

ROLCC Mileage Policy

Rev. June 2007

This policy is mainly designed for all local transportation expenses directly related to Church business. Unlike travel expenses¹, transportation expenses are the expenses of getting from one work place to another in the course of his (her) work when the applicant is not traveling away from home. Commuting expenses² are the costs of commuting between home and the regular place of work and they may not be reimbursed as either transportation or travel expenses. This mileage policy applies to pastoral Church staff and non-pastoral Church staff. The purpose of this policy is to help Church staff file the check request properly and to make sure that the Church's financial operation is in full compliance with IRS regulations.

I. To qualify as a business expense for mileage reimbursement

The following requirements must be fulfilled:

1. The mileage should be **directly related to Church business**³.
2. The mileage should be driven within **business hours**⁴ (for non-pastoral Church staff) or **ministry hours**⁵ (for pastoral staff)
3. The mileage should be driven while not traveling away from home.

Any transportation expense, which fails to meet all of the above criteria, can only be treated as a **personal** or **social** expense. *A personal or social mileage will not be qualified as a business expense.*

II. To apply for mileage reimbursement

1. Fill out the *ROLCC check request form* and remember to indicate the policy code as stated in Sec. III [3]
2. Fill out the *Transportation allowance reimbursement form*
3. Attach sufficient information documenting the mileage, the purpose, the date, the location, the person or persons' name(s), title, and business connection of the trip.

For pastoral staff's personal ministry, the pastoral staff may apply for the mileage reimbursement using his (her) personal mileage reimbursement budget code. For mileage related to other Church ministries or affairs, please use appropriate budget codes under the specific ministry for business expense reimbursement.

For non-pastoral staff, when traveling to locations that are 30 miles or further from his (her) work place, he (she) may request for mileage reimbursement using the appropriate budget code.

III. Definitions

[1] Travel Expenses are the expenses for transportation while traveling away from home. This Mileage Policy will not cover this type of expenses. Instead, the applicant can request reimbursement for his (her) travel expenses under a code associated with the specific ministry or center.

[2] The income tax regulations state clearly that **commuting expenses** are considered to be nondeductible personal expenses and do not qualify to be reimbursed as business expenses.

[3] **Church related business** includes pastor's personal ministries, the Church ministries, and the Church affairs⁴, which are directly related to the vision and the operation of the Church, such as;

Policy code	Descriptions
M-1	Visiting newcomers of the Church ⁶ or inviting non-believers to a Godly Church.
M-2	Caring for the sick or elderly of the Church.
M-3	Counseling the weak of the Church.
M-4	Purchasing Church supplies, meals, and equipment for the Church.
M-5	Attending weekly cell group meetings, Church or district retreats, and evangelical events of the Church.
M-6	Attending local evangelical events, Bay Area united prayer meetings, Church-related off-site meetings, and job-related training or seminars.
M-7	Meeting with local government agents or neighborhood association to discuss Church campus development, planning, utilization, or remodeling of the Church.
M-8	Hospitalizing speakers or quests from charitable institutions, evangelical organizations, or other Churches.
M-9	Taking members of the Church or guests of the Church who are traveling overseas on Church related business trips to or from the airport.

[4] The non-pastoral Church staff's business hours are basically defined as the hours between the time when the Church staff leaves his (her) home for work in the morning and the time when he (she) goes home in the evening. The business hours can be extended to accommodate any out-of-normal-schedule events or visitors if they are directly related to Church business and are necessary. Transportation expenses outside the business hours will not be qualified as a business expense.

[5] The pastoral staff's ministry hours are basically the times when the pastoral staff are performing their duties as servants of God or the Church. These duties must be directly related to Church business and the Kingdom of God, and are necessary. Transportation expenses outside ministry hours will not be qualified as a business expense.

[6] The **Church** is the *River of Life Christian Church*.

IV. Guideline for filing check requests for mileage reimbursement

The following cases have been put together as a guideline to help the applicant file a check request for mileage when there is a business need:

Case 1. Trips between Church and a second "business location."

Example A. A pastor leaves the Church to visit someone in a local hospital or travels from the Church to a local store to purchase church supplies. These trips, from the Church to a second business location, are business-related. This means that the transportation expenses incurred in making such trips may be reimbursed as transportation expenses.

Case 2. Trips between a second business location and home.

Example B. A pastor leaves work early one afternoon to call on several persons in a local hospital that is 3 miles from the Church, and only 2 miles from the pastor's home (the hospital is between the pastor's home and the Church). The miles between the Church and the hospital are business miles, and may be reimbursed even though the pastor has traveled 3 miles closer to his home. However, the remaining 2 miles between the hospital and the pastor's home are personal miles and are not reimbursable as a business expense.

Example C. Same facts as the previous example, except that the hospital is 3 miles from the Church and 8 miles from the pastor's home. The entire 8 miles in traveling home directly from the hospital represent personal miles. On the other hand, if the pastor returns to the Church following his (her) visit at the hospital, then these 3 miles would be business-related, and only the remaining 5 miles to the pastor's home would be personal.

Case 3. Trips between home and a temporary business location.

Example D. If a pastor is called upon to travel to perform a funeral or wedding for a member of the Church or any of the daughter Churches in the Bay Area. The IRS ruled in 1990 that these kinds of trips are legitimate business activities rather than commuting. The transportation expenses associated with these trips may be reimbursed by the Church under this policy.

Example E. If a pastor is called upon to travel to perform a funeral or wedding for a church member of another church. Again, his (her) transportation expenses are deductible business expenses

rather than non-deductible commuting expenses since the pastor was traveling to a temporary work location. However, the transportation expenses associated with these trips cannot be reimbursed by the Church under this policy. But fortunately, the pastor may deduct them as employee business expenses on Schedule A (if he (she) reports his income taxes as an employee) or on schedule C (in the unlikely event that he (she) is self-employed for income tax purposes).

Example F. A minister, while serving as senior minister of the Church, is asked to temporarily serve a daughter church in the Bay Area by conducting services on Sunday afternoons until the daughter Church can find a minister. The round-trip transportation expenses incurred by the minister in “commuting” to and from the second assignment are reimbursable (assuming that he (she) returns home each evening).

Example G. A Church staff member regularly works in an office in the city where he (she) lives. The Church requires that the Church staff member attend a one-week training session at a different office in the same city. The Church staff member travels directly from his (her) home to the training location and returns each day. The Church staff member may reimburse the cost of his (her) daily round-trip transportation between his (her) home and the training location.

Case 4. Trips between home and the Church.

Example H. Sunday is defined as one of the workdays of the Church. The commuting trips between the applicant’s home and the Church will not be reimbursable. This is so even if one does work in one’s car on the way to work. A commuting trip does not become a business expense just because work is done in the car. This is so even if a pastor is required to make more than one round-trip between home and work in one day.

Example I. If a pastor must return to the Church in the evening for a board or prayer meeting, this trip is commuting and will not qualify for a business reimbursement.

If the applicant requests reimbursement for any of the commuting trips stated above and the Church reimburses these expenses anyway, the full amount of the reimbursements must be included on the pastor’s W-2 (1099) as taxable income. In our Church, the reimbursement of personal or commuting miles should be discouraged, even if the reimbursements are reported as taxable income.