CATHOLIC ARCHDIOCESE OF SEATTLE

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

TO BE PROCESSED IN 2022

**Reimbursement of Self Employment and Certain Income Taxes** In 2022, 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. We have no objection if you wish to do the reimbursement before FY22-23; jJust be aware that means the parish may be paying to priest tax equity reimbursements in one fiscal year.

**Procedures**

1. The Priest(s) assigned to a Parish as of June 30, 2022 should submit the two pages (tabs) of the worksheet titled Priest Tax Equity Reimbursement 21-22. Please note that the schedule for 2022 is based on taxable income for calendar 2021.

2. After review, In Paycom, PAA will use this supplemental spreadsheet to enter tax equity reimbursement for priest and send to payroll.

Below is the example of how it should be entered.

Earning or Deduction column: enter #1 if it’s earning

Amount/hours column: enter dollar amount.



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 2022.) 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; or Sarah Diama at (206) 382-4845 or sarah.diama@seattlearch.org.