

Attachment A

**(SAMPLE)
PARSONAGE or HOUSING ALLOWANCE
RESOLUTION**

(To be inserted in the minutes of the appropriate church committee meeting)

The chairperson informed the meeting that under the tax law, a minister of the gospel is allowed to exclude from gross income: (1) the rental value of a home (Principal Residence) furnished to him or her as part of his or her compensation (parsonage); or (2) a housing allowance paid to him or her as part of his or her compensation, to the extent used by him or her to rent or provide a home (Principal Residence) and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

The (charge conference or church council) on the _____ day of _____, after discussing the amount to be paid to Rev. _____ as a housing allowance, on motion duly made and seconded, adopted the following resolution:

Rev. _____ shall receive salary of \$ _____ for the year. Rev. _____ shall also receive a parsonage furnishings/maintenance allowance or housing allowance of \$ _____ for the year _____.

(If the clergy person is to have rent-free use of a home, also state:

“Rev. _____ shall also have rent-free use of the home located at _____ for the year _____.”

The housing allowance (and/or rent-free use of a home) shall be so designated in the official church records.

Attachment B

**(SAMPLE)
PARSONAGE or HOUSING ALLOWANCE NOTIFICATION
BY THE CHURCH**

Applied to Principal Residence Only!

Date: _____

Dear _____:

This is to notify you of the action taken establishing your housing allowance at a meeting held on _____. A copy of the Resolution is attached.

Under section 107 of the Internal Revenue Code, a minister of the gospel is allowed to exclude from gross income (1) the rental value of a home (Principal Residence) furnished to him or her as part of his or her compensation (parsonage); of (2) a housing allowance paid to him or her as part of his or her compensation, to the extent used by him or her to rent or provide a home (Principal Residence) and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

You should keep an accurate record of your expenditures to rent or provide a home (Principal Residence) in order to be able to substantiate any amounts excluded from gross income when filing your federal income tax return. In the event of an audit, clergy receiving a housing allowance will have the responsibility of substantiating the use of such funds. Also, remember that the housing allowance (including the fair rental value of a provided parsonage) must be included as part of your earnings for self-employment tax purposes.

Sincerely yours,

Title

Attachment

Attachment C

HOUSING ALLOWANCE ESTIMATE WORKSHEET

Applied to Principal Residence Only!

<u>Expense Item</u>		<u>Estimate</u>
• Utilities (electricity, heat, water, Trash pickup, local telephone)	\$	_____
Furniture and appliances (purchases and repair)		_____
Property insurance		_____
Building Repairs and Remodeling		_____
• Yard maintenance, landscaping and Improvements		_____
• Maintenance items (cleaning and maintenance supplies, electrical supplies)		_____
• Miscellaneous		_____
<u>FOR OWNERS</u>		
• Real estate taxes		_____
• Mortgage payments/down payment		_____
• Improvements		_____
<u>FOR RENTERS</u>		
• Rent payments		_____
TOTAL	\$	_____