

[Sample]

Accountable Expense Reimbursement Plan

Income tax regulations require that an arrangement between an employee and an employer meet the requirements of business connection, substantiation, and the return of excess payments to be considered a reimbursement. Plans that meet the three requirements listed above are considered accountable plans, and the reimbursed expenses are generally excludable from an employee's gross compensation. Plans that do not meet all the requirements listed above are considered nonaccountable plans, and payments made under such plans are includable in an employee's gross compensation.

[Insert Church Name] seeks to establish an accountable expense reimbursement policy in compliance with income tax regulations.

Resolved, that [Insert Church Name] establish an accountable expense reimbursement policy, effective [Insert Date], under which employees serving the church may receive advances for or reimbursement of expenses if

- A. the stated business purpose of the expense is related to the ministry of the church, and the expenses would qualify for deductions for federal income tax purposes if the costs were not reimbursed.
- B. the employee provides adequate substantiation to the church for all expenses within a reasonable time, and
- C. the employee returns all excess reimbursements within a reasonable time.

And,

Resolved, that the following methods will meet the "reasonable time" definition:

- A. an advance is made within 30 days of when an expense is paid or incurred,
- B. an expense is substantiated to the church within 90 days after the expense is paid or incurred, or
- C. an excess amount is returned to the church within 120 days after the expense is paid or incurred.

And,

Resolved, that substantiation of business expenses will include business purpose, business relationship, cost (itemized), and the place of any individual non-lodging expense, and for all lodging expenses. Auto mileage reimbursed must be substantiated by a mileage log detailing business miles and purpose. The church will retain the original copies related to substantiated expenses.