



## DIocese of SIoux CITY

*Chancery*

Date: April 4, 2017

To: Pastors, Parish Finance Councils, Parish Bookkeepers

From: Royce Ranniger, Julie Mahaney – Diocese of Sioux City

Re: Policy on gifts to Pastors

As we move into the early phases of Ministry 2025, there will be significant pastor moves in the upcoming summer.

It is critical we follow IRS guidelines as it relates to gifts to pastors.

First and foremost, it is reasonable for parishioners to express their appreciation to their pastors when they depart. In many cases this is done via some monetary gift. What we want to avoid is the tax consequences that a pastor may face if this is done via the parish. To avoid these tax consequences here are some guidelines to follow:

1. The parish cannot be the conduit to give the pastor this gift. Donations made for this purpose from parishioners are not considered tax deductible for the donor.
2. If a monetary gift is to be given to the pastor from the parish, run this gift through payroll so it is on the pastor's W-2 at the end of the year. If the pastor wants to voluntarily withhold some taxes in his payroll check he may. Monetary or tangible gifts made from the parish should be approved and included in the minutes of the Finance council meeting.
3. Parishioners may give monetary gifts to the pastor on an individual basis without going through the parish. (THIS IS THE BEST OPTION). If a parishioner wants to coordinate these efforts outside of the parish business office, that is acceptable just as long as you avoid funneling any of these funds through the parish.
4. If the parish decides to give the pastor something other than a monetary gift, the fair market value of the gift is still taxable to the pastor. In these instances, contact our office and we will assist on how to report these gifts.

Please take time to share this information with your parish finance councils. It's better to avoid these awkward situations before they happen. Our contact information is:

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