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Department of the Treasury
Internal Revenue Service

Introduction

Publication 517
Cat. No. 15021W

Draft Worksheets

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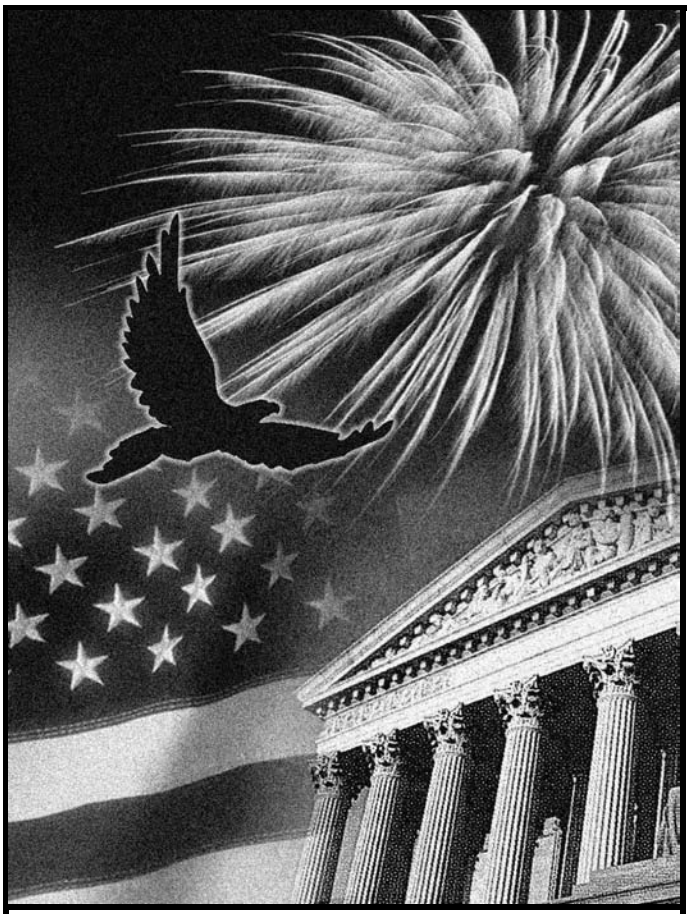
For use in preparing
2011 Returns



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Publication 517 Draft Worksheets

These draft worksheets from Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers, for tax year 2011, are only available on the Internet. Since they are drafts, they are subject to change. If a worksheet is revised, it will be reposted only if there is a change in the computation. When the final version of Publication 517 becomes available, these drafts will be removed.

Worksheet 1. Worksheet 1 is used to figure the percentage of tax-free income.

Worksheet 2. Worksheet 2 is used to figure the deductible Schedule C or Schedule C-EZ expenses.

Worksheet 3. Worksheet 3 is used to figure the allowable deduction for Form 2106 or Form 2106-EZ expenses.

Worksheet 4. Worksheet 4 is used to figure the net self-employment income for Schedule SE (Form 1040).

Comments and suggestions. We welcome your comments about this worksheet.

You can write to us at the following address:

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Individual Forms and Publications Branch
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Worksheet 1. **Figuring the Percentage of Tax-Free Income**

Note. For each line, enter the appropriate amount in **all** boxes that are not shaded.

	Source of Income			(a) Taxable	(b) Tax-free	(c) Total
1	W-2 salary as a minister (from box 1 of Form W-2)	1				
2	Gross income from weddings, baptisms, writing, lecturing, etc. (from line 1 of Schedule C or C-EZ)	2				
Note. Complete **either** lines 3a–3e or lines 4a–4i. • If your church provides you with a parsonage, complete lines 3a–3e. • If, instead of providing a parsonage, your church provides you with a rental or parsonage allowance, complete lines 4a–4i.						
3a	FRV* of parsonage provided by church	3a				
b	Utility allowance, if any	3b				
c	Actual expenses for utilities	3c				
d	Enter the smaller of line 3b or 3c	3d				
e	Excess utility allowance (subtract line 3d from line 3b)	3e				
4a	Parsonage or rental allowance	4a				
b	Utility allowance, if separate	4b				
c	Total allowance (add lines 4a and 4b)	4c				
d	Actual expenses for parsonage	4d				
e	Actual expenses for utilities	4e				
f	Total actual expenses for parsonage and utilities (add lines 4d and 4e)	4f				
g	FRV* of home, plus the cost of utilities	4g				
h	Enter the smaller of line 4c, 4f, or 4g	4h				
i	Excess allowance (Subtract line 4h from line 4c)	4i				
5	**Ministerial income** (for columns (a), (b), and (c), add lines 1 through 4i)	5				
6	**Percentage of tax-free income:**	Total tax-free income $ / Total income $		=		%**

* FRV (Fair Rental Value): As determined objectively and between unrelated parties, what it would cost to rent a comparable home (including furnishings) in a similar location.

** This percentage of your ministerial expenses will not be deductible. Use Worksheets 2 and 3 to figure your allowable deductions.

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Worksheet 2. **Figuring the Allowable Deduction for Schedule C or C-EZ Expenses**

1	**Percentage of expenses that are nondeductible** (from Worksheet 1, line 6): _____%			
2	Business use of car for entire year: _____ miles. Multiply the miles entered by 51 cents ($0.51) for miles driven **before** July 1, 2011, and by 55.5 cents ($0.555) for miles driven **after** June 30, 2011. Add the dollar amounts, then enter the result here.	**2**		
3	Meals and entertainment: $_____ × 50% (.50)	**3**		
4	Other expenses (list item and amount)			
a		**4a**		
b		**4b**		
c		**4c**		
d		**4d**		
e		**4e**		
f	Total other expenses (add lines 4a through 4e)	**4f**		
5	Total Schedule C or C-EZ expenses (add lines 2, 3, and 4f)	**5**		
6	Nondeductible part of Schedule C or C-EZ expenses (multiply line 5 by the percent in line 1)	**6**		
7	**Deduction allowed.*** Subtract line 6 from line 5. Enter the result here and on Schedule C, line 27, or Schedule C-EZ, line 2.	**7**		

* None of the other deductions claimed in this return are allocable to tax-free income.

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			Column A	***Column B***
1	**Percentage of expenses that are nondeductible** (from Worksheet 1, line 6): _____%			
2	Use of car for church business for entire year: _____ miles. Multiply the miles entered by 51 cents ($0.51) for miles driven **before** July 1, 2011, and by 55.5 cents ($0.555) for miles driven **after** June 30, 2011. Add the dollar amounts, then enter the result here.	**2**		
3	Meals and entertainment	**3**		
4	Other expenses (list item and amount)			
a		**4a**		
b		**4b**		
c		**4c**		
d		**4d**		
e		**4e**		
5	Total expenses. In Column A, add lines 2 and 4a through 4e and enter the result. In Column B, enter the amount from line 3.	**5**		
6	Enter reimbursements received for other expenses (Column A) and meals and entertainment (Column B) that were **not** included in box 1 of Form W-2	**6**		
7	Total Form 2106 or 2106-EZ unreimbursed expenses (subtract line 6 from line 5)	**7**		
8	In Column A, enter the amount from line 7. In Column B, multiply line 7 by 50% (.50)	**8**		
9	Add the amounts on line 8 of both columns and enter the total here	**9**		
10	Nondeductible part of Form 2106 or 2106-EZ expenses (multiply line 9 by the percent in line 1)	**10**		
11	**Ministerial employee business expense deduction allowed.*** Subtract line 10 from line 9. Enter the result here and on Form 2106, line 10, or Form 2106-EZ, line 6.	**11**		

* None of the other deductions claimed in this return are allocable to tax-free income.

Worksheet 4. **Figuring Net Self-Employment Income for Schedule SE (Form 1040)**

1	W-2 salary as a minister (from box 1 of Form W-2)	**1**		
2	Net profit from Schedule C, line 31, or Schedule C-EZ, line 3	**2**		
3a	Parsonage or rental allowance (from Worksheet 1, line 3a or 4a)	**3a**		
b	Utility allowance (from Worksheet 1, line 3b or 4b)	**3b**		
c	Total allowance (add lines 3a and 3b)	**3c**		
4	Add lines 1, 2, and 3c	**4**		
5	Schedule C or C-EZ expenses allocable to tax-free income (from Worksheet 2, line 6)	**5**		
6	Total unreimbursed employee business expenses after the 50% reduction for meals and entertainment (from Worksheet 3, line 9)	**6**		
7	Total business expenses not deducted in lines 1 and 2 above (add lines 5 and 6)	**7**		
8	**Net self-employment income.** Subtract line 7 from line 4. Enter here and on Schedule SE, Section A, line 2, or Section B, line 2.	**8**		

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