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Criser, Gough, & Parrish

Small Business Alert

“Working together for you.”

Social Security Number Verification

The Social Security Administration (SSA) offers employers and third-party payroll practitioners the opportunity to verify the names and social security numbers of their employees or their client's employees for the purpose of filing accurate Forms W-2.

There are two Internet verification options:

- Verify up to 10 names and SSNs (per screen) online and receive immediate results. This is ideal to verify new hires.
- Upload batch files of up to 250,000 names and SSNs and usually receive results the next government business day. This option is ideal if you want to verify an entire payroll data base or if you hire a large number of workers at a time.

To use SSNVS, go to www.socialsecurity.gov/bsowelcome.htm.

(Source: www.ssa.gov/employer/ssn.htm)

Ministers and Housing Allowances

Most ministers are entitled to a housing allowance, a portion of their ministerial income that is exempt from federal income taxes.

If your minister's housing expenses are *more than expected*, and will likely exceed the housing allowance, then the church can *amend the allowance* to make it larger. Failing to amend a housing allowance to account for larger-than-expected housing expenses often will mean needless additional taxes for the minister.

A quick checklist to review adequacy of a minister's housing allowance:

- A minister purchases a new home.
- Unexpected home repairs.
- Major remodeling.
- Purchase of new furnishings.
- Purchase of new or appliances.
- The mortgage interest rate under an adjustable rate mortgage is increased.
- Prepayment of a mortgage loan.
- Increase of property taxes
- Increase in property insurance.
- Increase in rent (for ministers who rent their homes).

Rules to amend your minister's housing allowance:

- *Proper authorization*—Must be authorized by the same group that designated the original housing allowance.
- *In writing*—Be sure the amendment is duly recorded in the minutes of the group that approves it.
- *Prospective application*—An amended housing allowance takes effect on the date it is approved, through the rest of the year. It cannot apply retroactively.

Churches often neglect to designate a housing allowance for their minister. This frequently happens when a new minister is called or hired during the year, but it can also happen when a church inadvertently fails to designate a housing allowance for a minister before the start of a new year.

(From *Church Treasurer Alert!*, June 2006)

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Keeping Records: Record Business Transactions Daily

When paying bills or receiving payments, record the transaction and keep documentation.

If you're not computer savvy and don't like computerized systems, a good way of effectively recording transactions as they occur on a daily basis is by using a journal and/or a ledger for all transactions. You may have to keep separate journals for transactions that occur frequently. A ledger is a book that contains the totals from all of your journals.

There are computer software packages you can use for recordkeeping that require very little knowledge of bookkeeping and accounting. It is important to understand how to use the system and how it works for you to support your documentation. In most cases, a basic understanding of debits and credits is all that's needed.

Get into the habit of supporting a documented receipt or payment. Although it may require a little more time and effort to create a deposit slip for a check received and record it in a journal, it'll save a lot of time at the end of your tax year.

Business Checking & Credit Card Statements

Separate checking and credit card statements should be established specifically to use for your business and your business alone. By maintaining organized tax year files specifically for monthly reconciliation of checking accounts and monthly credit card statements (with stapled receipts of actual purchases on the statements), you're actively organizing your supportive documentation in order to refer to it if you need to.

Where Should You Keep Your Records?

Records maintained in an electronic storage system are accepted for recordkeeping purposes if the system complies with Revenue Procedure 97-22 in Cumulative Bulletin 1997-1. Even if you have computerized files and backup daily, monthly reports should be printed and filed in a fire-proof filing cabinet.

(Source: Small Business Tax Control Reference Guide, Tax Brief # Bus106)

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