

MEMORANDUM

TO: Bob Kohler
Joaquin Garcia

FROM: Mary Logan

DATE: June 20, 2000

RE: Housing Allowance
Probationary Members Seeking Ordination as a Deacon

We have received several inquiries about the “clergy” status of probationary members seeking ordination as a deacon under the *1996 Book of Discipline*. The question has arisen in the context of whether these persons are considered ministers of the gospel for federal income tax purposes and are thus entitled to a housing allowance under Internal Revenue Code Section 107 and likewise required to pay their own social security (see enclosed memorandum dated January 7, 1999, and related Q&A, regarding private letter ruling and clergy status of deacons in full connection).

If these persons are appointed as licensed local pastors, then they are entitled to a housing allowance, like all other licensed local pastors. If they are not serving as licensed local pastors, then they probably are not entitled to a housing allowance. The IRS would question the clergy status of any person who does not have a primary appointment in a ministry setting and who is not permitted to perform the religious and sacerdotal functions that an appointed deacon in full connection would be permitted to perform.

The 2000 General Conference enacted legislation that will create, effective January 1, 2001, a new category of license for probationary deacons. These persons will have a license similar to the license for local pastors. It is our understanding that deacons with this new license will have a primary appointment in a ministry setting and will be permitted to perform the religious and sacerdotal functions that an appointed deacon in full connection is permitted to perform. For this reason, we believe the housing allowance should be available to persons with this new license.

Please note: the private letter ruling pre-dates this new legislation from the 2000 General Conference and also addresses only deacons in full connection, whose primary appointment is in a ministry setting. For this reason, we cannot say with any certainty whether the IRS would agree with us. However, it is well established that licensed local pastors are entitled to the housing allowance (and required to pay their own social security), so we believe licensed probationary deacons appointed to a primary ministry setting **should** be treated the same way.

As always, each deacon and probationary member seeking ordination as a deacon should seek his/her own tax advice from a competent tax professional. Each fact

situation is unique and GCFA is not providing legal, accounting or other professional services or advice.

Enclosure