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OHIO MINIMUM WAGE FOR 2018

Ohio's minimum wage is scheduled to increase from \$8.15 to **\$8.30** per hour for non-tipped employees on January 1, 2018. This applies to all parishes and schools. Please download the new poster and display it with your other labor law posters: http://www.com.ohio.gov/documents/dico_2018MinimumWageposter.pdf. Contact Donna Speagle, Human Resources, ext. 8760 or dspeagle@dioceseofcleveland.org with any questions.

YEAR END OFFERTORY COLLECTIONS

At the end of each calendar year in December, special attention regarding offertory collections is needed. Offertory collections and donations received on Saturday, December 30th and Sunday, December 31st are included in 2017 contributions. Offertory collections and donations received on January 1, 2018 are included in 2018 contributions. The date you receive the contribution, not the date of the check or deposit determines the appropriate year for reporting purposes. Envelopes received through the mail in January, if postmarked on or before December 31st, are considered 2017 gifts.

LIFE INSURANCE BENEFIT THAT EXCEEDS \$50,000

For parishes and schools that provide the Diocesan Life Insurance plan, the amount of the coverage that exceeds \$50,000 is subject to a taxable calculated amount known as imputed life. This imputed life amount is subject to all employment taxes. The Benefits Office provided a report to each parish in April of this year detailing the monthly taxable amount for each employee; and subsequent notifications for new-hires. It was suggested, but not required, that the applicable amount be included on a per-pay basis to spread the tax impact to the employee over the year. If you are processing the amount per pay, then you do not need to do anything. If the parish/school has not been processing the imputed life amount monthly through payroll, it is imperative that the **annual** amount be processed **THROUGH** the payroll system and not simply added to the W-2 form at the end of the year so that proper withholding occurs. In all cases, please be certain the total amount included in payroll and shown on FORM W-2 agrees to the information from the Benefits Office.

CHARITABLE CONTRIBUTION SUBSTANTIATION

After the beginning of the New Year, many parishes will receive requests from parishioners for a report of their charitable contributions for the year. The documentation provided by the parish must meet specific requirements in order for the donor to properly substantiate their charitable contribution. Improper substantiation could cause the donor to be denied a deduction for a charitable contribution. The following rules apply:

CASH CONTRIBUTIONS

- ✓ The name of the parish must appear on the document.
- ✓ The date and amount of EACH contribution must be listed. Including the type of contribution is a best practice.
- ✓ A statement that no goods or services were provided by the parish in return for the contribution other than intangible religious benefits if that was the case.

PLEASE NOTE: A summary of the contributions in total is not considered substantiation for tax purposes.

NON-CASH CONTRIBUTIONS

- ✓ The name of the parish must appear on the document.
- ✓ A detailed description of the item(s) contributed must be listed. Do not value the item(s) given. It is the donor's responsibility to establish the value of the contribution with the IRS.
- ✓ A statement that no goods or services were provided by the parish in return for the contribution other than intangible religious benefits if that was the case.

There are several types of contributions that cannot be deducted and should not be substantiated as a charitable donation in the parish contribution system. Examples include: a request to direct a donation to a specific person or a request to substantiate the value of a person's volunteer time or service.

IRS Publication 526 and 1771 are excellent resources, available in PDF format on the IRS website.





GIFTS TO EMPLOYEES

During this time of the year, many pastors, principals, and/or affiliated groups want to acknowledge the good work of parish/school employees with a monetary gift. As a reminder, for all cash/check gifts, gift cards, gift certificates or cash equivalents to any individual on your payroll, the gift is considered taxable by the IRS regardless of the amount. The amount must be processed through the payroll system. You are permitted to give a non-cash gift (item) to employees as long as the value is reasonable and the employee physically receives the item from the parish. For example, if each employee is to receive a box of candy, the parish should purchase the candy and give it to the employee, and the exchange would be non-taxable. If you give the employee a gift card to be redeemed at the candy store, then the gift card amount would have to be processed through payroll.

CERTIFICATES OF INSURANCE

Parishes and Schools are required to collect certificates of insurance from vendors who perform work on your premises. At the end of the calendar year, it is suggested that the certificates collected be reviewed. If the vendor is a recurring vendor, please make sure to obtain an updated certificate of insurance before the expiration date. Refer to the website www.discplan.org for more information regarding certificates of insurance.

RESTRICTED COLLECTIONS

Restricted collections, including flower collections, must be spent on the purpose intended. It is required to review spending in all areas to ensure the restricted amounts are only spent on the donor intentions. For example, if your flower collection is designated for Christmas Flowers, the entire amount received MUST be spent only on Christmas flowers, with the unspent amount carried forward until Christmas flowers are purchased in the future.

DESIGNATED COLLECTIONS

It is a good time to reconcile all designated collections received. Please pay special attention to the various collections for recent natural disasters to ensure all funds collected were remitted. The amount collected must match the amount forwarded in detail AND in total.



PER IRS WEBSITE:

"If you are filing 2017 FORMS 1099-MISC with nonemployee compensation (NEC) reported in Box 7, we recommend you send them with a completed Form 1096 separately from Forms 1099-MISC that do not report NEC. This will help to insure correct and timely processing for the forms with their early filing date."

AFFILIATED GROUPS AND ORGANIZATIONS

Many parishes and schools have groups and organizations that have separate bank accounts. In January, it is required that the account ledgers and/or check registers be collected for the prior 6 months. The information should be reviewed (and combined with the Jan – Jun 2017 account register data collected in July 2017) to ensure that all payments by the parish, school, organizations, etc. to a common vendor are aggregated for 1099 tax reporting. The information also should be reviewed to make sure that monthly bank reconciliations are being performed and the general ledger does not contain any unusual transactions. Also check for any gambling reporting needs (e.g. W2-G & Form 941 for raffle winnings, bingo, etc.).

Dates to Remember	January 15, 2018	Workers Compensation Report due for the period July 1, 2017 through December 31, 2017 (Six (6) month Period— <i>include</i> Clergy and Religious)
	January 15, 2018	Unemployment report due for the period October 1, 2017 through December 31, 2017 (Three (3) Month period— <i>exclude</i> Clergy and Religious)
	January 31, 2018	Financial "Quarterly" report due to the Finance Office for the first half of the 2018 fiscal year July 1 2017 through December 31 2017.
	January 31, 2018	Copy A of W-2 forms and Form W-3 must be submitted to the Social Security Administration and also the deadline for employee copies be given to the employee .
	January 31, 2018	Copy A of Form W-2G and Form 1096 due to the Internal Revenue Service and recipient copies to the prize winner (if not already provided). Form 945 is also due to the Internal Revenue Service.
	January 31, 2018	1099-MISC forms (with NEC in Box 7) must be issued to contractors and vendors requiring them and Copy A due to the Internal Revenue Service along with Form 1096.
	February 1, 2018	Annual gross earning report for 2017 due to Employee Benefits Office.