

## Pastor's Tip – Travel Expenses – Part One

Summer is a busy travel time for pastors. There are camp meetings, conventions, and vacations to attend. Many times pastors will combine business trips with vacation days. This can create some headaches when determining what is deductible for IRS purposes.

It is essential that the purpose of the trip be determined beforehand. This is important from the IRS perspective. If the trip is primarily for personal reasons with a little business thrown in, then the IRS will not allow any business expenses to be deducted.

Example: Pastor Jim plans a family vacation to Virginia Beach. This is a five day trip. During one morning Pastor Jim attends a 2-hour leadership seminar. The IRS would say that the purpose for the trip was primarily personal and would not permit any business expense deductions.

Now let's change the scenario around, if the trip is primarily business but a couple of days of vacation are added on, then that portion of the trip that is business-related would be deductible.

Example: Pastor Jim plans to attend a three-day leadership conference. On the way to the conference, he visits family for 2 days. The total cost of the trip is \$1,000. The business portion is \$800. Pastor Jim may deduct the \$800.

Keep accurate records of the entire trip, separating personal expenses from business. Keep these records with your tax return to prove the deductibility of the expenses should you be audited.

If the church reimburses travel expenses, follow these simple rules to keep the reimbursement from being taxable income:

- Submit receipts substantiating expenditures in a timely manner (within 60 days).
- Record on each receipt the reason for the expenditure. (conference title, who ate meals, etc.)
- If the church provided money ahead of time, return any excess funds in a timely manner (within 60 days).