

the Informer *newsletter*

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SEPTEMBER 2023 – ISSUE 9



IS DOOMSDAY UPON US?

By Dr. Henry Harbuck, PCAI Int'l General Overseer

As we look at world events today, our minds are flooded with anxiety about how history may turn out. If one would take time to study prophecies that point to the End Times (eschatology) it seems easy to understand how current world events play a major role in biblical prophecy. Though I've never considered myself an expert in End Time theology, it is nonetheless a very important matter. Lately I've become more aware of the significance of studying prophecies that point to the end of time (or the end of the age), because for the past 18 years I have been working on a translation of the Bible called "The New Millennium In-depth Study Bible." At the present, I am exegeting or interpreting Scriptures in Chapter 20 of Revelation, and this has caused my mind to become acutely aware of the significance of paying attention to events and signs, and how they influence prophecy. These are trying times for us all, because of the buildup of nuclear weapons, unstable economies, and the turmoil and unrest that is in the world. These things cause us to feel unsettled and to realize that something is about to happen.

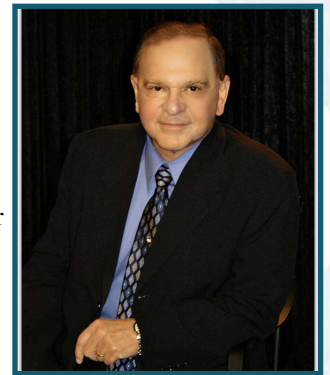
In Mark 13 (and Matt. 24 1-51 and Luke 21:5-36) Jesus spoke of all these issues which left a very deep impression on His followers. In this story the disciples made comments on the strength of the stones the buildings were made of and Jesus replied that not one stone shall be left upon another. The Lord was teaching them how temporary such structures actually are. Then some time later He went into more detail with them how things would be in the end times. He spoke of: deception, wars,



earthquakes, famines and other signs. In Mark 13:32-37, He stressed to them that no one would know the day or the hour of the end [of the age], but to be watchful and faithful in serving God.

As believers we must stand firm in our faith and look for His coming. The term "Doomsday" should not make us afraid, but instead bring us hope. We are not to put our trust in the things of this world for they are temporary. When we see these things (Mk. 13: 32-37), we are to look up for our redemption draws nigh!

Are you waiting for Jesus, the Uptaker or for the Mortician, the Undertaker? Regardless of whether we live to see our Lord return in the sky with glory [and take us up with Him], or whether we go down by way of the grave, we shall be victorious so long as we have put our trust in Him, Jesus [the] Christ. ♥



Luke 21:28 (NMIB)

"When these events begin to take place, [stand straight up] and look up and lift up your heads [and take notice], because your deliverance – salvation is coming near."



Narratives of Life's Rules

By Rev. Daniel O.C., DLCC Senior Pastor

NARRATIVES OF LIFE'S RULES

Let your love be sincere and real. Hate what is evil, loathe all ungodliness and turn in horror from wickedness, but hold fast to that which is good. Love one another with brotherly affection as members of one family, giving precedence and showing honour to one another. Never lag in zeal and in earnest endeavour; be aglow and burning with the Spirit, serving the Lord, Adonai Yeshua.

SMILE: It always works out in the end!

BE KIND: You have the power to make people feel good and accepted!

DON'T GIVE UP: If it doesn't work the first time, find another way by God's help!

DON'T COMPARE: Everyone's on a different journey!

AVOID NEGATIVITY: Avoid negative thoughts, situations and people

MAKE PEACE WITH YOUR PAST: Focus on being present and creating a better future!

TAKE CARE OF YOUR BODY & MIND: One struggles to survive without the other!

Sometimes you are unsatisfied with your life, while many people in this world are dreaming of living your life. A child on a farm sees a plane fly overhead and dreams of flying. But, a pilot on the plane sees the farmhouse and dreams of returning home. That is life! Enjoy yours! If wealth is the secret of happiness, then the rich should be dancing on the streets, but only poor kids do that.

If power ensures security, then officials should walk unguarded, but those who live simply, sleep soundly. If beauty and fame bring ideal relationships, then celebrities should have the best marriages. Live simply, walk humbly and love genuinely. **All good will come back to you in**

Romans 12:9-11
"Let love be without hypocrisy. Abhor what is evil. Cling to what is good. Be kindly affectionate to one another with brotherly love, in honour giving preference to one another; not lagging in diligence, fervent in spirit, serving the Lord"

Jesus' mighty name, Amen!

Do not mistake your transition as a setback! Your MANTLE was changing! ♥

10 Key Tax Developments Affecting Churches and Pastors in 2023: What you need to understand for 2022 filing and 2023 compliance.

By Richard R. Hammar, Attorney, CPA

1. Status of the housing allowance

In March 2019, a federal appeals court rejected an atheist group's challenge to the constitutionality of the ministers housing allowance. *Gaylor v. Mnuchin*, 919 F.3d 420 (7th Cir. 2019). The atheist group did not appeal this ruling, and there have been no further legal challenges.

2. Revoking an exemption from Social Security

Once a minister seeks and receives an exemption from Social Security, it is generally irrevocable. Will Congress give ministers another opportunity to revoke an exemption from Social Security? It does not seem likely, at least for now. No bills were introduced in Congress in 2022 that would have authorized ministers to

revoke an exemption from Social Security.

However, in 2020 the Internal Revenue Service (IRS) amended its Internal Revenue Manual (the "Manual") by adding a section addressing the revocation of an exemption from self-employment taxes that was obtained for economic rather than religious reasons. The section notes that applications "made solely for economic considerations rather than religious opposition" mean the "taxpayer wasn't qualified for the exemption from self-employment tax ... effectively allowing for revocation."

The Manual then says a minister who notifies the agency about his or her wish to revoke a previously granted exemption because the application was solely based upon economic considerations

will be advised the exemption has been revoked. The agency then will notify the Social Security Administration and it will note the change in the minister's permanent file, along with including copies of all relevant material related to the change. The section also notes that a minister who sought and received an exemption based on more than economic considerations will not be able to receive a revocation.

3. Charitable contribution deduction for non-itemizers

The CARES Act (2020) encouraged Americans to contribute to churches and charitable organizations by permitting them to deduct up to \$300 of cash contributions, whether they itemize their deductions or not. Congress extended this deduction through 2021 and increased it

to \$600 for married couples filing a joint return. However, the deduction expired at the end of 2021 and Congress has not extended it, meaning it is unavailable for 2022 federal income tax returns.

4. No further private letter rulings on certain matters

According to the IRS, a "private letter ruling ("PLR") is a written statement issued by the IRS to a taxpayer that interprets and applies tax laws to the taxpayer's specific set of facts." The IRS will issue a PLR "to establish with certainty the federal tax consequences of a particular transaction before the transaction is consummated or before the taxpayer's return is filed." The taxpayer must request a PLR in

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writing, and if the IRS responds with a PLR, it is binding on the agency—assuming the taxpayer does not deviate from the facts and circumstances described about the transaction in the request.

A PLR may not be relied on as precedent by other taxpayers or IRS personnel. However, the information can be helpful for understanding how the IRS views different issues, especially when taxpayers may face situations with similar facts and circumstances.

In 2022, the IRS announced that it will no longer issue PLRs under any of the following circumstances involving churches, clergy, and charities:

- “Whether an individual is a minister of the gospel for federal tax purposes.” This means taxpayers will not be able to obtain clarification from the IRS in a letter ruling on their status as a minister for any one or more of the following matters: (1) eligibility for a parsonage exclusion or housing allowance, (2) eligibility for exemption from self-employment taxes, (3) self-employed status for Social Security, or (4) exemption of wages from income tax withholding. *Revenue Procedure 2022-3.*
- “Whether amounts distributed to a retired minister from a pension or annuity plan should be excludible from the minister’s gross income as a parsonage allowance.” *Revenue Procedure 2022-3.*
- “Whether a taxpayer who advances funds to a charitable organization and receives therefore a promissory note may deduct as contributions,

in one taxable year or in each of several years, amounts forgiven by the taxpayer in each of several years by endorsement on the note.” To illustrate, a church member transfers \$5,000 to her church and in return receives a promissory note from the church promising to pay back the note in annual installments over the next five years. Each year, on the due date of the annual installment, the note holder “forgives” the payment. Can the note holder treat the forgiven installment as a charitable contribution deduction? The IRS will no longer address such a question in a PLR. *Revenue Procedure 2022-3.*

- “Whether a transfer is a gift within the meaning of section 102” of the tax code. To illustrate, a pastor retires after many years of service to the same church. The church presents him with a check in the amount of \$10,000. Is this check taxable compensation or a tax-free gift? This is a question the IRS will no longer address in PLRs. *Revenue Procedure 2022-3.*
- “Whether a compensation of property transaction satisfied the rebuttable presumption that the transaction is not an excess benefit transaction as described in § 53.4958-6 of the Excess Benefit Transactions Excise Tax Regulations.” *Revenue Procedure 2022-3.*
- Whether material changes will affect an organization’s tax-exempt status. Generally, tax-exempt organizations are required by the tax code to inform the IRS of “material changes” in their activities or operations. The IRS will no longer send PLRs to exempt organizations to address whether changes

in activities or operations will jeopardize their exempt statuses. *Revenue Procedure 2022-3.* Whether a compensation or property transaction satisfies the rebuttable presumption that the transaction is not an excess benefit transaction as described in section 4958 of the tax code. *Revenue Procedure 2022-3.*

5. Simplified definition of a “highly compensated employee”

A number of tax-favored provisions in the tax code do not apply to “highly compensated employees” if they are treated more favorably than other employees. These include:

- simplified employee pensions (SEPs),
- 403(b) tax-sheltered annuities (churches and qualified church-controlled organizations are exempt from this nondiscrimination rule),
- qualified employee discounts,
- cafeteria plans,
- flexible spending arrangements,
- qualified tuition reductions,
- employer-provided educational assistance, and

- dependent-care assistance.

A highly compensated employee in 2022 was one who (1) was a 5 percent owner of the employer at any time during the current or prior year (this definition will not apply to churches) or (2) had compensation for the previous year (2021) in excess of \$135,000 and, if an employer elects, was in the top 20 percent of employees by compensation.

6. Large drop in audit rates

On May 17, 2022, the U.S. Government Accountability Office (GAO) reported that the audit rate declined 44 percent between fiscal years 2015 and 2019, including a drop in the audit rate of 75 percent for individuals with incomes of \$1 million or more, raising concerns about the potential for a decline in taxpayers accurately reporting their tax liability. (GAO-22-104960.)

The GAO Report found that, from tax years 2010 to 2019, audit rates of individual income tax returns decreased for all income levels. On average, the audit rate for these returns decreased from 0.9 percent to 0.25

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- Ministerial Credentials
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- Prayer Support & More!

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percent. IRS officials attributed this trend primarily to reduced staffing caused by decreased funding.

Audit rates decreased the most for taxpayers with incomes of \$200,000 and above. According to IRS officials, these audits are generally more complex and require a staff's review. Lower-income audits are generally more automated, allowing the IRS to continue these audits even with fewer staff.

The report noted that, although there was a sharper decrease in audit rates for higher-income taxpayers, the IRS generally audited such taxpayers at higher rates compared to lower-income taxpayers. However, the audit rate for lower-income taxpayers claiming the earned income tax credit (EITC) was higher than average. According to IRS officials, EITC audits require relatively few resources and prevent ineligible taxpayers from receiving the EITC.

With the passage of the Inflation Reduction Act (IRA) in August of 2022, the IRS and related agencies will receive nearly \$80 billion through 2031 for tax enforcement activities, such as hiring more enforcement agents, providing legal support, and investing in "investigative technology."

7. A trio of noteworthy court cases involving tax fraud, tax liens, and tax bills

1. The Tax Court rejected a minister's tax arguments, subjecting him to back taxes, interest, and a penalty for filing a frivolous return.
2. A Florida case underscored the power of the IRS to impose tax liens on ministries.
2. The Virginia Supreme Court sided with a church in a local tax delinquency case.

8. Inflation adjustments relevant for 2022 tax-filing season

Some tax benefits were adjusted for inflation for 2022. Key changes affecting 2022 returns include the following:

- The mileage rate for miles driven for business increased to 65.5 cents per mile on January 1, 2023.
- The mileage rate for miles driven for medical purposes, and for moving, remained 22 cents per mile on January 1, 2023.
- The charitable mileage rate remains at 14 cents for all of 2023.

- The Alternative Minimum Tax exemption amount for tax year 2022 increases to \$75,900 for single taxpayers and \$118,100 for married persons filing jointly. The exemption amount for single persons (and heads of household and married persons filing separately) begins to phase out at \$539,900 and the exemption amount for married couples filing jointly begins to phase out at \$1,079,800.
- For estates of any decedent passing away in calendar year 2022, the basic exclusion amount is \$12,06,000.
- For 2022, the foreign earned income exclusion will be \$112,000.
- The maximum earned income credit amount will be \$6,935 for taxpayers with three or more qualifying children for 2022.

9. Working after retirement

Many churches employ retired persons who are receiving Social Security benefits. Persons younger than full retirement age may have their Social Security retirement benefits cut if they earn more than a specified amount.

Full retirement age (the age at which you are entitled to full retirement benefits) for persons born in 1943 to 1954 is 66 years. If you are under full retirement age for the entire year, \$1 is deducted from your benefit payments for every \$2 you earn above the annual limit. For 2023, that limit is \$19,560.

In the year you reach full retirement age, your monthly benefit payments are reduced by \$1 for every \$3 you earn above a different limit. For 2023, that limit is \$51,960, but only earnings before the month you reach full retirement age are counted.

10. New per diem rates for substantiating the amount of travel expenses

The IRS allows taxpayers to substantiate the amount of their business expenses by using per diem (daily) rates. Taxpayers still must have records substantiating the date, place, and business purpose of each expense. Separate rates are set for meals and lodging, with separate rates for high-cost localities and all other communities. See the IRS website for applicable rates.

In some cases, using the per diem rates will simplify the substantiation of meals and lodging expenses incurred while engaged in business travel. However, a number of restrictions apply, and these are explained further in the latest Church & Clergy Tax Guide.

ANNOUNCEMENT: ANNUAL CREDENTIAL RENEWAL

DEADLINE: OCTOBER 1ST

TWO WAYS TO RENEW:

- (1) Complete the credential renewal form that was mailed to you then send it back with your renewal fee.
- (2) ONLINE—you can fill out the renewal form by going to our website: <https://paragonchristianalliance.org/renewals/>

NOTE:

- If received after OCTOBER 1st, must pay \$100 late fee.
- Renewal Fees: \$50.00 for Licensed and \$75.00 for Ordained Minister
- Monthly giving commitment must be up-to-date before you get renewed.