



# The OAS Messenger

December 2006

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## Catholic Center Closed for the Holidays

The Catholic Center will be closed for the Christmas holidays December 22, 2006 and reopen on Tuesday, January 2, 2007. *All direct withdrawal for; Payroll, the December Assessment Bill, and December ADLF payments will occur on **Friday, December 29, 2006.***

If you anticipate any difficulties in making these payments, please make arrangements by noon, Thursday, December 21, 2006 with Sarah Harmeyer at 317.261.3376 or [sharmeyer@archindy.org](mailto:sharmeyer@archindy.org)

## Indiana Sales Tax Exemption

Archdiocese and its parishes, schools, and agencies are qualifying 501(c)(3) organizations and are exempt from federal taxation. Because of this and our state not-for-profit status we are also exempt from Indiana state sales taxes.

For purchases to qualify for the sales tax exemption, the article(s) purchased must be used for the same purpose as that for which the organization is being exempted.

Purchases for the private benefit of any member of the organization or for individuals, such as meals and lodgings, are not eligible for exemption. Purchases used for social purposes are never exempt. It is important to remember that nearly all purchases other than meals, airfare and hotels are tax exempt. Indiana sales tax generally applies to meals, banquets or other food and beverage services unless the organization purchases/prepares meals as a fund raising activity.

Improper use of the sales tax exemption jeopardizes our not for profit status and the benefits our organization receives. Indiana Department of Revenue's Form ST-105 is used to make tax exempt purchases. This form can be found on <http://www.in.gov/dor/taxforms/s-wforms.html>. Most area retailers will remove the sales tax from purchases when presented with the proper form; you may have to fill out additional paperwork at some retail locations.

## Annual IRS Tax Forms

Churches and religious organizations must provide Form 1099-MISC to report payments of \$600 or more to persons not treated as employees for services performed at your church. This form is required if your church pays an **unincorporated** individual or an entity \$600 or more in a calendar year for one of the following payments: gross rents, commissions, fees, or other compensations paid to non-employees like prizes and awards, or other fixed and determinable income. The Form 1099-MISC must be provided to the payee by January 31 and Copy A to the IRS by February 28. For more information on filing requirements for the 1099-MISC, please visit the IRS website at [www.irs.gov](http://www.irs.gov).

If your organization sponsors a charity gaming event, the winnings may also be required for reporting and withholding depending on the type of gaming, the amount of winnings, and the ratio of winnings to the wager. Form W-2G must be provided when a participant wins a prize over a specific value amount. Please see IRS Publication 3079, Gaming Publication for Tax-Exempt Organizations on [www.irs.gov](http://www.irs.gov) for more information on when filing is required. For any questions, please contact Sarah Harmeyer at [sharmeyer@archindy.org](mailto:sharmeyer@archindy.org) or 317-261-3376.

## 2006 LFOM and UCA Donor Contributions

All payments made to United Catholic Appeal or Legacy for Our Mission need to be received by the Office of Stewardship and Development by Thursday, January 4, 2007 to ensure the accuracy and timeliness of the 2006 tax letters to donors. Please contact the Office of Stewardship and Development at 1-317-592-1425 or 1-800-382-9836 Ext 1425 with any questions.



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## Charitable Contributions

The Archdiocese recommends that parishes, agencies and schools provide contribution statements to parishioners at least annually even to those who give nothing. For tax deduction purposes, the IRS recommends a written acknowledgement for one-time contributions of \$250 or more. For contributions made to the parish directly or contributions collected by the parish (when checks are made out to the parish) for special mission collections and/or relief collections, we encourage written acknowledgements. Checks made out to the Mission Office or a special mission directly do not require a written acknowledgement since this is provided by the receiving organization. Donors making gifts totaling \$250 or more to the United Catholic Appeal or Legacy for Our Mission will receive a tax letter from the Archdiocese of Indianapolis.

An annual summary may be used for several single contributions for each single contribution of \$250 or more. The acknowledgement does not need to provide the donor's social security number or tax identification number. Written acknowledgements are to be provided to donors by January 31 of the year following the donation. The IRS does not provide forms but the written acknowledgement should provide the following:

- The name of the organization
- The amount of cash contribution
- The description (not value) of a non-cash contribution
- A statement that no goods or services were provided by the organization in return for the contribution, as long as that is the case
- A description and good faith estimate of the value of goods or services, if any, that the organization provided in return for the contribution
- A statement that goods or services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits ( See Publication 1771).

See Publication 1771 on Charitable Contributions for examples and further information. This document can be found on the IRS website [www.irs.gov/formspubs](http://www.irs.gov/formspubs).

## Collecting and Remitting Sales Tax

Qualified not-for-profits that conducts sales of merchandise for more than thirty (30) days in a calendar year must collect sales tax on all sales made during the calendar year. When collecting sales tax, organizations must register (Form BT-1) with the Department of Revenue and obtain a Retail Merchant Certificate. Sales that are exempt from collecting tax are sales of periodicals, books, or other merchandise intended for the organization's educational, cultural, or religious purposes or for the improvement of work skills or professional qualifications of the organizations' members. For more information, please see Sales Tax Information Bulletin #10 at <http://www.in.gov/dor/reference/bulletins/sales/>.

## ADLF Loan Review Committee Meeting Dates

As parishes participate in the Legacy for Our Mission capital campaign, we are anticipating an increase in the number of ADLF loan requests. Current ADLF policy requires that parishes have at least 50% of the cost of the project in ADLF deposit accounts and the other 50% in pledges to be considered for a loan. The ADLF subcommittee of the Archdiocesan Finance Council reviews all loan requests. Parish representatives are invited to attend the meeting when their application is being reviewed. Meetings for 2007 are currently scheduled for February 12<sup>th</sup>, April 16<sup>th</sup>, June 4<sup>th</sup>, August 13<sup>th</sup>, and November 12<sup>th</sup>. Meetings are generally held only if there are loan requests to review. If your parish anticipates making a loan request, please contact Michelle Lecher at (317) 261-3371, 1-800-382-9836 ext. 3371 or [mlecher@archindy.org](mailto:mlecher@archindy.org) for a loan request worksheet and to be placed on the agenda of an upcoming meeting.

## Mileage Reimbursement

Beginning **January 1, 2007**, the IRS standard mileage rate for the use of a car (including vans, pickups or panel trucks) will be **48.5 cents a mile** for all business miles driven, up from 44.5 cents a mile for miles driven in 2006. The archdiocese reimburses employees for business miles incurred following IRS guidelines, but this rate is not mandatory. We recommend that parishes and agencies evaluate their budget status prior to making a change in the reimbursement rate.