

**Attachment A**

**(SAMPLE)  
HOUSING ALLOWANCE RESOLUTION**

(To be inserted in the minutes of the meeting)

The chairperson informed the meeting that under the tax law, a minister of the gospel is allowed to exclude from gross income: (1) the rental value of a home (Principal Residence) furnished to him or her as part of his or her compensation; or (2) a housing allowance paid to him or her as part of his or her compensation, to the extent used by him or her to rent or provide a home (Principal Residence) and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

The (charge conference or church council) on the \_\_\_\_\_ day of \_\_\_\_\_, after discussing the amount to be paid to Rev. \_\_\_\_\_ as a housing allowance, on motion duly made and seconded, adopted the following resolution:

Rev. \_\_\_\_\_ shall receive salary of \$\_\_\_\_\_ for the year. Rev. \_\_\_\_\_ shall also receive a housing allowance of \$\_\_\_\_\_ for the year \_\_\_\_\_ and all future years unless otherwise provided.

(If the clergy person is to have rent-free use of a home, also state:

“Rev. \_\_\_\_\_ shall also have rent-free use of the home located at \_\_\_\_\_ for the year \_\_\_\_\_ and for every year thereafter so long as he/she is minister of the \_\_\_\_\_ United Methodist Church unless otherwise provided.”)

The housing allowance (and/or rent-free use of a home) shall be so designated in the official church records.

**Attachment B**  
**(SAMPLE)**  
**HOUSING ALLOWANCE NOTIFICATION BY THE CHURCH**

**Applied to Principal Residence Only!**

Date: \_\_\_\_\_

Dear \_\_\_\_\_:

This is to notify you of the action taken establishing your housing allowance at a meeting held on \_\_\_\_\_. A copy of the Resolution is attached.

Under section 107 of the Internal Revenue Code, a minister of the gospel is allowed to exclude from gross income (1) the rental value of a home (Principal Residence) furnished to him or her as part of his or her compensation; of (2) a housing allowance paid to him or her as part of his or her compensation, to the extent used by him or her to rent or provide a home (Principal Residence) and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

You should keep an accurate record of your expenditures to rent or provide a home (Principal Residence) in order to be able to substantiate any amounts excluded from gross income when filing your federal income tax return. In the event of an audit, clergy receiving a housing allowance will have the responsibility of substantiating the use of such funds. Also, remember that the housing allowance (including the fair rental value of a provided parsonage) must be included as part of your earnings for self-employment tax purposes.

Sincerely yours,

Title

Attachment

**Attachment C**

**HOUSING ALLOWANCE ESTIMATE WORKSHEET**

**Applied to Principal Residence Only!**

<u>Expense Item</u>		<u>Estimate</u>
• Utilities (electricity, heat, water, Trash pickup, local telephone)	\$	_____
• Furniture and appliances (purchases and repair)		_____
• Building repairs and remodeling		_____
• Property insurance		_____
• Yard maintenance, landscaping and Improvements		_____
• Maintenance items (cleaning and maintenance supplies, electrical supplies)		_____
• Miscellaneous		_____
<b><u>FOR OWNERS</u></b>		
• Real estate taxes		_____
• Mortgage payments/down payment		_____
• Improvements		_____
<b><u>FOR RENTERS</u></b>		
• Rent payments		_____
<b>TOTAL</b>	\$	_____