

Housing Allowance in Lieu of Parsonage Resolution

WHEREAS, the _____ United Methodist Church does not provide its pastor with rent-free use of a church owned parsonage but desires to provide a housing allowance in lieu of a rent-free parsonage as compensation for services which he/she renders to the church in the exercise of his/her ministry;

WHEREAS, as additional compensation to its pastor, the _____ United Methodist Church also desires to pay its pastor for expenses that he/she may incur in maintaining proper housing; and

WHEREAS, section 107 of the Internal Revenue Code allows a minister of the gospel to exclude from his/her gross income a designated housing allowance,

THEREFORE, BE IT RESOLVED that the annual compensation paid to the Reverend _____ for the next fiscal year shall be \$ _____, of which \$ _____ is hereby designated as a housing allowance in lieu of parsonage and \$ _____ shall be designated as a housing exclusion for utilities, furnishings, maintenance and additional eligible expenses pursuant to section 107 of the Internal Revenue Code, for a total of \$ _____ excluded from gross income as that which is designated Housing Allowance pursuant to section 107 of the Internal Revenue Code.

Additionally, Reverend _____ agrees to keep an accurate record of his/her expenditures to rent or provide a home in order to be able to substantiate any amounts excluded from gross income in filing his/her Federal Income Tax Return. Remembering that the housing allowance must be included as part of his/her income for the self-employment tax, and that in the event of an audit, clergy receiving a Section 107 exclusion will have the responsibility of substantiating the use of such funds.

Administrative Council/Board Chair _____

Staff-Parish Relations Committee Chair _____

Pastor _____

Date _____