

North Georgia Annual Conference of the Global Methodist Church Housing Allowance Resolution WITH Parsonage

For Insert in Minutes of Meeting

Under the tax law, a minister of the gospel is: (1) not subject to federal income tax with respect to the 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 (2) not subject to federal income tax on the rental value of a home supplied to him or her rent-free.

The (a) Church Council ____ (b) Charge Conference ____ **check (a) or (b)**
on the _____ day of _____, 20 _____, on a motion duly made and seconded,
adopted the following resolution:

1. Designated for Payment of Housing Related Expenses

Current

a) Rev. _____ shall receive compensation of
\$_____ compensation for the period from _____ through
_____, of which \$_____ is hereby designated as a Clergy Housing
Allowance and excluded from reportable compensation under Section 107 of the Internal
Revenue Code.

All Future Years Unless Otherwise Provided (Optional)

b) In addition, \$_____ is hereby designated as a Clergy Housing
Allowance for the calendar year _____ and all future years unless otherwise provided.

Rev. _____ shall also have rent-free use of a home, located at

for the year _____ and for every year thereafter so long as he/she is minister of the
_____ Global Methodist Church unless otherwise
provided. The rent-free use of a home shall be so designated in the official church records.

Church Council/Chairperson

Church Council/Secretary

Date Action Taken

Housing Allowance Resolution WITH Parsonage

Instructions for Completing

Under Section 107 of the Internal Revenue Code, a minister of the gospel is allowed to exclude from gross income:

- the rental value of a home furnished to him or her as part of his or her compensation;
or
- 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 clergy should keep accurate records of his/her expenditures to rent or provide a home in order to be able to substantiate any amounts excluded from gross income when filing his federal income tax return. In the event of an audit, clergy receiving a housing allowance will have the responsibility of substantiating the use of such funds. Also, remember that the housing allowance (including the fair rental value of a provided parsonage) must be included as part of the clergy's earnings for self-employment tax purposes.

The housing allowance should be (1) adopted by the church council or charge conference, (2) in writing, and (3) in advance of the calendar year. Under no circumstances can a minister exclude any portion of an allowance retroactively designated by a church.

1) Designated for Payment of Housing Related Expenses

Current Year

a) The Clergy's compensation and the amount of his/her compensation that is designated for payment of housing related expenses and **excluded** from reportable compensation under Section 107 of the Internal Revenue Code are reported in this section for the current year.

All Future Years Unless Otherwise Provided (Optional)

b) Churches are not limited to 1.a above for the current year. For example, if a church intends to designate \$5,000 of the clergy's salary for payment of housing related expenses and excluded from reportable compensation, its designation could state that it is effective for the calendar year _____ and ***all future years unless otherwise provided***. This clause may protect the pastor in the event that the Church Council or Charge Conference neglects to designate an allowance prior to the beginning of a future year. *This is optional.*

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