

The following is from CPG's 2022 Federal Reporting Requirements for Episcopal Churches booklet. The full booklet can be found on their website cpg.org

See the two sample housing allowance resolutions below from the vestry or other governing body. Notice the use in both examples of so-called safety net language (“and all future years unless otherwise provided”). Such language provides a basis for continuing the housing allowance at its current level but is not a substitute for the annual resolution.

Sample housing allowance resolution for a minister who owns or rents their home:

The following resolution was duly adopted by the vestry of Christ Church at a regularly scheduled meeting held on December 18, 2022, a quorum being present:

Whereas, the Reverend Samuel Johnson is compensated by Christ Church exclusively for the services as a minister of the gospel; and

Whereas, Christ Church does not provide Fr. Johnson with a rectory; therefore, it is hereby

Resolved, that the total compensation paid to Fr. Johnson for calendar year 2023 shall be \$65,000, of which \$20,000 is hereby designated to be a housing allowance pursuant to Section 107 of the Internal Revenue Code; and it is further

Resolved, that the designation of \$20,000 as a housing allowance shall apply to calendar year 2023 and all future years unless otherwise provided.

Sample housing allowance resolution for a minister who lives in a church-provided rectory:

The following resolution was duly adopted by the vestry of Grace Church at a regularly scheduled meeting held on December 18, 2022, a quorum being present:

Whereas, the Reverend John Smith is compensated by Grace Church exclusively for services as a minister of the gospel; and

Whereas, Grace Church provides Fr. Smith with rent-free use of a church-provided rectory as compensation for services that he renders to the church in the exercise of his ministry; and

Whereas, Fr. Smith incurs expenses for living in church-provided housing; therefore it is hereby

Resolved, that the annual compensation paid to Fr. Smith for calendar year 2023 shall be \$65,000, of which \$6,000 is hereby designated to be a housing allowance pursuant to Section 107 of the Internal Revenue Code; and it is further

Resolved, that the designation of \$6,000 as a housing allowance shall apply to calendar year 2023 and all future years unless otherwise provided by the vestry; and it is further

Resolved, that as additional compensation to Fr. Smith for calendar year 2023 and for all future years unless otherwise provided for by this vestry, Fr. Smith shall be permitted to live in the church-provided rectory located at 123 Main Street, and that no rent or other fee shall be payable by Fr. Smith for such occupancy and use.

SAMPLE HOUSING RESOLUTION FOR SUPPLY CLERGY

The following is a suggestion from the Diocese and not part of the above booklet excerpt. Supply clergy are also eligible for the housing allowance, so we suggest that you also designate all supply clergy payments as housing. Sample wording for such action is:

Be it RESOLVED, that the total compensation paid to supply clergy (meaning any clergy serving on a limited time basis) for calendar year 2025 shall be hereby designated to be a housing allowance; and **be it further RESOLVED**, that the designation of supply clergy compensation as housing allowance shall apply to calendar year 2025 and all future years unless otherwise provided.

If you designate all of the supply clergy compensation, do NOT send the supply clergy a 1099 form, regardless of the amount that you paid them. Instead send them a letter indicating the amount paid to them and that it was designated as housing, because the supply clergy may need to pay SECA on that amount so they need to know how much they received.