



## DIOCESE OF SACRAMENTO

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OFFICE OF THE BISHOP

# Memo

To: All Priests  
From: Rev. Msgr. James T. Murphy, Vicar General  
Date: January 30, 2012  
RE: Self-Employment Tax

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You may have just received or soon will receive your W-2 Report of Wages from your source of employment. With that you can begin filing your taxes for the 2011 calendar year. I would like to offer several helpful tips as you pursue your tax filing:

- If you do not already do so, consider having your taxes prepared by a tax professional. A properly prepared and timely tax return normally proves to be worth the cost when considering the time and difficulty that can result in an improperly prepared return that is then questioned by the Internal Revenue Service.
- Each year a helpful guide is published by Dr. Wayne M. Lenell, C.P.A., Ph.D., CDFM. The guide is entitled Income Taxes for Priests Only. The guide addresses those tax issues that are unique to priests. Often times this guide can be very helpful to your tax professional that may not be aware of these unique tax issues for priests. The guide can be purchased at [www.fathersguide.org](http://www.fathersguide.org)
- Make sure that your tax return includes payment of Self-Employment Tax. The Social Security Administration considers priests to be self-employed, whereas the Internal Revenue Service considers priests to be employees. The result is that unlike lay employees, social security contributions are not withheld from priests' paychecks and there is no option to do so. As a self-employed you must calculate your social security contribution as self-employment tax and pay the amount as a part of your federal tax filing. This is in addition to income tax. It is critical that self-employment tax be paid annually as this qualifies you to receive social security benefits when you retire. The receipt of social security benefits upon retirement is a basic pillar upon which the remuneration policy for priests is based. Participation in the social security program is required for all priests in our diocese. Please indicate that you have read this statement and have faithfully complied by paying your Self-Employment Tax by clicking on the following link: [www.formstack.com/forms/catholic-TaxInfo](http://www.formstack.com/forms/catholic-TaxInfo)

I hope that these hints are helpful to you. If you have any questions, please do not hesitate to call Fr. Tim Nondorf at 916-733-0216.