

107TH CONGRESS  
2D SESSION

**H. R. 4156**

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**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.



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## 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.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Clergy Housing Allow-  
3 ance Clarification Act of 2002”.

4 **SEC. 2. CLARIFICATION OF PARSONAGE ALLOWANCE EX-**  
5 **CLUSION.**

6 (a) **IN GENERAL.**—Section 107 of the Internal Rev-  
7 enue Code of 1986 is amended by inserting before the pe-  
8 riod at the end of paragraph (2) “and to the extent such  
9 allowance does not exceed the fair rental value of the  
10 home, including furnishings and appurtenances such as a  
11 garage, plus the cost of utilities”.

12 (b) **EFFECTIVE DATE.**—

13 (1) **IN GENERAL.**—The amendment made by  
14 this section shall apply to taxable years beginning  
15 after December 31, 2001.

16 (2) **RETURNS POSITIONS.**—The amendment  
17 made by this section also shall apply to any taxable  
18 year beginning before January 1, 2002, for which  
19 the taxpayer—

20 (A) on a return filed before April 17,  
21 2002, limited the exclusion under section 107 of  
22 the Internal Revenue Code of 1986 as provided  
23 in such amendment, or

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

25 (3) **OTHER YEARS BEFORE 2002.**—Except as  
26 provided in paragraph (2), notwithstanding any

1 prior regulation, revenue ruling, or other guidance  
2 issued by the Internal Revenue Service, no person  
3 shall be subject to the limitations added to section  
4 107 of such Code by this Act for any taxable year  
5 beginning before January 1, 2002.

Passed the House of Representatives April 16, 2002.

Attest:

*Clerk.*