

## MINISTER’S HOUSING ALLOWANCE DECLARATION

TO: \_\_\_\_\_ (Church/Org. Name)  
 FROM: \_\_\_\_\_ (Minister)  
 SUBJECT:           Housing Allowance for 20\_\_

The amounts set forth below are an estimate of the actual expenses that will be paid by me to provide housing for the year 20\_\_ and future years until changed.

Rent	\$ _____
Down payment on a home	\$ _____
Remodeling and improvements	\$ _____
Installment payments on a mortgage loan to purchase or improve your home (includes both principal and interest)	\$ _____
Furnishings and appliances (purchase and repair)	\$ _____
Utilities connected with the dwelling (gas, water, sewer, electricity, trash pick up, and local telephone charges)	\$ _____
Property insurance	\$ _____
Real Estate taxes	\$ _____
Homeowners association dues	\$ _____
Repairs	\$ _____
Maintenance (household cleansers, light bulbs, pest control, yard services, etc.)	\$ _____
Other expenses of the home (do not include expenses for food)	\$ _____
<b>TOTAL ESTIMATED EXPENSES FOR THE YEAR 20__</b>	<b>\$ _____</b>

**WARNING:** Beginning with the 2002 tax year, Congress has enacted into law the Clergy Housing Allowance Clarification Act of 2002. The maximum Housing Allowance in any tax year is the **LESSER** of 1.) your **actual expenditures**, OR 2.) the fair rental value of your home, as furnished, **plus utilities** OR 3.) the amount **declared in advance** as your Housing Allowance.

I am declaring a housing allowance for 20\_\_ in the amount of \$ \_\_\_\_\_

\_\_\_\_\_  
**Date Submitted**

\_\_\_\_\_  
**Minister’s Signature**

Under Section 107 of the Internal Revenue Code, a minister of the gospel is allowed to exclude from gross income (in computing Federal income taxes) a designated allowance paid to him/her as part of his/her compensation, to the extent used by him/her for actual expenses in owning or renting a home. The estimated housing allowance for 20\_\_ is not necessarily non-taxable. It is non-taxable for income tax purposes, only to the extent that it does not exceed your actual housing expenses. It is the responsibility of the minister to maintain receipts and cancelled checks substantiating actual housing expenses in the event of an IRS audit.

**This housing allowance will remain in effect for all of 20\_\_ and future years until changed.** Your housing allowance designation can be amended during the year, but such amendment will only apply to future housing expenses.

**RETAIN A COPY OF THIS FOR YOUR RECORDS AND SUBMIT THIS FORM TO YOUR SENIOR TEAM LEADER OR THE SECRETARY OF THE CHURCH BOARD.**

## Clergy Housing Allowance Exclusion Items

- ◆ Home:
  - ◆ mortgage or rent payments in full (including principal, interest, escrow, & fees)
  - ◆ home equity loans or lines of credit (if used for housing)
  - ◆ appraisals, closing costs, title insurance, points paid on mortgage or refinance
  - ◆ homeowners or renters insurance, personal umbrella insurance
  - ◆ real estate or property taxes
  - ◆ homeowners or condo association fees
  - ◆ assessments or fees
  
- ◆ Maintenance:
  - ◆ brooms, mops, vacuum cleaners, swiffers, steam cleaners, spot cleaners, etc.
  - ◆ cleaning supplies, floor cleaners, surface cleaners, window cleaners, etc.
  - ◆ professional cleaning service
  - ◆ dish & dishwasher detergent, sponges, scrubbers, etc.
  - ◆ paper towels, paper plates, paper napkins, plastic silverware, etc.
  - ◆ laundry supplies, hampers, baskets, detergent, dryer sheets, etc.
  - ◆ plants, seeds, gardening tools, etc.
  - ◆ professional lawn care, landscaping, gutter cleaning, winter snow removal, etc.
  
- ◆ Repairs:
  - ◆ tools, miscellaneous hardware
  - ◆ batteries, light bulbs
  - ◆ interior & exterior painting, painting supplies
  - ◆ replacing flooring, drywall, windows & screens, siding, roof, etc.
  
- ◆ Furnishings & Appliances:
  - ◆ furniture & artwork
  - ◆ carpets & rugs
  - ◆ decorative wall & shelf items
  - ◆ electronics (tv, entertainment media & players, computer, printer, supplies, etc.)
  - ◆ appliances, supplies, warranties, repairs (refrigerator, stove, microwave, slow cooker, dishwasher, washer/dryer, portable a/c, portable heaters, etc.)
  - ◆ kitchenware, pots & pans, baking sheets, cooking implements, etc.
  - ◆ dishes, glassware, table settings, silverware, etc.
  - ◆ curtains, window coverings, wall coverings, etc.
  - ◆ linens for dining room (tablecloths, table runners, place mats, etc.); bathroom (towels, hand towels, washcloths, etc.); bedroom (sheets, blankets, comforters, quilts, etc.)
  - ◆ appraisal fees
  
- ◆ Utilities:
  - ◆ electric, natural gas, heating oil, propane, kerosene, water, sewer, trash, pest control, firewood (including cost of delivery or hauling), etc.
  - ◆ cable or satellite tv, internet, etc.
  - ◆ land-line phone bill, cost of purchasing or leasing land-line telephone equipment . . .
  - ◆ cost of cell phone bill & equipment

## **Income That May Be Excluded from Taxable Income**

The amount of income that can be excluded from federal income taxable income (but not federal self-employment income) is the smallest of the following three amounts: (1) the amount properly designated in writing as the housing allowance amount before payments to clergy begin; (2) the amount actually spent to provide the home during the calendar year (see list above); and (3) the Fair Rental Value of the home during the calendar year.

- ◆ Fair Rental Value of the Home: The amount it would cost someone else to rent the home you live in, if you walked out the door & left everything but your clothes, food, & toiletries behind. Fully furnished, including the cost of utilities. This value cannot be calculated precisely.
  
- ◆ If you live in a congregation-owned Parsonage:  
THEN this number should be on the LOW end of reasonable.  
The Fair Rental Value of a congregation-owned Parsonage is added to your income for the purposes of Self-Employment Tax (SECA), so the lower, the better.
  
- ◆ If you live in a home that is not owned by the congregation:  
THEN this number should be on the HIGH end of reasonable.  
The Fair Rental Value of a non-congregation-owned furnished home is one of three amounts that determine the amount of income you can exclude from income tax. It should never be the smallest of these three amounts (the amount designated ahead of time as housing; the amount actually spent on housing; or the Fair Rental Value of the home).