



CLERGY SELF-EMPLOYMENT EARNINGS

Clergy are deemed to be self-employed for Social Security with respect to services they perform in the exercise of ministry. This means they pay the self-employment tax rather than the employee's share of Social Security and Medicare taxes. The self-employment tax for 2025 is computed by multiplying net self-employment earnings (up to \$176,100) by the self-employment tax rate of 15.3 percent. Only the Medicare component (2.9 percent) of self-employment taxes applies to self-employment earnings in excess of \$176,100. Net self-employment earnings are computed as follows:

* Church salary

* Plus

- other items of church income (including taxable fringe benefits) described in [Chapter 4](#)
- fees you receive for marriages, baptisms, funerals, masses, etc.
- the value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience
- self-employment earnings from outside businesses
- annual rental value of a parsonage, including utilities paid by church (unless you are retired)
- a housing allowance (unless you are retired)
- business expense reimbursements (under a nonaccountable plan)
- 50 percent of the value of meals served on the church's premises for the convenience of the employer
- any amount a church pays toward your income tax or self-employment tax

* Reduced by

- most income tax exclusions (see [Chapter 5](#)) other than meals or lodging furnished for the employer's convenience, and the foreign earned income exclusion
- annual fair rental value of a parsonage provided to you after you retire
- housing allowance provided to you after you retire
- contributions by your church to a tax-sheltered annuity plan set up for you, including any salary reduction contributions (elective deferrals) that are not included in your gross income
- pension payments or retirement allowances you receive for your past ministerial services
- net self-employment earnings (without regard to this deduction) multiplied by 7.65 percent

Note: It may be possible to reduce self-employment earnings by unreimbursed business expenses and business expenses reimbursed by an employing church under a nonaccountable plan even though an income tax deduction for these expenses was suspended by Congress for tax years 2018 through 2025. See "Computing Self-Employment Tax" on page for more information.