Minister's Housing Allowance Worksheet

IRC § 107 allows ordained ministers to exclude a housing allowance from gross federal income tax. This worksheet helps you calculate and document your annual housing allowance designation.

THE LAW — IRC § 107

A minister of the gospel may exclude from gross income the rental value of a home furnished as part of compensation, or a housing allowance paid as part of compensation to the extent it is used to provide a home. The exclusion cannot exceed the fair market rental value of the home including furnishings, utilities, and garage.

STEP 1 — CONFIRM ELIGIBILITY

■ **Ordained minister**	You are ordained as a minister of the gospel by a recognized religious organization
■ **Active church**	Your church is a legitimate, functioning religious organization with regular activity
■ **Housing allowance designated**	Your church board has formally designated your housing allowance in advance for this year
■ **Resolution on file**	A written resolution exists documenting the designation with amount and tax year

STEP 2 — CALCULATE ACTUAL HOUSING EXPENSES

List every expense related to your home for the year. Be thorough and keep receipts for everything.

Rent or mortgage payments	Monthly payments × 12, or actual rent paid	$____________________
Real estate taxes	Annual property tax paid	$____________________
Homeowner / renter insurance	Annual premium	$____________________
Utilities — electric	Annual electric bills	$____________________
Utilities — gas / heating	Annual gas or heating bills	$____________________
Utilities — water / sewer	Annual water bills	$____________________
Internet (home use)	Annual internet service	$____________________
Furniture and furnishings	Items purchased for the home this year	$____________________
Appliances	Major appliances purchased this year	$____________________

Home repairs and maintenance	Plumbing, HVAC, roof, general repairs	$__________________
Lawn care and landscaping	If you pay for these services	$__________________
HOA fees	If applicable	$__________________
Home improvements	Capital improvements to the property	$__________________
Other housing expenses	Any other home-related expense	$__________________
TOTAL ACTUAL EXPENSES		**$**____________________

STEP 3 — DETERMINE THE THREE-PART TEST

Your housing allowance exclusion is limited to the LOWEST of these three amounts:

Amount 1	The amount your church officially designated as housing allowance for this year *From your board resolution*	$__________________
Amount 2	Your actual housing expenses for the year *From Step 2 above*	$__________________
Amount 3	The fair market rental value of your home (furnished, including utilities) *Research comparable rentals in your area*	$__________________

YOUR EXCLUDABLE HOUSING ALLOWANCE	*Lowest of the three amounts above*	**$**____________________

STEP 4 — CRITICAL RULES TO FOLLOW

1. *The designation MUST be made before the start of the year it applies to. Retroactive designations do not count.*
2. *Keep every receipt. If the IRS ever asks, you must be able to document every expense you are claiming.*
3. *The designation must be made by your church's governing body — in a formal resolution with minutes.*
4. *You cannot exclude more than your actual housing expenses or the fair market rental value of your home.*
5. *This exclusion applies to federal income tax only. It may or may not apply to self-employment tax — consult your tax professional.*
6. *Report the housing allowance on Schedule SE for self-employment tax purposes even though it is excluded from income tax.*

SAMPLE HOUSING ALLOWANCE RESOLUTION

RESOLUTION OF [CHURCH NAME]

WHEREAS, [Minister Name] serves as the ordained minister of [Church Name]; and

WHEREAS, IRC § 107 permits a church to designate a portion of a minister's compensation as a housing allowance to be excluded from the minister's gross income;

NOW THEREFORE, BE IT RESOLVED that the governing body of [Church Name] hereby designates the amount of $____________ of [Minister Name]'s annual compensation as a housing allowance for the tax year [YEAR], effective January 1, [YEAR].

This designation is made in advance of the year to which it applies.

Adopted this ___ day of __________, ______.

Signed: _________________________ Title: _________________________

Signed: _________________________ Title: _________________________

This worksheet is for educational purposes only and is not tax or legal advice. Consult a qualified CPA and a religious organization attorney before claiming the housing allowance. Tax law is complex and individual circumstances vary. Work with professionals who know this area well.