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- *Below is the most recent update.*
 - *We will keep you updated on additional processes.*
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Recent Housing Allowance Update - Tax Cuts and Jobs Act Update

The Tax Cuts and Jobs Act (the “Act”) made numerous changes to the taxation of both individuals and organizations. Several of the changes relate to deductions available to individuals. One such change that has possibly received less attention involves moving expenses.

As outlined extensively in the IRS’s [Publication 521](#), the “deduction of certain moving expenses to a new home because [the taxpayer] started or changed job locations” has been an available deduction, and it is created by Section 217 of the Tax Code. In addition to the available deduction, another section of the Code – Section 132(g) – provides that the reimbursement of qualified moving expenses by an employer will not be treated as a taxable fringe benefit. In other words, if the employee would be able to take the moving expense as a deduction, the employer could pay for those expenses on a tax-free basis.

Unfortunately for those who will incur moving expenses that would meet the deductibility standards outlined in Publication 521, the Act has suspended the application of Sections 217 and 132(g) from January 1, 2018 through December 31, 2025. The end result of this suspension is that (1) moving expenses incurred during that time period will not be a deductible expense (except for certain members of the Armed Forces) and (2) any reimbursement by, or payment of, these expenses by an employer during the same time period will need to be reported as taxable income to the employee (again, except for certain members of the Armed Forces).

Thus, for example, if a local church covers some or all of the moving expenses of an employee, such as its pastor, the church will need to report that amount on [Form W-2](#) as taxable income to the employee. And, as another example, if the payment of moving expenses is made by an annual conference on behalf of a pastor serving a local church, the conference will likely need to issue that pastor a Form 1099-MISC reflecting the amount paid (the [instructions](#) to Form 1099-MISC

state Box 7 should include “taxable fringe benefits for nonemployees,” which will presumably include moving expenses for the years during which Sections 217 and 132(g) are suspended).

GCFA’s Legal Services Department

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[NOTE: The Legal Services Department will continue to monitor this case and will update its analysis when necessary. Updates will be found at www.gcfa.org. If you should have any questions, please feel free to contact us at legal@gcfa.org.]