Minister’s Housing Allowance Policy

Persons who qualify as “ministers” (defined below) for federal tax purposes and who are “assigned” by the District office of the Church of the Nazarene are eligible for NNU’s Ministerial “Housing Allowance” (defined below). This allowance provides a reduction in taxable income and is in compliance with the IRS Rules and Regulations regarding these special tax rules. Where confusion or contradiction to IRS Rules exists, IRS Rules will govern.

NNU does not govern the amount that any individual claims as a “Housing Allowance” and the employee utilizing this benefit takes full responsibility for compliance with IRS rules.

To apply for this benefit, employees desiring this allowance must complete the appropriate form located on the HR website and return it to the Office of Human Resources on an annual basis (for each calendar year). Forms are received either at initial hire or by September 15th of each year. A list of those requesting this benefit and meeting the qualifications will be provided to the Board of the Trustees at the Fall Board meeting for affirmation of the benefit.

Definitions:

Minister, according to IRS publication 15a:

Ministers are individuals who are:

1. duly ordained, commissioned, or licensed by a religious body constituting a church or church denomination (required)

They are given the authority to:

2. conduct religious worship;
3. perform ministerial sacerdotal functions;
4. perform management responsibilities in the local church or parent denomination;

They are:

5. considered to be a religious leader by the church or parent denomination.

The IRS and courts require the first factor and then apply a “balancing test” with regards to the remaining four factors to determine whether or not the person is deemed to be a minister for tax reporting. The more all of the factors are present, the more likely the individual is to be eligible.

Resource for policy: