# Mileage Reimbursements

Priests can be reimbursed for business/ministry mileage. All business/ministry mileage reimbursements <u>must</u> follow the IRS requirements.

## **Qualifying Mileage**

Specific rules are in place as to what types of business driving is eligible for mileage reimbursement.

All Priests have an assigned ministry location as well as an assigned residence. Since these locations can be the same, there will not be any commuting miles deducted for official business mileage to qualified locations. Other locations within your family are considered secondary business locations and qualify for reimbursement.

If your commute is from a personal residence to your primary ministry location or assigned residence, that does not qualify for a business mileage reimbursement.

However, once you have arrived at your primary ministry location and then need to travel to a secondary business location (i.e., another parish, cemetery, school, Catholic Center, hospital, sick visit, etc.) the mileage is considered reimbursable. Additionally, any travel for office or parish event supplies is considered reimbursable.

Only business mileage using your personal vehicle is eligible for reimbursements. Business mileage driven in a parish, school or cemetery vehicle is <u>NOT</u> reimbursable.

Documenting and calculating business mileage can be simple:

 Trips from the primary ministry location to a secondary ministry location and then returning to the primary ministry location are entirely reimbursable.

For example: Priest leaves from Family Hub Office go to another Family Parish and returns to Family Hub Parish - purpose: deliver weekly bulletins. All mileage is reimbursable to Priests.

Documenting and calculating business mileage while conducting personal tasks can complicate how mileage is reimbursed:

Trips from the primary ministry location to a secondary ministry location are reimbursable. Adding an
additional personal stop along the way, without any additional mileage and then returning to the primary
ministry location is completely reimbursable, as long as, the personal stop did not add any mileage onto
the trip.

For Example:

Primary Business Location Hair Salon Grocery Store Primary business location 6 business miles 6 business miles

Priest is going to the grocery store for business purposes. The grocery store is 6 miles from the primary business location. While out, you decide to take your lunch and get your hair cut. The Hair Salon is on the route to the grocery store. No additional mileage is required. After your hair cut, you proceed to the grocery store for the business items and then return to the primary business location. All Mileage is reimbursable.

• Trips from the primary ministry location to a secondary business location are reimbursable. Add an additional personal trip, which is two miles further and then return to the primary business location is not completely reimbursable. The additional two miles is not reimbursable, because these are personal. The additional mileage to the primary business location from the additional personal stop is not reimbursable. However, the mileage from the secondary location to the primary location is reimbursable. For Example:

Priest is going to the grocery store for business purposes. The grocery store is 6 miles from the primary business location. While out, you decide to take your lunch and get your hair cut. The hair salon is 2 miles from the grocery store. After your hair cut, you go back to the primary business location, which is now 8 miles away.

The mileage to the grocery store and back to the primary work location is considered business mileage, but any additional mileage to and from getting a haircut is <u>not</u> business mileage.

Business miles would be for the 6 miles to the grocery store and another 6 miles back to the primary business location. The two miles to and from the hair salon would be personal mileage.

Primary Business Location Grocery Store Hair salon Primary business location
6 business miles 2 personal miles 8 miles (6 business & 2 personal miles)

#### **Keeping a Mileage Log**

Required documentation for reimbursement of business mileage is REQUIRED following the IRS requirements.

For this reason, it is mandatory to maintain a thorough and accurate mileage log. Lack of proper and complete mileage records will result in non-reimbursement to the individual. Any inadequate mileage records during a review can result in a requirement to repay any reimbursement made to the individual.

A mileage log <u>MUST</u> include the starting mileage on your vehicle's odometer at the beginning of the calendar year as well as the ending mileage at the conclusion of the calendar year.

Each time you use your vehicle for business purposes you are required to record the following information:

- The date of your trip
- Starting odometer, Ending odometer
- Your starting point
- Your destination
- The purpose of your trip
- Tolls and or parking

Any method of recording the required information as listed above is acceptable. Records must be complete, legible, and consistent with other documentation submitted (tolls & parking).

An Excel workbook has been constructed to assist with the business mileage documentation. **This Excel** workbook has an extensive set of example trips with explanations on how to calculate business mileage. If you have a specific issue or question that is not addressed, please contact the internal audit team. Additionally, there are numerous mileage tracking apps available. The mileage apps which provide the necessary documentation requirements typically charge a monthly fee. Priests can add these fees to your reimbursement request and are refundable. Usage of these apps require information regarding the business purpose to be enter for <u>each</u> trip. "Business" as the purpose does not meet the IRS requirements for purpose, and therefore is unacceptable.

Here is a short list of Mileage tracking apps for your review. Using one of these tracking apps below is the simplest way to complete the required forms for reimbursement. If you use another mileage tracking app; please ensure the information it records meets the requirements.

- Driversnote \$11 per month.
- Trip Log \$15 per month.
- Everlance \$8 per month.
- Track my Mileage \$7.50 per month.

The key is to update your records regularly to ensure the records are complete and accurate. The IRS requires the record keeping being current and contemporaneous with the travel.

Mileage logs are <u>required</u> to be printed and submitted with a check request on a monthly or quarterly basis. As of September 1, 2023, all Priest business mile will be paid as a reimbursement for actual miles driven after a priest submits a business mileage log. Business mileage logs <u>must</u> be submitted, again preferably monthly, by the 15<sup>th</sup> of the following month or the 15<sup>th</sup> of December, March, June, and September for quarterly reimbursement. Mileage reimbursement requests received after are not eligible for reimbursement.

### **Calculating Business Mileage Rate**

We will be using the standard IRS mileage rate for Priests.

Since car insurance is a benefit priests receive as part of renumeration, the first 15,000 business miles of the fiscal year are reimbursed at the rates below. Business miles over 15,000 are reimbursed at the full current IRS rate.

Car Insurance Rates per Invoice	First 15,000 Business Miles	Miles over 15,000
Priest who have completed the	Current IRS rate minus \$0.11	Current IRS Rate \$0.655
Defensive Driving Course \$1,620	(\$1,620 / 15,000 = \$0.11;	
	\$0.655 - 0.11) = \$0.545	
Priest who have <b>NOT</b> completed	Current IRS rate minus \$0.12	Current IRS Rate \$0.655
Defensive Driving Course \$1,800	(\$1,800 /15,000 = \$0.12;	
	\$0.655 - 0.12) = \$0.535	

### **Review and Approval of Mileage Reimbursements**

Priest mileage reimbursement <u>must</u> be reviewed. Parochial Vicar's should be reviewed and approved by the Pastor or other designated individual (i.e., Parish Trustee, Finance Council member). Pastor's mileage will be reviewed by the Vicar Forane. Approval must be documented with a signature of the approver.

#### **NON-Reimbursable Items**

Priests can NOT be reimbursed for any other vehicle operating expenses. NON-reimbursable expenses include, but not limited to gasoline; car repairs; general maintenance; oil changes; new tires; car wash; registration; and inspection fees. The IRS reimbursement rate includes a portion for all these expenses, and it also includes an amount for auto depreciation.

The IRS establishes a standard mileage rate each year. For 2023 the rate is \$0.655 per mile. An email is sent to all Priests, business managers and bookkeepers when a change to the rate occurs. It can also be found by searching "IRS mileage rate".

If you have a specific issue or question that is not addressed, please contact the Internal Audit team.