Also enter this amount on the applicable line of your return (see instructions) ▶	15	696
16	Total qualified business (loss) carryforward. Combine lines 2 and 3. If greater than zero, enter -0-	16	(0)
17	Total qualified REIT dividends and PTP (loss) carryforward. Combine lines 6 and 7. If greater than zero, enter -0-	17	(0)

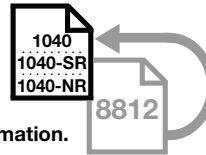
For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 37806C

Form **8995** (2021)

SCHEDULE 8812
(Form 1040)

Credits for Qualifying Children and Other Dependents



OMB No. 1545-0074

2021

Attachment Sequence No. **47**

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040-SR, or 1040-NR.
▶ Go to www.irs.gov/Schedule8812 for instructions and the latest information.

Name(s) shown on return
John E. and Susan R. Michaels

Your social security number
011-00-1111

Part I-A Child Tax Credit and Credit for Other Dependents

1	Enter the amount from line 11 of your Form 1040, 1040-SR, or 1040-NR	1	47,878
2a	Enter income from Puerto Rico that you excluded	2a	
b	Enter the amounts from lines 45 and 50 of your Form 2555	2b	
c	Enter the amount from line 15 of your Form 4563	2c	
d	Add lines 2a through 2c	2d	
3	Add lines 1 and 2d	3	47,878
4a	Number of qualifying children under age 18 with the required social security number	4a	1
b	Number of children included on line 4a who were under age 6 at the end of 2021	4b	1
c	Subtract line 4b from line 4a	4c	0
5	If line 4a is more than zero, enter the amount from the Line 5 Worksheet ; otherwise, enter -0-	5	3,600
6	Number of other dependents, including any qualifying children who are not under age 18 or who do not have the required social security number Caution: Do not include yourself, your spouse, or anyone who is not a U.S. citizen, U.S. national, or U.S. resident alien. Also, do not include anyone you included on line 4a.	6	0
7	Multiply line 6 by \$500	7	0
8	Add lines 5 and 7	8	3,600
9	Enter the amount shown below for your filing status. • Married filing jointly—\$400,000 } • All other filing statuses—\$200,000 }	9	400,000
10	Subtract line 9 from line 3. • If zero or less, enter -0-. • If more than zero and not a multiple of \$1,000, enter the next multiple of \$1,000. For example, if the result is \$425, enter \$1,000; if the result is \$1,025, enter \$2,000, etc.	10	0
11	Multiply line 10 by 5% (0.05)	11	0
12	Subtract line 11 from line 8. If zero or less, enter -0-	12	3,600
13	Check all the boxes that apply to you (or your spouse if married filing jointly). A Check here if you (or your spouse if married filing jointly) have a principal place of abode in the United States for more than half of 2021 <input type="checkbox"/> B Check here if you (or your spouse if married filing jointly) are a bona fide resident of Puerto Rico for 2021 <input type="checkbox"/>		

Part I-B Filers Who Check a Box on Line 13

Caution: If you did not check a box on line 13, do not complete Part I-B; instead, skip to Part I-C.

14a	Enter the smaller of line 7 or line 12	14a	0
b	Subtract line 14a from line 12	14b	3,600
c	If line 14a is zero, enter -0-; otherwise, enter the amount from the Credit Limit Worksheet A	14c	0
d	Enter the smaller of line 14a or line 14c	14d	0
e	Add lines 14b and 14d	14e	3,600
f	Enter the aggregate amount of advance child tax credit payments you (and your spouse if filing jointly) received for 2021. See your Letter(s) 6419 for the amounts to include on this line. If you are missing Letter 6419, see the instructions before entering an amount on this line Caution: If the amount on this line doesn't match the aggregate amounts reported to you (and your spouse if filing jointly) on your Letter(s) 6419, the processing of your return will be delayed.	14f	0
g	Subtract line 14f from line 14e. If zero or less, enter -0- on lines 14g through 14i and go to Part III	14g	3,600
h	Enter the smaller of line 14d or line 14g. This is your credit for other dependents. Enter this amount on line 19 of your Form 1040, 1040-SR, or 1040-NR	14h	0
i	Subtract line 14h from line 14g. This is your refundable child tax credit. Enter this amount on line 28 of your Form 1040, 1040-SR, or 1040-NR	14i	3,600

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 59761M

Schedule 8812 (Form 1040) 2021

Part I-C Filers Who Do Not Check a Box on Line 13

Caution: If you checked a box on line 13, do not complete Part I-C.

15a	Enter the amount from the Credit Limit Worksheet A	15a	
b	Enter the smaller of line 12 or line 15a	15b	
	Additional child tax credit. Complete Parts II-A through II-C if you meet each of the following items.		
	1. You are not filing Form 2555.		
	2. Line 4a is more than zero.		
	3. Line 12 is more than line 15a.		
c	If you completed Parts II-A through II-C, enter the amount from line 27; otherwise, enter -0-	15c	
d	Add lines 15b and 15c	15d	
e	Enter the aggregate amount of advance child tax credit payments you (and your spouse if filing jointly) received for 2021. See your Letter(s) 6419 for the amounts to include on this line. If you are missing Letter 6419, see the instructions before entering an amount on this line	15e	
	Caution: If the amount on this line doesn't match the aggregate amounts reported to you (and your spouse if filing jointly) on your Letter(s) 6419, the processing of your return will be delayed.		
f	Subtract line 15e from line 15d. If zero or less, enter -0- on lines 15f through 15h and go to Part III	15f	
g	Enter the smaller of line 15b or line 15f. This is your nonrefundable child tax credit and credit for other dependents. Enter this amount on line 19 of your Form 1040, 1040-SR, or 1040-NR.	15g	
h	Subtract line 15g from line 15f. This is your additional child tax credit. Enter this amount on line 28 of your Form 1040, 1040-SR, or 1040-NR.	15h	

Part II-A Additional Child Tax Credit (use only if completing Part I-C)

Caution: If you file Form 2555, do not complete Parts II-A through II-C; you cannot claim the additional child tax credit.

Caution: If you checked a box on line 13, do not complete Parts II-A through II-C; you cannot claim the additional child tax credit.

16a	Subtract line 15b from line 12. If zero, skip Parts II-A and II-B and enter -0- on line 27	16a	
b	Number of qualifying children under 18 with the required social security number: _____ x \$1,400. Enter the result. If zero, skip Parts II-A and II-B and enter -0- on line 27	16b	
	TIP: The number of children you use for this line is the same as the number of children you used for line 4a.		
17	Enter the smaller of line 16a or line 16b	17	
18a	Earned income (see instructions)	18a	
b	Nontaxable combat pay (see instructions)	18b	
19	Is the amount on line 18a more than \$2,500? <input type="checkbox"/> No. Leave line 19 blank and enter -0- on line 20. <input type="checkbox"/> Yes. Subtract \$2,500 from the amount on line 18a. Enter the result	19	
20	Multiply the amount on line 19 by 15% (0.15) and enter the result Next. On line 16b, is the amount \$4,200 or more? <input type="checkbox"/> No. If line 20 is zero, enter -0- on line 15c. Otherwise, skip Part II-B and enter the smaller of line 17 or line 20 on line 27. <input type="checkbox"/> Yes. If line 20 is equal to or more than line 17, skip Part II-B and enter the amount from line 17 on line 27. Otherwise, go to line 21.	20	

Part II-B Certain Filers Who Have Three or More Qualifying Children

21	Withheld social security, Medicare, and Additional Medicare taxes from Form(s) W-2, boxes 4 and 6. If married filing jointly, include your spouse's amounts with yours. If your employer withheld or you paid Additional Medicare Tax or tier 1 RRTA taxes, see instructions	21	
22	Enter the total of the amounts from Schedule 1 (Form 1040), line 15; Schedule 2 (Form 1040), line 5; Schedule 2 (Form 1040), line 6; and Schedule 2 (Form 1040), line 13	22	
23	Add lines 21 and 22	23	
24	1040 and 1040-SR filers: Enter the total of the amounts from Form 1040 or 1040-SR, line 27a, and Schedule 3 (Form 1040), line 11. } 1040-NR filers: Enter the amount from Schedule 3 (Form 1040), line 11. }	24	
25	Subtract line 24 from line 23. If zero or less, enter -0-	25	
26	Enter the larger of line 20 or line 25 Next, enter the smaller of line 17 or line 26 on line 27.	26	

Part II-C Additional Child Tax Credit

27	Enter this amount on line 15c	27	
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Part III Additional Tax (use only if line 14g or line 15f, whichever applies, is zero)

28a	Enter the amount from line 14f or line 15e, whichever applies	28a	
b	Enter the amount from line 14e or line 15d, whichever applies	28b	
29	Excess advance child tax credit payments. Subtract line 28b from line 28a. If zero, stop; you do not owe the additional tax	29	
30	Enter the number of qualifying children taken into account in determining the annual advance amount you received for 2021. See your Letter 6419 for this number. If you are missing your Letter 6419, you are filing a joint return, or you received more than one Letter 6419, see the instructions before entering a number on this line Caution: If the amount on this line doesn't match the number of qualifying children reported to you (and your spouse if filing jointly) on your Letter(s) 6419, the processing of your return will be delayed.	30	
31	Enter the smaller of line 4a or line 30	31	
32	Subtract line 31 from line 30. If zero, skip to line 40 and enter the amount from line 29; otherwise, continue to line 33	32	
33	Enter the amount shown below for your filing status. <ul style="list-style-type: none"> • Married filing jointly or Qualifying widow(er)—\$60,000 • Head of household—\$50,000 • All other filing statuses—\$40,000 	33	
34	Subtract line 33 from line 3. If zero or less, enter -0-	34	
35	Enter the amount from line 33	35	
36	Divide line 34 by line 35. Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000	36	
37	Multiply line 32 by \$2,000	37	
38	Multiply line 37 by line 36	38	
39	Subtract line 38 from line 37	39	
40	Subtract line 39 from line 29. If zero or less, enter -0-. This is your additional tax. If more than zero, enter this amount on Schedule 2 (Form 1040), line 19	40	

Attachment 1. Computation of expenses, allocable to tax-free ministerial income, that are non-deductible.

		Taxable	Tax-Free	Total
Salary as a minister		\$ 45,000		\$ 45,000
Housing allowance:				
Amount designated and paid by church (\$1,400 x 12)	\$ 16,800			
Actual expenses (Mortgage \$1,125 x 12, Utilities/other \$1,450, Real estate taxes \$1,750)	16,700			
Fair rental value of home (including furnishings and utilities) (\$1,380 x 12)	16,560			
Taxable portion of allowance (excess of amount designated & paid over lesser of actual expenses or fair rental value)	<u>\$ 240</u>	240		240
Tax-free portion of allowance (lesser of amount designated, actual expenses, or fair rental value)			16,560	16,560
Gross income from weddings, baptisms, and honoraria		<u>4,000</u>		<u>4,000</u>
Ministerial Income		<u>\$ 49,240</u>	<u>\$ 16,560</u>	<u>\$ 65,800</u>
% of non-deductible expenses: \$16,560/\$65,800 = 25%				

Schedule C Deduction Computation		
Marriage and family booklets		\$ 87
Minus: Non-deductible part of marriage and family booklets (25% x \$87)		<u>\$ (22)</u>
Total marriage and family booklets (Line 27a)		<u>\$ 65</u>
Business use of car:		
448 miles x 56¢		\$ 251
Minus: Non-deductible part of business use of car (25% x \$251)		<u>\$ (63)</u>
Total business use of car (Line 9)		<u>\$ 188</u>
<i>Schedule C</i> deductions (Line 28)		<u>\$ 253</u>

Attachment 2. Attachment to Schedule SE (Form 1040)

Church wages		\$ 45,000
Housing allowance		16,800
Net profit from <i>Schedule C</i>		<u>3,747</u>
		65,547
Less:		
<i>Schedule C</i> expenses allocable to tax-free income		\$ 85
Ministerial employee unreimbursed business expenses		
Car expenses for church business:		
2,530 miles x 56¢		1,417
Publications and booklets		<u>219</u>
Net self-employment income		<u>(1,721)</u>
<i>Schedule SE</i> , line 2		<u>\$ 63,826</u>

EXAMPLE TWO: RETIRED MINISTER

Rev. William K. Green is a retired minister. He is 69 years old. He is married to Sarah J. Green. She is 65 years old and is also retired. For 2021, Rev. Green received \$15,000 in annuity income, all of which was designated in advance by GuideStone as a housing allowance. Rev. Green had housing expenses of \$13,000. The home's fair rental value is \$1,200 per month (furnished, plus utilities). Housing allowances for retired ministers are not taxable in computing federal income tax to the extent that they do not exceed the lesser of actual housing expenses or the annual fair rental value of the home (furnished, plus utilities). Retirement benefits, whether or not designated in advance as a housing allowance, are not subject to SECA.

Rev. Green received \$12,000 of Social Security benefits in 2021, and his wife received \$6,000. None of this income is taxable, however, because the Greens' income is not enough to expose their Social Security benefits to tax.

In 2021, Rev. Green received \$2,000 from occasional guest preaching engagements. He incurred \$511 in expenses as a result of these activities (\$436 of travel expenses and \$75 of meal expenses). Note that Rev. Green will pay SECA on this income (see *Schedule SE*), since it represents compensation from active ministry. Rev. Green made cash contributions of \$3,500 to qualifying 501(c)(3) public charities during 2021. Rev. Green and his wife received coronavirus economic impact payments (stimulus checks) in the amount of \$2,800 in 2021, and therefore they do not qualify for a recovery rebate credit.

The parts of Rev. and Mrs. Green's income tax return are explained in the order they are completed. They are illustrated in the order that Rev. Green will assemble the return to send it to the IRS.

Form 1099-R from GuideStone

GuideStone completed *Form 1099-R* for Rev. Green as follows:

Box 1. The \$15,000 pension income Rev. Green receives from GuideStone.

Box 2b. Taxable amount not determined. GuideStone designated in advance 100% of pension income as a housing allowance. It is not taxable to the extent that it does not exceed the lesser of actual housing expenses or the annual fair rental value of the home (furnished, plus utilities).

Box 7. Rev. Green's pension income is a normal distribution.

Schedule C (Form 1040)

Note: For 2019 and later tax years, the IRS announced that it will not be issuing the *Schedule C-EZ*. Therefore, *Schedule C* will be used.

Some of Rev. Green's entries on *Schedule C* are explained here.

Line 1. Rev. Green reports the \$2,000 from occasional guest preaching engagements.

Lines 2–7. Rev. Green fills out these lines to report his gross income reported on line 7. Rev. Green did not have any returns or allowances, cost of goods sold, or other income for the year. Therefore, the amount reported on line 7 is \$2,000.

Line 9. Rev. Green reports his car expenses on this line. Rev. Green incurred 779 miles of business use of his car in connection with guest preaching. Rev. Green used the standard mileage rate to figure his car expense. He multiplied the standard mileage rate of 56 cents by 779 miles for a total of \$436. However, he cannot deduct the part of his expenses allocable to his tax-free housing allowance. He attaches a statement, *Attachment 1* (shown later), to his return showing that 76% (or \$331) of his expenses are not deductible because they are allocable to that tax-free allowance. He subtracts the \$331 from the \$436 and enters the \$105 difference on line 9.

Line 24b. Rev. Green also incurred \$75 in business meal expenses in connection with meals purchased at restaurants while traveling to guest preaching engagements. Since the meals were purchased at a restaurant, Rev. Green is allowed to deduct 100% of his business-related meal expenses in 2021. However, he cannot deduct the part of his expenses allocable to his tax-free housing allowance. He attaches a statement, *Attachment 1* (shown later), to his return showing that 76% (or \$57) of his business meal expenses are not deductible because they are allocable to that tax-free allowance. He subtracts the \$57 from the \$75 and enters the \$18 difference on line 24b.

Line 28. Rev. Green enters his total expenses, less the 76% allocable to his tax-free housing allowance (\$105 + \$18) on line 28.

Lines 29–31. He enters his tentative profit of \$1,877 on lines 29 and 31 (since Rev. Green did not have any expenses for the business use of his home). The net income from *Schedule C* is also reported on *Schedule 1 (Form 1040)*, line 3.

Lines 43–47b. Rev. Green fills out these lines to report information about his car.

TurboTax Tips: Listed below are tips for ministers who use TurboTax to complete their returns. These tips should not be construed as an endorsement or recommendation of the TurboTax software.

TurboTax does not appear to calculate the non-deductible portion of the expenses which should be allocated to the

tax-free portion of the housing allowance. The taxpayer will need to adjust the expenses (as shown in *Attachment 1*) and input the reduced figure into the software.

Schedule SE (Form 1040)

After Rev. Green prepares *Schedule C*, he fills out *Schedule SE (Form 1040)*. Ministers are not church employees under this definition. Additionally, Rev. Green did not apply for an exemption from SECA by filing *Form 4361* and therefore leaves the first box on *Schedule SE* unchecked. He fills out the following lines in Part I.

Line 2. Rev. Green attaches a statement, *Attachment 2* (shown later), which calculates his net profit of \$1,489, and he enters that amount here.

Lines 4a–6. He multiplies the \$1,489 by 0.9235 to get his net earnings from self-employment (\$1,375). This amount is then carried through to line 6.

Line 10. The amount on line 6 is less than \$142,800, so Rev. Green multiplies the amount on line 6 (\$1,375) by 0.124 to get his self-employment Social Security tax of \$171.

Line 11. He multiplies the amount on line 6 by 0.029 to calculate the Medicare portion of SECA to be \$40.

Line 12. He adds the Social Security tax from line 10 and the Medicare tax on line 11 to determine his total SECA of \$211. Rev. Green enters that amount here and on *Schedule 2 (Form 1040)*, line 4.

Line 13. Rev. Green multiplies the amount on line 12 by 0.50 to get his deduction for the employer-equivalent portion of self-employment tax of \$106. He enters that amount here and on *Schedule 1 (Form 1040)*, line 15.

TurboTax Tip: The software does not appear to reduce self-employment wages by the business expenses allocated to tax-free income. The taxpayer will need to adjust net self-employment income (as shown in *Attachment 2*) and input the reduced figure into the software. This can be done by going into the “Business Taxes” section and selecting “Self-Employment Tax.” Choose “Make Adjustments.” If the option does not populate for “Ministerial Business Expenses,” the expenses that were disallowed on *Schedule C* (since they were allocated to the housing allowance) can be entered as “Other SE NonFarm Profit (Loss)” (\$388 in this example — see *Attachment 1*).

Form 8995 QBI Deduction

Ministers who have net profit reported on *Schedule C* for ministerial services and who have 2021 taxable income of less than \$164,900 (\$329,800 if MFJ) before the application of a QBI deduction may be eligible for such a deduction.

However, since the Greens’ taxable income before the application of a QBI deduction is \$0 (see the completion of *Form 1040* section below), the Greens are not eligible for such a deduction in 2021.

Form 1040, Schedule 1 (Form 1040), and Schedule 2 (Form 1040)

After Rev. Green prepares *Schedule C* and *Schedule SE*, he fills out *Form 1040*, along with *Schedules 1–3* to the extent required. Rev. Green files a joint return with his wife. First, he fills out *Form 1040*, page 1 and completes the appropriate lines for his filing status, including checking the appropriate boxes indicating that he and his wife were born before January 2, 1957. Then, he fills out the rest of the form as follows:

Form 1040, line 5a. Rev. Green reports his total annuity income of \$15,000 on line 5a. He reports the taxable amount (\$2,000) as computed on *Attachment 1* (shown later) on line 5b.

Form 1040, lines 6a and 6b. Since none of Rev. Green’s Social Security benefits are taxable, he does not report any amount on line 6b.

Schedule 1 (Form 1040), line 10. He reports his net profit of \$1,877 from *Schedule C*, line 31 on *Schedule 1*, line 3. Since no other amounts are reported on *Schedule 1 (Form 1040)*, lines 1–8, he also reports this amount on line 10 and carries the figure to the blank space on *Form 1040*, line 8.

Form 1040, line 9. Rev. Green adds *Form 1040*, line 5b and the amount reported on the *Form 1040*, line 8 and enters the total (\$3,877) on line 9.

Form 1040, lines 10 and 11. Because Rev. Green has reported a deductible SECA of \$106 on *Schedule 1 (Form 1040)* line 15, Rev. Green goes to *Schedule 1 (Form 1040)* and completes the bottom section of the form. Since there are no other amounts listed on lines 11–25, Rev. Green reports \$106 on line 26 and carries this amount to line 10 of *Form 1040*. Rev. Green then subtracts line 10 from line 9 and enters his AGI of \$3,771 on line 11.

Form 1040, lines 12a–12c. Rev. Green enters his standard deduction of \$27,800 (which takes into consideration the fact he and his wife were born before January 2, 1956) on line 12a. Additionally, in 2021, a maximum \$600 charitable contribution deduction is allowed on *Form 1040*, line 12b for qualifying charitable contributions made by taxpayers filing MFJ. Since Rev. Green and his wife made cash contributions of \$3,500 to qualifying 501(c)(3) public charities, he enters the maximum contribution deduction of \$600 on line 12b. Lines 12a and 12b are added and reported on line 12c (\$28,400).

Form 1040, line 14. Since there is no amount listed for QBI deduction on line 13, Rev. Green reports \$28,400 on line 14.

Form 1040, line 15. Rev. Green has no taxable income.

Form 1040, Page 2, line 23 and Schedule 2 (Form 1040). Rev. Green completes *Schedule 2 (Form 1040)*. Since the only amount reported on *Schedule 2 (Form 1040)* is his SECA from *Schedule SE*, he reports the amount (\$211) on *Schedule 2 (Form 1040)*, line 21, and on *Form 1040*, line 23.

Form 1040, line 25b. Rev. Green did not have any income tax withheld from his pension.

Form 1040, line 27a. Special provisions allow certain taxpayers that do not have a qualifying child and that are older than age 65 to claim the EIC for 2021. Rev. Green completes the *EIC Worksheet* in the *Form 1040* instructions, including *EIC Worksheet B* since he had self-employment income as a member of the clergy and calculates the EIC to be \$210. He enters \$210 on line 27a.

Form 1040, line 32 and 33. Rev. Green enters \$210 on line 32 and 33 since he did not have any additional amounts on lines 25d–31.

Form 1040, line 37. Amount Rev. Green owes to the IRS.

TurboTax Tip: When entering information on *Form 1099-R*, the software does not appear to provide a method for entering the taxable portion of the distributions as computed at *Attachment 1* since certain of the distributions were excludable as a ministerial housing allowance. The taxpayer can manually enter the taxable amount by choosing the “General Rule” and entering the amount determined at *Attachment 1* in the field.

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. GuideStone Financial Resources 5005 LBJ Freeway Ste 2200 Dallas, Texas 75244-6152 1-888-984-8433		1 Gross distribution \$ 15000.00	OMB No. 1545-0119 2021 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S TIN 23-1352010		2a Taxable amount \$	2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS.	
RECIPIENT'S TIN 202-20-2002		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$			
RECIPIENT'S name William K. Green Street address (including apt. no.) 787 Adams Street City or town, state or province, country, and ZIP or foreign postal code Anytown, NY 10002		5 Employee contributions/ Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$			
		7 Distribution code(s) 7	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %		
10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld \$	15 State/Payer's state no.	16 State distribution \$	
Account number (see instructions)		13 Date of payment	17 Local tax withheld \$	18 Name of locality	19 Local distribution \$	

Form **1099-R**

www.irs.gov/Form1099R

Department of the Treasury - Internal Revenue Service

Sample: from GuideStone

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial William K.	Last name Green	Your social security number 202 20 2002	
If joint return, spouse's first name and middle initial Sarah J.	Last name Green	Spouse's social security number 303 30 3003	
Home address (number and street). If you have a P.O. box, see instructions. 787 Adams Street		Apt. no.	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town, or post office. If you have a foreign address, also complete spaces below. Anytown		State New York	
Foreign country name		Foreign province/state/county	
Foreign postal code		ZIP code 10002	

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1957 Are blind Spouse: Was born before January 2, 1957 Is blind

Dependents (see instructions): If more than four dependents, see instructions and check here ▶ <input type="checkbox"/>	(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for Child tax credit	Credit for other dependents
						<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>

Attach Sch. B if required.	1 Wages, salaries, tips, etc. Attach Form(s) W-2	1	
	2a Tax-exempt interest	2a	
	3a Qualified dividends	3a	
	4a IRA distributions	4a	
	5a Pensions and annuities	5a	15,000
	6a Social security benefits	6a	18,000
	b Taxable interest	2b	
	b Ordinary dividends	3b	
	b Taxable amount	4b	
	b Taxable amount	5b	2,000
	b Taxable amount	6b	
	7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	7	
	8 Other income from Schedule 1, line 10	8	1,877
	9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	3,877
	10 Adjustments to income from Schedule 1, line 26	10	106
	11 Subtract line 10 from line 9. This is your adjusted gross income	11	3,771
Standard Deduction for— • Single or Married filing separately, \$12,550 • Married filing jointly or Qualifying widow(er), \$25,100 • Head of household, \$18,800 • If you checked any box under Standard Deduction, see instructions.	12a Standard deduction or itemized deductions (from Schedule A)	12a	27,800
	b Charitable contributions if you take the standard deduction (see instructions)	12b	600
	c Add lines 12a and 12b	12c	28,400
	13 Qualified business income deduction from Form 8995 or Form 8995-A	13	0
	14 Add lines 12c and 13	14	28,400
	15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	0

16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>		16	
17	Amount from Schedule 2, line 3		17	
18	Add lines 16 and 17		18	
19	Nonrefundable child tax credit or credit for other dependents from Schedule 8812		19	
20	Amount from Schedule 3, line 8		20	
21	Add lines 19 and 20		21	
22	Subtract line 21 from line 18. If zero or less, enter -0-		22	
23	Other taxes, including self-employment tax, from Schedule 2, line 21		23	211
24	Add lines 22 and 23. This is your total tax		24	211
25	Federal income tax withheld from:			
a	Form(s) W-2	25a		
b	Form(s) 1099	25b		
c	Other forms (see instructions)	25c		
d	Add lines 25a through 25c	25d		
26	2021 estimated tax payments and amount applied from 2020 return		26	
27a	Earned income credit (EIC) Check here if you had not reached the age of 19 by December 31, 2021, and satisfy all other requirements for claiming the EIC. See instructions <input type="checkbox"/>	27a		
b	Nontaxable combat pay election	27b		
c	Prior year (2019) earned income	27c		
28	Refundable child tax credit or additional child tax credit from Schedule 8812	28		
29	American opportunity credit from Form 8863, line 8	29		
30	Recovery rebate credit. See instructions	30		
31	Amount from Schedule 3, line 15	31		
32	Add lines 27a and 28 through 31. These are your total other payments and refundable credits	32		
33	Add lines 25d, 26, and 32. These are your total payments	33		
Refund	34 If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34		
	35a Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a		
Direct deposit? See instructions.	▶ b Routing number <input type="text"/> ▶ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
	▶ d Account number <input type="text"/>			
	36 Amount of line 34 you want applied to your 2022 estimated tax	36		
Amount You Owe	37 Amount you owe . Subtract line 33 from line 24. For details on how to pay, see instructions	37		211
	38 Estimated tax penalty (see instructions)	38		

If you have a qualifying child, attach Sch. EIC.

Third Party Designee Do you want to allow another person to discuss this return with the IRS? See instructions **Yes. Complete below.** **No**

Designee's name Phone no. Personal identification number (PIN)

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.	Your signature <i>William Green</i>	Date 3/15/22	Your occupation Retired Minister	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) ▶ <input type="text"/>
	Spouse's signature. If a joint return, both must sign. <i>Sarah Green</i>	Date 3/15/22	Spouse's occupation Retired	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.) ▶ <input type="text"/>
	Phone no. <input type="text"/>	Email address <input type="text"/>		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
Firm's name ▶	Firm's address ▶			Phone no.
Firm's EIN ▶				

**SCHEDULE 1
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

▶ Attach to Form 1040, 1040-SR, or 1040-NR.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2021
Attachment
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

William K. and Sarah J. Green

Your social security number

20-220-2002

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
	b Date of original divorce or separation agreement (see instructions) ▶ _____		
3	Business income or (loss). Attach Schedule C	3	1,877
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income:		
	a Net operating loss	8a	()
	b Gambling income	8b	
	c Cancellation of debt	8c	
	d Foreign earned income exclusion from Form 2555	8d	()
	e Taxable Health Savings Account distribution	8e	
	f Alaska Permanent Fund dividends	8f	
	g Jury duty pay	8g	
	h Prizes and awards	8h	
	i Activity not engaged in for profit income	8i	
	j Stock options	8j	
	k Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property	8k	
	l Olympic and Paralympic medals and USOC prize money (see instructions)	8l	
	m Section 951(a) inclusion (see instructions)	8m	
	n Section 951A(a) inclusion (see instructions)	8n	
	o Section 461(l) excess business loss adjustment	8o	
	p Taxable distributions from an ABLE account (see instructions)	8p	
	z Other income. List type and amount ▶ _____	8z	
9	Total other income. Add lines 8a through 8z	9	
10	Combine lines 1 through 7 and 9. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8	10	1,877

Part II Adjustments to Income

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	106
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction	17	
18	Penalty on early withdrawal of savings	18	
19a	Alimony paid	19a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions) ▶		
20	IRA deduction	20	
21	Student loan interest deduction	21	
22	Reserved for future use	22	
23	Archer MSA deduction	23	
24	Other adjustments:		
a	Jury duty pay (see instructions)	24a	
b	Deductible expenses related to income reported on line 8k from the rental of personal property engaged in for profit	24b	
c	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8l	24c	
d	Reforestation amortization and expenses	24d	
e	Repayment of supplemental unemployment benefits under the Trade Act of 1974	24e	
f	Contributions to section 501(c)(18)(D) pension plans	24f	
g	Contributions by certain chaplains to section 403(b) plans	24g	
h	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	24h	
i	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	24i	
j	Housing deduction from Form 2555	24j	
k	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	24k	
z	Other adjustments. List type and amount ▶ _____	24z	
25	Total other adjustments. Add lines 24a through 24z	25	
26	Add lines 11 through 23 and 25. These are your adjustments to income . Enter here and on Form 1040 or 1040-SR, line 10, or Form 1040-NR, line 10a	26	106

**SCHEDULE 2
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Additional Taxes

▶ Attach to Form 1040, 1040-SR, or 1040-NR.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2021

Attachment
Sequence No. **02**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

William K. & Sarah J. Green

Your social security number

20-220-2002

Part I Tax

1	Alternative minimum tax. Attach Form 6251	1	
2	Excess advance premium tax credit repayment. Attach Form 8962	2	
3	Add lines 1 and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17	3	

Part II Other Taxes

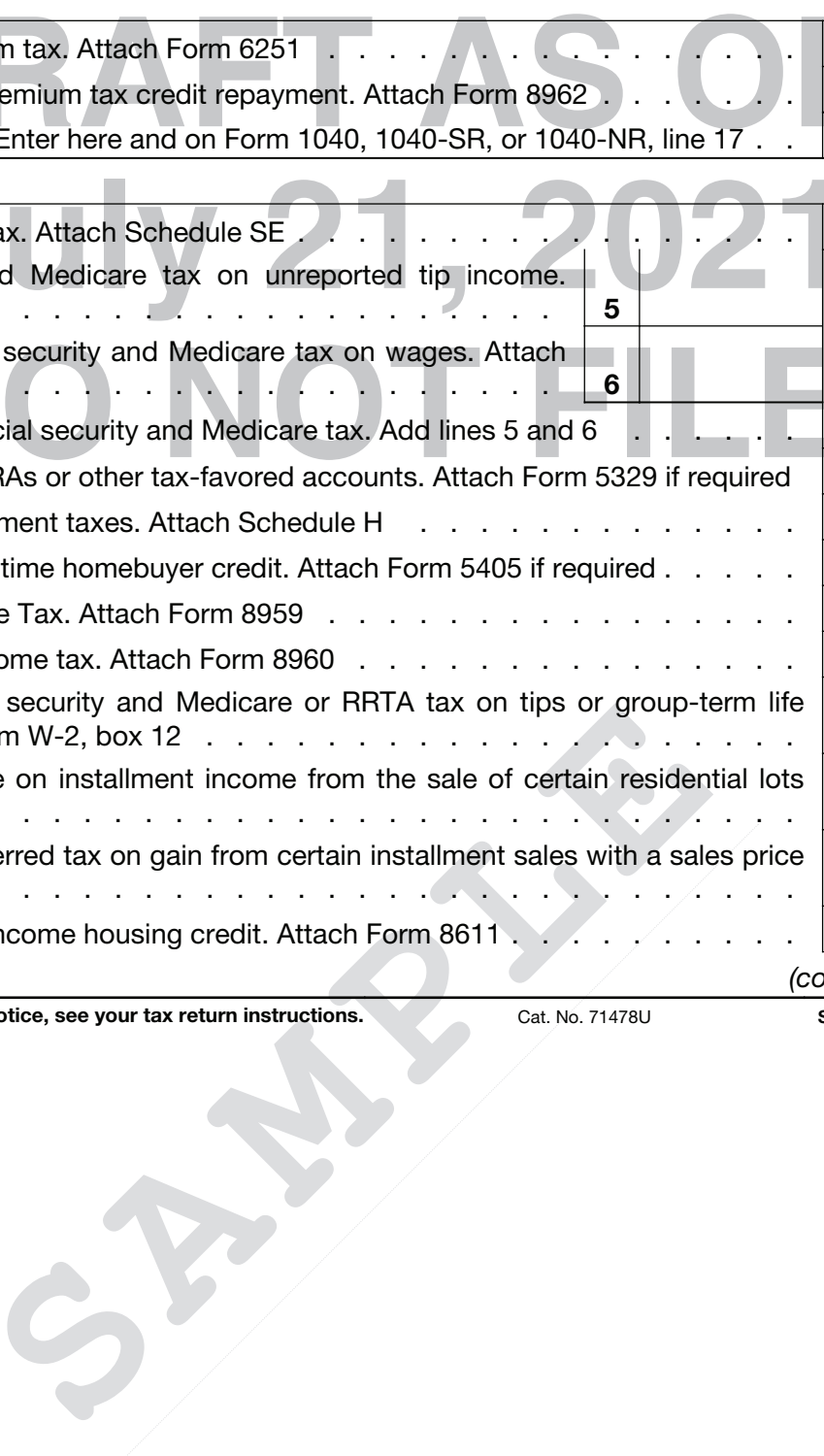
4	Self-employment tax. Attach Schedule SE	4	211
5	Social security and Medicare tax on unreported tip income. Attach Form 4137	5	
6	Uncollected social security and Medicare tax on wages. Attach Form 8919	6	
7	Total additional social security and Medicare tax. Add lines 5 and 6	7	
8	Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required	8	
9	Household employment taxes. Attach Schedule H	9	
10	Repayment of first-time homebuyer credit. Attach Form 5405 if required	10	
11	Additional Medicare Tax. Attach Form 8959	11	
12	Net investment income tax. Attach Form 8960	12	
13	Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12	13	
14	Interest on tax due on installment income from the sale of certain residential lots and timeshares	14	
15	Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000	15	
16	Recapture of low-income housing credit. Attach Form 8611	16	

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71478U

Schedule 2 (Form 1040) 2021



Part II Other Taxes *(continued)*

17	Other additional taxes:		
a	Recapture of other credits. List type, form number, and amount ► _____	17a	
b	Recapture of federal mortgage subsidy. If you sold your home in 2021, see instructions	17b	
c	Additional tax on HSA distributions. Attach Form 8889	17c	
d	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889	17d	
e	Additional tax on Archer MSA distributions. Attach Form 8853	17e	
f	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853	17f	
g	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property	17g	
h	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A	17h	
i	Compensation you received from a nonqualified deferred compensation plan described in section 457A	17i	
j	Section 72(m)(5) excess benefits tax	17j	
k	Golden parachute payments	17k	
l	Tax on accumulation distribution of trusts	17l	
m	Excise tax on insider stock compensation from an expatriated corporation	17m	
n	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866	17n	
o	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR	17o	
p	Any interest from Form 8621, line 16f, relating to distributions from, and dispositions of, stock of a section 1291 fund	17p	
q	Any interest from Form 8621, line 24	17q	
z	Any other taxes. List type and amount ► _____	17z	
18	Total additional taxes. Add lines 17a through 17z		18
19	Additional tax from Schedule 8812		19
20	Section 965 net tax liability installment from Form 965-A	20	
21	Add lines 4, 7 through 16, 18, and 19. These are your total other taxes . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b		21

**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1545-0074

2021

Attachment
Sequence No. **09**

Department of the Treasury
Internal Revenue Service (99)

▶ Go to www.irs.gov/ScheduleC for instructions and the latest information.

▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065.

Name of proprietor William K. Green		Social security number (SSN) 202-20-2002
A Principal business or profession, including product or service (see instructions) Minister	B Enter code from instructions ▶ 5 4 1 9 9 0	
C Business name. If no separate business name, leave blank.	D Employer ID number (EIN) (see instr.)	
E Business address (including suite or room no.) ▶ 787 Adams Street City, town or post office, state, and ZIP code Anytown, New York 10002		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶		
G Did you "materially participate" in the operation of this business during 2021? If "No," see instructions for limit on losses . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2021, check here . . . <input type="checkbox"/>		
I Did you make any payments in 2021 that would require you to file Form(s) 1099? See instructions . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
J If "Yes," did you or will you file required Form(s) 1099? . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

Part I Income

1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . ▶ <input type="checkbox"/>	1	2,000
2	Returns and allowances	2	
3	Subtract line 2 from line 1	3	2,000
4	Cost of goods sold (from line 42)	4	
5	Gross profit. Subtract line 4 from line 3	5	2,000
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6	
7	Gross income. Add lines 5 and 6 ▶	7	2,000

Part II Expenses. Enter expenses for business use of your home **only** on line 30.

8	Advertising	8		18	Office expense (see instructions)	18	
9	Car and truck expenses (see instructions)	9	105*	19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		a	Rent or lease (see instructions):	20a	
11	Contract labor (see instructions)	11		b	Vehicles, machinery, and equipment	20b	
12	Depletion	12			Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13		21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		a	Travel	24a	
b	Other	16b		b	Deductible meals (see instructions)	24b	18*
17	Legal and professional services	17		25	Utilities	25	
18				26	Wages (less employment credits)	26	
19				27a	Other expenses (from line 48)	27a	
20				b	Reserved for future use	27b	
21				28		28	123
22				29		29	1,877
23				30		30	0
24				31		31	1,877
25							
26							
27							
28	Total expenses before expenses for business use of home. Add lines 8 through 27a ▶	28					
29	Tentative profit or (loss). Subtract line 28 from line 7	29					
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30					
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions). Estates and trusts, enter on Form 1041, line 3 . • If a loss, you must go to line 32.						
32	If you have a loss, check the box that describes your investment in this activity. See instructions. • If you checked 32a, enter the loss on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see the line 31 instructions.) Estates and trusts, enter on Form 1041, line 3 . • If you checked 32b, you must attach Form 6198 . Your loss may be limited.						
				32a	<input type="checkbox"/> All investment is at risk.		
				32b	<input type="checkbox"/> Some investment is not at risk.		

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11334P

Schedule C (Form 1040) 2021

* See statement attached.

**SCHEDULE SE
(Form 1040)**

Self-Employment Tax

OMB No. 1545-0074

2021

Attachment
Sequence No. **17**

Department of the Treasury
Internal Revenue Service (99)

▶ Go to www.irs.gov/ScheduleSE for instructions and the latest information.
▶ Attach to Form 1040, 1040-SR, or 1040-NR.

Name of person with self-employment income (as shown on Form 1040, 1040-SR, or 1040-NR)

Social security number of person
with self-employment income ▶

202-20-2002

William K. Green

Part I Self-Employment Tax

Note: If your only income subject to self-employment tax is **church employee income**, see instructions for how to report your income and the definition of church employee income.

A If you are a minister, member of a religious order, or Christian Science practitioner **and** you filed Form 4361, but you had \$400 or more of **other** net earnings from self-employment, check here and continue with Part I ▶

Skip lines 1a and 1b if you use the farm optional method in Part II. See instructions.

1a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a	
b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code AH	1b ()	

Skip line 2 if you use the nonfarm optional method in Part II. See instructions.

2 Net profit or (loss) from Schedule C, line 31; and Schedule K-1 (Form 1065), box 14, code A (other than farming). See instructions for other income to report or if you are a minister or member of a religious order	2	1,489 *
3 Combine lines 1a, 1b, and 2	3	1,489
4a If line 3 is more than zero, multiply line 3 by 92.35% (0.9235). Otherwise, enter amount from line 3 Note: If line 4a is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4a	1,375
b If you elect one or both of the optional methods, enter the total of lines 15 and 17 here	4b	0
c Combine lines 4a and 4b. If less than \$400, stop ; you don't owe self-employment tax. Exception: If less than \$400 and you had church employee income , enter -0- and continue ▶	4c	1,375
5a Enter your church employee income from Form W-2. See instructions for definition of church employee income	5a	0
b Multiply line 5a by 92.35% (0.9235). If less than \$100, enter -0-	5b	0
6 Add lines 4c and 5b	6	1,375
7 Maximum amount of combined wages and self-employment earnings subject to social security tax or the 6.2% portion of the 7.65% railroad retirement (tier 1) tax for 2021	7	142,800
8a Total social security wages and tips (total of boxes 3 and 7 on Form(s) W-2) and railroad retirement (tier 1) compensation. If \$142,800 or more, skip lines 8b through 10, and go to line 11	8a	0
b Unreported tips subject to social security tax from Form 4137, line 10	8b	0
c Wages subject to social security tax from Form 8919, line 10	8c	0
d Add lines 8a, 8b, and 8c	8d	0
9 Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 ▶	9	142,800
10 Multiply the smaller of line 6 or line 9 by 12.4% (0.124)	10	171
11 Multiply line 6 by 2.9% (0.029)	11	40
12 Self-employment tax. Add lines 10 and 11. Enter here and on Schedule 2 (Form 1040), line 4	12	211
13 Deduction for one-half of self-employment tax. Multiply line 12 by 50% (0.50). Enter here and on Schedule 1 (Form 1040), line 15	13	106

Part II Optional Methods To Figure Net Earnings (see instructions)

Farm Optional Method. You may use this method **only** if **(a)** your gross farm income¹ wasn't more than \$8,820, **or (b)** your net farm profits² were less than \$6,367.

14 Maximum income for optional methods	14	5,880
15 Enter the smaller of: two-thirds (² / ₃) of gross farm income ¹ (not less than zero) or \$5,880. Also, include this amount on line 4b above	15	

Nonfarm Optional Method. You may use this method **only** if **(a)** your net nonfarm profits³ were less than \$6,367 and also less than 72.189% of your gross nonfarm income,⁴ **and (b)** you had net earnings from self-employment of at least \$400 in 2 of the prior 3 years. **Caution:** You may use this method no more than five times.

16 Subtract line 15 from line 14	16	
17 Enter the smaller of: two-thirds (² / ₃) of gross nonfarm income ⁴ (not less than zero) or the amount on line 16. Also, include this amount on line 4b above	17	

¹ From Sch. F, line 9; and Sch. K-1 (Form 1065), box 14, code B.

² From Sch. F, line 34; and Sch. K-1 (Form 1065), box 14, code A—minus the amount you would have entered on line 1b had you not used the optional method.

³ From Sch. C, line 31; and Sch. K-1 (Form 1065), box 14, code A.

⁴ From Sch. C, line 7; and Sch. K-1 (Form 1065), box 14, code C.

Attachment 1. Computation of expenses, allocable to tax-free ministerial income, that are non-deductible.

<u>% of Non-deductible Expenses</u>				
		<u>Taxable</u>	<u>Tax-Free</u>	<u>Total</u>
Housing allowance:				
Ministerial retirement benefits designated as housing allowance	\$ 15,000			
Actual expenses	\$ 13,000			
Fair rental value of home (including furnishings and utilities) (\$1,200 x 12)	\$ 14,400			
Taxable portion of allowance (excess of amount designated & paid over lesser of actual expenses or fair rental value)	<u>\$ 2,000</u>	\$ 2,000		\$ 2,000
Tax-free portion of allowance (lesser of amount designated, actual expenses, or fair rental value)			13,000	13,000
Gross income from occasional guest preaching engagements		2,000		2,000
Ministerial Income		<u>\$ 4,000</u>	<u>\$ 13,000</u>	<u>\$ 17,000</u>
% of non-deductible expenses: \$13,000/\$17,000 = 76%				

<u>Schedule C Deduction Computation</u>	
Business use of car:	
779 miles x 56¢	\$ 436
Minus: Non-deductible part of business use of car (76% x \$436)	<u>\$ (331)</u>
Total business use of car (Line 9)	<u>\$ 105</u>
Meal expenses	\$ 75
Minus: Non-deductible part of meals & entertainment (76% x \$75)	<u>\$ (57)</u>
Total meal expenses (Line 24b)	<u>\$ 18</u>
 Schedule C deductions, Line 28	 <u>\$ 123</u>
None of the other deductions claimed in the return are allocable to tax-free income.	

Attachment 2. Computation of net earnings from self-employment

<u>Computation for Schedule SE (Form 1040)</u>		
Gross income from Schedule C		\$ 2,000
Less:		
Unadjusted Schedule C business use of car expenses	(436)	
Unadjusted Schedule C meal expenses	<u>(75)</u>	<u>(511)</u>
Net self-employment Income		<u>\$ 1,489</u>
Schedule SE, line 2		<u>\$ 1,489</u>