

# Figuring the Percentage of Tax-Free Income

**Note.** For each line, enter the appropriate amount in **all** boxes that aren't shaded.

## Worksheet 1

Name(s) as shown on return

**2021**

Tax ID Number

	Source of Income		(a) Taxable	(b) Tax-free	(c) Total
<b>1</b>	W-2 salary as a minister (from box 1 of Form W-2)	<b>1</b>			
<b>2</b>	Gross income from weddings, baptisms, writing, lecturing, etc. (from line 1 of Schedule C)	<b>2</b>			
<b>Note.</b> Complete <b>either</b> lines 3a through 3e or lines 4a through 4i.					
<ul style="list-style-type: none"> <li>• If your church provides you with a parsonage, complete lines 3a through 3e.</li> <li>• If, instead of providing a parsonage, your church provides you with a rental or parsonage allowance, complete lines 4a through 4i.</li> </ul>					
<b>3a</b>	FRV* of parsonage provided by church	<b>3a</b>			
<b>b</b>	Utility allowance, if any	<b>3b</b>			
<b>c</b>	Actual expenses for utilities	<b>3c</b>			
<b>d</b>	Enter the smaller of line 3b or 3c	<b>3d</b>			
<b>e</b>	Excess utility allowance (subtract line 3d from line 3b)	<b>3e</b>			
<b>4a</b>	Parsonage or rental allowance	<b>4a</b>			
<b>b</b>	Utility allowance, if separate	<b>4b</b>			
<b>c</b>	Total allowance (add lines 4a and 4b)	<b>4c</b>			
<b>d</b>	Actual expenses for parsonage	<b>4d</b>			
<b>e</b>	Actual expenses for utilities	<b>4e</b>			
<b>f</b>	Total actual expenses for parsonage and utilities (add lines 4d and 4e)	<b>4f</b>			
<b>g</b>	FRV* of home, plus the cost of utilities	<b>4g</b>			
<b>h</b>	Enter the smaller of line 4c, 4f, or 4g	<b>4h</b>			
<b>i</b>	Excess allowance (subtract line 4h from line 4c)	<b>4i</b>			
<b>5</b>	<b>Ministerial income</b> (for columns (a), (b), and (c), add lines 1 through 4i)	<b>5</b>			
<b>6</b>	<b>Percentage of tax-free income:</b> <u>Total tax-free income (line 5(b)) \$</u> <u>Total income (line 5(c)) \$</u>		=		<u>%**</u>

\* FRV (Fair Rental Value): As determined objectively and between unrelated parties, what it would cost to rent a comparable home (including furnishings) in a similar location.

\*\* This percentage of your ministerial expenses won't be deductible. Use Worksheets 2 and 3 to figure your allowable deductions.