



## The Episcopal Diocese of California

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### 2023 CLERGY HOUSING ALLOWANCE

#### A "certificate" to DioCal Payroll Service is NO LONGER NEEDED

NO HOUSING ALLOWANCE CAN BE PAID TO A CLERIC PRIOR TO A RESOLUTION BEING PASSED BY THE VESTRY, BISHOP'S COMMITTEE or BOARD.

HOUSING ALLOWANCE PAYMENTS CANNOT BE ADJUSTED RETROACTIVELY.

The clergy housing allowance allows a cleric to exclude a portion of their compensation from federal and California state income tax on their primary residence. A new housing allowance resolution must be passed and documented in vestry / board minutes before the first pay period of a new year or prior to the start of new employment. Once resolved, complete and submit the [Payroll Authorization](#) to DioCal Payroll Service for processing

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#### What is allowed:

If the cleric lives in their own home, the IRS rules state that the clergy housing allowance is the lowest of the:

- Amount designated in the vestry resolution,
- Actual cash spent on housing, or
- Fair market rental value, furnished plus utilities

If the cleric lives in church-provided housing, the housing allowance is the fair market rental value of the church-provided housing, furnished plus utilities.

#### Sample Resolutions:

##### Clergy Owns or Rents

WHEREAS The Rev. xxxxxxxx is employed as a minister of the Gospel by the Episcopal Church of St. Swithens, which does not provide a residence for him; the Vestry of St. Swithens resolves that of the total annual compensation of approximately \$60,000.00 to be paid to The xxxxxxxx during the year 20xx, \$48,000.00 is to be designated a housing allowance within the meaning of that term as used in Section 107 of the IRS Code of 1986. The vestry further resolves that the amount designated as housing allowance shall apply to calendar year 20xx and all future years during which each of the above ministers are employed by Episcopal Church of St. Swithens.

##### Rectory Provided

WHEREAS The Rev. xxxxxxxx is employed as a minister of the Gospel by the Episcopal Church of St. Swithens, which does provide a residence for him, but does not provide full cost of maintaining such residence; the Vestry of St. Swithens resolves that of the total annual compensation of approximately \$60,000.00 to be paid to The Rev. xxxxxxxx during the year 20xx, \$8,000.00 is to be designated a housing allowance within the meaning of that term as used in Section 107 of the IRS Code of 1986. The vestry further resolves that the amount designated as housing allowance shall apply to calendar year 20xx and all future years during which each of the above ministers are employed by Episcopal Church of St. Swithens.

[CPG Provides Online Tax Resources & On-Call Experts](#) to assist individual clergy and employers with church and clergy tax issues. Visit [www.cpg.org](http://www.cpg.org) for [online resources](#) or call one of CPG's On-Call Experts listed on the GPG tax resource webpage: <https://www.cpg.org/active-clergy/retirement/tax-resources/>