Minister’s Housing Allowance Declaration and Designation Request

In order to receive the withholding from my taxable income for a Ministerial Housing Allowance I, ______________________, hereby make the following representations and request with respect to the housing allowance described in section 107 of the Internal Revenue Code and the services to be provided by me to Azusa Pacific University (the “University”) during the period from ____________ to ____________ (the “Designation Period”).

I understand that in order to qualify for a Minister’s Housing Allowance I must meet the following:

1. **Minister Status Test:** I verify that I am an ordained, commissioned or licensed minister of the Gospel. My status as an ordained, commissioned, or licensed minister of the Gospel is bona fide, current and in good standing and I expect it to continue in good standing throughout the Designation Period. My current ordination, commissioning or licensing was performed by _______________ on _________________.

   Initial at least one of the following lines as applicable:

   ________ A copy of my original certificate of Ordination, Commissioning or Licensing is attached.

   ________ A copy of my updated or renewed certificate of Ordination, Commissioning or Licensing is attached.

   ________ I have previously submitted a copy of my current certificate of Ordination, Commissioning or Licensing.

2. **Tasks or Qualifying Services Test:** I verify that I meet the Tasks Test by providing services to the University during the Designation Period which qualify for the housing allowance as defined under section 107 of the Internal Revenue Code.

   a) Performing sacerdotal functions

   b) Conducting religious worship including conducting Bible studies, spiritual and pastoral counseling, producing religious broadcasts and publishing religious material

   I hereby agree to provide additional ministerial services consistent with my position as may be requested from time to time by the University.

   AND/OR

3. **The Church Assignment Test** in which the key elements are:

   a) The assigning church or denomination shares certain religious purposes or tenets, as well as a common mission, with APU.
b) The specific activities which the employee is assigned to perform further the common religious purposes and mission of the assigning church and APU.

c) The person being assigned has a bona fide claim to the status of minister (either is ordained, licensed or commissioned).

d) The church intends to monitor the activities and/or performance of the assigned minister and has some means for doing so.

e) The church has some control over the assignment such that it could be revoked if the purposes and mission of the church were no longer being furthered.

If applicable, a letter of assignment from my ordaining, commissioning or licensing church body covering services to be provided throughout the Designation Period is attached.

3. **Housing Costs/Fair Rental Value.** Based on a good faith analysis of my current and anticipated housing costs, and per the attached Housing Allowance Worksheet, I am requesting that $__________ of my compensation be designated as “Ministerial Housing Allowance” during the Designation Period. I understand that the amount that is excludable from income for Federal Tax purposes is the lesser of a) the amount actually spent to provide a home, or b) the amount officially designated as housing allowance, or c) the fair rental value of the home, furnished, plus utilities. In addition, I assert (please initial by one of the following):

- ________ To the best of my knowledge, the Estimated Housing Costs will be less than or equal to the fair rental value of my home plus estimated utilities costs for the Designation period.

- ________ The Estimated Housing Costs exceed the fair rental value of my home. The fair rental value of my home plus estimated utilities costs for the Designation Period shall be $___________.

4. **Tax Liability.** I understand the consequences to the employee for a misclassification may include the following actions by the Internal Revenue Service:

   1. The employee would be required to file amended tax returns to show both the housing allowance and any other wages received as gross wages.
   2. The employee would owe the federal and state income tax on unreported wages.
   3. He/she would owe no self-employment tax and would likely receive a credit for any self-employment tax paid previously. Of course, a minister who had exempted out of SECA and had not been paying it would not get a refund.
   4. There would be penalties and interest for late payment, often for the past three years.

In exchange for the University designating a housing allowance as requested herein, I hereby agree to indemnify and hold the University harmless from and to pay all taxes, fees, interest, penalties and any other costs which may be assessed against me or the University in connection with such designation or my claiming a housing allowance under section 107 of the Internal Revenue Code.
5. **Request.** Based on the foregoing representations, I hereby request the University to designate a housing allowance in the amount of the Estimated Housing Costs from the cash compensation to be paid to me during the Designation Period for services to be provided by me to the University.

_________________________  __________________________
Signed                          Dated

_________________________
Print Name