

Additional Benefits:

- **Health, Dental & Vision Care premiums** are paid by the parish/institution of assignment.
- **Mileage overage reimbursement** – Documented business miles in excess of the car allowance may be reimbursed by the parish at the current IRS allowable rate. If the Federal IRS mileage reimbursement rate for this year times your actual business mileage is more than \$670 per month, then the overage is reimbursable. (For example, if the IRS mileage rate is \$.575/mile and your monthly mileage is 1,500 miles, then your additional reimbursement would be \$192.50 for the month: [$$.575 \times 1,500 = \862.50 monthly mileage cost] and [$\$862.50$ monthly mileage cost - \$670 monthly car allowance = \$192.50 additional allowed reimbursement]). **Check the IRS website (www.irs.gov) for the current mileage rate.**
- **Food Allowance** – the parish is responsible for providing food for the priest. In situations where meals are not provided in the rectory, a fair and reasonable allowance shall be made for food costs. This allowance is taxable unless reimbursement is being made under IRS regulations.
- **403(b) Plan** – In order to encourage regular savings for future retirement for all priests that are not retired, the parish/institution will contribute \$250 per month to the priest's 403(B) account with the Archdiocese. A priest may further elect to set aside savings and reduce the amount of taxable income by additional contributions to his 403(B) account as allowed by law. Funds may not be withdrawn from this account until after the age of fifty-nine and a half (59 ½) or due to hardships as provided by federal law. For priests of religious orders who serve in the Archdiocese, \$250 per month will be contributed by the parish and transmitted to the Archdiocese for remittance to their order for their retirement.
- **IRS Reporting** – the parish/institution is to issue to priests in active duty a W-2 (not a 1099) form to report taxable wages and allowances given under a non accountable plan (e.g. Social Security, car, food). Diocesan priests remain self employed for all tax purposes according to IRS regulations and are required to pay self-employment tax on room and board, as well as other income. Unreimbursed car expense for business use may be included as an itemized miscellaneous expense deduction. (Consult a tax accountant regarding tax questions.) In filing the quarterly 941 report particular attention should be paid to including taxable wages and allowances for priests.
- **Social Security Allowance** – The priest is responsible for paying Social Security (self-employment tax) on room and board as well as salary. Prior to January 1 the Parish Finance Council should determine a value on the room and board provided by the parish for the coming calendar year as required by the IRS.
- **Tax Withholding** – Priests can elect to have the amount that they would pay in quarterly estimates withheld semi-monthly from their paychecks. This would then appear as federal withholding on their W-2 from the parish/institution. Social Security & Medicare Wages and Tax should be zero on a priest's W-2. (Consult your tax consultant to determine your proper withholding amount.)

Effective Date: July 1, 2022

Revised: February 4 & March 23, 2022