



The OAS Messenger



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December 2007

Catholic Center Closed for the Holidays

The Catholic Center will be **closed** for the Christmas Holidays Friday, December 21, 2007 and reopen on Wednesday, January 2, 2008. *All direct withdrawal for Payroll, the December Assessment Bill, and December ADLF payments will occur on Monday, December 31, 2007.* If you anticipate any difficulties in making these payments, please make arrangements by noon on Thursday, December 20, 2007 with Jeanette Richardson at jrichardson@archindy.org or (317) 261-3376.

Mileage Reimbursement

Beginning **January 1, 2008**, the IRS standard mileage rate for the use of a car (including vans, pickups or panel trucks) will be **50.5** cents a mile for all business miles driven, up from 48.5 cents a mile for miles driven in 2007. The archdiocese reimburses employees for business miles incurred following IRS guidelines, but this rate is not mandatory. We recommend that parishes and agencies evaluate their budget status prior to making a change in the reimbursement rate.

2006 LFOM and UCA Donor Contributions

All payments made to United Catholic Appeal or Legacy for Our Mission need to be received by the Office of Stewardship and Development by Thursday, January 4, 2007 to ensure the accuracy and timeliness of the 2006 tax letters to donors. Please contact the Office of Stewardship and Development at 1-317-592-1425 or 1-800-382-9836 Ext. 1425 with any questions.

Christmas Bonuses

The IRS requires that bonuses paid at Christmas (or any other time of year) to be paid and/or reported through the employer's payroll. This rule includes gift certificates or gift cards regardless of amount. Please send your bonus payment requests to Central Payroll for processing. Report the value of any gift to Central Payroll so the recipient's payroll/W-2 record can be updated properly.

Archdiocesan Financial Statements Available

June 30, 2007 Chancery and Certain Other Agencies audited financial statements are now available on the website at <http://www.archindy.org/finance/archdiocese.html>. The CCF annual accountability report for 2007 is also available at the same website location.

Important Payroll Information

2008 Payroll Calendar: The 2008 Payroll Calendar is available and has been sent to payroll contacts at all locations. Contact Central Payroll by email at: payrollproblems@archindy.org for instructions, passwords, etc.

2007 W-2's: These are due to be postmarked and in the mail by Thursday, January 31, 2008. Please ask employees to verify their address on the pay stub; that is the address used to mail W-2's. We will distribute an e-mail to our current payroll distribution list when the 2007 W-2's are available on the web and when mailed out.

Earning Information: 2007 employee earning information needed to complete student FAFSA forms and for college financial aid, loans, and scholarships, is available at anytime on the web. Go to the same location as your pay stub and click on the Year-To-Date-Summary tab.

Central Payroll receives many calls about Indiana County Income Tax withholding. Encourage employees to review their individual federal, state, and local tax withholding situations. Changes to an employee's County Tax can only be made at the first of every year so now is the time for employees to make any changes to local tax withholding. A new Form WH-4 - Indiana Employee Withholding Exemptions and County Status Certificate, needs to be completed and sent to Central Payroll. Employees should have county tax withheld based upon their residence as of January 1, 2008. An employee's current tax profile can be viewed on the web by clicking on the W-4 tab when viewing pay history on the web.

December 31, 2007 payday: The final payday of 2007 will be on Monday, December 31, 2007. Net Pay will be direct deposited into employee account(s) on that day.

Archdiocese Health Savings Account Deposits: The deposit of the lump sum and first monthly amount from the Archdiocese in 2008, will be in employees' HSA accounts on Tuesday, January 1, 2008.

Health Savings Account Changes in 2008: The maximum annual contribution to a health savings account in 2008 is \$2,900 for single coverage and \$5,800 for family coverage. Employees who are 55 and over and not enrolled in Medicare may also make catch-up contributions of up to \$900 per year.

Archdiocesan contributions have also increased. On January 1st, employees with single coverage will receive a \$560 lump sum contribution, and employees with family coverage will receive a \$1,120 lump sum contribution. In 2008, monthly contributions will be \$45 for single coverage and \$90 for family coverage. Please contact Human Resources if you have any questions.



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Charitable Contributions

The Archdiocese recommends that parishes, agencies and schools provide contribution statements to parishioners at least annually even to those who give nothing. For tax deduction purposes, the IRS recommends a written acknowledgement for one-time contributions of \$250 or more. For contributions made to the parish directly or contributions collected by the parish (when checks are made out to the parish) for special mission collections and/or relief collections, we encourage written acknowledgements. Checks made out to the Mission Office or a special mission directly do not require a written acknowledgement since this is provided by the receiving organization. Donors making gifts totaling \$250 or more to the United Catholic Appeal or Legacy for Our Mission will receive a tax letter from the Archdiocese of Indianapolis.

An annual summary may be used for several single contributions for each single contribution of \$250 or more. The acknowledgement does not need to provide the donor's social security number or tax identification number. Written acknowledgements are to be provided to donors by January 31 of the year following the donation. The IRS does not provide forms but the written acknowledgement should provide the following:

- The name of the organization
- The amount of cash contribution
- The description (not value) of a non-cash contribution
- A statement that no goods or services were provided by the organization in return for the contribution, as long as that is the case
- A description and good faith estimate of the value of goods or services, if any, that the organization provided in return for the contribution
- A statement that goods or services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits (See Publication 1771).

See Publication 1771 on Charitable Contributions for examples and more information. This document can be found on the IRS website at <http://www.irs.gov/charities/article/0,,id=159929,00.html>

Do regular earnings affect Social Security benefits?

If an employee has reached full retirement age, they can earn any amount and they still get full social security benefits. Full retirement age is based on birthdates. Generally that's age 65 if born before 1938, but it increases by two months every year after 1938.

Retirees between the ages of 62 and full retirement age can earn \$12,960 for 2007 and \$13,560 for 2008. These figures are for earned income reported on a W-2 or 1099-Misc Income, and do not include interest, dividends, pensions, etc.

For example an age 63 retiree could have \$100,000 in interest income and draw full social security benefits, but if they make more than \$12,960 in wages they'll have to pay back some social security. Interesting! Go to www.ssa.gov for more information.

Indiana Sales Tax Exemption

Archdiocese and its parishes, schools, and agencies are qualifying 501(c)(3) organizations and are exempt from federal taxation. Because of this and our state not-for-profit status we are also exempt from Indiana state sales taxes. For purchases to qualify for the sales tax exemption, the article(s) purchased must be used for the same purpose as that for which the organization is being exempted.

Purchases for the private benefit of any member of the organization or for individuals, such as meals and lodgings, are not eligible for exemption. Purchases used for social purposes are never exempt. It is important to remember that nearly all purchases other than meals, airfare and hotels are tax exempt. Indiana sales tax generally applies to meals, banquets or other food and beverage services unless the organization purchases/prepares meals as a fund raising activity.

Improper use of the sales tax exemption jeopardizes our not for profit status and the benefits our organization receives. Indiana Department of Revenue's Form ST-105 is used to make tax exempt purchases. This form can be found on <http://www.in.gov/dor/taxforms/swforms.html>. Most area retailers will remove the sales tax from purchases when presented with the proper form; you may have to fill out additional paperwork at some retail locations.

Annual IRS Tax Forms

Churches and religious organizations must provide Form 1099-MISC to report payments of \$600 or more to persons not treated as employees for services performed at your church. This form is required if your church pays an **unincorporated** individual or an entity \$600 or more in a calendar year for one of the following payments: gross rents, commissions, fees, or other compensations paid to non-employees like prizes and awards, or other fixed and determinable income. The Form 1099-MISC must be provided to the payee by January 31 and Copy A to the IRS by February 28. For more information on filing requirements for the 1099-MISC, please visit the IRS website at www.irs.gov.

If your organization sponsors a charity gaming event, the winnings may also be required for reporting and withholding depending on the type of gaming, the amount of winnings, and the ratio of winnings to the wager. Form W-2G must be provided when a participant wins a prize over a specific value amount. Please see IRS Publication 3079, Gaming Publication for Tax-Exempt Organizations on <http://www.irs.gov/charities/article/0,,id=159929,00.html> for more information on when filing is required.

Please direct any questions to Abbey Kirchner at (317) 261-3374 or akirchner@archindy.org.

2007 501(c)(3) Group Ruling

The 2007 501(c)(3) Group Ruling is available on the OAS website at <http://www.archindy.org/finance/parish/forms.html> under 'Group Ruling- 501(c)(3) Federal Tax Exemption Letter'. This letter states that all organizations listed in the 2007 edition of the Official Catholic Directory are exempt from federal income tax.