

SAMPLE
LONG FORM
ACCOUNTABLE REIMBURSEMENT POLICY

This is the 2002-2003 Tax Packet

LONG FORM ACCOUNTABLE REIMBURSEMENT POLICY

The _____ United Methodist Church ("Church") recognizes that certain expenses of ministry paid by the pastor/staff person are part of the ordinary and necessary costs of ministry in this Church/charge. Accordingly, we hereby establish an accountable reimbursement policy to defray them directly. The reimbursement account shall be an annual line item in the Church budget. It shall be in addition to the pastor's annual salary and housing. The reimbursement account for 200_ shall be \$ _____. (*Amount may be determined by using the attached suggested worksheet.*)

The following requirements for the policy are binding upon the Church and upon _____, its pastor/staff person.

Accordingly, the Church hereby establishes an accountable reimbursement policy, pursuant to IRS regulations and upon the following terms and conditions:

1. The pastor/staff person shall be reimbursed from the reimbursement account for his/her ordinary, necessary and reasonable business expenses incurred in the conduct of the ministry for, and on behalf of, the Church. The following expenses are budgeted in this accountable reimbursement policy, as suggested for the work needs of the pastor/staff person.
2. The committee on SPR/PPR chairperson, Church payroll person or treasurer, (as designated by the Church) must be given an adequate accounting of each expense, including, but not limited to, a statement of expense, account-book diary or other similar record showing the amount, date, place, business purpose and business relationship involved. Such documentation shall include receipts for all items of \$75 or more (*a church may set a lower amount*). Appropriate documents, cash receipts, canceled checks, credit card sales slips and contemporaneous records for those non-receipt expenses less than \$75 must be attached to each expense report. A log of total miles per day and enumeration of their general purpose shall suffice to substantiate automobile mileage, but under no circumstances will commuting mileage between the pastor's home and Church office be reimbursed. Copies of the documentary evidence and expense report shall be retained by both the pastor/staff person and the Church. The committee on SPR chairperson (or treasurer) shall be responsible for approving the expense. The committee on SPR chairperson (or treasurer) shall exercise his/her discretion regarding the adequacy of the substantiation and the appropriateness of any reimbursement. Questions arising in these areas will be resolved by the SPR chairperson's or treasurer's decision, subject to the review and approval of the committee on SPR/committee on finance.
3. It is the intention of this policy that reimbursements will be paid **after** the expense has been incurred by the pastor/staff person. However, should circumstances require payment of an advance for any particular anticipated expense, the pastor/staff person must account for the expense and return any excess reimbursement within 30 days of the issuance of the advance. Any excess advance must be returned to the Church before any additional advances are provided to the pastor/staff person.

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- 4. Budgeted amounts not spent must not be paid as a salary bonus or other personal compensation. If such payments are made, the entire amount of the accountable reimbursement policy **(Item K)** will be taxable income to the pastor/staff person. The Church will be required by law to report that amount as part of the pastor's/staff person's compensation. Disposition of any unspent balances remains at the discretion of the committee on finance/the council/charge conference in building the budget for the next Church year.

- 5. It is understood by the various parties that all elements of this resolution must be carefully followed to prevent the Church from being required by regulation to list total payments for the following items on IRS reports (W-2) as "includable compensation." The primary responsibility of expense reporting is for the pastor/staff person to the committee on SPR chairperson, church payroll person and/or treasurer.

Adopted on _____, 200_ , by the Church Council [Charge Conference] of
the _____ United Methodist Church.

Chair, Church Council

SPR/PPR Chairperson/Church Treasurer

Pastor/Staff Person

Secretary

This is a **sample** of an accountable reimbursement policy. The specifics of each policy should be reviewed by each church and minister considering their specific concerns. If legal or tax advice is required, the services of a competent professional advisor should be sought.

WORKSHEET TO HELP WITH SETTING BUDGET FOR ACCOUNTABLE REIMBURSEMENT POLICY

The following are suggested items for inclusion in this accountable reimbursement policy. It is only the bottom total under K which is to be put in the policy itself. This worksheet is for budgeting purposes only and it is permissible for the reimbursed individual to shift items from one area to another.

A.	Automobile (standard federal mileage rate), parking and tolls	\$ _____
B.	Office supplies and postage	\$ _____
C.	Office equipment, computer and software	\$ _____
D.	Books, subscriptions and periodicals such as professional journals	\$ _____
E.	Professional dues	\$ _____
F.	Religious materials, vestments and business gifts	\$ _____
G.	Continuing education and seminars (as approved by the committee on SPR and/or the committee on finance)	\$ _____
H.	Entertainment required for Church business	\$ _____
I.	Travel fares, lodging and meals while on business for the Church	\$ _____
J.	Other	\$ _____
K.	Total*	\$ _____

***Total in this column must be the same as total reimbursement amount set forth in the first paragraph of the policy. Church council action is required for an increase to item "K" (Total). To allow for the pastor/staff person's spending discretion, only item "K" is necessary to be reported as a line item in the charge conference approved budget and in the policy document. Circumstances dictate that the above expenses will vary from church to church and from time to time. Nonetheless, expenses assumed by the pastor/staff person in excess of the total are not excludable from reported compensation.**

The General Council on Finance and Administration is not engaged in providing legal or accounting services. The service of a competent professional should be sought for legal and tax advice.

MINISTER/STAFF PERSON CHURCH AUTOMOBILE EXPENSE REPORT

FOR THE MONTH OF _____, 200_

VEHICLE DESCRIPTION:
(USE SEPARATE REPORT FOR EACH VEHICLE)

MILEAGE METHOD

DAY OF MONTH	GENERAL DESCRIPTION OF TRAVEL PURPOSE (AT DISCRETION OF PAYROLL PERSON, MINISTER/STAFF PERSON'S APPOINTMENT BOOK MUST RECONCILE WITH THIS COLUMN. WHEN CONFIDENTIALITY IS NECESSARY, USE "PRIVATE" AS DESCRIPTOR.)	DAILY ODOMETER START	DAILY ODOMETER STOP	MILES TRAVELED (DO NOT INCLUDE COMMUTE OR PERSONAL MILES)	TOLLS & PARKING
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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24					
25					
26					
27					
28					
29					
30					
31					
TOTAL BUSINESS MILES & TOLLS/PARKING:					
BUSINESS MILES MULTIPLIED BY IRS MILEAGE RATE @ ___ CENTS PER MILE:					XXXXXXXX
TOTAL AUTOMOBILE BUSINESS EXPENSES (A):					XXXXXXXX

MINISTER/STAFF PERSON CHURCH AUTOMOBILE EXPENSE REPORT

FOR THE MONTH OF _____, 200_

VEHICLE DESCRIPTION:
(USE SEPARATE REPORT FOR EACH VEHICLE)

ACTUAL EXPENSE METHOD

DAY OF MONTH	GENERAL DESCRIPTION OF TRAVEL PURPOSE <small>(AT DISCRETION OF PAYROLL PERSON, MINISTER/STAFF PERSON'S APPOINTMENT BOOK MUST RECONCILE WITH THIS COLUMN. WHEN CONFIDENTIALITY IS NECESSARY, USE "PRIVATE" AS DESCRIPTOR.)</small>	DAILY ODOMETER START [1]	DAILY ODOMETER STOP [2]	MILES TRAVELED (DO NOT INCLUDE COMMUTE OR PERSONAL MILES) [3]	FUEL, OIL, PLATES, INSURANCE, REPAIRS & GENERAL MAINT. [4]	LEASE PAYMENTS OR DEPRECIATION [5]	TOLLS & PARKING [6]
1							
2							
3							
4							
5							
6							
7							
8							
9							
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23							
24							
25							
26							
TOTAL OF COLUMNS [3-6]:							
ODOMETER STOP ON LAST DAY MINUS START ON FIRST DAY = TOTAL MILES:					XXXXXXXXXX	XXXXXXX	XXXXXX
DIVIDE BY TOTAL OF COLUMN [3] BY TOTAL MILES = BUSINESS USE%:					XXXXXXXXXX	XXXXXXX	XXXXXX
MULTIPLY TOTALS OF COLUMNS [4 & 5] BY BUSINESS USE %:				XXXXXXXXXX			XXXXXX
TOTAL AUTOMOBILE BUSINESS EXPENSE (A) = ADD LAST LINE OF COLUMN [4, 5, & 6]:							

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