

10 TIPS FOR CLERGY

AS YOU FILE YOUR 2020 TAXES

Clergy face unique challenges when it comes to Social Security payments, estimated tax payments, housing allowances or exclusions, and reimbursed expenses. Your corner tax preparer may not understand the unusual situation of clergy, and finding a preparer who does can save you substantially in money and aggravation. Here are a few things to keep in mind as you prepare your 2020 income tax return.

FINANCIAL PLANNING IS IMPERATIVE. START WITH A SPENDING PLAN.

1. You can report stimulus checks, even though they are not taxable. Report second stimulus checks received in 2021 (Form 1040, Line 30).
2. You can deduct up to \$300 in charitable giving above the standard deduction Form 1040, Line 10b).
3. You can't deduct expenses for a home office, converted during the pandemic.
4. If your church paid your salary with a Paycheck Protection loan, it doesn't affect your taxes.
5. If your church withholds for lay employees, request "voluntary withholding" for you for federal income tax only.
6. You pay estimated [self-employment taxes](#) quarterly, rather than withholding.
7. Remember the "Housing/Parsonage Allowance or Exclusion" (see: [Clergy Housing Allowance Clarification Act of 2002](#) and [Clergy Tax Packet](#)).
8. Wespeth pension income is not taxable for Social Security or self-employment tax purposes.
9. Gifts from the church (for Christmas, performing marriages and so forth) are taxable.
10. Keep receipts for eligible business-related expenses such as mileage for meetings, clergy vestments and cellphone.

WANT TO LEARN MORE?

Watch the video archive of the ["Get Smart about Your Taxes"](#) webinar featuring the Rev. Don Joiner, a certified financial planner, and the Rev. Ken Sloane, director of stewardship and generosity at Discipleship Ministries. Together, they help us navigate tax preparation and planning for a sound financial future.