

Overview of Housing Allowance

Any member of the Faculty or Staff, at Director-level and above, who is an ordained minister and desires to designate a portion of their calendar year income as housing allowance, may do so by submitting the Housing Allowance Form to HR.

Exclusion

Ordained, commissioned, or licensed ministers of the gospel may be able to exclude from income tax the rental allowance or fair market value of a parsonage that is provided to them as pay for their ministerial services.

Ministerial services include:

- Administering sacraments and conducting religious worship
- Administrative duties and teaching at theological seminaries; and
- The ordinary duties of a minister performed as an employee of the United States

This exclusion applies only for income tax purposes. It does not apply for SE tax purposes.

Definition

A minister's housing allowance, sometimes called a manse allowance or a parsonage allowance is excludable from gross income for income tax purposes, but not for self-employment tax purposes.

If you are a minister and receive as part of your salary (for services as a minister) an amount officially designated as rental allowance, you can exclude from gross income the lesser of the following amounts:

- The amount actually used to provide a rent or own a home;
- The fair market rental value of the home (including furnishings, utilities, garage, etc.);
- The amount officially designated (in advance of payment) as a rental or housing allowance;
- An amount which represents reasonable pay for your services

Designation

The church or organization that employs you must officially designate the payment as housing allowance before the payment is made. A definite amount must be designated. The amount of housing allowance cannot be determined at a later date.

Rental Allowances. If you receive in your salary an amount officially designated as housing allowance, you can exclude the allowance from your gross income if:

- The amount is used to provide or rent a home; and
- The amount is not more than the reasonable pay for your services

The amount may not be more than the fair market value of the home, including furnishings, plus cost of utilities.

Fair market value of parsonage. You can exclude from the fair rental value of a house or parsonage, including utilities, furnished to you as part of your earnings. However the exclusion cannot be more than the reasonable pay for your services. If you pay the utilities, you can exclude any allowance designated for utility costs, up to your actual cost.

Home Ownership. If you own your home and you receive as part of your salary a housing or rental allowance, you may exclude from income the smallest of:

- The amount actually used to provide a home;
- The amount officially designated as a rental allowance, or
- The fair rental value of the home, including furnishings, utilities, garage, etc.

Excess Rental Allowance. You must include in gross income the amount of any rental allowance that is more than the smallest of:

- Your reasonable salary;
- The fair market rental value of the home plus utilities; or
- The amount actually used to provide a home

Resources

[GuideStone Financial Services](#)

[Internal Revenue Services](#)