

# Clergy Housing Allowance

## ***What items are excludable?***

Almost anything which helps *provide, operate, and maintain* a home for an ordained minister is excludable from gross income . . . not subject to income tax.

For *renters*, this includes rent payments . . . and much more.

For *parsonage/rectory-dwellers* and *renters*, it includes the fair rental value of furniture and furnishings, the premiums on tenants' insurance . . . and much more. (Contents of these dwellings are generally not covered under the church's policy.)

For *homeowners*, it includes down payments, fees on home purchase (title, escrow, legal, etc.), real estate commissions, mortgage payments, property taxes, special assessments (roads, sewers, associations), homeowners' insurance . . . and much more.

For *all ministers* it includes:

*Appliances*, large and small, from washing machines to TVs to toasters

*Furnishings* of all kinds: carpets, drapes, furniture, decorations, linens, china, glassware, flatware, kitchen utensils, etc.

*Repairs and maintenance* on dwellings and their contents, and other structures such as garages and their contents

*Cleaning supplies*: brooms, mops, sponges, paper towels, cleanser, etc.

*Janitorial service* (but not if performed by household servants!)

*Landscaping and gardening*: lawnmower and gas, fertilizer, plants, seed, gardener bill, etc.

*Utilities*: gas, electricity, water, sewage, trash removal

*Home improvements and additions*

## ***What items are not excludable?***

1) Food,

2) Clothing

3) Servants' wages (Note: no IRS ruling has been issued concerning wages paid to a person who performs only routine cleaning. Some people exclude this, others do not.)

This information is provided mainly for purposes of consciousness-raising. Large numbers of clergy overpay their income taxes because they have no idea of the breadth covered by the housing allowance. There are several requirements to be met in order to establish a valid housing allowance, and the law changes from time to time. Please consult a qualified advisor or do your own homework in order that you obtain the greatest benefit from the provisions of Internal Revenues Code Section 107, the clergy housing allowance exclusion. N.B. This exclusion applies to income tax only, *not* to Social Security tax.