

ARCHDIOCESE OF CHICAGO



Priest's Self – Employment Tax Reimbursement Form

Parish _____ Div. Code _____

Name of Priest _____

SETax Reimbursement \$ _____ Tax Year _____

(Reimbursement is ½ of Self-Employment Tax to Diocesan priest. Please attach a copy of the IRS Form 1040 Schedule SE from the personal tax return of the priest for verification. Per the IRS and as stated in the Archdiocese Policy # 1201 under Book V “The reimbursement received by the priest is additional and **taxable income** for income tax purposes. This should be reported on the W-2 Form where the priest’s regular compensation is reported.” Please note that if a priest transferred during the year being filed, then the current parish issues the full reimbursement in their payroll and then bills through the accounting system the parish where the priest transferred from for the portion of the reimbursement that corresponds to the former parish.)

Reimbursement Options – Please check the boxes for action to be taken.

Payroll – Please issue a Separate SETax Check and choose the following:

Federal Tax Withholding	<input type="checkbox"/> YES	<input type="checkbox"/> NO
State Tax Withholding	<input type="checkbox"/> YES	<input type="checkbox"/> NO
403b Deduction	<input type="checkbox"/> YES	<input type="checkbox"/> NO

(Note: Reimbursement is still shown as Taxable even if there is no withholding)

Payroll – Please DO NOT issue a Separate SETax Check. Include payment with my regular earnings paycheck. (I understand this allows Federal and State withholding and the 403b deduction, if it is setup as a percentage of earnings, to calculate on the SETax reimbursement.)

Biweekly Reimbursement – I elect to receive my reimbursement in 26 pays

Declined Reimbursement – I do not wish to receive my SETax reimbursement

Signature _____

Date _____

Book V The Temporal Goods of the Church

[1200] - 1 Adopted 12-19-96; effective 7-1-97

§1200 PRIEST TAXES

§1201 PRIEST SELF-EMPLOYMENT TAX REIMBURSEMENT

Cardinal Bernardin established the policy of "cost sharing" the Social Security Self-Employment Tax for all diocesan priests participating in the Social Security Program. The intent of the policy is to provide partial reimbursement for the Social Security taxes paid by a participating priest related to the income earned from his Archdiocesan assignment. This partial reimbursement would be paid by the parish and/or agency where the priest is paid.

1201.1. Policy The Archdiocese of Chicago shall reimburse participating priests for one-half (1/2) of the Social Security tax incurred by a priest due to his Archdiocesan assignment.

Procedures

- a)** The full amount of the tax is listed on the appropriate line of Schedule SE of the priest's income tax return.
- b)** After the priest has completed his personal tax return for the previous year, he must submit a copy of the Schedule SE from his personal tax return to the parish, agency, or department.
- c)** The reimbursement by the parish, agency, or department shall be made timely so that the priest will have the funds to pay the tax (if this tax was not paid quarterly on an estimated basis).
- d)** For those priests who work for agencies not under the control of the Catholic Bishop of Chicago and do not have social security withheld from their check because of their self-employed status, the reimbursement will be made by the Pastoral Center.

Note

The reimbursement received by the priest is additional compensation and is taxable income for income tax purposes. This should be reported on the W-2 Form where the priest's regular compensation is reported.

§1202 FILING TAX INFORMATION FOR PRIESTS

1202.1. Policy All parishes, schools, offices and agencies which pay diocesan priests shall file a W-2 Form at the end of the calendar year