



Tax Deductibility of Mission Trip Contributions

In addition to the personal Spiritual growth and application of our instruction to “Go into all the world and preach the gospel to all creation” (Mark 16:15), there may be a substantial tax benefit available to people donating towards a mission trip.

From a tax perspective, the important things to consider are:

1. In order for the contribution to be tax deductible, the short term mission trip must be an approved effort by the church. For example, the annual mission trip to Alaska is an approved trip by Hope Point Church.
2. For church-sponsored mission trips, the costs paid by the participant are generally tax deductible by that participant. See related Donation by Trip Participant section below for more information. Note that payments for a dependent do not fall into this category but fall into the next category of donations by non-participant.
3. For church-sponsored mission trips, a donation made explicitly for another specific person are not tax deductible as they are considered a gift. However, a donor can make a donation to the church for a mission trip, including a preference for the donated funds to be allocated to another specific individual, and the donation may be tax deductible if the donor allows the church to have ultimate control/discretion as to how the money is spent. The gift must be made to the church, or specifically towards the trip, but not the individual. See related Donation by Non-Participant section below and the “Mission Trip Donation Form” for more information.

Donations by Trip Participants

Since trip participants have the potential to receive some personal benefit from a trip, the “rules” for donations for participants are different. Although trip participants cannot deduct the value of their *services* during a mission trip, they may be able to deduct some or all amounts they pay to participate in a mission trip. The amounts must be:

- Unreimbursed,
- Directly connected with the mission trip,
- Expenses they had only because of the services given

Generally, a charitable contribution tax deduction can be claimed for travel expenses necessarily incurred while away from home performing services for a charitable organization only if there is no significant element of personal pleasure, recreation, or vacation in the travel. This applies whether the expenses are paid directly or indirectly. Expenses are paid indirectly if the payment is made to the charitable organization and the organization pays the travel expenses (the typical approach for church mission trips).

The deduction for travel expenses will not be denied simply because the participant enjoyed providing services to the charitable organization. Even if the participant enjoys the trip, a charitable contribution deduction can be taken for travel expenses if the person is on duty in a genuine and substantial sense throughout the trip. However, if the person has only nominal duties, or if for significant parts of the trip the person does not have any duties, travel expenses cannot be deducted.

Deductible travel expenses include:

- Air, rail, and bus transportation,
- Out-of-pocket expenses for your car,
- Taxi fares or other costs of transportation between the airport/station and hotel/room,
- Lodging costs,
- The cost of meals

Non-Deductible travel expenses include:

- Immunizations or prescriptions (somewhat unclear whether these are deductible)
- Passport or visa costs,
- Personal purchases, gifts, souvenirs,
- Sightseeing and recreation expenses,

Travel expenses are deductible ONLY on days where mostly charitable work is performed and there no personal pleasure involved (besides the pleasure of ministry). Travel day are considered “work” days when it comes to the deductibility of expenses. Side trips or other sightseeing activities are not considered charitable expenses.

The fees paid to Hope Point Church by a participant of the mission trip to Alaska are considered deductible to the participant as the cost are used to cover transportation, lodging, food and ministry project expenses. Every day of the trip is planned as either travel days or mission work days.

Donations by Non-Participant

Donations made by non-participants generally fall into following scenarios:

	Scenario	Tax Deductibility
1.	Donor gives funds directly to the participant to help cover costs of the mission trip	Donation is not tax deductible as it is considered a gift
2.	Donor contributes to the mission trip fund of the church but designates the funds must be used towards the cost of the mission trip for a specific person	Donation is not tax deductible as it is considered a gift
3.	Donor contributes to the mission trip fund of the church to cover general expenses of the team or mission project providing control, including an indication of preference to support a trip participant	Contribution may be tax deductible – see instructions below

Since the church is a qualified charitable organization, you are able to deduct any cash donations to the church for the mission trip, as long as the church is in control of the funds donated. Gifts made directly to a specific person or made to the church and designated for a specific person to attend the mission trip are considered a gift and are not tax deductible.

In order for the donation to be tax deductible, there are guidelines you must follow, including:

- Make the donation directly to the church indicating it is for the mission trip and **not** mark the funds for any individual. The check, payable to the church, should not indicate any individual's name.
- Complete the "Mission Trip Donation Form". On the form you may indicate a specific person that you would prefer to receive the benefit of your contribution, but you must grant Hope Point Church complete discretion and control over the use of the donated funds to best benefit the Missions Teams or Missions Ministry and indicate that the contribution is non-refundable.

Contributions with a preference for team members who must cancel their participation, who raised more than the needed funds, or who become disqualified for any reason are then redirected to other charitable purposes related to the missions trip or other activities of the ministry.

Works Cited

PSK CPA – *Accounting for Short Term Mission Trips* (published February 8, 2011):

<http://www.pskcpa.com/news/accounting-for-short-term-mission-trips/>

Clergy Financial Resources – *Deduct Expenses Related To Church Mission Trips On Your Taxes* (published July 18, 2011): <https://clergytaxnet.com/blog/?m=201107>

2015 Church and Clergy Tax Guide (2015 edition) – Chapter 8C: *Short-Term Mission Trips*

Internal Revenue Service – *Publication 526, Charitable Contributions* (published January 13, 2015):

<http://www.irs.gov/pub/irs-pdf/p526.pdf>