

This Q&A resource explains how staff can determine which local transportation expenses can be properly claimed as reimbursable and which expenses are personal.

## **Q&A ON LOCAL TRANSPORTATION EXPENSES**

The following questions and answers provide information on church local transportation expenses for clergy and staff. The Q&A assumes 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 being reimbursed (rather than deducting the expenses on their tax return). The rules for reimbursable local business transportation can be complex, and unusual situations may not be dealt with here. It is always necessary to consult with your own tax advisor when making tax-related decisions.

### **1. What are the general rules for distinguishing between commuter/personal transportation expenses (which are not reimbursable) and business-related travel expenses (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, is a reimbursable expense. Expenses for personal trips or commuter/personal travel between the staff person's home and a regular work location are not reimbursable.

Commuter expenses occur when a staff person travels from home to the church and vice versa. However, if the staff person travels from the regular work location (church) to a special meeting away from the church or to a parishioner call - a proper business expense. (See Chapter 4: Transportation, pages 13-15 from [IRS Publication 463](#).)

Examples of non-reimbursable trips include traveling from home to the church (or a temporary office within a metropolitan area) for a personal errand or traveling from home to an evening meeting at the church.

Reimbursable trips starting at home may occur when a member of the clergy, as part of their job, visits a parishioner at home or at the hospital, attends a business meeting away from the church, performs a funeral service, or attends a business lunch.

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

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

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

Yes. However, this qualifies as a reimbursable expense related to the continuing education being classified as a business-related activity.

**4. What specific costs can be reimbursed?**

You can be reimbursed the actual expenses of operating a vehicle or the standard mileage rate, plus business-related tolls and parking. The current standard mileage rate for reimbursement in 2020 is 57.5 cents per mile driven for business use. If you receive more than the standard mileage rate, the excess should be treated as income; if you receive less, you can use the difference as a deduction. The IRS evaluates annually whether or not the standard mileage rate should be changed.

**5. What kind of records should be kept for transportation expenses?**

A log of travel expenses needs to be created. A sample log is attached. See also [IRS Publication 463](#).

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

Yes. If you work at two workplaces in one day, your expense getting from one to the other can be reimbursed (if working for the same employer at both places) or deducted (if working for different employers). See [IRS Publication 463](#) and consult with your own tax advisor.

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

Yes, but 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 “travel expenses” defined and treated?**

The IRS defines “travel expenses” as the ordinary and necessary expenses of traveling away from home for your job or profession. This Q&A does not deal with travel expenses (only business transportation expenses), but those issues are part of IRS Publication 463: Travel, Entertainment, Gift and Car Expenses.

**9. What other resources are available to further explain how reimbursements work for business local transportation expenses?**

- ◇ [ELCA Accountable Reimbursement Policies](#), elca.org
- ◇ [IRS Publication 535: Business Expenses](#), irs.gov
- ◇ [IRS Schedule A: Itemized Deductions](#), irs.gov
- ◇ [IRS Form 2106: Employee Business Expenses](#), irs.gov

**10. Is there a chart exemplifying church employee accounting for travel for a typical day?**

See the trip log sample below, which records the activities and reimbursement or non-reimbursement of travel expenses.

<b>Starting Point</b>	<b>Destination</b>	<b>Mileage</b>	<b>Reimbursable/ Deductible</b>
			4 miles
Home			
Church	Church		
Hospital	Mercy Hospital (John Doe)	4 miles	No
Home visitation	Parishioner home — visitation (Jane Doe)	4 miles	Yes
Church	Church	2 miles	Yes
Home	Home/lunch	3 miles	Yes
Church-related civic meeting	Church-related civic meeting (boosters)	4 miles	No
Church	Church	4 miles	Yes
Church	Ferry kids from school to home, then back to church	6 miles	Yes
Home		8 miles	No
	Home/dinner	4 miles	No
Church	Church/evening meeting (PPR committee)	4 miles	No
	Home		

No