

**Diocese of San Diego**

**POLICY FOR DIOCESAN TAX  
Annual Catholic Appeal Portion**

1. All parishes are subject to annual diocesan tax through their Annual Catholic Appeal (ACA) assessment.
2. A parish fair-share assessment is calculated by a progressive tax formula. 30% of the parish fair-share assessment is a pro-rated share of a parish's annual per capita giving relative to annual per capita giving for the entire diocese.  
  
70% of the parish fair-share assessment is calculated by beginning with parish plate and envelope receipts less approved deductions and then applying factors that take into account the size of the parish. Income is taxed at a progressive rate, depending on the parish income level.
3. Adjustments are made when this formula does not yield a reasonable fair-share assessment for the parish.
4. Approved deductions are:
  - a. Parish contributions from ordinary sources to its Catholic school or the Catholic school(s) attended by its children;
  - b. Interest paid on indebtedness to Catholic Accounting for Parishes and Schools;
  - c. Donations to other parishes and other charitable religious organizations.
4. Parishes meeting their ACA assessment receive a rebate of further ACA receipts; parishes falling short of their assessment are billed for the shortfall.
5. Parishes may appeal their ACA assessment within a specified period of time. Grounds for appeal would include calculation errors and unreported extraordinary circumstances.
6. After appropriate adjustments are made through the appeals process, all parish ACA assessments are updated and finalized.

## **Parish Income-Based and Priests' Pension Plan Portion**

1. All parishes are subject to annual diocesan tax through payment of an approved percentage of their annual income, although, for good reason, parishes may apply for subsidy assistance toward this portion of their tax within ten days following receipt of their assessment.

Note: No parish receives a subsidy for that portion of their tax which is in payment of the priests' pension plan.

Note: Religious order priests in parishes entrusted to religious communities and religious order priests completely staffing diocesan parishes, after payment to the diocese of their priests' pension plan assessment, may request payment by the diocese to their religious community toward their retirement plan to a maximum amount of their assessment, subject to diocesan approval.

Other religious order priests assigned to diocesan parishes may request a contribution annually determined by the diocese to the retirement plan of their community.

2. This part of the diocesan tax is a percentage of ordinary parish income less approved deductions, which percentage is based upon an approved diocesan budget.

Note: At times it is necessary to deduct expenses from receipts (e.g. for fund-raisers) in order to arrive at net ordinary income.

3. The following are excluded from ordinary income:
  - a. Gifts designated by donors in writing for a specific purpose other than ordinary parish operations;
  - b. Interest received on money deposited with the Catholic Accounting for Parishes and Schools;
  - c. Annual Catholic Appeal rebates.

4. The following may be deducted from ordinary income to arrive at taxable net income:
  - a. Parish contributions, from bingo or other ordinary sources, to the operation or capital expenses of its Catholic school or the Catholic school(s) attended by its children;
  - b. Interest paid on indebtedness to Catholic Accounting for Parishes and Schools.
  - c. Donations to other parishes and other charitable religious organizations.

5. The diocesan tax for each parish will be adjusted during the current year after all the annual parish financial statements from all parishes are received for the previous year.