

HOUSING/FURNISHINGS ALLOWANCE RESOLUTION
(This resolution is to be completed if a parsonage is provided)

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 furnished to him or her as part of his or her compensations; 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 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 church/charge conference of _____ on the _____ day of _____, 2011, after discussing the amount to be paid to Rev. _____, on motion duly made and seconded, adopted the following resolution:

“Rev. _____ shall receive annual compensation of [1] \$ _____ and shall also receive an annual housing (utilities)/furnishings allowance of [2] \$ _____ beginning _____ and in all future years unless otherwise provided.

Rev. _____ shall have the rent-free use of the home located at _____ for the period _____ through _____, 2012 and for every year thereafter so long as he/she is minister to the _____ United Methodist Church unless otherwise provided.

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

Adopted on _____, 2011 by the Church/Charge Conference.

Administrative Board/Church Council Chairperson

Pastor-Parish Chairperson

Pastor

Secretary

HOUSING/FURNISHINGS ALLOWANCE RESOLUTION

(This resolution is to be completed if a housing allowance (no parsonage) is provided)

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 furnished to him or her as part of his or her compensations; 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 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 church/charge conference of _____ on the _____ day of _____, 2011, after discussing the amount to be paid to Rev. _____, on motion duly made and seconded, adopted the following resolution:

“Rev. _____ shall receive annual compensation of [3] \$ _____ and shall also receive an annual housing/furnishings allowance of [4] \$ _____ beginning _____ and in all future years unless otherwise provided.

The housing/furnishings allowance shall be so designated in the official church records.”

Adopted on _____, 2011 by the Church/Charge Conference.

Administrative Board/Church Council Chairperson

Pastor-Parish Chairperson

Pastor

Secretary

HOUSING/FURNISHINGS ALLOWANCES INFORMATION

An appointed pastor may have a portion of his or her compensation designated as a housing/furnishing allowance. For a minister living in a parsonage, a housing/furnishings allowance covering expenses such as personal property insurance, furnishings and utilities could save hundreds of income tax dollars annually. A properly designated housing allowance for a minister providing his/her own home (own or rental) may save thousands of income tax dollars.

The **fair rental value of a parsonage and utilities (Line 12-if paid by the church)** are *excludable* for federal income tax purposes but are *includible* for social security (SECA) purposes.

Amounts paid by the church as a **Housing Allowance** (Line 11 of the Pastoral Support Form-PSF), **Utility Allowance** (Line 12-PSF), and **Furnishing Allowance** (Line 8-PSF) are considered “**Housing Exclusion Allowances**” by the Internal Revenue Service. Subject to limitations as defined in the tax code, these allowances are not taxable for federal income tax purposes but are fully taxable for social security (SECA) purposes.

Direct Payment of Utilities versus a Utility Allowance

When the church pays the utilities directly, the amount paid is not taxable for federal income tax purposes. The church informs the pastor of the amount paid at the end of the year. The pastor includes the amount as compensation in the calculation of social security taxes.

When the church pays a utility allowance, the amount must be included in the “housing/furnishings allowance” resolution for it to be excludable for federal income tax purposes. If the amount is not included in the “housing/furnishings” resolution, the amount is fully taxable for both federal income and social security (SECA) tax purposes.

INSTRUCTIONS – HOUSING/FURNISHINGS ALLOWANCE RESOLUTIONS

If the church provides a parsonage, complete the resolution (**This resolution is to be completed if a parsonage is provided**) using the amounts on the Pastoral Support form, as follows:

Blank [1] Line A minus Line 8

Blank [2] Line 8 + Line 12 (**if paid as an allowance**)

If the church provides a housing allowance (no parsonage), complete the resolution (**This resolution is to be completed if a housing allowance (no parsonage) is provided**) using the amounts on the Pastoral Support form, as follows:

Blank [3] Line A minus Line 8

Blank [4] Line 8 + Line B