

Publications

Federal District Court Holds the Minister's Housing Allowance Unconstitutional (Again)

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The federal district court for the Western District of Wisconsin has, for the second time, held the minister's housing allowance (also referred to as the parsonage allowance) under Internal Revenue Code section 107(2) unconstitutional. *Gaylor v. Mnuchin*, 16-cv-215-bbc (W.D. Wisc., Oct. 6, 2017). Code section 107(2) provides that a minister may exclude from his or her taxable income "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." Historically, the IRS has interpreted this to apply to deferred compensation as well, so this could have impact on church retirement plans. Please see the attached memo for details.

- [Federal District Court Holds the Minister's Housing Allowance Unconstitutional \(Again\)](#)