**Your Finances & the Clergy Residence Deduction**

If you are like me, I am always interested in a potential tax reduction. As a credentialed minister with The Pentecostal Assemblies of Canada (PAOC) you may be eligible to claim the Clergy Residence Deduction as spelled out by the Canada Revenue Agency (CRA). The amount of the deduction depends on whether the church/ministry as your employer provides the residence or you provide your own residence.

Where the church/ministry provides you qualifying employment income i.e. a salary as well as living accommodations, you can deduct the value of the accommodation to the extent that it’s included in your employment income as a taxable benefit.

Where you provide your own living accommodations i.e. rent or own, you may be eligible to claim the Clergy Residence Deduction with one of two options available to you:  
   
**Option A**  
When filing your income tax return following the end of the tax year, you and a representative of the church/ministry as your employer will need to complete a [T­­­­1223 Clergy Residence Deduction](http://paoc.us4.list-manage.com/track/click?u=063bea7a51bd74751f3625dde&id=cf92825c9a&e=9249f161f2) form. If eligible you will receive the benefit of the tax deduction in your tax return.  You do not need to submit any further paper work and it doesn’t affect your church/ministry as employer.  
   
**Option B**  
If you are interested in having the deduction applied to your payroll each pay period in the year, you have some paperwork to prepare. To take advantage of this, you need to request and subsequently receive permission from the CRA. You must complete and submit a [T1213 Request to Reduce Tax Deductions at Source](http://paoc.us4.list-manage.com/track/click?u=063bea7a51bd74751f3625dde&id=c5ae0047f7&e=9249f161f2) form to the CRA for the upcoming tax year. The following documents will need to be included with this form:

* a [T1223 Clergy Residence Deduction](http://paoc.us4.list-manage.com/track/click?u=063bea7a51bd74751f3625dde&id=03eac47b06&e=9249f161f2) form completed by you and a representative of the church/ministry as your employer for the upcoming tax year
* a letter from your employer verifying the amount of remuneration you expect to be paid in the upcoming tax year
* a detailed job description including your specific religious duties at the church/ministry and the percentage of time spent conducting those duties
* proof of the PAOC credential you hold i.e. copy of current PAOC credential card

If permission is granted, you will receive a Letter of Authority from the CRA. You must provide a copy to the person responsible for payroll in the church/ministry - the employer is NOT authorized to reduce taxes for each pay period unless this letter is on file. This letter will give the required authorization and instructions for the employer to have the deduction applied to each pay period.  The advantage to this is that your take home pay will be higher each pay period rather than if you choose option A which may be a lump sum income tax refund.  
   
Residents in Alberta & the Northwest Territories can submit the request directly to this address or fax number: Prairie Regional Correspondence Center, Saskatoon Tax Services Office, 340 - 3rd Avenue North,Saskatoon SK 0A8 FAX: 306-652-3211

Don't hesitate to contact the CRA, your accountant or myself at the District Office for more information.

Rev. Phil Doroshuk, Director of Finance & Administration

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