

Housing Expense Analysis

Minister: _____

Year: _____

Internal Revenue Regulation 1.107.1(c) provides:

That the gross income of a minister of the gospel does not include the rental allowance paid to him or her as part of compensation to the extent that such allowance is used by him or her to rent or otherwise provide a home. Circumstances under which a rental allowance will be deemed to have been used to rent or provide a home will include cases in which the allowance is expended (1) for rent of a home, (2) for purchase of a home, and (3) for running expenses other than expenses for food and servants. Therefore, if a minister owns or is buying a home, that portion of the allowance may be excluded to the extent that it is used for the maintenance and purchase of the home, such as the down payment, installment payments on loans secured by mortgages on the home, interest, taxes and repairs.

For purposes of assisting the Church Board in designating your housing allowance for the calendar year, please complete the following schedule of anticipated housing expenses.

Down payment on a home	\$
Installment payments on loans (principle + interest)	\$
Furnishings	\$
Real Estate Taxes	\$
Home insurance	\$
Repairs	\$
Utilities connected w/home (gas, water, sewer, electricity, telephone)	\$
Other expenses other than food or servants (landscaping, painting, etc.)	\$
TOTAL	\$

Signature _____

Date _____

The minister should be aware that IRS Revenue Ruling 71-280 stipulates that your rental allowance must be reasonable and may not exceed the fair market rental value of your home plus cost of utilities. The housing allowance is to be designated in advance of each calendar year. For example the housing allowance for 1996 should be designated and approved in late 1995.

The fact that the Church Board approves your request as stated above does not insure that this amount would be allowed in the event your tax return is audited. The burden of proof of reasonableness is still upon the minister.