

# HOUSING ALLOWANCE

Section 107 of the Internal Revenue Code permits ministers to exclude a designated housing allowance from their taxable income so long as the allowance is used for the costs of owning or renting a home, and not exceeding the fair rental value of the home (including a parsonage). Any such designation must meet the requirements of the IRS and be approved in advance by the congregation.

## *Notification of housing allowance from the church to the minister*

To: \_\_\_\_\_  
(Minister's Name)

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

This is to advise you that at the business meeting of \_\_\_\_\_ Baptist Church held on \_\_\_\_\_, \_\_\_\_\_, your housing allowance for the year \_\_\_\_\_ was officially designated and fixed in the amount of \$ \_\_\_\_\_.  
Accordingly,

\$ \_\_\_\_\_ of the total payments to you during the year \_\_\_\_\_ (and all future years until changed by official church action) will constitute your housing allowance.

[If a parsonage is provided, add: *You will also have rent-free use of the home located at*

\_\_\_\_\_

*for the year* \_\_\_\_\_.

*Utilities will be paid by* \_\_\_\_ *the church* \_\_\_\_ *the minister.* [ please check one]

This action is recorded in the church minutes. Under Section 107 of the Internal Revenue Code an ordained minister of the gospel is allowed to exclude from gross income the housing allowance paid as a part of compensation to the extent used to provide a home. (The minister may also exclude the value of a church-owned home.) You should keep an accurate record of your housing expenses to provide proof of any amounts excluded from gross income in filing your federal income tax return. It is your responsibility as a taxpayer to accurately report your income.

Sincerely,

\_\_\_\_\_

(Clerk's signature)