

OFFICIALLY DESIGNATED HOUSING EXPENSE ALLOWANCE

1. HOUSING ALLOWANCE (For Minister Owned/Rented Housing)

A motion was duly made and seconded that the total ministerial compensation paid to Rev. _____ during 20 ____ includes a designated housing allowance. Internal Revenue Code Section 107 and Federal Income Tax Regulation 1.107 provide that the gross income of a minister of the gospel does not include the allowance paid as a part of compensation to the extent used "(1) for rent of a home, (2) for purchase of a home and (3) for expenses directly related to providing a home." In order for the minister to qualify for this exclusion the church must officially designate in *advance* an allowance for this purpose. Such designation permits the minister to exclude the designated amount from taxable income, to the extent actually used, and has no further affect upon the church or its budget.

Rev. _____ expects to spend \$ _____ in 20 ____ for housing expenses.

RESOLVED, that the total compensation paid to Rev. _____ in 20 ____ includes a designated housing allowance of \$ _____. This allowance is in effect in perpetuity in conjunction with the Pastor's services for the church. This agreement can be amended by agreement between the Pastor and the Board.

NOTE: "Official designation" may be *evidenced* in minutes, resolution, budget, employment contract or any instrument evidencing official action. "In advance" means prior to payment of funds and occurrence of expenses. While usually accomplished at the beginning of the calendar year, it can be accomplished anytime during the year and is in affect from that time forward. It may be amended anytime during the year.