2017 CLERGY HOUSING EXCLUSION RESOLUTION

**WHEREAS**, it is the policy of the Greater New Jersey Conference of The United Methodist Church that Administrative Boards/Councils and Church Conferences annually designate in an official resolution a portion of the clergyperson’s compensation as housing allowance; and whereas, Section 107 of the Internal Revenue Code provides that the rental value of a home furnished to or by a minister of the gospel, or, the amount of a cash housing or rental allowance paid to the minister is not included in his or her gross income reporting for income tax purposes.

*\*\*\* Complete category A or B below,* ***but NOT both*** *\*\*\**

# A. Church Provided Housing - Parsonage

**THEREFORE, BE IT RESOLVED** that The Reverend \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is provided the rent-free use of housing and the value of the housing is excluded from income tax under Section 107. **(Check yes on Line 18 of the 2017 Clergy Compensation Report)**

**BE IT FURTHER RESOLVED** that the Administrative Board/Council or Church or Charge Conference of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Charge hereby designates the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(Enter on Line 11 of the 2017 Clergy Compensation Report)** for the year \_\_\_\_\_\_\_\_\_ as a **housing exclusion** for The Reverend \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whose residence is located at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

# B. Minister Provided Housing - No parsonage

**THEREFORE, BE IT RESOLVED** that in lieu of church provided housing, the charge or church will pay annually a **cash housing allowance** in the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (**Enter on Line 5 of the 2017 Clergy Compensation Report**), in addition to salary, to provide housing for the minister and family.

**BE IT FURTHER RESOLVED** that the Administrative Board/Council or Church or Charge Conference of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Charge hereby designates the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **(Set high enough to include the cash housing allowance above. Enter on Line 11 of the 2017 Clergy Compensation Report)** for the year \_\_\_\_\_\_\_\_\_ as a **housing exclusion** for The Reverend \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whose residence is located at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Housing exclusion is meant to defray costs incurred by clergy which directly relates to providing a home for self and family including, as applicable, any and all of the following: rent, mortgage payments and interest, furnishings, insurance, real estate taxes, utilities, maintenance and upkeep, and any other expenses directly associated with the provision of housing. Allowable expenses do not include personal items such as food, clothing, entertainment, and domestic help.

*The IRS rule of limitation on this benefit is the lesser amount of* ***1****) the amount of the housing exclusion resolution as herein designated.* ***2)*** *the amount actually spent for the provision of housing.* ***3)*** *the fair market rental value of the home or parsonage plus all other related expenses in the particular neighborhood of the residence in question.*

This resolution sets a “not to exceed” amount for actual housing expenses that clergy may expend from salary &/or cash housing allowance. Only the actual expenses may be excluded from income. Clergy must keep careful records such as actual invoices, which would substantiate the exclusion in an IRS audit. Clergy add the unexpended difference on his/her Form 1040. Those clergy who receive a cash housing allowance in lieu of a parsonage may set higher limits, but must follow the above IRS rules. *Note: Clergy must include fair market rental value of their housing when paying Self-Employment Tax (S.E.C.A.) of 15.3%.*

Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 District Superintendent or Designated Elder

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Chair of Church Council/Admin. Board Secretary of Church Conference

Copies to: Pastor, D.S., Church Treasurer(s)