



## **CLERGY COMPENSATION AND TAX REPORTING**

The income taxation of Priests is unique compared to compensation reporting for lay employees. The primary differences for clergy are below.

1. Priests are self-employed for Social Security and Medicare tax purposes and the parish will not withhold and match the social security FICA tax as it does for a lay employee.
2. Priests may elect Federal and State payroll tax withholding through payroll but they must complete an IRS Form W-4 and a KY Form K-4.
3. Priests will receive an IRS Form W-2 by January 31<sup>st</sup>.

*Priest's wages are not subject to Social Security and Medicare withholding under any circumstances. They are subject to federal and state income tax withholding only when the Priests elect to have income tax withheld.*