

Q & A

LOCAL TRANSPORTATION EXPENSES

The following questions and answers provide information on church local transportation expenses for clergy and staff. The Q&As assume a local church situation where the staff person's principal place of business is at the church (**not at home**) and the staff person is given a reimbursement rather than deducting the expenses on his/her tax return. At the end of these Q&As, there is a separate discussion dealing with transportation expenses for pastors serving multiple-point charges.

In general, the rules for reimbursable local transportation expenses can be complex and unusual fact situations cannot be dealt with here. (See IRS Publication 463 - Travel, Entertainment, Gift, and Car Expenses, for additional information) As always, you should consult with your own tax advisor when making tax related decisions.

1. What are the general rules for distinguishing between commuter mileage/personal mileage, which is not reimbursable, and business mileage for local transportation, which may be reimbursed to a church staff person?

Business related travel, including local transportation expenses incurred as part of the staff person's work, are reimbursable expenses. Commuter expenses/personal travel between the staff person's home and a regular work location or personal trips are not reimbursable. Commuter expenses occur when a staff person goes from home to the church, which is the regular work location. However, if the staff person goes from the church or home to a special meeting away from the church or on a parishioner call, this is properly a business expense.

Examples of non-reimbursable trips starting at home or at church: Trips to the church, a temporary office within a metropolitan area, for a personal errand, or to an evening meeting at the church.

Examples of reimbursable trips starting at home: A clergy person who as part of his/her job visits a parishioner at home or at the hospital, a trip to a business meeting away from the church, a meeting with the district superintendent, performing a funeral service, and the like.

2. Is a trip taken for an emergency evening meeting at the church by a staff member a reimbursable business expense or commuter expense? What about a trip home to pick up a draft of my sermon that I was working on at home last night?

All trips that relate to your personal commute from your home to the church are not reimbursable. This includes travel to your regular church work site, home from work, back to the church (where you regularly work) at night, and all personal trips (home or elsewhere).

3. Is travel to a church approved continuing education event reimbursable?

Yes.

4. By the way, what specific expenses are reimbursable?

You can be reimbursed for the actual expenses of operating a vehicle or the standard mileage rate (published annually by the IRS), plus business related tolls and parking. If you receive more than the standard mileage rate, the excess is treated as income; if you receive less, the difference can be treated as a deduction.

5. What kind of records should I be keeping for my transportation expenses?

You should keep a travel log showing the date, place, mileage, and business purpose of all trips.

6. Are there special rules for staff with part-time appointments who have another job?

Yes. If you work at two workplaces in one day, whether or not for the same employer, you can be reimbursed (if the same employer) or deduct the expense of getting from one job to the other.

7. Do these rules change if my office is in my home and this is my principal place of work?

Yes. Be aware that the IRS is very strict about the tests used to determine if your home is indeed your principal place of business. If you are provided a place to work in the church and choose not to use it, the IRS probably will not allow you to treat your home as your principal place of business. If you meet the IRS tests, then you will have business rather than commuter expenses when you travel to other locations for the church.

8. How are “transportation expenses” (discussed here) different from “travel expenses”?

Basically, the IRS defines “travel expenses” as those relating to overnight travel away from home. The rules pertaining to travel expenses are also discussed in IRS Publication 463.

TRANSPORTATION EXPENSES FOR PASTORS SERVING MULTIPLE POINT CHARGES

Listed below are examples of local travel situations that might arise for a pastor serving a multiple point charge.

Example 1

Pastor Smith serves Church A and Church B. Four days a week he spends the morning at Church A and the afternoon at Church B. One day a week he visits parishioners in hospitals, nursing homes, and the homebound. He lives one block away from Church A and often walks to Church A rather than drive. He then walks home for lunch. After lunch, he drives to Church B.

Is the drive from his home to Church B a reimbursable business expense?

No. This is a commute from home to a regular business location (not temporary) and as such it is non-reimbursable commuter mileage.

Example 2

Same as Example 1, except that Pastor Smith walks back to his driveway, does **not** go into the house, gets in the car and drives to Church B.

Is the drive from his home to Church B a reimbursable business expense?

Probably. The IRS allows travel between two work locations as a business expense. Because his car is parked only one block away, this may be treated the same as if he had driven directly from one business location, Church A, to another business location, Church B.

Is the drive from Church B to his home at day's end considered a reimbursable business expense?

No. It is commuter mileage.

Example 3

Pastor Smith starts the day by driving to Church B. At 5:00 PM, he leaves Church B and goes home.

**Is the drive from his home to Church B a reimbursable business expense?
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No. Both are non-reimbursable commuter mileage.

Example 4

Pastor Smith starts the day by driving to Church B. He leaves Church B and goes to park his car in his house's driveway. Then, without going into his home, he walks over to Church A for a meeting.

Is the drive from his home to Church B a reimbursable business expense?

No. It is commuter mileage.

Is the drive from Church B to his driveway (but not going into his home) a reimbursable business expense?

Probably, because he went directly (directly being considered within one block of his home and not going into his home) from one business location to another.

Example 5

On Sunday mornings, Pastor Smith walks to Church A. After the worship service, he walks back to his driveway, (but does not go into his home) gets in his car and drives to Church B to hold worship.

Is the drive to Church B considered a business expense?

Probably. As in Example 2 above, he is essentially going from one business location to another. Because his car is parked only one block away in his driveway, and he does not go into his house, this could be viewed as direct travel between two work locations.

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