CATHOLIC ARCHDIOCESE OF SEATTLE

PROCEDURES FOR PRIESTS’ TAX EQUITY PAYMENTS AND RELATED INCOME TAX MATTERS

TO BE PROCESSED IN 2021

**Reimbursement of Self Employment and Certain Income Taxes** In 2021, each priest will be reimbursed for one half of his self-employment tax and marginal federal income tax on the self-employment reimbursement as well as the food allowance for the preceding calendar year.

**Procedures**

1. The Priest(s) assigned to a Parish as of June 30, 2021 should submit the two pages (tabs) of the worksheet titled Priest Tax Equity Reimbursement 20-21. Please note that the schedule for 2021 is based on taxable income for calendar 2020.

2. After review, the PAA should submit an “infrequent other earnings” file to the Payroll Services Office for payment. The earnings code description in UltiPro is Tax Equity Payment and the earnings code that will be used when submitting the infrequent other earnings file will be TEP. Payroll Services will need both the earnings code and earnings amount for payment. The file should include a copy of the reimbursement schedule.

a. Transition procedures. In the event that a Priest is reassigned, his equity payment will be made by his new Parish in the year of reassignment through Payroll Services. The former Parish should compute the amount of the reimbursement and pay the amount to the new parish. The new parish will pay the reimbursement to the priest via payroll.

b. It is possible to “spread” tax equity payments over up to 6 months. (The goal is to get the reimbursement payments all occurring before the end of calendar year 2021.) The parish or other source of salary will need to submit the payments on a supplemental earnings file in a manner similar to the manner by which bonus payments are handled. Parishes or source of salary should still use the TEP earnings code and have it separated out from the normal salary amount.

4. Questions regarding this policy or its implementation should be directed to Scott Bader at (206) 382-4585 or [scott.bader@seattlearch.org](mailto:scott.bader@seattlearch.org); or Sarah Diama at (206) 382-4845 or sarah.diama@seattlearch.org.