

10 Biggest Tax Mistakes Made by Ministers

from Zondervan / 2007 Minister's Tax & Financial Guide by Dan Busby, CPA

Failure to have unreimbursed medical expenses covered under a properly documented plan.

Failure of minister-employees to use an accountable reimbursement plan.

Not documenting business expenses to reflect business purpose, business relationship, cost, time, and place.

Failing to keep a log of miles driven for personal use vs. church purposes.

Improperly opting out of social security because you don't believe it is a good investment.

Filing as self-employed for income tax purposes on your church salary, using tax benefits only available to employees, and leaving yourself vulnerable to reclassification by the IRS to employee status.

Failing to have at least a modest housing allowance designated when living in a church-provided parsonage.

Failure to understand the implications of the fair rental test for the housing allowance.

Confusing the fair rental value of a church-provided parsonage (only includible for social security purposes) with the designation of a portion of your salary as housing allowance (providing an exclusion for income tax purposes).

Claiming office-in-the-home treatment - rarely justified under present law.

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10 Tax & Finance Questions Most Frequently Asked by Ministers)