

Diocese of Sioux City
Priest Auto Mileage Reimbursement

As an employee of the Church, the priest who uses his own personal vehicle, will receive reimbursement for travel in the performance of the priest's normal pastoral duties. He will be reimbursed at the maximum rate allowed by the Internal Revenue Service (IRS). Effective 1-01-19, this rate is 58 cents per mile (the IRS sets new rates every calendar year).

If the priest elects Option 1, the higher base pay, for compensation, he does not receive mileage reimbursement for the first 500 miles driven each month (6,000 miles annually). This is accounted for in the priest's compensation package.

If the priest elects Option 2, the lower base pay, for compensation, he receives mileage reimbursement for all business miles driven.

Mileage for parish ministry, parish business, and service on diocesan committees is reimbursable. This includes but is not limited to:

- travel in the normal course of providing oversight of parish business and property, this includes trips to banks, attorney offices, and shopping on behalf of the parish
- travel between parishes when assigned to more than one parish
- visits to parishioners, hospitals, nursing homes, and shut-ins
- attending parish and diocesan related meetings and conferences
- diocesan continuing education programs

Miles driven for personal reasons is not reimbursable. This includes but is not limited to:

- mileage while on vacation or during a day off
- mileage for shopping trips for personal items
- mileage for personal entertainment and social functions

In instances where a priest celebrates a baptism or wedding not related to his parish(s) because of a personal relationship to the family, these expenses including mileage are considered personal and are not reimbursable by the parish. In many of these instances the priest is given a gift by the family and his expenses are covered.

Reimbursable mileage is paid by the parish(s) the priest is assigned to. The priest must submit a request for reimbursement. For this to be tax-free, the IRS requires the documentation to include the date the travel occurred,

number of miles of travel, and purpose of travel. If the priest's actual expenses exceed the reimbursement, the priest should consult with his tax advisor to determine deductibility of the excess expenses on his personal tax return.

Mileage stipends without substantiation are strongly discouraged. These must be included as taxable income on the pastor's W-2. The priest should work with his tax advisor on how to handle this on his personal return.

Summary: It is reasonable to think that most mileage driven by parish priests is considered business related. This may include evening social events with parishioners. In all cases some type of mileage log should be maintained. Do not put the parish bookkeeper in an awkward position of asking for reimbursement without substantiation. This would include all of the miles driven in a month not just those miles in excess of 500.