



MEMO

To: Treasurers and Business Managers

From: Sally L Naglich, Treasurer

Date: February 11, 2019

Subject: Legislative Changes

As you are aware there have been many legislative and regulatory changes lately that will affect congregations of The Lutheran Church—Missouri Synod. Some of these changes have been included in prior communications and are presented in the LCMS [Congregational Treasurer's Manual](#) (CTM) and other publications. Here are a few highlighted items:

- Effective 1/1/2018, **moving expenses** paid or reimbursed by an employer are taxable. Moving expenses paid or reimbursed by congregations should be included on the Form W-2. See CTM Section 6.140.
- Effective 1/1/2018, the cost of **employer-provided qualified transportation and commuting benefits and any parking facility** used in connection with qualified parking that has not been treated as taxable compensation is subject to unrelated business income tax. The CTM discusses this in Section 11.115, but interim guidance was released by the IRS after the CTM was released. Please review IRS Notice 2018-99 for more information. Congregations should take note that **parking spots reserved for employees/pastors may cause a tax consequence** and may need to make changes to its parking policies by March 31, 2019 to avoid extra taxation.
- The IRS has released the 2019 **Standard Business Mileage Rate**, which increased from 54.5 cents in 2018 to **58 cents in 2019**. Congregations are encouraged to reimburse employees through an **accountable plan** versus a lump sum allowance each month since employees can no longer deduct unreimbursed employee expenses for income tax purpose. See CTM Section 6.125.
- The **Ministerial Housing Allowance** (See CTM Chapter 2) remains under challenge in the courts. Congregations should continue declaring housing allowances for their ministers when applicable, but need to have discussions about the ramifications to their called workers should this tax benefit go away.