

UUA OFFICE OF CHURCH STAFF FINANCES

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**Housing Allowance Calculation Form for
Ministers Who Own or Rent Their Own Home**

This form is for helping ministers determine the appropriate amount to claim as housing allowance.

Ordained clergy are not required to pay federal or state (except in Pennsylvania) income taxes on the amount designated in advance by their employer as a clergy housing allowance, to the extent that the allowance 1) represents compensation for ministerial services, 2) is used to pay housing expenses, and 3) does not exceed the fair rental value of the home (furnished, plus utilities). The clergy housing allowance is subject to self-employment taxes, and most clergy pay these quarterly using IRS Form 1040 ES.

<u>Housing Expense</u>	<u>Estimated Amount</u>
Downpayment on home (in year of purchase)	_____
Annual mortgage payments to purchase or improve your home (include both principal and interest)	_____
Annualized monthly rent	_____
Real estate or property taxes	_____
Homeowner or Renter insurance	_____
Utilities (electricity, gas, water, trash pickup local telephone charges)	_____
Furnishings and appliances (purchase and repair)	_____
Structural repairs and remodeling	_____
Yard maintenance and improvements	_____
Homeowners Association Dues	_____
Miscellaneous	_____
Total Estimated Expenses	_____

Important Reminders

- The Housing Allowance must be formally designated and recorded in advance.
- The Housing Allowance may not be established or changed retroactively.*
- A new estimate of housing expenses should be submitted each year and a new designation made.
- The amount of the Housing Allowance is included in earnings for self-employment tax purposes.
- Ultimately, the non-taxable amount is the least of: a) the amount designated, b) actual housing expenses for the year, or c) fair rental value (furnished + utilities). Any designated Housing Allowance that exceeds actual housing expenses or fair rental value becomes taxable income.

* In a new ministry, you may want to establish the housing allowance for an initial period of a few months, and then review and revise it after actual housing expenses have been more accurately identified.