**2021 Estimated Taxes for Ministers Living in a Parsonage**

I am often asked by ministers how to estimate the quarterly estimated tax payments or amount of federal withholding. The instructions for the W-4 do not work for ministers and ministers must also pay their own Self Employment Tax. This example is for a relatively simple situation and will work for most ministers with housing allowance even up to a family income of about $120,000 if married filing jointly.

**Federal Income Tax Estimate**

1. Salary (don’t include housing) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Bonus/love offering $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Social Security offset $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Taxable benefits such as non-accountable car allowance, $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
   health plan that doesn’t qualify, etc.
5. Estimate income from weddings, funerals, revivals, etc. $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. Total Minister Income Subject to Federal Income Tax $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. Add multiple jobs income/ spouse income, etc. if any $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. Less Standard Deduction ($25,100 married or $12,550 single) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

9. Total Family Taxable Income $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

10. Multiply line 9 X .12= (12% tax rate) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

11. Less $3000 for each child under age 18; $3600 under 6 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

12. Less $500 for each child 18, or college to age 23 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

13. Estimated 2021 Federal Income Tax (line 10 – lines 11&12) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

If less than $0, see IRS instructions for refundable portion of child tax credit.

**Self-Employment Tax Estimate**

1. Minister Taxable Income from line 6 above $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Rental value of parsonage (monthly times 12) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Utilities paid by the church, if any $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Housing allowance, if any $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. Total Subject to SE tax (add lines 1 through 4) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. Multiply line 5 X .9235, then multiply that result X .153 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
This is your estimated Self Employment Tax

7. Add line 6 and line 13 above for Total Tax Estimate $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. Less federal withholding at other jobs/spouse’s job 2021 $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

9. Amount to be included in quarterly estimates or ministerial $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
federal income tax withholding. Subtract line 8 from line 7.

**Divide line 9 by four for quarterly estimates or by the number of pay periods in a year for Income Tax Withholding. Withhold all as Federal Income Tax only. Do not do FICA on an ordained minister.**

**Note:** For simplicity, line 10 skips the 10% tax bracket since 10% and 12% are very close. This will result in a slightly high estimate. Also, this form may not work correctly when other types of income are involved such as Social Security income, capital gains, etc.