2020 Accountable Reimbursement Policy

The following resolution was duly adopted by the Administrative Board/Church Council/Leadership Team (or Charge Conference) of the __________________________ United Methodist Church at a meeting held on ____________.

Under internal Revenue Code Section 62(a)(2)(A) gross income does not include reimbursed business expenses or adequately accounted business expense allowances for employees. Internal Revenue Service Regulation 1.162-17(b) provides that an employee need not report on his tax return expenses paid or incurred by him solely for the benefit of his employer for which he is required to account and does account to his employer and which are charged directly or indirectly to the employer. Further, I.R.S. Regulation 1.274-5(e)(4) 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 that conforms to all the adequate records requirements as set forth in the regulations.

Therefore, the __________________________ United Methodist Church hereby establishes an accountable reimbursement policy pursuant to I.R.S. Regulations upon the following terms and conditions:

1. Expenses deemed ordinary and necessary shall be made solely for the benefit of the church and shall be paid directly, whenever possible by the __________________________ United Methodist Church, or indirectly and reimbursed to the person or entity who does pay the expense. Ordinary expenses include, but are not limited to: automobiles, office supplies, postage, computer supplies, books, subscriptions, professional dues, vestments, continuing education, lodging and meals while traveling and entertainment related to church business.

2. The church must be given an adequate accounting of the expense, which means that there shall be submitted a statement of expense, account book diary, or other similar record showing the amount, date, place, business purpose, and business relationship involved. Appropriate documents, cash receipts, canceled checks, credit card sales slips, and contemporaneous records for those non-receipt expenses less than $25.00 must be attached to a monthly expense report. Both the minister/staff person and the church shall retain copies of the documentary evidence and expense report. Voucher information need not include data that would violate pastoral confidences.

3. Reimbursements or advances must be paid out of budgeted church funds and not by reducing the compensation of a minister/staff person. Budgeted amounts not spent must not be paid as a salary bonus or other personal compensation in any fiscal year. If such payments are made, the entire amount of the accountable reimbursement policy account will be taxable income to the pastor/staff person.

4. The church may pay amounts in advance of the minister/staff person's actual expenditure on either an as needed basis or by standard monthly expense allowance. However, an adequate accounting of the advances by expense report must be made in the month following an expenditure. Any excess advance must be returned to the church before additional needed or allowance amounts are provided to the minister/staff person.

Please note: The symbol "¶" refers to the relevant paragraph in the 2016 Book of Discipline.