

Pastor Appreciation Month - Tax Information and Guidelines

NOTE: *Here are some facts you should know about the tax implications of gifts that your church gives to your pastor. These guidelines apply all year long, but are especially relevant during October (Pastor Appreciation Month) and Christmas.*

1) Donations and gifts that are designated for, or given to, your pastor are not tax deductible to the donor. This is true whether your church sets up a special fund approved by the church board, or the money is given directly to the pastor by church members. Gifts to (or for) any individual are never tax deductible.

2) Any donations to the church that donors designate for the pastor/pastor's family to be passed on to them, is considered taxable income, and must be reported to the IRS.

3) Any gift of money that is given to the pastor/pastor's family from church funds, with or without voted approval of the Church Board is considered taxable income and must be reported to the IRS.

4) The value of any "substantial, non-consumable" gift given to your pastor is considered taxable income and must be reported to the IRS. *Examples:* gift cards of all kinds, any electronic equipment, a computer, a vacation, etc.

So, what can you do for your pastor that is not considered taxable income?

Here are a couple of suggestions.

Give "Consumable Gifts" such as flowers and food, which are not reportable to the IRS. Examples: Fruit, nuts, or any other grocery food item. [Note that this does not include gift cards for food--i.e. restaurants/grocery stores/etc. Gifts Cards are reportable.]

If individuals wish to give a group monetary gift to the pastor, money should be placed in an appreciation card which should be given directly to the pastor, without being counted or recorded. Since this money is from individual members, not from the church, the church is not required to report it to the IRS.

NOTE: *Since any money handled by the treasurer must, by policy, be deposited into the bank and accounted for, if this option is chosen, it is important to have someone other than the treasurer be responsible for the gift collection.*

For more tutorials on IRS AND LABOR DEPT RELATED POLICIES, see section 6500 on the gccsda.org auditor webpage.