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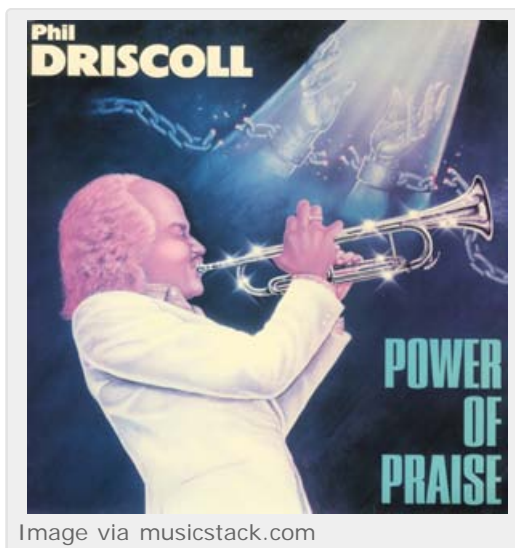
### A Non-Whitney Grammy Tale of Clergy Tax Greed

Churches qualify for nifty tax benefits like the “[parsonage allowance](#),” a term that makes me think of [Hester Prynne](#) and [Arthur Dimmesdale](#). This tax concept dates to the 1920s and means ministers don’t have to pay tax on the value of a home provided by their congregation, even as part of their pay. See [Don’t Like Taxes? Form A Church](#).

If the church doesn’t own a home, a cash housing allowance is also not taxable. See [IRS Minister Audit Technique Guide](#). Apart from the psychic and celestial benefits bestowed on the clergy, free housing could make being a member of the cloth sound pretty good.

Apparently that’s what Grammy-winning trumpet player [Phil Driscoll](#) thought. Hey, let’s form a church! The tax law can’t discriminate between different religions, but it’s fair to say the church in this case wasn’t a major one.

Our illustrious trumpet player was ordained by [Mighty Horn Ministries, Inc.](#), later known as Phil Driscoll Ministries, Inc. [Once](#) jailed for tax evasion, Driscoll claimed a whopping \$408,638 as tax-free parsonage. It



wasn't only one residence, but two. [Trumpeter Phil Driscoll Reports to Federal Prison](#).

After all, the church wanted him to have a lake house too. The technical question was whether the tax-free housing deal applied to two houses or only one. If CEOs have five homes, shouldn't ministers have at least two? The Tax Court thought so based on a singular versus plural statutory analysis.

After quite a flap, the [Tax Court](#) agreed with Minister Phil, allowing him not only his main residence but his lake house too. But the IRS was steamed by this, claiming the lake house was income. So it appealed to the Eleventh Circuit Court of Appeals.

No lake house, the appellate court [ruled](#). See [Appeals Court Rejects Clergy Tax Benefit](#). Perhaps that's just as well, since feisty [Sen. Charles Grassley](#) (R-IA), had already reacted harshly to the Tax Court decision that's now been overturned. Grassley queried "why a clergy member needs a tax-free allowance for more than one home, and whether tax-exempt churches should subsidize millionaire ministers."

For more, see:

[Tax Break for Clergy Questioned](#)

[Divided Tax Court Allows Parsonage Allowance for Minister's Two Homes](#)

[Religion-Based Tax Breaks: Housing to Paychecks to Books](#)

[Don't Like Taxes? Form A Church](#)

[Christian Crusade For Tax Benefits](#)

[Pulpit Freedom and Taxes](#)

[IRS vs. Scientology: Here We Go Again](#)

[IRS Topic 417 – Earnings for Clergy](#)

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*Settlement Payments (4th Ed. 2009 with 2012 Supplement, [Tax Institute](#)), he can be reached at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*