

the
Informer
newsletter

MONTHLY NEWSLETTER | PCAI FELLOWSHIP
PARAGON CHRISTIAN ALLIANCE INTERNATIONAL
JANUARY 2019 – ISSUE 1

**WATCH FOR
CONTRIBUTION STATEMENT
ENCLOSED!**

BLESSED BEGINNINGS

From the PCAI Executive Board

As we begin this year we thank God for all of you and your faithfulness during the past year. We want you to know that you are and will continue to be covered in prayer. We are always here to serve you and the ministry God has placed in your hands. We have asked God to increase your borders of ministry, to light your way with HIS favor, and that good health and provision will be your constant state.

We are always only a call or email away. You never have to handle anything alone because we are here for you. We count it a privilege to walk the walk of faith with you.

We love you all!
A Blessed New Year!



The INFORMER Newsletter is a free monthly publication of P.C.A.I. (Paragon Christian Alliance International) & PCAI Clergy Association

2149 Highway 139, Monroe, Louisiana 71203

1-866-268-5600 |
FAX (318) 345-0350

Website:
www.paragonchristianalliance.org
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OFFICE HOURS :
9:00AM to 4:00PM

You Cannot Collect More in a Housing Allowance than the Actual Expenses Incurred (Fair Rental Value of the Home Furnished Including Utilities and Upkeep). An Accounting must be Given to the Board Each Year Proving Your Housing Allowance Does Not Exceed the Actual Cost of Having the Home for the Year.



Faith based and other nonprofit organizations often employ clergy in the conduct of their programs. In such cases these clergy may be eligible to receive a tax qualified housing allowance in appropriate circumstances.

Providing a housing allowance is becoming a very technical area of tax law and in many instances the lines of qualification aren't bright. The IRS takes a limited view of this special provision outside of the "church proper". The decision to pay a housing allowance should be preceded by a careful examination of applicable tax authority.

For types of services that are ordinarily the duties of a minister, one must look initially to the Section 107 Regulations and then to a separate set of Regulations under Section 1402(2) for additional guidance.

Under Treasury Reg 1.107-1 (a) such duties include:

1. The ministration of sacerdotal functions
2. The conduct of religious worship
3. The control, conduct, and maintenance of religious organizations and their integral agencies
4. The performance of teaching and administrative duties at theological seminaries

The following provisions are fundamental to analysis of qualifying ministerial services.

1. The determination of what constitutes the performance of "sacerdotal functions" and the conduct of religious worship depends on the tenets and practices of the individual's church. Treas. Reg 1.1402©-5(b)(2)(i).
2. A minister who is performing the conduct of worship and ministration of sacerdotal functions is performing service in the exercise of his/her ministry, whether or not these services are performed for a religious organization Treas Reg 1.1402©-5(b)(2) (iii).

The ministerial housing allowance is a valuable financial benefit to employing organizations and their clergy staff. But apart from traditional church employment, determining eligibility is fact intensive and requires careful application of limited guidance found in Treasury Regulations and from rulings and cases covering a range of unique situations.

Staff Parking Taxed????????

Take a deep breath. For most churches and ministries this will never be an issue. It is not referring to the quarter acre of blacktop you have in front of your church building for the pastor, music minister and secretary to park each day.

There are some circumstances where the location of the church or ministry requires that the staff park on a daily basis in a parking facility. That is a place where the individual pays to park their vehicle; this tax could also apply to having to purchase bus passes, train tickets, and commuter fees in some areas.

This has become a discussion due to the Tax Cuts and Jobs Act of 2017. The tax is meant to raise lost revenue from the tax cuts. This is not aimed at churches only. It is any entity that has given a fringe benefit to employees to offset the cost of coming to work (bus passes, train passes, commuter fees, parking fees, etc.)

The courts have asked the IRS to clarify this tax as it is being designated as an "unrelated business expense".

For some churches and ministries that have always given the fringe benefit of costs incurred arriving at the place of employment this will need to be handled on Form 990T until further clarification is given.

Full details can be found in articles of Church Tax and Law magazine.

