



## THE FOURSQUARE CHURCH

# Understanding Commuting, Business Mileage, and Reimbursement Rates

### Introduction

Reimbursing church employees for mileage incurred during business trips is a common practice. To ensure compliance with IRS regulations, it's crucial to understand the distinctions between commuting and business mileage and the specific rates and rules governing reimbursements.

### Commuting vs. Business Mileage

Commuting Mileage: This refers to the distance traveled between an employee's home and their regular place of work. The IRS clearly states that commuting expenses are not deductible regardless of the distance or the mode of transportation.

Business Mileage: This includes any travel an employee undertakes while performing their job duties. Examples of business mileage include driving to meet church members, traveling to a temporary workplace, or attending a church conference. The IRS allows churches to reimburse employees for these miles at a standard mileage rate, which is adjusted annually.

### Multiple Trips: Commuting vs. Reimbursed Mileage

When an employee has multiple trips in a day, it's essential to differentiate between commuting and reimbursed business mileage:

- **Initial Commute:** The first trip from home to the regular place of work is considered commuting.
- **Subsequent Business Trips:** Travel from the regular place of work to other locations for business purposes is considered business mileage.
- **Final Commute:** The last trip from the regular place of work back home is also considered commuting.

For example, if an employee drives from home to the office (commuting), then to a meeting with a church member (business mileage), and finally back home, only the miles driven between the office and the meeting are reimbursable as business mileage.

### Declaring Your Home as Your Office Location

To declare your home as your office location, it must be your principal place of business. This means that you use your home office regularly and exclusively for administrative or

management activities of your ministry. The IRS has specific guidelines to determine if your home qualifies as your principal place of business. It's important to accurately track your trips and differentiate between commuting and business mileage to ensure compliance with IRS regulations.

If your home is your office location, the travel from your home office to a meeting with a church member and then return home, the miles driven between your home and the church member meeting are reimbursable as business mileage.

### **IRS Mileage Rate and Reimbursable Expenses**

The IRS sets a standard mileage rate each year to simplify the reimbursement process. This rate covers various expenses, including fuel, maintenance, depreciation, and insurance. In addition to the mileage rate, employees can include parking fees and tolls in their reimbursement requests. However, these additional expenses must be directly related to business travel, not commuting.

### **Documenting Mileage According to Accountable Plan Rules**

To comply with the IRS accountable plan rules, employees must document their mileage accurately. This includes maintaining a mileage log that records the date, purpose of the trip, starting location, destination, and the number of miles driven. This can be easily done with a mileage phone app or using a map site on the internet.

### **Current IRS Mileage Rate**

This IRS-established mileage rate is subject to change annually, so churches and employees should stay informed about the latest updates.

### **Conclusion**

Understanding the IRS regulations regarding mileage reimbursement is vital for churches and employees to ensure compliance and avoid potential issues. Churches can effectively manage their reimbursement processes by distinguishing between commuting and business mileage, accurately tracking trips, and adhering to the standard mileage rate. Additionally, considering parking fees and tolls in the mileage amount ensures comprehensive coverage of all travel-related expenses.

Additional Resources: [Accountable Reimbursement Plans \(Automobiles\)](#)