



POLICY HANDBOOK

POLICY NUMBER: 35

TITLE: ACCOUNTABLE REIMBURSEMENT POLICY – MISSION CLERGY TRAVEL

DATE APPROVED BY DIOCESAN COUNCIL: AUGUST 27, 2010

The policy of The Diocese of South Dakota, effective January 1, 2011, regarding mission clergy travel is as follows:

1. **Adequate accounting for reimbursed expenses:** Any Full Time Mission Clergy person now or hereafter serving in The Diocese of South Dakota shall be reimbursed travel expenses and for any ordinary and business expense incurred on behalf of the diocese, if the following conditions are satisfied:
 - a. The expenses are reasonable in amount
 - b. The employee documents the amount, date, place, business purpose of each expense with the same kind of documentary evidence as would be required to support a deduction of the expense on the employee's federal tax return and
 - c. The employee substantiates such expenses by providing the diocesan administrator with an accounting of such expenses on a monthly basis.

Under no circumstances will the Diocese reimburse a mission clergy person for business travel incurred on behalf of the Diocese that are not properly substantiated according to this policy. The Diocese and staff understand that this requirement is necessary to prevent the Diocese's reimbursement plan from being classified as a non-accountable plan. The Diocese agrees to reimburse each full time mission clergy person, travel and business expenses up to a limit of \$5,000.00 annually, unless changed by the Diocesan Council.

2. **Excess reimbursements:** Any Diocesan reimbursements that exceeds the amount of business expenses properly accounted for by a mission clergy person, pursuant to this policy, must be returned to the Diocese within 60 days after the associated expenses are paid or incurred by the mission clergy person. Excess reimbursements shall not be retained by the employee.
3. **Tax reporting:** The Diocese shall not include in a mission clergy person's W-2 form the amount of business travel expenses properly substantiated and reimbursed, according to this policy, and the employee shall not report the amount of any such reimbursements as income on their form 1040.
4. **Mileage rate:** Reimbursable business miles will be reimbursed at the applicable IRS rate.
5. **Retention of records:** All receipts and other documentary evidence used by an employee to substantiate business expenses reimbursed under this policy shall be retained by the Diocese.
6. **Expenses in excess of reimbursements:** If for any reason, the diocesan reimbursements are less than the amount of business expenses properly substantiated by the mission clergy person, it may be possible that the priest may deduct the unreimbursed travel expenses on their taxes, as allowed for by law.