



*A higher standard.  
A higher purpose.*

Provided by: **Evangelical Council for Financial Accountability**

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## **Housing Allowance Worksheets**

A minister's housing allowance must be officially designated by the church or parachurch. The designation should be stated in writing, preferably by resolution of the top governing body, in an employment contract, or, at a minimum, in the ministry budget, the budget should be formally approved by the top governing body of the ministry.

Tax law does not specifically say an oral designation of the housing allowance is unacceptable. In certain instances, the IRS accepted an oral housing designation. Still, the use of a written designation is preferable and highly recommended. The lack of a written designation significantly weakens the defense for the housing exclusion upon audit.

The housing allowance must be designated prospectively by the church. Cash housing allowance payments made prior to a designation of the housing allowance are fully taxable for income tax purposes.

The housing allowance worksheets can be used by ministries to officially designate the housing allowance.

# Housing Allowance Worksheet

## Minister Living in Home Minister Owns or Is Buying

Minister's name: \_\_\_\_\_

For the period \_\_\_\_\_, 200\_\_ to \_\_\_\_\_, 200\_\_

Date designation approved \_\_\_\_\_, 200\_\_

### Allowable Housing Expenses *(expenses paid by minister from current income)*

	<u>Estimated Expenses</u>	<u>Actual</u>	
Down payment on purchase of housing	\$ _____	\$ _____	
Housing loan principal and interest payments <sup>(1)</sup>	_____	_____	
Real estate commission, escrow fees	_____	_____	
Real property taxes	_____	_____	
Personal property taxes on contents	_____	_____	
Homeowner's insurance	_____	_____	
Personal property insurance on contents	_____	_____	
Umbrella liability insurance	_____	_____	
Structural maintenance and repair	_____	_____	
Landscaping, gardening, and pest control	_____	_____	
Furnishings <i>(purchase, repair, replacement)</i>	_____	_____	
Decoration and redecoration	_____	_____	
Utilities <i>(gas, electricity, water)</i> and trash collection	_____	_____	
Local telephone expense <i>(base charge)</i>	_____	_____	
Homeowner's association dues/condominium fees	_____	_____	
<b>Subtotal</b>	_____		
10% allowance for unexpected expenses	_____		
<b>TOTAL</b>	<b>\$ _____</b>	<b>\$ _____</b>	(A)
Properly designated housing allowance		<b>\$ _____</b>	(B)
Fair rental value of furnished home, plus utilities		<b>\$ _____</b>	(C)

<sup>(1)</sup> Loan payments on home equity loans or second mortgages are includible only to the extent the loan proceeds were used for housing.

The amount excludable from income for federal income tax purposes is the *lowest* of A, B, or C.

# Housing Allowance Worksheet

## Minister Living in a Parsonage Owned by or Rented by the Church

Minister's name: \_\_\_\_\_

For the period \_\_\_\_\_, 200\_\_ to \_\_\_\_\_, 200\_\_

Date designation approved \_\_\_\_\_, 200\_\_

### Allowable Housing Expenses *(expenses paid by minister from current income)*

	<u>Estimated Expenses</u>	<u>Actual</u>	
Utilities <i>(gas, electricity, water)</i> and trash collection	\$ _____	\$ _____	
Local telephone expense <i>(base charge)</i>	_____	_____	
Decoration and redecoration	_____	_____	
Structural maintenance and repair	_____	_____	
Landscaping, gardening, and pest control	_____	_____	
Furnishings <i>(purchase, repair, replacement)</i>	_____	_____	
Personal property insurance on minister-owned contents	_____	_____	
Personal property taxes on contents	_____	_____	
Umbrella liability insurance	_____	_____	
<b>Subtotal</b>	_____	_____	
10% allowance for unexpected expenses	_____	_____	
<b>TOTAL</b>	<b>\$ _____</b>	<b>\$ _____</b>	(A)
Properly designated housing allowance		\$ _____	(B)

The amount excludable from income for federal income tax purposes is the *lowest* of A or B.