

Table of Contents

Overview of Clergy Issues	1
Clergy defined.....	1
Church defined	2
Ministerial duties.....	4
Specific ministerial situations	12
Teachers	12
Hospital minister	13
Nonreligious service in private industry	13
Government employee.....	16
Charitable organization employee.....	17
Missionary.....	17
Additional rulings denying minister status	18
Dual-Status Minister	22
Employees	22
Common law rules for employees	23
Employee income.....	27
Gifts to minister	28
Fringe benefits	29
Self-employed	32
Hobby loss rules	33
Business Expenses	40
Deductible business expenses	40
Recordkeeping.....	41
Church dues vs. contribution.....	41
Nondeductible business expenses	42
Commuting	42
Entertainment.....	42
Tax-exempt income allocation	43

Employer reimbursement plans	46
Accountable plan	46
Mileage reimbursement	48
Qualified business income deduction (QBID)	48
Housing Allowance	52
General rules	52
Advance designation	52
Limits on housing allowance	53
Housing allowance expenses	53
Allowable housing allowance expenses	54
Cash housing allowance	57
Expenses less than housing allowance	58
Expenses greater than housing allowance	58
Furnished housing	59
Retired ordained minister	59
Self-employment (SE) tax	60
Form 1099-R	60
Employment Taxes	66
Withholding or estimated taxes	66
Estimated taxes	66
Voluntary withholding	68
Requirement for other church employees	72
Form W-2 vs. Form 1099-NEC	75
Preparation of Form W-2	75
Wrong form received	75
Form 1099-NEC	76
Excess housing allowance	77
Statement of wages	77
Combat pay	77

Self-employment taxes	77
Computation of self-employment income and tax.....	77
Husband and wife missionary team.....	80
Optional methods.....	80
Exemption from SE tax.....	81
Refundable Credits.....	95
Earned income tax credit.....	95
General requirements	95
Other changes to the EIC.....	96
Earned income for a minister.....	96
Child tax credit.....	100
Earned income.....	104
Alternative formula	104
Other dependent credit	105
Comprehensive Illustrations.....	108
Illustration No. 1.....	108
Illustration Number 2	114
Form W-2 from church.....	115
Form W-2 from college.....	116
Schedule C (Form 1040)	117
Schedule SE (Form 1040)	117
Form 1040.....	118
Index.....	134