

Sample Church Expense Policy

MINISTRY RELATED EXPENSE REIMBURSEMENT POLICY FOR _____ CHURCH

In accordance with IRS regulations 1.162-17 and 1.274-5(f), the _____ Baptist Church hereby establishes a reimbursement policy for all ministers and employees with the following terms and conditions:

1. The church will reimburse only reasonable ministry-related business expenses incurred by a minister or employee. Subject to budget limitations, such expenses will include:
 - a. Business (ministry) use of automobile, using the standard IRS standard mileage rate for the current year.
 - b. Business (ministry) related travel away from home including transportation, lodging and meals on overnight trips
 - c. Convention and conference expenses
 - d. Educational expenses, if otherwise qualified as an itemized deduction
 - e. Subscriptions, books and tapes, if related to ministry or employment
 - f. Entertainment/hospitality expenses if business (ministry) connection requirement is met
2. The minister or employee will account for each allowable expense in writing at least every 60 days. Travel expense documentation will include total business/ministry miles for each day with a description of the purpose. Documentation for other ministry related expenses the church agrees to cover will include the date, amount, and a description adequate to identify the business/ministry relationship of each expense. Appropriate receipts should accompany the documentation.
3. The minister or employee will return advances that exceed actual business expenses within 120 days.
4. Under this accountable arrangement the church will not report reimbursed amounts as taxable income on the minister's or employee's Form W-2. The minister or employee should not report reimbursed amounts as income on Form 1040.

The "Expense Form" may be reproduced and used by church employees to document ministry related expenses.