

PARSONAGE EXCLUSION (X 20 05 4)

Ministers are permitted by Federal law to exclude from income amounts paid by themselves to provide a parsonage in which to live. Part time pastors are not eligible for parsonage exclusion.

The Columbia Union, following the NAD Annual Council meeting, sets the maximum amount of this exclusion for the coming calendar year.

In order for a minister to qualify for this exclusion he must keep accurate records of his parsonage expenses.

In December of each year conference treasury will net from taxable income the full amount of the voted parsonage exclusion. If the minister can substantiate the full exclusion by her/his records, nothing further needs to be done. If, however, the full exclusion cannot be substantiated, the difference must be reported back as income on IRS form 1040.

The exclusion will be pro-rated during the year that the minister moves in or out of the Potomac Conference.

In the year that an ordained/licensed minister is moved to another location the maximum of the appropriate category may be increased by \$3,000 for that year, provided this increase is specifically approved by the committee prior to the move.

The minister must, however, add the parsonage exclusion to his self-employment income to determine the amount of Social Security tax he must pay to IRS.

The following are items that can be excluded from income under the Parsonage Exclusion Policy:

1. Down payment, closing costs, etc., for purchase of home
2. Rent or mortgage payments
3. Utilities expense
4. Furniture purchases
5. Insurance
6. Maintenance and repairs
7. Taxes
8. Pest control and lawn care