

July, 2007

E.C. Leader

OUR VISION

The Evangelical Congregational Church will be a dynamic movement of God that is led by pastors and laity who have a burning passion for God and a missionary zeal to reach the lost. We will creatively obey the Great Commission by transforming plateaued and declining churches into healthy, disciple-making churches that are committed to evangelizing the communities to which God has called them. Healthy churches will reproduce themselves by planting churches in least-reached communities. Interdependence will be the distinguishing mark of the Evangelical Congregational Church as local churches network with one another and ministries beyond the E.C. family to proclaim the Gospel to the world.



Evangelical
Congregational
Church

WE HEARD YOU!

The Conference Services Committee thanks each of you who took the time to fill out an evaluation form for this year's National Conference. We're grateful that the majority of comments were quite positive, but we also appreciate your honesty, patience and good will in areas that need attention. A careful review of your comments has resulted in this action on our part:

- Next year conference reports will be made available on three hole punched paper *unless* you inform Brenda Long that you wish to have the information on CD or want to download it from the website to your computer. An opportunity to make that request will be included in the initial registration mailing next spring.
- A program schedule will also be included in each participant's registration packet.
- Your concerns about the sound system, food and dining hall matters, and cleanliness of accommodations have been communicated to Messiah College officials. We trust inadequacies will be rectified next year.
- We realize that the temperatures of Eisenhower and some dormitory rooms continue to be too cool for some of you. Even the best of intentions cannot assure us that air conditioning systems will be evenly comfortable throughout entire buildings or within a room as large as Eisenhower's auditorium. Please remember to bring a sweater or dress in layers to accommodate your own comfort levels.
- Other specific concerns are being directed to the persons responsible for particular aspects of programs and arrangements.

Again, thank you for being an important part of our EC National Conference. We rejoice in the growing fellowship and unity of our body as we "Go Deeper, Grow Deeper" in Christ. Join us now in praying for and anticipating a very special 2008 convocation.

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We Could Use Some Help

The EC Property Committee is looking for some volunteers to help update & renovate the bathrooms at the EC Church Center. Possibly an Adult or Senior Sunday School class, or a Senior Youth Group would be interested in a work project. Please contact Brenda at the EC Church Center if you are interested.



THANK YOU!

To members of the Fifth National Conference;



Thank you for the wonderful card, signed by so many members, wishing Mary and me a Happy 50th Anniversary. We continue to celebrate with only one regret—we missed the party during Conference. Hope you all enjoyed the cake. You are all invited to our 100th—date and place to be determined by the Head of the Church. You were prayed for with thanksgiving.

Thank You

Blessings,
The Kohls

Mark these Dates – Twin Pines



The Twin Pines Summer Staff invite you and your congregation to come to their **Summer Staff Concert** on Saturday, **August 11th** at 7:00 PM, to be held in the Twin Pines gym. Please come hear their testimonies and special music presentation. This is a night that they get to share about how God has worked through them during the Summer, and it is a great time of worship and fellowship. Please come show your support for these committed young men and women of faith.

Bible Conference is coming up soon too! **September 10-12, 2007** are the dates for this special conference with guest speaker, Dr. Tommy Mitchell from Answers in Genesis. If you need a registration form, please go to our website where you can download the entire brochure. The registration deadline is August 31st. We hope you will join us this year. This conference is for pastors and laymen. Pastor...please bring your wife with you! It can be a time of Spiritual learning and a time of restoration for you both.

You are also cordially invited to join us for our **14th Annual Twin Pines Golf Classic** to be held on **October 2 & 3, 2007**. A brochure with detailed information can be found on our website: www.twinpines.org . If you have any questions, please feel free to give us a call.



On **October 23rd** at Good 'n Plenty Restaurant, we hope you will join us for our **Twin Pines Celebration Banquet**. Reservations are required. Please call Twin Pines at 570-629-2411 to make your reservations! Hope to see you there!

Bishop's Travels July-August

July 27-28 Rosedale Camp Meeting
 29 am Herndon Camp Meeting communion
 pm Rawlinsville Camp Meeting
 July 31-Aug 5 Bible teacher at Rawlinsville Camp Meeting



News from the Benefits Corporation & Compensation Committee . . .

PERSONAL USE OF A CHURCH PROVIDED CELL PHONES



While ministers and church-related employees are very familiar with the substantiation rules relating to mileage traveled in the course of business, few are aware that similar rules apply to the use of cell phones. Many ministers and church-related employees who have cell phones provided by their church have never considered that the personal use of that cell phone is a taxable event. However, if the personal use is not “substantiated” and separated from the business use, the entire value of the cell phone service may be deemed by the IRS to be taxable to the user. The tax code, along with IRS rules and regulations, require that the personal use of a business-provided cell phone be substantiated and reported as taxable income to the user of the phone.

This procedure was confirmed by a recent Tax Court decision. In a summary opinion issued earlier this year, the Tax Court has again noted the “substantiation” requirement. In [Soholt v. Commissioner, T.C. Summary Opinion 2007-49](#), the court notes “strict substantiation requires the taxpayer to generally introduce records or evidence showing the amount of the expense, the time and place of the expense, the business purpose of the expense, and the business relationship to the taxpayer of the persons involved in the expense..Expenses subject to strict substantiation may not be estimated...” The Tax Court in the *Soholt* case went on to say that “cellular phones are...subject to the strict substantiation requirements.” Not only did the *Soholt* case reinforce the Internal Revenue Service’s prior interpretation, it also cleared up any doubt about whether you could estimate business and personal use. The Court specifically noted that “any approximation or estimation of cell phone expenses attributable to business use is prohibited under section 274(d)” of the Internal Revenue Code.

The substantiation requirement mandates the user to document what calls were made for business and what calls were purely personal in nature. Using the information, the costs of the cell phone service is then pro-rata assigned to business or personal use, with the personal use portion being reported as taxable income. Many ministers argue that such is absurd, simply because the personal use is using up minutes that are already paid for as part of a bundled package—and would go unused if not used for personal use. However, the Tax Court has specifically ruled that the personal use creates a taxable benefit to the employee and must be reported as taxable income.

For church leaders, if such personal use is not reported as taxable income, the IRS may consider the value of such to be an “automatic excess benefit” triggering what the IRS calls “intermediate sanctions” which are substantial excise taxes that may be charged if the impacted employee is an officer or director (or a relative of such person). The “intermediate sanctions” excise tax could be as high as 225%.

Since most ministers and church-related employees do not want to take the time and effort to substantiate whether each call made was either personal or business, many churches have simply moved to providing a “cell phone allowance.” The allowance is simply added to the salary package and becomes fully taxable income to the recipient. By far, this is the easiest way to deal with the complicated rules imposed by the IRS.

*Taken from “In The Know Newsletters”, Church of God Benefits Board, Cleveland, TN, Art Rhodes, editor.,
 January 2, 2007 and June 25, 2007*

News from the Compensation Committee & the Benefits Corporation

(Continued from page 3)

REVIEW OF PARSONAGE and HOUSING ALLOWANCE—IRS's Perspective

The following article is directly reprinted from the Internal Revenue Service's *Tax Guide for Churches and Religious Organizations* (Publication 1828).

"Generally, a minister's gross income does not include the fair rental value of a home (parsonage) provided, or a housing allowance paid, as part of the minister's compensation for services performed that are ordinarily the duties of a minister.



A minister who is furnished a *parsonage* may exclude from income the fair rental value of the parsonage, including utilities. However, the amount excluded cannot be more than the reasonable pay for the minister's services.

A minister who receives a *housing allowance* may exclude the allowance from gross income to the extent it is used to pay expenses in providing a home. Generally, those expenses include rent, mortgage payments, utilities, repairs, and other expenses directly relating to providing a home. If a minister owns a home, the amount excluded from the minister's gross income as a housing allowance is limited to the least of the following: (a) the amount actually used to provide a home, (b) the amount officially designated as a housing allowance, or (c) the fair rental value of the home. The minister's church or other qualified organization must designate the housing allowance pursuant to official action taken *in advance* of the payment. If a minister is employed and paid by a local congregation, a designation by a national church agency will not be effective. The local congregation must make the designation. A national church agency may make an effective designation for minister it directly employs. If none of the minister's salary has been officially designated as a housing allowance, the full salary must be included in gross income.

The fair rental value of a parsonage or housing allowance is excludable from income only for income tax purposes. These amounts are not excluded in determining the minister's net earnings from self-employment for SECA tax purposes. Retired ministers who receive either a parsonage or housing allowance are not required to include such amounts for SECA tax purposes."

*Taken from "In the Know Newsletter", Church of God Benefits Board,
Cleveland, TN, Art Rhodes, editor, April 23, 2007*

To Order a copy of the Clergy Tax DVD shown at National Conference as part of the Compensation report:

"God, Government and Me—Clergy Taxes Made Simple"

Clergy Housing Allowance Issues
Clergy Compensation and Fringe Benefit Issues
Clergy Business and Professional Expense Issues
Clergy Income and Social Security Tax Issues

Send a check for \$5.00 (includes shipping and handling) to:
Church of God Benefits Board, PO Box 4608, Cleveland, TN 37320-4608

(This DVD was made in partnership between the Benefits Board of the Church of God of Cleveland, TN and the noted Clergy Tax accountant, author and consultant, Dan Busby, who annually writes and edits the "Zondervan Minister's Tax and Financial Guide.")
