

There are also times when the ministerial staff need special times for renewal, education and refreshment. These special times are provided through sabbatical leaves.

For details regarding these benefits, please refer to the [Ministerial Staff Activities](#) policy as found in the Personnel Section of the Church's Policies and Procedures Manual.

## **26.0 MINISTER'S HOUSING ALLOWANCE**

Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income a Church-designated housing allowance paid to the minister as part of the minister compensation to the extent used by the minister for actual expenses incurred in owning or renting a home.

Generally, housing related expenses would include rent, mortgage payments, utilities, repairs, and other expenses directly relating to providing a home. If the minister owns a home, the amount excluded from his/her gross income as a housing allowance is limited to the least of the following: (a) the amount actually used to provide a home, (b) the amount officially designated as a housing allowance, or (c) the fair rental value of the home. Tax regulations require the minister's Church or other qualified organization to designate the housing allowance pursuant to official action taken *in advance* of the payment.

All ministers desiring to receive a housing allowance exclusion must submit a Computation of Minister's Housing Allowance ([Form No. 12-28](#)) by December 1st of each year to the Personnel Committee. This form allows for the calculation of the dollar limits the tax code imposes on a housing allowance. The burden of proof for the actual use of the minister's housing allowance always rests with the minister and is not the responsibility of the Church.

Ministers are encouraged to amend their housing allowances during the year if any of the following circumstances may arise:

- the minister purchases a new or more expensive home
- the minister sells a home
- major remodeling to their home
- purchase of new furnishings or appliances

## **27.0 MINISTER'S TAXES AND FINANCIAL PLANNING**

[Section 10](#) of FirstChurch's Administrative Forms Manual, contains numerous

forms that have been designed to assist ministers in their personal tax and financial planning. This Forms Manual is maintained in the Finance Office. Ministers are encouraged to review such forms and make appropriate copies.

Although ministers are exempt from the withholding of federal payroll taxes, they may request the Church to withhold such taxes and submit them to the government under normal payroll procedures instead of submitting them to the government under the Quarterly Estimated Tax Payment method. If the minister desires to have such taxes withheld from their paycheck, they must complete a Minister's Federal Income Tax Withholding Request ([Form No. 1-50](#)) and provide it to the Payroll Clerk.

## **28.0 DE MINIMIS FRINGE BENEFITS**

The Internal Revenue Code allows an employer to provide certain fringe benefits to its employees that are of such a minimal (de minimis) value that it would be unreasonable or impractical to calculate their value for inclusion into the employee's income. Following are, but not limited to, examples of such fringe benefits that are being provided to FirstChurch employees:

- Personal local phone calls during work
- Coffee, bottled water, soft drinks, donuts, etc. furnished during breaks
- Typing of a personal letter by a ministry secretary
- Minimal number of personal copies on a Church owned copier
- Use of Church athletic facilities by employees and their families
- Small holiday or birthday gifts (less than \$25)

The Minister of Administration will be the Church representative to determine what additional employee fringe benefits would be considered de minimis.

## **29.0 HIGHLY COMPENSATED EMPLOYEES**

The "highly compensated employee" definition from tax regulations is important in determining whether certain fringe benefits are taxable to employees that fall within that category. For more information on this topic, please contact the Minister of Administration or review the [Highly Compensated Employees](#) policy as documented in the Personnel Section of the Church's Policies and Procedures Manual.