

Full Accountable Reimbursement Policy

Whereas, income tax regulations 1.162-17 and 1.274-5T(f) provide that an employee “need not report on his tax return” expenses paid or incurred by the employee solely for the benefit of his employer for which the employee is required to account and does account to the employer and which are charged directly or indirectly to the employer; and

Whereas, income tax regulation 1.274-5T(f) further provides that “an adequate accounting means the submission to the employer of an account book, diary, statement of expense, or similar record maintained by the employee in which the information as to each element of expenditure (amount, time and place, business purpose, and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner which conforms to all the ‘adequate records’ requirements” set forth in the regulation; and

Whereas, (Church Name), hereon known as “the church”, desires to establish a reimbursement policy pursuant to regulations 1.162-17 and 1.274-5T(f); be it therefore resolved, that (Church Name) hereby adopts a reimbursement policy pursuant to income tax regulations 1.162-17 and 1.274-5T(f), upon the following terms and conditions:

1. Any employee or pastor now or hereafter employed by the church shall be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the church, if the following conditions are satisfied: (1) the expenses are reasonable in amount; (2) the employee or pastor documents the amount, time and place, business purpose, and business relationship of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the employee or pastor’s federal income tax return; and (3) the employee or pastor documents such expenses by providing the church finance office with an accounting of such expenses using the approved expense report, no less frequently than monthly. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by an employee or pastor.
2. Reimbursements shall be paid out of the church funds, and not by reducing pay checks by the amount of business expense reimbursements.
3. Reimbursable business and professional expenses may include transportation, overnight travel (including lodging and meals), related entertainment expenses, books and subscriptions, continuing education and professional dues.
4. The (Leadership Staff) shall be issued a (Church Name) corporate credit card which will facilitate the charging of associated the church or professional expenses to the church. It shall be the responsibility of each Leadership Staff person to verify each charge to this card with the monthly statement and to list the expenses charged to the card on the monthly expense report.
5. Under normal circumstances, business and professional expenses such as transportation, overnight travel (including lodging and meals) shall be expended to the Approved Travel Expense account under the regular church personnel budget. Expenses which are associated with a particular ministry department area shall be properly expended to the appropriate account. All other expenses shall be expended into the proper Reimbursable Expense Account.

6. Employees are not permitted to initiate or knowingly charge personal expenses to the church corporate credit card unless prior permission has been requested and granted by the (Finance Committee, Session or Council) of the church. If, for any reason, the church corporate credit card is used for personal expenses without prior permission, the (Finance Committee, Session or Council) of the church shall, at its own discretion, have the right to request that the card holder return the card to the church for immediate cancellation and suspension of all corporate credit card privileges. Should an emergency arise which necessitates the unauthorized personal use of the corporate credit card by any employee or pastor, such use shall be reviewed by the (Finance Committee, Session or Council) of the church for determining the validity of the emergency use of the card.
7. The church shall not include in an employee or pastor's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to the preceding paragraph, and the employee or pastor should not report the amount of any such reimbursement as income on IRS Form 1040.
8. Any church reimbursement that exceeds the amount of business or professional expenses properly accounted for by an employee or pastor pursuant to this reimbursement policy must be returned to the church within 60 days after the associated expenses are paid or incurred by the employee or pastor, and shall not be retained by the employee or pastor.
9. If, for any reason, the church's reimbursements are less than the amount of business and professional expenses properly substantiated by an employee or pastor, the church will report no part of the reimbursements on the employee or pastor's W-2, and the employee or pastor may deduct the un-reimbursed expenses as allowed by law.
10. Under no circumstances will the church reimburse an employee or pastor for business or professional expenses incurred on behalf of the church that are not properly substantiated according to this policy. The church and staff understand that this requirement is necessary to prevent our reimbursement plan from being classified as a "non-accountable" plan.
11. All receipts and other documentary evidence used by an employee or pastor to substantiate the business nature and amount of his business and professional expenses incurred on behalf of the church shall be retained by the church.
12. Should any employee fail to submit their expense report and receipts for reimbursable expenses charged to their issued credit card within the issuing banks monthly cycle, thereby creating interest charges for the outstanding amount during the payment cycle, any and all finance charges shall be the responsibility of the employee. At the sole discretion of the (Finance Committee, Session or Council), any incurred finance charges will be chargeable to the employee or charged off to a church expense account within the employee's ministry department.
13. It shall be understood that the (Finance Committee, Session or Council) of the church may, at its discretion, review, rewrite, delete, render any or portion of, or entirely revoke, any or all of this accountable reimbursement policy, notwithstanding any portion which is regulated by local, state, or federal law.
14. This policy shall remain in effect as long as the employee or pastor is employed by the church, and, if amended, shall be resigned by all employees as necessary.

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Acknowledgments

Staff Acknowledgment

I acknowledge that I have received a copy of the church's *Full Accountable Reimbursement Policy*. I understand that it provides guidelines and summary information about the church's reimbursement policy, procedures, and rules of conduct.

I also understand that it is my responsibility to maintain accurate records and to forward all supporting expense reports with supporting documentation on a monthly basis.

If applicable to my position as a member of the Leadership Staff of the church, I acknowledge that I have been, or will be, issued a corporate credit card in my name in association with the church, and that I am solely responsible for the proper use and security of the credit card and that I will immediately report to the church (Business Administrator or finance office) any loss or theft of the card or the assigned account number.

Employee's Name (please print)

Employee's Signature

Authorized Church Representative Signature

Date