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WATCH FOR THE FISCAL YEAR-END REMINDERS MEMO COMING SHORTLY. IT WILL CONTAIN DETAILED INFORMATION ON IMPORTANT CLOSING AND YEAR-END ISSUES



Charitable organizations are permitted to make sales of otherwise taxable items exempt from sales tax so long as the organization does not make taxable sales on more than six days in any calendar year. Once the organization exceeds the six day limitation, it must obtain a vendor's license and begin collecting tax.

Further, the statute does not provide a blanket six days of exempt sales every year. Once the six day limit is exceeded in any year, tax must be collected on all future taxable sales in all years.

If the parish operates fish fries during lent and the food is consumed on-premises, the parish does not have to charge sales tax as long as there are not more than six fish fries per year. However, if the school has a clothing sale during the same year, that would constitute a seventh sale during the year. Once the six-day limit is exceeded in any year, tax must be collected on **all** future taxable sales in all years.

According to Section 5739.02 (B) (9) (b) of the Ohio revised code, sales made by student clubs or other student groups of a primary or secondary school, or a parent-teacher association, booster group, or similar organization that raises money to support or fund curricular or extra curricular activities of a primary or secondary school are exempt from Ohio sales tax and the six-day provision. However, this provision does not apply to the school itself. Sales of items from a school are subject to sales tax (e.g. bookstore, gym clothes, school supplies, etc.)

GAMBLING WITHHOLDING NEW RATE

Since the publication of the memo that outlines gambling instructions (issued in January of 2018 from the Diocesan

Legal Office), the Internal Revenue Service has changed

the rate for regular gambling withholding. The new rate is now 24%, down 1% from 2017. The new rate for back-up gambling withholding is now also 24%, down 4% from the 2017 rate. Please make sure to use these new rates when withholding is required.



CONTRACTS

One of the essential elements in a written contract is the signature of both parties to the contract. It is important to ensure that both parties **SIGN AND DATE** any contract. We have seen more than a few contracts lacking signature and/or date of the agreement.

Signature _____ Date: _____



Reminder: Under Diocesan policy the pastor is the only person in the parish authorized to sign contracts unless the contract requires the signature of the Bishop. The Bishop must approve contracts over \$25,000.

NEW W-4 FORM

Form W-4 is one of the payroll forms that should be in an employee's personnel file. The W-4 is used to determine the appropriate exemptions to be used when calculating payroll. If no form is on file, the employer is to withhold the highest level of Single-Zero. The Internal Revenue Service has issued a revised Form W-4. Please make sure to give an employee the 2018 form if they need to submit a new form.

Form W-4 (2018)

PAYCOR TIP - FOR PENSION PLAN ELIGIBLE EMPLOYEES

All parishes are processing their payroll using the Paycor payroll system. We thank you for your patience and cooperation during the conversion. It is important that each employee record be examined, and if the employee is on the pension plan, the indicator be checked so that the box will be checked on the W-2 form at the end of the year. The indicator can be checked on the employee record on the screens by clicking on **COMPANY, STATUS**.

A screenshot of the Paycor employee record screen. The 'Status' dropdown menu is open, showing options: Employee, Company, Position, Status, Labor Allocation, Compensation, and Time & Attendance. The 'Status' option is highlighted with a blue circle.

In the STATUS section, you will see two tabs, click on the tab labeled **OWNERSHIP INFORMATION**.

A screenshot of the Paycor 'Ownership Information' tab. The 'Ownership Information' tab is selected and highlighted with a blue underline.

The last selection on the list of items in the tab is **RETIREMENT PLAN**. Click on the box next to RETIREMENT PLAN and a check mark will appear. It is very important to click on the SAVE box on the lower right corner of the screen to save your changes.

A screenshot of the Paycor 'Ownership Information' tab. The 'Retirement Plan' checkbox is checked and highlighted with a blue circle. Other options include Key Employee, Highly Compensated Employee, Family Member of Owner, and Section 125 Ineligible Employee.

We will plan to have a tip regarding the use of Paycor in each issue of Finance Focus. If you have a suggestion of a topic, please contact the Finance Office and we will do our best to research it and report in a future issue.

ELECTRONIC RECEIPTS: We frequently are asked about parishes receiving payments or offertory electronically. While it is permitted for a parish or school to do so, there are several VERY IMPORTANT elements that MUST be considered in setting up and operating such a system:

- The parish, school, or parish organization must read their contract for service in great detail. One of the biggest issues that must be considered is whether the parish or school would be a merchant identification holder or if the company would be considered the ID holder. There are various levels of compliance with payment card industry standards (PCI Compliance) that must be considered.
- If on-line giving is utilized, make sure that the reporting received from the vendor contains all the needed information to accurately record the receipt of the funds in the parish accounting system.
- Consider utilizing a recognition system (such as Captcha) to minimize the risk of unwanted attacks on the parish payment system; or placing the payment behind a log-in screen.
- Card-present transactions require a device that reads the embedded chip. Parishes must not process credit/debit cards without using a chip reader if the card is chip enabled. Questions regarding the processes and contracts for electronic giving can be directed to the Finance Office.

Dates to Remember	July 1, 2018	Review health insurance payroll deductions for all employees enrolled in the Diocesan health plan for accuracy. The new rates take effect today. Contact the Benefits Office if you need assistance with correctly calculating the employee contributions
	July 1, 2018	Be sure to calculate the clergy salary for the priests on your payroll. The new Priests remuneration policy takes effect today.
	July 1, 2018	Request books and records from parish groups and organizations necessary to complete the annual financial report. Remind groups of the new bank reconciliation requirement.
	July 1, 2018	Parish budget for the 2018-2019 fiscal year begins today. All parishes are required to prepare, submit, and monitor a parish and school budget which is required to breakeven or forecast a surplus.
	July 16, 2018	Unemployment and Workers Compensation reports due to ACR and the related premiums remitted to the Diocese.
	August 17, 2018	Annual financial report due in the Finance Office. Please be prompt in submitting your report.