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Department of the Treasury

Internal Revenue Service

Publication 517
Cat. No. 15021X

Worksheets

Publication 517 Early Release Worksheets

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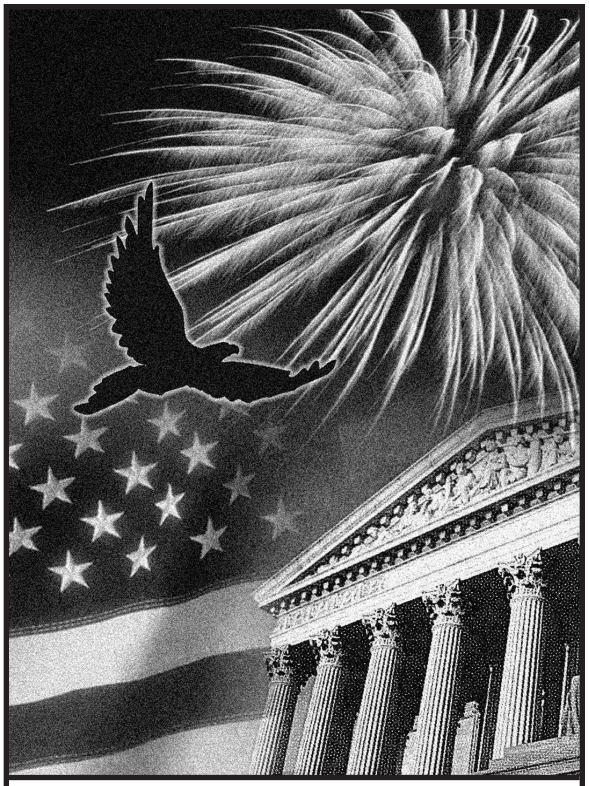
For use in preparing

2016 Returns



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Nov 28, 2016

Worksheets

These worksheets are provided to help you figure your taxable ministerial income, your allowable deductions, and your net self-employment income.

Worksheet 1. **Figuring the Percentage of Tax-Free Income**

Note. For each line, enter the appropriate amount in **all** boxes that aren't shaded.

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	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 (line 5(b)) $ / Total income (line 5(c)) $				=	%**

* 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 won't be deductible. Use Worksheets 2 and 3 to figure your allowable deductions.

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 x 54 cents ($0.54).	2		
3	Meals and entertainment: $_____ × 50% (0.50)	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 27a, or Schedule C-EZ, line 2.	7		

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

Worksheet 3. **Figuring the Allowable Deduction for Form 2106 or 2106-EZ Expenses**

			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 x 54 cents ($0.54).	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% (0.50)	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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