

## **Chapter 17 Rental Allowance and Fair Rental Value of a Parsonage**

- 100 “Rental allowance” means an amount paid to a minister to rent or otherwise provide a home if such amount is designated as rental allowance pursuant to official action taken in advance of such payment by the employing church or other qualified organization. The designation of an amount as rental allowance should be evidenced in an employment contract, in minutes of or in a resolution by a church or other qualified organization or in its budget, or in any other official document of the church or organization. Rental allowance may be referred to as housing allowance or parsonage allowance.
- 101 A rental allowance must be included in the minister's gross income in the taxable year in which it is received, to the extent that such allowance is not used by the minister during such taxable year for rent of a home, for purchase of a home and for expenses directly related to providing a home. Where the minister rents, purchases or owns a farm or other business property in addition to a home, the portion of the rental allowance expended in connection with the farm or business property shall not be excluded from the minister's gross income.
- 102 Gross income does not include the rental value of a home, including utilities, furnished to a minister as a part of the compensation, or the rental allowance paid to the minister as part of the compensation to the extent such allowance is used by the minister to rent or provide a home. In order to qualify for the exclusion, the home or rental allowance must be provided as compensation for services that are ordinarily the duties of a minister of the gospel.
- 103 (Reserved)

*35.III.2.17 revised effective January 1, 2021*