

Minister's Housing Allowance Motion

If the pastor rents or owns his/her own home this motion will be appropriate. For those churches with a parsonage, please see the note following. It is best to pass this motion annually prior to January 1.

On the date of _____, the following motion was introduced:

After considering the provisions of Internal Revenue Code §107 that provides for a minister's housing expenses to be free from Federal income tax, we considered our pastor's estimate of housing expenses for the next year. At his/her request we designate the following portion of cash salary as:

_____ Housing allowance (based on Fair Rental Value)

_____ Utility allowance (based on expected expenses)

_____ Furnishing and maintenance allowance (based on a fraction of Fair Rental Value)

_____ Total Housing Allowance

_____ Remaining taxable salary (noted for information purposes)

moved by _____ and

seconded by _____

That the pastor's annual housing allowance of \$_____ be approved as proposed, effective _____. These funds may be considered taken from the first funds received each year or after the date passed. This allowance shall stand as long as Rev. _____ is employed in this capacity or until this agreement is changed at a future date.

Clergy are responsible for reporting any portion that is unspent as taxable income on their tax return. If the total amount exceeds the "Fair Rental Value" as allowed by the IRS, the pastor's taxes could be increased.

Passed on the date of _____.

NOTE:

If the church owns its own parsonage the first line will be blank.

If the church owns the parsonage and pays the utilities directly, the first two lines will be blank.

Where there is a parsonage, the church usually pays for all repairs and maintenance.