**Ministry Expense Reimbursement Language for Board Minutes**

Ministry expense reimbursement amounts need to be recorded in board minutes before your new pastor begins their first day of employment on-site. Here is suggested wording for your board minutes.

*The Board was informed that according to Sec. 62 (a) (2) (A) of the Internal Revenue Code, an employee that adequately accounts to the employer the details of their professional expenses is allowed a deduction from gross income. Sec. 62 (c) further requires an employee to return any excess reimbursement or advance to the employer within a reasonable time. Reg. 1.62 (d) (3) further requires that no part of our employee’s salary be re-characterized as being paid under this reimbursement arrangement.*

*A motion was made and passed unanimously to pass the following resolution for the next year:*

*Resolved, it is the policy of (insert name of church) to provide from church funds the ordinary and necessary expenses of ministry that are incurred for the benefit of the church. The church recognizes the professional nature of ministry and recognizes the right of ministers to use professional judgment in incurring ministry expenses within the guidelines set by this policy and the funds allocated for payment or reimbursement of expenses.*

*Ordinary and necessary expenses of ministry include, but are not limited to, the following: on-the-job transportation; out-of-town travel for church assemblies, conferences and continuing education; other professional continuing education locally and by correspondence; professional materials (books, magazines, journals, papers, tapes, films, office supplies, etc.); business meals, entertainment and gifts for conducting church business and developing pastoral relationships; dues and fees for memberships in religious, professional and civic organizations; business use of the telephone; professional equipment (communion, office, library, audio-visual, music, etc.); professional and liability insurance; legal and professional services; and the purchase and cleaning of clergy vestments. Child care expenses are considered to be ordinary and necessary when incurred to enable both minister and spouse to attend church functions for which the presence of the spouse is expected and is vital to the church’s ministry.*

*The church, at its discretion may pay ministry expenses by direct billing to the church, by reimbursement upon receiving receipts and vouchers from the minister, by paying an advance for a specific event or activity, and by paying an expense allowance.*

* *Ministry expense allowance for (insert minister’s first and last name) will be (insert total annual amount) for the year, ((insert monthly amount) monthly).*
* *This is effective (insert date: month/day/year)*

*Payment is subject to the availability of funds and to the timely and proper accounting by the ministers and staff.*

*The minister(s) and staff members are accountable to the church by properly reporting all ministry expenses. Proper reporting includes the filing of periodic expense reports with substantiating records, receipts, and personal statements showing dates, amounts, and business purposes.*

*Expense reports must be filed no less than quarterly. Monthly expense reporting is preferred and encouraged. Any unused portion of the monthly allowance may be carried forward to apply against expenses incurred the next reporting period. At the end of the calendar year, any unused expense funds belong to the Church and will not be retained by the minister(s) for personal use or paid to him as a bonus or salary, or they may be carried forward to the next reporting period. Excess expenses may be reimbursed, if funds are available and approved, or may be carried forward to the next reporting period. When an advance is given for the expenses of a specific event or activity, an accounting is required within 60 days. Any unused portion of an advance must be repaid to the church within 120 days.*

*It is further understood that the Church Treasurer will examine the adequately accounted records and that the records will be kept for at least four years by the employer.*

*This policy is established in accordance with Internal Revenue Code Section 62 (a) (2) (A) and Federal Tax Regulations 1.162-17 (b) and 1.274-5 (e) (4). It shall remain in effect until amended or rescinded.*