

Public Law 107-181  
107th Congress

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.

May 20, 2002  
[H.R. 4156]

*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”.

Clergy Housing  
Allowance  
Clarification Act  
of 2002.  
26 USC 1 note.

**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”.

26 USC 107.

(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.

Applicability.  
26 USC 107 note.

Approved May 20, 2002.

---

**LEGISLATIVE HISTORY—H.R. 4156:**

CONGRESSIONAL RECORD, Vol. 148 (2002):  
Apr. 16, considered and passed House.  
May 2, considered and passed Senate.

