







WHY WOULD A MINISTER WANT A HOUSING ALLOWANCE?

- A housing allowance is not subject to income tax
- However, it is still subject to Social Security tax and Medicare tax

WWW.FLOCKBASE.COM

WHAT IS THE LIMIT? THE LESSER OF...

1. Amount designated in advance by the church
 - This **MUST** be documented in advance
2. Amount actually spent on housing
 - Example: The church designated \$2,500, but the minister spent \$2,400 each month. The other \$1,200 should be claimed as additional income on the minister's tax return.
3. Fair rental value of the housing
 - Example: The church designated \$2,500, the minister spent \$2,400 each month, but the fair rental value of the home was only \$2,300 per month. Only \$2,300 per month can be excluded from taxable income.

WWW.FLOCKBASE.COM

WHAT EXPENSES CAN BE EXCLUDED UNDER HOUSING ALLOWANCE?

- Any expenses to maintain your house, such as:
 - Mortgage payment or rent
 - Utilities
 - Insurance
 - Property taxes
 - Repairs and maintenance
 - Cleaning supplies
 - Furnishings and appliances
 - Landscaping and lawn maintenance
 - Security service
 - Décor
 - HOA dues

WWW.FLOCKBASE.COM

WHAT IF A MINISTER LIVES IN A CHURCH-PROVIDED PARSONAGE?

- The value of the parsonage does not have to be included in the income of the minister
- The minister could still receive a housing allowance in order to pay for expenses such as utilities, décor, etc

WWW.FLOCKBASE.COM

WHAT ABOUT SELF-EMPLOYMENT TAX?

Housing is subject to SE tax, just like the minister's salary.

WWW.FLOCKBASE.COM
