

# Worksheets

These worksheets are provided to help you figure your taxable ministerial income, your allowable deductions, and your net self-employment income.

## Worksheet 1. Figuring the Percentage of Tax-Free Income

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

	Source of Income		(a) Taxable	(b) Tax-free	(c) Total
1	W-2 salary as a minister (from box 1 of Form W-2)	1			
2	Gross income from weddings, baptisms, writing, lecturing, etc. (from line 1 of Schedule C)	2			
<b>Note.</b> Complete <b>either</b> lines 3a through 3e or lines 4a through 4i.					
• 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	3a			
b	Utility allowance, if any	3b			
c	Actual expenses for utilities	3c			
d	Enter the smaller of line 3b or 3c	3d			
e	Excess utility allowance (subtract line 3d from line 3b)	3e			
4a	Parsonage or rental allowance	4a			
b	Utility allowance, if separate	4b			
c	Total allowance (add lines 4a and 4b)	4c			
d	Actual expenses for parsonage	4d			
e	Actual expenses for utilities	4e			
f	Total actual expenses for parsonage and utilities (add lines 4d and 4e)	4f			
g	FRV* of home, plus the cost of utilities	4g			
h	Enter the smaller of line 4c, 4f, or 4g	4h			
i	Excess allowance (subtract line 4h from line 4c)	4i			
5	<b>Ministerial income</b> (for columns (a), (b), and (c), add lines 1 through 4i)	5			
6	<b>Percentage of tax-free income:</b> $\frac{\text{Total tax-free income (line 5(b)) \$}}{\text{Total income (line 5(c)) \$}}$			=	%**
* 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.					

Worksheet 2. **Figuring the Allowable Deduction for Schedule C Expenses**

<b>1</b>	<b>Percentage of expenses that are nondeductible</b> (from Worksheet 1, line 6): _____ %		
<b>2</b>	Business use of car for entire year: _____ miles x 56 cents (\$0.56)	<b>2</b>	
<b>3</b>	Meals: \$ _____ x 100% (1.00)	<b>3</b>	
<b>4</b>	Other expenses (list item and amount)		
<b>a</b>		<b>4a</b>	
<b>b</b>		<b>4b</b>	
<b>c</b>		<b>4c</b>	
<b>d</b>		<b>4d</b>	
<b>e</b>		<b>4e</b>	
<b>f</b>	Total other expenses (add lines 4a through 4e)	<b>4f</b>	
<b>5</b>	Total Schedule C expenses (add lines 2, 3, and 4f)	<b>5</b>	
<b>6</b>	Nondeductible part of Schedule C expenses (multiply line 5 by the percent in line 1)	<b>6</b>	
<b>7</b>	<b>Deduction allowed.*</b> Subtract line 6 from line 5. Enter the result here and on Schedule C, line 27a.	<b>7</b>	
* None of the other deductions claimed in this return are allocable to tax-free income.			

Worksheet 3. **Figuring Net Self-Employment Income for Schedule SE (Form 1040)**

<b>1</b>	W-2 salary as a minister (from box 1 of Form W-2)	<b>1</b>	
<b>2</b>	Net profit from Schedule C, line 31	<b>2</b>	
<b>3a</b>	Parsonage or rental allowance (from Worksheet 1, line 3a or 4a)	<b>3a</b>	
<b>b</b>	Utility allowance (from Worksheet 1, line 3b or 4b)	<b>3b</b>	
<b>c</b>	Total allowance (add lines 3a and 3b)	<b>3c</b>	
<b>4</b>	Add lines 1, 2, and 3c	<b>4</b>	
<b>5</b>	Schedule C expenses allocable to tax-free income (from Worksheet 2, line 6)	<b>5</b>	
<b>6</b>	Total unreimbursed employee business expenses	<b>6</b>	
<b>7</b>	Total business expenses not deducted in lines 1 and 2 above (add lines 5 and 6)	<b>7</b>	
<b>8</b>	<b>Net self-employment income.</b> Subtract line 7 from line 4. Enter here and on Schedule SE (Form 1040), line 2.	<b>8</b>	