

REACHING OUT WEDNESDAYS

Topic: Seminarian Finances (Taxes)

The seminarians in the Diocese of Toledo are taxed on any stipend they receive from the diocese or the parish in the diocese at which they minister. This is done as any other payroll. Room and board, health insurance, etc. are not considered income.

Diocese of Sioux Falls sends the attached letter to our men and this is what our Accounting Manager has reported to me:

"I have attached the letter that we send to the seminarians with regard to room & board. Our tax accountant confirms that room & board paid by the Diocese for seminarians is taxable income. There is no tax form to report this on. Thus the Diocese doesn't report this amount to the IRS. But we are required to report the amount paid to the individual that received the benefit and we do so in the form of the attached letter. We have followed this practice since the late 80's.

The summer/or 11 month stipend that we give to the seminarians is also considered taxable income to them. That is reported to them on a 1099-Misc. tax form. When this is reported on a 1099-Misc form, that means a copy of that form has been sent to the IRS by the Diocese as required by IRS.

I hope this answers your questions. These questions come up every year and our seminarians run into other seminarians from other Dioceses' that don't handle the above the way we do. We take our information from the Tax Advisors/Tax Department of the Audit Company that Audits our books each year."

Diocese of Fresno: This question is really up in the air. Last year we did a study on what different dioceses do. Our finance dept. was concerned that we were not following the law. We ended up where we started. We do not report the monthly stipends or the tuition, room & board. It seems that our account reached the conclusion that the law may require the beneficiary to report but the diocese is not obligated to report to the IRS. We do not give a 1099 as of now. Some dioceses in our province are doing so. I think Los Angeles might be one of them.

Archdiocese of Kansas City-Kansas: As for income, we send a letter stating in general how they should report income, stipends, etc. along with supporting information the IRS provides on their website. We also send figures accounting prepares for each seminarian listing what room, board, tuition, fees, etc. were paid on their behalf along with any stipends they received. The burden is on the seminarian to properly report this on their returns. Given their income is so low it is very unlikely any would have to pay taxes.

Diocese of Jefferson City: For us it is a 1099 form for the amount of stipend. International students are not to receive income their first year on a student visa. Only after making sure can they receive income (Immigration policy) would they receive a 1099. Their first year, they are receiving a living allowance only which is stated on their student visa.

Diocese of Fargo: For income, we give the seminarians a letter indicating that the Room & Board portion \$XXXX is considered taxable income by the IRS and the remainder (Tuition) is not taxable.