# Memo

**Date:**       September 1, 2011

**To:**         Parish, Mission and School Business Managers

**From:**       Michael Warren, Controller

**Re:**         Recommended Procedures for Clergy or Personnel Going Away
Gifts

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Periodically when clergy members retire, or are transferred to a new assignment, or when employees depart the Archdiocese, or a Parish, Mission, or School, questions arise as to how to handle arranging a monetary gift from the people of the organization for the departing individual.

To help ensure that any such contributions are not viewed by the IRS as taxable compensation, we recommend the following steps be followed:

1. Have all gifts paid via check and written out to the Parish, with an indication on the check specifying the purpose of the contribution.
2. The gifts should be collected and summarized by the Parish, and then a check written to the beneficiary out of the parish checking account, and paid via accounts payable, as a non-taxable payment to the beneficiary.
3. The pastor should send a standard letter of appreciation to all who offered a gift, and at the same time, inform the contributor that the gift is not tax deductible, per the IRS rules.
4. Gifts should not be input into ParishSOFT as a charitable donation – the gifts are not charitable, and are not tax-deductible.
5. Tax Deduction Letters should not be generated for the gifts.

An alternative would be to have checks written out in the name of the departing individual, and sent directly to them.  Such gifts would also be non-taxable compensation to the recipient, and non-deductible to the contributor, as long as the gift amount was less than $13,000 (2011).

If there are any further questions about this recommended procedure, please contact Michael Warren at mwarren@archatl.com.   Thank you for your assistance with this important matter.