Reporting and Taxing Clergy Auto Insurance in *PrimePayCS*

The parish or institution to which a priest is assigned should pay the first $800 annually for automobile insurance, with the priest himself paying the balance. See the Clergy Remuneration Policy (the Policy) for increased limits for "high insurance" areas (Boston, Brockton, Chelsea, Everett, Lawrence, Lowell, Lynn, Revere, Somerville).

A payment made to a priest or to an insurance company (including the RCAB's Insurance Department) for auto insurance is <u>taxable</u> and must appear on the W-2 form at the end of the year.

The process for recording these payments depends on who paid the insurance bill.

If the priest already paid the bill himself and needs a reimbursement, simply go to Hours & Dollars and key the appropriate amount ($800, unless stated otherwise in the Policy) into the **Other Earnings** field, using the **AUCR – Clergy Auto Ins - Cash Reimb** Earnings Code. Click **Save.**

If the AUCR <u>should be paid</u> to the priest and it is the **<u>only item being paid on the check</u>** you can set it to not withhold any Federal or State taxes using the Paycheck Options Screen Under Tax Override Setup (see below). This will block Federal and/or State so it doesn't withhold tax from the AUCR, it will only report the earnings.

Option 1: <u>If you are processing a payroll and the priest is receiving his Regular Salary and you don't want Federal or State withheld on the AUCR</u>, you must create a second check in Paycheck Options for the AUCR. After processing your regular payroll, create a second check and block Federal and/or State tax **<u>only</u>** on the AUCR reimbursement as described above. The first regular payroll check withholds taxes normally on his regular earnings.

Option 2: <u>If processing the AUCR using a YTD adjustment, you don't have to include the Federal or State Tax in the YTD adjustment.</u>

If the parish paid the bill (either through the RCAB monthly bill, or by writing a check to an insurance company), there are two steps needed.

First, a Year-to-Date Adjustment is needed to record the payment as a taxable earning.

- Under Hours & Dollars, go to Year-to-Date Adjustment and choose "Standard Adj" under Adjustment Type.
- Click on the piece of paper icon to get the Earning Detail Information to appear.
- Choose Earnings under Category, then **AUNC – Clergy Auto Ins – Non-Cash.** Use of this code will record the payment to the insurance company as imputed income.
- Enter the correct amount under **Gross Amount** ($800.00, unless stated otherwise in the Policy).
- To enter the GL account code – 520601 – first delete the empty space in the G/L Code field that will be in front of the first number you type. Then type in the 520601.
- Click **Save.**
- You will see a message pop-up indicating that the adjustment was successfully added.

- Then **Preview** to confirm that adjustment was correctly entered.

Second, assuming the insurance bill that that that parish paid was for more than $800, the priest will need to reimburse the parish for the excess. Ex: the annual bill paid by the parish was $1,000, and the Policy allows the parish to cover $800 of premiums per year. The priest now owes the parish $200. He can either pay this by writing a check to the parish or by setting the payment up as a deduction.

- Under the Voluntary Deductions screen, click the paper icon next to the Voluntary Deduction Description field to pull up the list of available deductions.
- Choose "Auto" for this deduction tied to overpayment of auto insurance.
- Calculate the per pay amount owed based on the # of pays desired (ex: $200/10 pays = $20/pay) and enter under Amount.
- Then enter zero under Future Amount (under Future Effectivity, towards the bottom of the screen; or leave this field blank) and enter the check date on which you want there to be no deduction under Future Check Date. This will automatically stop the deduction when the repayment is complete.

Employee Voluntary Deductions

Voluntary Deduction Description
AUTO - CLERGY AUTO ▼

Vendor Setup
▼

Current Values:

Amount	Percent	
20.00		

Remaining Limit	Current Arrears

Future Effectivity Options:

Future:	Future Amount	Future Percent	Future Limit	Future Check Date
	0.00			09/03/2021