

INSURANCE, TAXES, AND FINANCIAL PROCEDURES

I. INSURANCE

A. AUTOMOBILE INSURANCE

All vehicles driven by clergy or religious as well as any owned by the Employers must be insured by Catholic Mutual Group, regardless of who has use of the vehicle.

Please note that each driver hereunder must possess a valid U.S. Driver's License.

1. The insurance covers liability, personal injury and medical as well as collision, comprehensive and perils. The particular location pays the cost of all the insurance.

2. Automobiles, which are models eight years old or more, will be covered only for liability, personal injury, and medical. Full coverage is available; however reimbursement from user is required. School buses and vans are covered for both collision and liability regardless of the age of the vehicle.

3. The deductible amounts are \$100.00 per claim on comprehensive coverage and \$500.00 per claim on collision coverage. The deductible amount is to be paid by the user of the vehicle personally, i.e., clergy, religious or layperson, not the particular entity.

4. Catholic Mutual Group insurance year begins April 1st and ends on March 31st of the following year. Annual billing will be from Catholic Mutual Group, and reflected on diocesan invoices. Payment is made directly to the Roman Catholic Bishop of Salt Lake City at the Pastoral Center.

5. If individual clergy, religious, or laity own a second vehicle, the liability, personal injury and medical insurance must be carried by Catholic Mutual Group but is to be paid personally by the individual, not by the particular entity.

B. STATE UNEMPLOYMENT INSURANCE

1. Utah State Unemployment Insurance is to be paid for all lay employees employed 20 hours a week or more. Cost of insurance is .005 of annual gross salary up to a maximum of \$20,000.00.

2. This insurance is paid quarterly to the Diocesan Finance Office. The Diocesan Finance Office will bill each particular entity.

3. Clergy and religious are exempt from state unemployment insurance.

4. In completing Utah State Unemployment Insurance forms, anyone without a Social Security Number is not to be listed (e.g., an undocumented alien).

5. Employees are not always eligible for unemployment compensation. When an employee resigns or is summarily terminated, a decision of eligibility is made by the state.

Note: An employee who is terminated from employment is eligible to apply for unemployment compensation. Termination policies and procedures must be observed before an employee is terminated.

C. PROPERTY INSURANCE

1. All property is insured in a blanket coverage for physical damage and liability, boilers included. Catholic Mutual Relief Society, Omaha, Nebraska is the carrier of the blanket

diocesan insurance policy. The policy certificate number is 8465. The phone number for Catholic Mutual is 1-800-228-6108.

2. The blanket insurance coverage includes:

- a) Physical damage from fire, lightening, wind, hail, explosion, riot, aircraft, vehicle damage to building, vandalism (vandalism to glass is limited)
- b) Water damage and flood
- c) Earthquake damage
- d) Burglary and theft
- e) Fine Arts
- f) Employee Fidelity
- g) Death, dismemberment and disability
- h) Personal effects of clergy and religious.

3. There is a deductible amount on the coverage

4. Details of coverage are available from the Office of Diocesan Pastoral Operations.

5. Insurance Reserve: Since the annual premium for property insurance is usually large and the billing is annual, each particular entity can choose to establish a prepaid insurance reserve fund in the Diocesan Finance Office. When this is done, the Diocesan Finance Office bills each particular entity for a portion of the estimated annual insurance premium each month, and the reserve is used to pay the premium. A ten-month or quarterly billing of the annual amount can also be arranged by contacting the Diocesan Finance Office.

6. Insurance coverage is on a fiscal year basis, beginning the 1st of April through the 31st of March of the following year. Annual billing will be from Catholic Mutual, and reflected on diocesan invoicing. Payment is made to the Roman Catholic Bishop at the Pastoral Center.

D. GROUP LIFE INSURANCE
(Cf. page 50)

E. VOLUNTARY SUPPLEMENTAL INSURANCE
(Cf. page 51)

F. LONG-TERM DISABILITY INSURANCE
(Cf. page 51)

II. TAXES

A. PROPERTY TAX

- 1. Vacant land and property not used exclusively for religious purposes may be subject to property tax, which varies by county.
- 2. Inquiries from the tax assessor are to be referred to the Diocesan Properties Office.
- 3. Annual exemption from property tax will be filed by the Diocesan Properties

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Office.

B. SOCIAL SECURITY, FEDERAL AND STATE TAXES

1. Social Security:

Social Security tax must be paid on all lay employees. Clergy and religious are exempt.

- a) Each particular entity must have an Employer Identification Number. (If necessary, obtain and complete Form SS-4 from the Internal Revenue Service. Contact the Office of Diocesan Pastoral Operations for assistance.)
- b) Social Security taxes are paid with Federal taxes withheld from employee salaries.
- c) Social Security taxes are 15.3% of gross salary, after cafeteria withholdings, of each employee (7.65% deducted from employee's salary; 7.65% is paid by the particular entity). **Taxes are usually paid to a bank and must be paid by the third working day following the date wages are paid to an employee.**

Social Security Rate Schedule: 1990 and after – 7.65%

d) Annual and Quarterly reports must be filed for Social Security.

(1) Quarterly - a 941 Employer's Quarterly Tax return must be filed. This will include the total gross salaries, the total Social Security taxes paid and total Federal Withholding tax. Forms for this report are available from the Social Security Office.

(2) Annual - Federal Form 8109 must be completed in January each year.

This s to include a statement of all taxes paid the previous year. A copy of each employee's Federal W-2 form must be sent with the report.

e) Social Security Tax for Diocesan Priests: (Cf. I. Compensation, page 1 of these Directives for Diocesan Priests' Social Security.)

2. Federal Taxes:

a) Every layperson, as a condition of employment, must complete a Federal Withholding W-4 form. This form will indicate the number of exemptions and be the determinant of the amount of Federal Income tax to be withheld from salary.

b) Federal Tax Deposit (FTD) Payments

(1) Federal taxes withheld, together with Social Security taxes, are to be paid to a bank monthly by the third working day after the date wages are paid to an employee, except as noted in (2) below.

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(2) As of January 1, 1997, institutions paying more than \$50,000.00 in employment taxes for the calendar year must make all FTD payments electronically. These

deposits are made using the Electronic Payment System (EFTPS). Institutions must first enroll through the Internal Revenue Service to use the EFTPS.

c) Annually (by January 31st) a W-2 Form indicating the gross salary and amount of taxes withheld the previous calendar year must be completed for each employee (an original and four copies). The original is sent to the Federal government; one copy is sent to the State government; two copies are sent to the employee and one copy is retained for the particular entity file. (W-2 Forms are also prepared for diocesan priests even though taxes are not withheld).

d) Annually (by January 31st) a W-3 Federal Annual Report form must be filed indicating total gross salaries paid and total federal tax withheld the previous year for all employees.

3. State Taxes:

a) Utah State Income Tax is withheld from each lay employee's salary. Tables from the State Tax Commission indicate the amount of Utah State Tax to be withheld. A report, (TC-96A), indicating the total amount of tax withheld from all employees, is to be filed quarterly with the State Tax Commission.

b) An annual report (Form TC-96), indicating total amount of gross salaries and total state tax withheld, is to be filed with the State Tax Commission.

Note: Both the Internal Revenue Service and the State Tax Commission periodically send notices of changes in percentage of withholding and other procedures. Such changes must be implemented.

C. SALES TAX EXEMPTION

1. All Employers and their particular entities can be exempt from the Utah sales tax. The tax-exempt number is N-10601. However, sales tax must be paid at point of sale for all purchases under \$1,000.00. Sales receipts must be retained, the tax reimbursement form completed and sent quarterly with the sales receipts, to the Diocesan Finance Office for reimbursement of sales tax from the State Tax Commission.

2. The State Tax Commission has issued only one number for all entities and does not issue additional numbers.

3. Sales tax need not be paid on purchases of tangible personal property or related services used for religious and charitable purposes. Tax must be paid on the purchase of food, clothing, or any other item for personal use. Questions regarding this exemption can be directed to the State Tax Commission at (801) 530-6290.

D. SALES TAX REFUND PROCEDURES

The State Sales Tax Commission requires that sales tax refunds be made only on a quarterly basis and that only one refund be made for the entire diocese. Each entity will receive from the Diocesan Finance Office a sales tax refund form, which must be completed and returned

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with copies of all receipts. When the state refund check is received, the Diocesan Finance Office will issue refund checks to each parish, organization, and institution.

To minimize the need for refunds, the State Tax Commission allows contracts to be entered with vendors. Once the contract is entered, sales tax can be exempted by the vendor. Copies of these contracts are available from the Diocesan Finance Office.