

Clergy Housing Allowance in Court – No Changes for the Immediate Future

The portion of IRS Section 107 tax code related to clergy housing allowances, for those owning their own home or receiving funds for rental, has been the focus of a recent court case in the Western District of Wisconsin.

On Nov. 22, a federal judge ruled in favor of the plaintive, the Wisconsin based-Freedom from Religion Foundation, striking down the law that gives clergy tax-free housing allowances. What has not been widely reported is that the judge also stayed her ruling until appeals are exhausted, in addition any decision will not be retroactive.

There are several groups planning to appeal the decision and for the immediate future there are no changes for clergy who receive a housing allowance from their salary paying unit as untaxed income to pay rental housing cost or the cost of home ownership, including mortgage payments and property taxes. Were the ruling to stand, it would affect clergy living under the jurisdiction of the Western District Court in the states of Indiana, Illinois and Wisconsin.

The ruling does not address clergy who live in parsonages.

Judge Barbara Crabb's decision can be found by [clicking here](#).