

What can I deduct for a housing/parsonage allowance?

A minister who receives a housing allowance may exclude the allowance from gross income to the extent it is used to pay expenses in providing a home. A minister living in a parsonage qualifies for a housing allowance to the extent of his own out-of-pocket costs. The minister's church or other qualified organization must designate the housing allowance pursuant to official action taken in advance of the payment. The IRS lists only food and servants as prohibitions to allowable housing expenses. If a minister owns a home, the amount excluded from the minister's gross income as a housing allowance is limited to the least of the following three amounts:

- (a) The amount actually used to provide a home.
- (b) The amount officially designated as a housing allowance.
- (c) The fair rental value of the home.

ALLOWABLE HOUSING EXPENDITURES

- Total mortgage payments (Be careful not to duplicate amounts included below under "real estate taxes" and "homeowner's insurance")
- Real estate taxes
- Homeowner's or renter's insurance
- Furniture, furnishings, appliances
- Utilities (including heat, lights, water, sewer, telephone, water softener, cable, waste disposal, etc.)
- Rent paid
- Repairs paid personally
- Loan refinancing costs
- Other (everything except food and household employee compensation)

(Sources: IRS Publication 1828; Clergy Housing Allowance Clarification Act of 2002; IRS Regulation §1.107-1)

CLERGY INCOME & EXPENSE WORKSHEET

YEAR _____

NAME _____ Federal ID # _____

Are you ordained, licensed or equivalent? _____ Denomination: _____

Are you exempt from paying Social Security (approved Form 4361)? _____

Have you accounted to your employer and been reimbursed for business expenses? _____

How many hours during the year did you devote to this business? FULL TIME OR # of hours _____

▼ INCOME ▼

W2 Income: Wages from W-2		Honoraria Income: Self Employment	
Housing Allowance (see below)			Weddings & Funerals
Business Expense Reimbursement Direct reimbursement <input type="checkbox"/> Auto Set Amount <input type="checkbox"/> Other			Speaking engagements
			Liturgical work
			Barter
			Other

▼ Sales of Equipment and/or Machinery Held for Business Use ▼

Kind of Property	Date Acquired	Date Sold	Gross Sales Price	Expenses of Sale	Original Cost

▼ Housing Allowance Information ▼

Date of purchase: ____/____/____		
FMV of home you own: \$ _____		
	A PROVIDED BY CHURCH	B PAID BY MINISTER
1. Value of parsonage provided by church		
2. Rent of principal payments.....		
3. Taxes		
4. Interest.....		
5. Insurance.....		
6. Repairs & upkeep		
7. Furniture,, etc.		
8. Decorator Items.....		
9. Utilities		
10. Miscellaneous Supplies		

11. *Fair Rental Value (FRV) *Compute in year of purchase and in any year of major expense. (Homeowners only)	
FRV of Home.....	
FRV of Furniture.....	
Decorator items.....	
Utilities	
Miscellaneous.....	
Total	
Income is realized to the extent the housing allowance exceeds the lesser of amount paid by minister or FRV.	

▼ CAR and TRUCK EXPENSES ▼

	vehicle 1	vehicle 2
Year and Make of Vehicle		
Date Purchased (month, date and year)		
Ending Odometer Reading (December 31)		
Beginning Odometer Reading (January 1)	-	-
Total Miles Driven (End Odo - Begin Odo)		
Total Business Miles (do you have another vehicle?)		
Total Commuting Miles		
Parking Fees and Tolls		
License Plates		
Interest		
<i>Continue only if you take actual expense (must use actual expense if you lease)</i>		
Gas, oil, lube, repairs, tires, batteries, insurance, supplies, wash, wax, etc.		
Lease Costs		

Deductible mileage includes:
<input checked="" type="checkbox"/> Educational Miles
<input checked="" type="checkbox"/> Hospital & Parishioner visits
<input checked="" type="checkbox"/> Meetings & outings outside the church
<input checked="" type="checkbox"/> Weddings & funerals outside the church
Nondeductible commuting mileage includes:
<input checked="" type="checkbox"/> Driving to and from church or other regular place of business.

CLERGY BUSINESS EXPENSES (continued)

<p>ADVERTISING/PROMOTION: Ads, business cards, holiday cards, flyers, promo items, etc.</p> <p>♦ COMMISSIONS & FEES PAID: Contract labor, musicians, evangelists, etc.</p> <p>INSURANCE: Business liability malpractice, (do not include auto/truck, health)</p> <p>HONORARIA: Direct expenses Relating to self-employment</p> <p>INTEREST: (do not include auto or truck) List life insurance loans separately Business <i>only</i> credit card</p> <p>♦ LEGAL & PROFESSIONAL: Attorney fees for business, accounting fees, copyright fees, bonds...</p> <p>OFFICE EXPENSE: Postage, stationery, office supplies, pens, etc.</p> <p>♦ RENT/LEASE: Machinery and equipment Other bus. property, storage fees</p> <p>♦ REPAIRS & MAINTENANCE: Equipment (not auto/truck), etc.</p> <p>SUPPLIES: Misc. relig. mat. (not listed elsewhere) Small tools</p> <p>TAXES: Personal Property Licenses (not auto/truck)</p> <p>TRAVEL (number of nights away)</p> <p>City_____ Nights out_____ City_____ Nights out_____</p> <p>City_____ Nights out_____ City_____ Nights out_____</p> <p>City_____ Nights out_____ City_____ Nights out_____</p> <p>City_____ Nights out_____ City_____ Nights out_____</p> <p>City_____ Nights out_____ City_____ Nights out_____</p> <p>City_____ Nights out_____ City_____ Nights out_____</p> <p>City_____ Nights out_____ City_____ Nights out_____</p> <p>City_____ Nights out_____ City_____ Nights out_____</p>	<p>EXPENSES (AWAY FROM HOME OVERNIGHT):</p> <p>Lodging</p> <p>Meals & tips (keep total separate from other costs)</p> <p>Other (incidentals, laundry, etc.)</p> <p>Convention fees</p> <p>Airplane or train fares</p> <p>Auto rental, taxis or bus fares</p> <p>MEALS & ENTERTAINMENT:</p> <p>Business meals (incl. meals served at home)</p> <p>Gifts (limited to \$25 per filing & excluding tithes)</p> <p>Tickets</p> <p>Tickets to qualified charitable events</p> <p>UTILITIES & TELEPHONE:</p> <p>Telephone (bus. line, second line, other options)</p> <p>Business long distance (from home telephone)</p> <p>Faxes, paging svcs, cellular svcs, pay phone</p> <p>OTHER EXPENSES (not listed elsewhere):</p> <p>Bank charges – business account</p> <p>Courier Services</p> <p>Prof. dues, periodicals, publications</p> <p>Education & workshops</p> <p>Laundry & cleaning</p> <p>Uniform expense</p> <p>Shipping</p> <p>Other</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
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EQUIPMENT PURCHASED

Musical instruments, office equipment, office furniture, professional library, etc.

Item Purchased	Date Purchased	Cost (including sales tax)	Item Traded	Additional Cash Paid	Business Use	Other Information

♦ 1099s: Amounts of \$600.00 or more paid to individuals (not corporations) for rent, interest, or services rendered to you in your business, require information returns to be filed by payer.

Due date of return is January 31. Nonfiling penalty can be \$150 per recipient. If recipient does not furnish you with his/her Social Security Number, you are required to withhold 31% of the payment(s).

Name	Address	Social Security #	Amount	Purpose of Payment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Sign here _____