

## **Clergy and Social Security**

### **SPECIAL DEDUCTIONS FOR THE SELF-EMPLOYED**

(The content of this section is for informational purposes only. Before finalizing this section you should seek counsel from appropriate professionals. Clergy who take a housing allowance are self-employed for Social Security and Medicare taxes.)

Self-employed persons pay the entire Social Security and Medicare tax rate 15.3 percent. They do not split the cost with an employer. Because of the unfair burden this places on the self-employed persons, the tax code gives them two deductions:

Persons who are self-employed for social security purposes (including ministers, with respect to their ministerial income) can reduce their taxable earnings by 7.65 Percent (half of the self-employment tax rate.) This is done by multiplying net earnings from self-employment by 0.9235 on line 4 of Schedule SE (Form 1040).

Persons who are self-employed for Social Security purposes (including ministers, with respect to their ministerial income) can deduct half of their actual self-employment taxes as an adjustment line 27 of form 1040, regardless of whether they are able to itemize deductions on Schedule A.