

Pastor's Estimate of Home Expenses

Name of church _____

Position held _____

Housing allowance for the coming year of 20___. I expect to incur the following expenses to rent or otherwise provide a home. I understand that my actual expenses are what I will deduct on my next year's tax return and I will not be allowed to deduct any expenses not estimated and designated officially.

ITEM	AMOUNT
Rent or payments on purchase of a house including down payment, principle payments, interest, taxes, insurance and improvements.....	\$ _____
Furnishings and appliances.....	\$ _____
Utilities.....	\$ _____
Other household expenses (cleaning supplies, lawn care, etc.).....	\$ _____
Miscellaneous repairs.....	\$ _____
Total.....	\$ _____

Signature _____ Date _____

Note

1. Submit the total estimated housing allowance to your board by December 31 of preceding year. You are not required to submit a breakdown of the allowance.
2. Always overestimate. The amount you cannot justify as being spent will be declared as income. The unspent portion is either reported on the W-2 in block 1 or on Form 1040, page 1, under Other Income as "unused parsonage allowance."
3. Keep accurate records of your expenditures.
4. Can amend in mid-year, but not retroactively.

Professional Expenses

In any corporation, like a church, necessary expenses are incurred in order for its employees to perform their respective duties. These expenses are deductible according to Section 162. Pastors and their associates are included. Examples of professional expenses that would apply to a church setting would be as follows: automobile (\$.345 per mile), books, periodicals, religious materials, entertainment, business gifts, equipment, postage, dues, conferences, education expenses, office supplies and telephone expenses for professional calls. An amount to cover these expenses should be included in a line item category in the church budget, separate from and in addition to salary. The employees should then be reimbursed out of the budget as they adequately account to the church for those expenses considered ordinary and necessary for them to carry out their duties.