

REQUEST FOR HOUSING ALLOWANCE

TO: Board of Directors/Trustees/Elders of _____ **FROM:**

Rev. _____ a minister of the Gospel. **REGARDING:** Request for Ministry Housing Allowance effective _____ 20____, until amended. This request is made pursuant to Internal Revenue Code Section 107. I represent that I am qualified, pursuant to said section and the regulations there under, to receive the same.

The above request is based upon the following: IRS Publication 517, page 5, tells us how much the housing can be. “If you are a minister who owns your own home [or rents] and you receive as part of your pay a housing or rental allowance, you may exclude from gross income **the lowest** [the lesser] of the following”:

1. **The amount officially designated** as a rental allowance [in church records, in advance].
2. **The amount actually used** to provide a home;
3. **The fair market rental value** of the home, including garage, furnishings, and utilities. You are allowed to add this, the rental value of your furnishings.

NOTE: If a couple is in ministry, each may receive a housing allowance, but the total allowance paid may not exceed that which is outlined in the above three points. The housing allowance must be designated in advance. The allowance will operate prospectively, never retroactively. Submission of the housing allowance request and approval of such requests would ideally be made prior to the beginning of a new tax year – but can be made at any time. An amendment to the housing allowance can be made in the middle of the year, so long as it is noted in the church records in advance of any adjustment. **The minister is responsible to report** on his 1040 anything [excess monies] received as Housing Allowance if it is not used. **The housing allowance is an exclusion for federal** [and most states- ask your tax professional about this] **income taxes only**. The minister must add his housing allowance as income in reporting his self-employment taxes on schedule SE (unless he is exempt from self-employment taxes). Housing allowance may include a **2nd loan**, and/or an **equity loan**, if the funds are used (only) for home improvements.

This sample worksheet can be used by the Minister – to calculate his or her minimum allowable Housing Allowance

	MONTHLY		ANNUALLY
1. I rent my home, and my rent payment is	_____	x12	\$ _____
2. Mobile Home Space Rental			
[Or – <u>if you own your home</u> , fill in the following]	_____	x12	\$ _____
3. Down Payment on the purchase of a house [or Mobile Home]			\$ _____
4. Real estate commission, and any/all other escrow fees			\$ _____
5. Refinancing costs/ OR up-front fees paid relating to obtaining an Equity Line Loan			\$ _____
6. I am purchasing my home [or Mobile Home], and the Mortgage/Interest payment is	_____	x12	\$ _____

- 7. Home equity loan repayments [If the loan was made for housing-related expenses] _____ x12 \$ _____
- 8. Remodeling, repairs, or additions to be made to your home
This year [est. of expenses] _____ x12 \$ _____
- 9. Property taxes [If not included in the monthly payment] _____ x12 \$ _____
- 10. Property Insurance [If not included in the monthly payment] _____ x12 \$ _____
- 11. Homeowner's association dues/condominium fees _____ x12 \$ _____

If minister is provided a "Parsonage or Manse," fill out only the section below:

- 12. Personal Property Taxes on Contents [If applicable] _____ x12 \$ _____
 - 13. Insurance on Personal Contents [Renters or Owners ins.] _____ x12 \$ _____
 - 14. Special personal property insurance [e.g. musical instruments
Or extensive library] _____ x12 \$ _____
 - 15. Umbrella liability insurance _____ x12 \$ _____
 - 16. Repairs, rental, or purchase of furniture, or appliances _____ x12 \$ _____
 - 17. Household items _____ x12 \$ _____
 - 18. Decorator items (Curtains, Pictures, Rugs) _____ x12 \$ _____
 - 19. Cable TV [Basic only], Internet connection, Security, and
Pool Services _____ x12 \$ _____
 - 20. Utilities (Gas, Electricity, Water, Sewer, Trash) _____ x12 \$ _____
 - 21. Telephone [Basic/ 1 Line only], Cell Phone
[If in lieu of land line – see below]* _____ x12 \$ _____
 - 22. Household – light bulbs, toilet paper, cleaning supplies,
And equipment _____ x12 \$ _____
 - 23. Yard- maintenance expenses, i.e. plants, tools, equipment,
And fertilizer, etc. _____ x12 \$ _____
 - 24. Pest control, but not Landscape service, or Maid Service _____ x12 \$ _____
- Sub Total _____ x12 \$ _____

Plus Add an additional 10% allowance for unexpected expenses _____ x12 \$ _____

The figure (A) to the right when entered above,

Is the Officially Designated Allowance **TOTAL** _____ x12 \$ _____ **(A)**

(B) Amount actually used to maintain the home \$ _____

(C) Fair value rental of the home; plus utilities;
Plus the fair market value of all furnishings \$ _____

NOTE: Excludable from income for federal & state tax purposes is the lowest of A, B, or C.

* **Better** if the church furnishes the cell phone – Put it in the Minutes as **1.** It's a condition of employment you carry it; and **2.** It's for the benefit of the church.

Signature of Minister _____ Date _____