

# Accounting & Data Processing Office

## M e m o

To: All Diocesan Parishes, Schools, and Agencies

From: Lori Glenn

Date: December 22, 2016

Re: Year-end Payroll Procedures

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We need to receive a W-2 worksheet (enclosed) for every Diocesan priest (retired and active) you pay. Please complete a worksheet for every priest whether we pay him through the payroll system, or if you pay him directly. Please submit your worksheets no later than **January 13, 2017**.

The total compensation of a diocesan priest must be reported on his Form W-2. This includes payments for weekend assistance, reconciliation assistance, Sacramental Program Stipends, Lenten events, etc. **Do not include mileage reimbursement**. This could mean that a parish, school, or diocesan agency will submit W-2 worksheets for several diocesan priests, including some from other parishes.

Do not prepare W-2 Worksheets for priests who are members of religious communities. They are exempt from filing income tax returns. Do not prepare W-2 Worksheets for priests serving from other dioceses. If you paid a priest from another diocese \$600 or more during 2016, issue that priest Form 1099 MISC.

Priests must be able to provide documentation for their monthly professional allowances upon request. Priests who cannot substantiate the full use of their monthly professional allowances must return undocumented amounts to their parish, school, or diocesan agency. If a priest cannot substantiate his use of the professional allowance, and does not return the unsubstantiated allowance, the **full** \$800 per month must be included as additional compensation on Form W-2.

Please review your payments to individuals and unincorporated vendors for services rendered. These are individuals and companies who are not your employees but provide a service to your parish. Use Form 1099-MISC to report amounts paid to these individuals and companies totaling \$600.00 or more for the calendar year. Use form W-9 to determine if a vendor is incorporated.

For updated employment forms, consult the Diocesan web site at [RockfordDiocese.org](http://RockfordDiocese.org); select Documents/Forms under Resource Links (left hand column); Accounting/Payroll and the appropriate form.

Call with any questions.

Catholic Diocese of Rockford  
P. O. Box 7044  
Rockford IL 61125

(815) 399-4300  
(815) 399-5657 FAX

# 2016 W-2 Worksheet for Priests

Submitted by:

Parish/Agency \_\_\_\_\_ Priest's Name \_\_\_\_\_

City \_\_\_\_\_ Address \_\_\_\_\_

City \_\_\_\_\_ St \_\_\_\_ Zip \_\_\_\_\_

SS# XXX - XX - \_\_\_\_\_

Regular Salary + \$ \_\_\_\_\_

Clergy Assistance + \$ \_\_\_\_\_

Additional Compensation:

Auto insurance paid by parish  
(\$780 for entire year) + \$ \_\_\_\_\_

\* Mass stipends or stole fees + \$ \_\_\_\_\_

\*\* Undocumented car allowance, or other  
taxable cash allowances + \$ \_\_\_\_\_

**Sub-total** = \$ \_\_\_\_\_

Less: 403(b) Retirement Plan - \$ ( \_\_\_\_\_ )

**Net W-2 salary – Box 1 of W-2** = \$ \_\_\_\_\_

\* Include Mass stipends paid to a priest from a Mass checking account or other source.

\*\* Under diocesan policy, a priest should have no undocumented car allowance. **(See MEMO attached).**

**The standard mileage rate for computing the value of the business use of an automobile for the year 2017 is 53.5 cents per mile. The rate for 2016 was 54 cents per mile.**