

River of Life Christian Church Meal Guideline

Rev. June 2007

This guideline is mainly designed for meals associated with **Church related business** within **business or ministry hours**. It applies to pastoral Church staff and non-pastoral Church staff. The purpose of this guideline is to help Church staff to file the check request properly and to make sure that the Church's financial operation fully complies with IRS regulations.

I. To qualify as a business expense for meal reimbursement

The following requirements must be fulfilled:

1. The meal must be **directly related to Church business**¹.
2. The meal must be taken within **business hours**² (for non-pastoral Church staff) or **ministry hours**³ (for pastoral staff)
3. The meal must be on a **non-frequent basis**⁴.

Any meal that fails to meet all of the above criteria can only be treated as a **personal** or **social** expense. A personal or social meal does not qualify as a business expense.

II. To file a check request for meal reimbursement

1. Fill out the *ROLCC Check Request Form* and indicate the guideline code as stated in Sec. III [4]
2. Provide written records (including an original receipt for expenses) to document the amount, date, location, the person or persons' name(s) (if not confidential), title, and business connection of the expense as completely as possible.

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

III. Definitions

[1] A meal is directly related to Church business if the following apply: (a) the main purpose of the meal is the active conduct of Church business; (b) the persons present at the meal engage in Church business; and (c) there is more than a "general expectation" of generating income or some other specific business benefit at

some future time. **Church related business** includes pastor’s personal ministries, the Church ministries, and the Church affairs⁵, which are directly related to the visions and the operations of the Church.

[2] **Business hours** are basically defined as the hours between the time when Church staff leave their home for work in the morning and the time when they go home for rest in the evening. The business hours may be extended to accommodate out-of-normal-schedule events or visitors if they are directly related to Church business and are necessary. Meals outside business hours will not be qualified as a business expense.

[3] The pastoral staff’ ministry hours are basically the time when the pastoral staffs are performing their duties as a servant of God or the Church. These duties are required to be directly related to Church business and the Kingdom of God, and must be necessary. Meals outside ministry hours will not qualify as a business expense.

[4] The meals should be on a non-frequent basis in order to qualify as a business expense. Frequent meals with the same Church members, same ministers, or same Church staff are less likely to qualify as a business expense.

[5] The Church related businesses include:

Guideline 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, off-site prayer meetings, Church-related off site meetings, and job-related training or seminars.
M-7	Meeting with local government agents or neighborhood associations 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.

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

IV. Guideline for filing in check request for meal reimbursement

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

Case 1. Meal with Church staff or other ministers:

If the same three Church ministers go out to lunch every Friday, it is very unlikely that any of these lunches will qualify as a business expense. After all, these persons work in the same office, and presumably have considerable interaction during the week. A shared lunch under these circumstances does not constitute an ordinary and necessary business expense.

A recent Tax Court decision addresses this important question. Dugan V. commissioner, T.C. Memo. 1998-373. While the case involved a medical technician, it is equally relevant to Church staff. A medical technician and a physician shared office space. The two often met at lunchtime to discuss the treatment of their patients and the details of office administration and operations. The two met at other times as well, but they found that lunchtime was often the best opportunity to meet. They alternated paying for their meals together. On her federal income tax return for 1994, the technician deducted her share of these meal expenses (subject to the 50% reduction that applies to un-reimbursed meal expenses). The IRS disallowed any deduction for the meals, on the ground that they were not a legitimate business expense. The technician appealed to the Tax Court and explained that she discussed both treatment procedures and office operations during these lunches after all. Unfortunately, the Court agreed with the IRS that the expenses were not deductible. The court drew a distinction between meals with “ outsiders “ (such as clients or customers) from meals with coworkers: “[Coworkers] know each other well already; they don’t need the social lubrication that a meal with an outsider provides—at least don’t need it daily . . .”

Case 2. Meal on a non-frequent basis:

Non-frequent meals with other pastoral staff or any of the Church staff can sometimes be qualified as a business expense. For example, if the pastor of the Administration Center or Department would like to have a conversation over lunch with one of the Church staff who is not performing his or her job properly, the meal can be qualified as a business expense since it is directly related to the operation of the Church.

Case 3. Meal with non-staff Church members:

Frequent meals with the same non-staff Church members are unlikely to be qualified as a business expense. Occasional meals with non-staff Church members are more likely to qualify as a business expense. However, the meals have to be *directly related to Church work*.

Case 4. Meal with outsiders:

Ministers, co-workers, or Church staff from other Churches, Christian charitable organizations or from any one of our daughter Churches will be qualified as “outsiders”. Non-congregation individuals who are having direct business with the Church can also qualify as an “outsider”. Meals with these outsiders may qualify as business meals if and only if the meal is

integral to the Church's business. For example, a lunch that is arranged by a pastor with a local architect to discuss new building plans could be qualified as a business expense.