

## HOUSING ALLOWANCE / EXCLUSION / RENT-FREE USE OF PARSONAGE RESOLUTION

(To be included in the minutes of the Administrative Council meeting and in the Charge Conference report file)

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 furnished to him or her as part of his or her compensation; 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 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 \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, after discussing the amounts to be paid to Rev. \_\_\_\_\_, on a motion duly made and seconded, adopted the following resolution:

Be it resolved that Rev. \_\_\_\_\_ shall receive salary of \$\_\_\_\_\_ for the year 20\_\_\_\_. Rev. \_\_\_\_\_ shall also receive a housing allowance of \$\_\_\_\_\_ for the year 20\_\_\_\_ and all future years unless otherwise provided.

***(Only if parsonage provided include the following paragraph; otherwise delete)***

Be it further resolved that Rev. \_\_\_\_\_ shall have rent-free use of the home located at \_\_\_\_\_, \_\_\_\_\_, TX for the year 20\_\_\_\_ and for every year thereafter so long as he/she is minister of the United Methodist Church unless otherwise provided. The fair market value of the rent-free use is valued at \$\_\_\_\_\_ [can be found at <https://www.rentdata.org>].

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

\_\_\_\_\_  
Administrative Council  
Chairperson

\_\_\_\_\_  
Date

## HOUSING ALLOWANCE NOTIFICATION BY THE CHURCH

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 furnished to him or her as part of his or her compensation; 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 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 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

# HOUSING ALLOWANCE ESTIMATE WORKSHEET

## Expense Item Estimates:

- Utilities \$ \_\_\_\_\_  
(electricity, heat, water, trash pickup, and local telephone)
  
- Furniture and appliances \$ \_\_\_\_\_  
(purchases and repair)
  
- Building repairs and remodeling \$ \_\_\_\_\_
  
- Personal Property (a.k.a. Renter's) insurance \$ \_\_\_\_\_
  
- Yard maintenance, landscaping and improvements \$ \_\_\_\_\_
  
- Maintenance items \$ \_\_\_\_\_  
(cleaning and maintenance supplies, electrical supplies)  
(housekeeping services is not an approved expense by the IRS)
  
- Miscellaneous \$ \_\_\_\_\_

## For Owners Only:

- Real estate taxes \$ \_\_\_\_\_
  
- Mortgage payments/down payment \$ \_\_\_\_\_
  
- Property Insurance \$ \_\_\_\_\_
  
- Improvements \$ \_\_\_\_\_

## For Renters Only:

- Rent payments \$ \_\_\_\_\_

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**TOTAL** **\$ \_\_\_\_\_**