

# Clergy Housing Allowance Clarification Act of 2002

(This is the text of the Clergy Housing Allowance Clarification Act of 2002 ("Act") which amended the housing allowance exclusion in Section 107 of the Internal Revenue Code.)

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H.R. 4156

## One Hundred Seventh Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Wednesday, the twenty-third day of January, two thousand and two

### An Act

To amend the Internal Revenue Code of 1986 to clarify that the parsonage allowance exclusion is limited to the fair rental value of the property.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### **SECTION 1. SHORT TITLE.**

This Act may be cited as the "Clergy Housing Allowance Clarification Act of 2002".

#### **SEC. 2. CLARIFICATION OF PARSONAGE ALLOWANCE EXCLUSION.**

(a) IN GENERAL - Section 107 of the Internal Revenue Code of 1986 is amended by inserting before the period at the end of paragraph (2) "and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities".

(b) EFFECTIVE DATE -

(1) IN GENERAL - The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

(2) RETURNS POSITIONS - The amendment made by this section also shall apply to any taxable year beginning before January 1, 2002, for which the taxpayer -

(A) on a return filed before April 17, 2002, limited the exclusion under section 107 of the Internal Revenue Code of 1986 as provided in such amendment, or

(B) filed a return after April 16, 2002.

(3) OTHER YEARS BEFORE 2002 - Except as provided in paragraph (2), notwithstanding any prior regulation, revenue ruling, or other guidance issued by the Internal Revenue Service, no person shall be subject to the limitations added to section 107 of such Code by this Act for any taxable year beginning before January 1, 2002.

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### **Text of Section 107 Before and After the Act**

#### **Text of §107 of the Internal Revenue Code *prior* to the Act:**

##### Sec. 107. Rental value of parsonages

In the case of a minister of the gospel, gross income does not include –

(1) the rental value of a home furnished to him as part of his compensation;

or

(2) the rental allowance paid to him as part of his compensation, to the extent used by him to rent or provide a home.

#### **Text of §107 of the Internal Revenue Code *as amended* by the Act:**

##### Sec. 107. Rental value of parsonages

In the case of a minister of the gospel, gross income does not include –

(1) the rental value of a home furnished to him as part of his compensation;

or

(2) the rental allowance paid to him as part of his compensation, to the extent used by him to rent or provide a home and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.