

Figuring the Percentage of Tax-Free Income

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

Worksheet 1

2021

Name(s) as shown on return

Tax ID Number

Source of Income		(a) Taxable	(b) Tax-free	(c) Total
1	W-2 salary as a minister (from box 1 of Form W-2)			
2	Gross income from weddings, baptisms, writing, lecturing, etc. (from line 1 of Schedule C)			
Note. Complete either lines 3a through 3e or lines 4a through 4i.				
<ul style="list-style-type: none"> • If your church provides you with a parsonage, complete lines 3a through 3e. • If, instead of providing a parsonage, your church provides you with a rental or parsonage allowance, complete lines 4a through 4i. 				
3a	FRV* of parsonage provided by church			
b	Utility allowance, if any			
c	Actual expenses for utilities			
d	Enter the smaller of line 3b or 3c			
e	Excess utility allowance (subtract line 3d from line 3b)			
4a	Parsonage or rental allowance			
b	Utility allowance, if separate			
c	Total allowance (add lines 4a and 4b)			
d	Actual expenses for parsonage			
e	Actual expenses for utilities			
f	Total actual expenses for parsonage and utilities (add lines 4d and 4e)			
g	FRV* of home, plus the cost of utilities			
h	Enter the smaller of line 4c, 4f, or 4g			
i	Excess allowance (subtract line 4h from line 4c)			
5	Ministerial income (for columns (a), (b), and (c), add lines 1 through 4i)			
6	Percentage of tax-free income: $\frac{\text{Total tax-free income (line 5(b))}}{\text{Total income (line 5(c))}}$ \$		=	%**
<p>* 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.</p> <p>** This percentage of your ministerial expenses won't be deductible. Use Worksheets 2 and 3 to figure your allowable deductions.</p>				