



HOUSING ALLOWANCE CALCULATION
FORM FOR CLERGY MEMBERS
WHO OWN OR RENT THEIR OWN HOME

The purpose of this form is to help clergy members determine the appropriate amount to claim as housing allowance for their primary residence.

Ordained clergy members 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 tax, and most either have additional voluntary federal withholding via payroll to cover the additional tax or pay quarterly estimates using IRS Form 1040 ES.

Type of Housing Expense

- Down payment and closing costs on home (in year of purchase) _____
- Annual mortgage payments to purchase home (principal and interest) _____
- Annualized monthly rent _____
- Real estate or property taxes _____
- Homeowner or renters' insurance _____
- Utilities (gas, electric, water, sewer, trash removal, telephone) _____
- Furnishings and appliances (purchase and repair) _____
- Home Maintenance and Repairs _____
- Household Items and Home Supplies _____
- Yard maintenance and improvements _____
- Homeowners Association or Condo dues _____
- Other: _____
- Other: _____
- Other: _____

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|--|-------|
| Miscellaneous | _____ |
| Total Estimated Expenses | _____ |
| Total Estimated Housing Expenses (from last line on previous page) | _____ |
| Official Housing Allowance Designation (a) | _____ |
| Total Actual Housing Expenses for the year (b) | _____ |
| Fair Market Rental Value (c) | _____ |

Please Note:

- 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 (housing) amount is the lesser 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.
- A local realtor should be able to assist with the fair market value figure, you can use comparable rent amounts for your area, or a site such as Zillow to determine a rental estimate.

This form is for educational purposes only. You should discuss these figures with the person that prepares your income tax return.