

# Do You Know How to Pay Guest Speakers?

Churches regularly use the services and spiritual gifts of guest speakers. In fact, chances are that your church has recently hosted a guest speaker, or it has plans to do so in the near future.

In return for their time and service, guest speakers are generally compensated with what is referred to as “honorariums” or “love offerings.”

While we can all agree that honorariums or love offerings are taxable income to the guest speaker, that is not what this blog is about.

Rather, I want to use this blog post to address a couple of questions commonly asked by pastors that pertain to paying guest speakers:

1. **How much should we pay guest speakers?**
2. **Is there a proper way to pay guest speakers?**

You may already have an answer to these questions, and your church may already have a specific method for paying guest speakers. Regardless, I challenge you to keep reading this article because you may find yourself learning something new.

## **How much can you pay guest speakers?**

**The answer to how much you can pay guest speakers comes down to how much your church can afford to pay a guest speaker.**

Common practice among churches is to pay guest speakers with cash from the offering. The intent behind this practice is good and pure; however, if your church chooses to use this practice, proceed with caution.

Here is why.

Churches that compensate guest speakers with cash from the offering are often violating several sections of the Internal Revenue Code (IRC) because usually there is no paper trail to make the cash payment(s) reportable.

So while the specific amount paid to a guest speaker is up to what your church can afford, **perhaps a better question is, “What expenses can your church cover for a guest speaker?”**

## **What expenses can a church cover for a guest speaker?**

**There are instances that your church can cover the guest speaker's meal, lodging, and travel expenses, and they will not be taxable to him/her.** However, there are requirements to meet in order for this to be so.

IRS Publication 463 says that if you temporarily travel away from your "tax home" (which is your regular place of employment or work), you can generally deduct the associated travel expenses.

**For guest speakers, travel expenses can be covered in full by the host church.** (See IRS Publication 463 for more info.)

For tax purposes, travel expenses are the ordinary and necessary expenses of traveling away from your home for your business, profession, or job. IRS Publication 463 continues by stating that you are considered to be traveling away from home if:

- **Your duties require you to be away from the general area of your tax home substantially longer than an ordinary day's work, and**
- **You need sleep or rest to meet the demands of your work while away from home.**

**Hence, what do you need to know about being able to cover travel related expenses for guest speakers who come to your church?**

In short, for your church to cover the travel expenses of a guest speaker, there are two things to know:

1. The travel of the guest speaker must require an overnight stay because it is not plausible for him/her to complete the trip in one day (IRS Publication 463 notes that the rest requirement cannot be satisfied by merely napping in your car), and
2. The destination (your church) is located more than 50 miles away from his/her home. (See Internal Revenue Manual 1.32.1)

So, if your church has the financial means, how should you pay for the travel expenses of a guest speaker?

Let us take a look at that next.

## **Covering travel expenses for guest speakers**

The best practice and most honorable way for your church to bless a guest speaker in this capacity is to directly pay all travel expenses. What do I mean by this?

Well, rather than reimbursing the guest speaker's travel expenses, such as airfare and lodging, your church should pay the necessary amounts directly to the airline, hotel, and any other businesses for the travel expenses incurred.

**This takes much of the administrative burden off of the guest speaker. Let me explain.**

- If you give an honorarium of \$400.00 to a guest speaker and reimburse his/her travel expenses, you will most likely end up having to supply him/her with a Form 1099-MISC at the end of the year.
- The honorarium of \$400.00 plus travel expenses will most likely push the total amount given to the guest speaker over the \$600.00 threshold, which is the amount paid to a nonemployee that requires a Form 1099-MISC.
- In this instance, the guest speaker will need to substantiate the amount that can be deducted as a legitimate travel expense and differentiate it from the amount that is subject to income taxes. As you can tell, this can be rather burdensome for the guest speaker.
- Rather, if your church pays for the guest speaker's travel expenses directly, then all you will need to do is keep and maintain all related receipts for your church's records.

I realize every church is not in a financial position to cover the travel costs for a guest speaker. However, for those churches that can, this is a great way to bless and honor those individuals for their service, especially those guest speakers who are conducting a multiple-night revival at your church.

## How to handle paying guest speakers

Although your church may not have the capacity to cover travel expenses for a guest speaker, there is no doubt that you still want to show appreciation to that individual.

Since pastors and church administrators are not always sure of how much to pay a guest speaker, they typically rely on taking up a special love offering for the guest speaker after the church service.

While there is nothing inherently wrong with this, **it is not the best accounting practice for churches.** It can lead to underreporting and misreporting, which can then lead to costly penalties later.

Below are 3 steps your church should implement when paying guest speakers.

### 1. Determine the amount ahead of time

It may not always be easy to determine the amount ahead of time, but it is a step that can help things run more smoothly. Some speakers may have a set speaking fee and they should let you know that up front. For those who do not have a set fee, it would be a good idea for your church to set aside a portion of its budget for guest speakers.

**Knowing the amount that you are going to pay the guest speaker up front will help eliminate the need for paying him/her with cash from the offering.**

Determining the amount ahead of time allows your church to pay the guest speaker with a check. This is a best practice for accounting and [bookkeeping](#) purposes.

Although it is not recommended, if your church has to pay cash then take the necessary steps below:

1. After counting the cash and recording it correctly in the tithes and offerings count sheet, prepare a deposit slip to be used for recording it in your church's [petty cash fund](#).
2. Record the deposit in the petty cash fund as money received, and make sure that the purpose for receiving it is written down.
3. Record a cash transaction debit for the amount paid to the minister and include the following: "Cash paid to Minister X for religious services performed and will be recorded as wages for self-employed purposes."

4. Make sure that when accounting enters the petty cash transactions, the transaction is recorded correctly so that, if necessary, your church can issue a Form 1099-MISC to the guest speaker.

## **2. Receive Form W-9 from the guest speaker**

In order to meet the requirements of federal law, your church must gather the name, address, and taxpayer identification number of every guest speaker your church pays. **This information should be submitted to you from the guest speaker on Form W-9.**

If your church does not receive a Form W-9 from the guest speaker, your church will have to withhold 28% of the payment. Your church will then need to submit the withholding to the IRS using Form 945.

If your church does not withhold the tax, your church will have to pay the tax out of its own pocket. Several churches have implemented a policy stating that unless a guest speaker submits a Form W-9 prior to speaking, then he/she will not be compensated.

## **3. Issue Form 1099-MISC**

This form can easily be misunderstood. However, to keep things simple concerning guest speakers, the IRS requires that your church issue a Form 1099-MISC to every guest speaker who receives compensation of \$600.00 or more from your church over the course of a year.

## **Blessing those who are a blessing to you**

Generosity is a part of who we are as followers of Christ. As the Body of Christ, generosity is in our DNA. It is only natural that we want to bless those who are a blessing to us and our congregations.

**What we must remember, but often forget, is that our generosity is not just quantifiable by how much we give, but it is qualified by how we give.**

When you are willing to put forth the time, energy, and effort in learning how to do things the right way, such as paying guest speakers, your efforts will not return void to you or to those you desire to bless.