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The Rev. Steven Clifford gives advice to other ministers and to churches on their taxes. He works from an office on Belden Village Street.

Helping preachers with IRS

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• Minister's tax-advice business is booming—and that's not the only thing

BY BILL O'CONNOR
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"Render unto Caesar the things that are Caesar's," quoth the Rev. Steven Clifford. "And not a penny more."

The first part is from the Bible (Matthew 22:21). The second part is from Clifford.

Clifford gives that advice to other ministers. And he is in business to help them do just that.

The United Church of Christ minister entered the ministry in 1981 and served for two years as a youth minister in Cleveland. He then ministered at the Miller Avenue United Church of Christ in Akron.

When ministers get together, they talk minister stuff. They talk about the size of their congregations. They nod their heads at the notion that the church would be a lot better off if the hierarchy would be as enlightened as those ministers out there in the churches.

And they get all tangled up trying to figure out how to pay their taxes.

Clifford, who had taken courses in both accounting and tax preparation, starting advising ministers how to handle Caesar. His colleagues, he said, urged him to do it as a business.

So in 1989, Clifford left the Miller Avenue Church and opened Clifford and Associates.

Clifford, 41, is sort of the prophet of clergy finances. His specialty is showing ministers how to pay their taxes.

That is not as easy as it sounds.

Clifford said that ministers face tax problems unique among professionals. The problems are unique because, as far as the IRS is concerned, a minister straddles the line between church and state, between the taxable and the exempt.

The minister's employer, the church, is exempt from most taxes. The minister is not.

Suppose a church board decides to hire a minister. Let's say they're going to pay their minister a total package of \$45,000. The church board decides to give him or her \$34,000 in cash and an \$11,000 housing allowance.

"That's for the parsonage," explaineth Clifford. It doesn't matter if the church has an actual, on-site house used as a parsonage, or if the minister has to scout out his or her own digs.

Tax time comes. How is the minister's tax burden figured?

"For the purposes of income tax, he's taxed on the \$34,000," sayeth Clifford. "But," he spake further, "the \$45,000 figure is used for purposes of Social Security."

That's because most churches

don't take out for Social Security. When it comes to that part of the tax return, the minister is considered self-employed.

He has to figure out his own Social Security payments.

Or, suppose it comes to pass that a car dealer wishes to share his bounty with the church. He gives the minister a car.

The minister is happy.

Until April. If the car dealer took an income-tax deduction on the gift, then the minister has to pay taxes on it.

Clifford said that tax problems are compounded because many ministers are not worldly people. He tells of one minister and his wife who were so distraught over a big tax bill that the woman was almost clinically depressed.

"Ministers really do want to do the right thing," declareth Clifford. "But they don't always know what that is."

So Clifford, as it were, comes down from the mountain bearing federal tax-return forms.

There are mileage-reimbursement problems, housing problems, health-benefits packages, pension benefits. Those tax problems are different for ministers than for others because of the tax status of the employer.

The situation is further compounded because the people hiring the minister are volunteers.

The employer, the individual

church, usually is run by a church board or committee. While well-intentioned, such boards sometimes are not aware of the tax problems of the ministers, and so the minister often is paid in a way that is detrimental to his fiscal health.

Clifford said the law allows things that the committees do not know about. And so he often is asked by church boards to come and advise them.

"I do not believe anyone should live in fear of the IRS," sayeth Clifford. "I don't answer to the IRS. I answer to God."

Even that can have its problems. Clifford, his head tonsured like a monk's, has a red fringe of hair and a red beard. The frames of his glasses match the beard and fringe. He is an organized man. "Get package X, volume one," he declareth to an assistant.

But he forgot to organize his prayers.

He and his wife, Cheryl, also a minister, prayed for their business to increase, and for their family to increase. They had no children.

His business, he said, has grown 50 percent a year for five years.

In April, his wife went to the doctor to see if there would be a blessed event.

She was pregnant. With quadruplets.

"They advised us to stop praying," sayeth Clifford.