

## **TAXES**

>1999 IRS Group Ruling (12 July 1999; Royce Ranniger, Bill Stoneburg)

1. Enclosed is a copy of the letter (dated 6-25-99) received from the United States Catholic Conference (USSC). Included in their letter is a copy of the Group Ruling from the Internal Revenue Service for the fiscal year 1999-2000. This ruling governs all institutions listed in the 1999 Official Catholic Directory (OCD). The group exemption number assigned to the USCC is 0928.
2. These letters contain the needed documentation to verify that you are a qualified 501 C (3) corporation and exempt from federal income and unemployment taxes. This letter also assures donors that contributions to institutions are deductible for federal income, gift, and estate taxes if they are listed in the 1999 OCD. This does not pertain to federal excise taxes or sales taxes. Most entities are subject to excise taxes and other than diocesan educational institutions are subject to Iowa and local sales taxes.
3. On page 2, item #6, Social Security, it explains the requirement to pay taxes under the Federal Insurance Contributions Act (FICA) for each employee who is paid \$100 or more in a calendar year. It goes on to explain that diocesan priests are not considered employees for FICA purposes and that FICA should not be withheld from their salaries. Do not confuse this with the IRS's position that priests are considered employees for federal income tax purposes. Federal and state taxes maybe withheld on a voluntary basis only, but Social Security cannot be withheld regardless and the parish or school should not be paying the matching portion of the FICA.
4. Please keep this information readily available in your business offices, as you will be asked to verify your tax-exempt status on occasion. Feel free to call with any questions.

[NOTE: the latest is available from the Office of Finance and the Diocesan website.]