

GOVERNMENT REPORTING REQUIREMENTS FOR EMPLOYEES

Following are reporting requirements for parishes or schools who make payments to "employees:"

Federal Tax Forms:

1. Form W-4: "Withholding Certificate"

At the time of hire, each employee must complete a Form W-4 which details his or her withholding requirements. This form must be kept in the employee's personnel file. New forms should be completed if an employee changes his/her withholding status.

Priests voluntarily electing to have taxes withheld must also complete a W-4. The "extra" amount withheld to cover the SE Tax should be entered on line 5 of the W-4 form. Priests should consult a tax advisor if they have questions concerning how the SE Tax is calculated.

State Tax Forms:

1. Form K-4: "Withholding Certificate"

At the time of hire, each employee must complete a Form K-4 which details his or her withholding requirements. This form must be kept in the employee's personnel file. New forms should be completed if an employee changes his/her withholding status.

GOVERNMENT REPORTING REQUIREMENTS FOR NON-EMPLOYEES

The following reporting requirements pertain to non-employees

Federal Tax Forms:

1. Form W-9: "Request for Taxpayer Identification Number and Certification"

All non-employees must complete a form W-9 before they receive any pay for services rendered. These forms should contain their name, social security number or Employer Identification Number, and address. Please retain these forms in a permanent file. If you request and do not receive the payee's social security number, you are required to withhold 28% of the amount paid. This is referred to as "backup withholding."

2. 1099 MISC: "Miscellaneous Income"

Form 1099 MISC must be completed for each non-employee who earned \$600 or more. The payer's and the payee's names, address and identification numbers should be entered on the left-hand side of the form. The amount paid should be entered in block 7. You may discard copy 1 and 2 because the state of Kentucky does not require these forms. Copy B should be furnished to the recipient no later than January 31. Copy A should be mailed (with Form 1096) to Internal Revenue Service Center, Cincinnati, OH 45999 no later than February 28. You should retain Copy C for your records.

Note that there are 3 sets of the forms to each page. The top page (copy A) is not perforated for bursting the three forms apart. This is intentional. This is the copy you send to the IRS. If one or two of the three forms on the page is blank, or has been voided, mark it void, in the box provided at the top.

3. 1096: "Annual Summary and Transmittal of U.S. Information Returns"

Form 1096 must be used to transmit the package of forms 1099 MISC to the IRS. The instructions for completing this form are on the bottom section of the form, and are easy to follow. Due dates and mailing instructions are included above with the discussion of forms 1099 MISC. Be sure to retain a copy of the Form 1096 that you send with the Forms 1099.

Local Tax Forms:

1. 1099-SF: Statement of Non-Employee Compensation

Form 1099-SF must be completed and submitted by February 28 of the year following the close of the calendar year in which non-employee compensation was paid.