

## Church Financial Hot Topic

### Accountable Reimbursement Policy

In accordance with IRS regulations 1.162-17 and 1.274-5T(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:
  - Business use of automobile, up to the current IRS standard mileage rate;
  - Business travel expenses away from home;
  - Convention conference and workshop expenses;
  - Educational expenses, if otherwise qualified as an itemized deduction and within IRS limits;
  - Subscriptions, books, and tapes, if related to ministry or employment;
  - Entertainment/hospitality expenses, if business connection requirement is met.
  - Cell phone charges if cell phone is required by the church for its convenience.
2. The minister or employee will account for each allowable expense in writing at least every 60 days. Documentation will include the amount, date, place, business purpose and business relationship of each expense. A receipt must accompany the documentation.
3. The minister or employee will return advances that exceed actual business expenses within 120 days.

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 or deduct reimbursed expense on Form 1040.

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