



Donations for Missions Trips

BY ROLLIE DIMOS | [STEWARDSHIP & GIVING](#)

Q: Our church sponsors a missions trip to an orphanage we support financially. Both minors and adults participate. Are donations that are raised to help offset the participants' travel costs tax deductible? What are some best practices for soliciting and managing these funds?

A: Sending teams of volunteers on missions trips is a common occurrence in many churches. However, I would speculate that appropriately handling donations designated for those trips may not be as common. This topic can be confusing due to the complexity of IRS regulations. And there are a number of rules that churches must follow to ensure that donations designated for missions trips are handled properly—to ensure charitable giving credit and good stewardship.

According to the IRS, in order for a charitable contribution to be granted by the church for a contribution received, the contribution must be to and for the use of the church. This means that individuals must not personally benefit from a contribution made to the church. If a person wants to give a donation to a church and get a tax deduction, the donor must relinquish control and allow the church to use the donation as it deems best. Similarly, in order for a donor to receive charitable giving credit for tax purposes, the donor cannot stipulate how the funds are to be used or receive a benefit from the donation (other than intangible religious benefits).

IRS Criteria

Consider what the IRS has stated:

If contributions to the fund are earmarked by the donor for a particular individual, they are treated, in effect, as being gifts to the designated individual and are not deductible. However, a deduction will be allowable where it is established that a gift is intended by a donor for the use of the organization and not as a gift to an individual. The test in each case is whether the organization has full control of the donated funds, and discretion as to their use, so as to insure that they will be used to carry out its functions and purposes. IRS Revenue Ruling 62-113

In most cases, if an unsolicited contribution is designated for a specific person, the contribution doesn't qualify as a tax-deductible contribution. The donor isn't giving the church full control over how the contribution should be used.

However, IRS guidance suggests that if the church board or congregation approves a project, such as a building construction fund, or sending a team of volunteers on a missions trip, any contribution designated for that project will qualify as a tax deductible contribution. The underlying premise is that the church retains control of the funds to use at their discretion.

- Important note: To qualify, the missions trip needs to be approved by the board, support the church's ministry purposes, and contain no personal benefit for participants.

IRS Publication 526, *Charitable Contributions*, clarifies:

Generally, you can claim a charitable contribution deduction for travel expenses necessarily incurred while you are 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 you pay the expenses directly or indirectly. You are paying the expenses indirectly if you make a payment to the charitable organization and the organization pays for your travel expenses. The deduction for travel expenses won't be denied simply because you enjoy providing services to the charitable organization.

A missions trip is a ministry opportunity and recognized as an appropriate use of nonprofit funds. It is similar to sending volunteer Sunday School teachers to an all-day training session and having the church pay the travel expense.

As long as the participants are not vacationing on a beach but are participating in ministry most every day, then it is appropriate to get a tax deduction for those donations. This is different than paying to send your child to camp, in which case the "donor" would not receive charitable giving credit. The church camp has personal benefit, while a missions trip is business-related.

Charitable Giving Credit

With this IRS criteria in mind, not all types of donations will be eligible for charitable giving credit.

Consider the following types of donations and the proper reporting for charitable giving credit:

- It is significant to note that adult participants can pay their own trip expenses and receive charitable giving credit, but parents cannot pay for their children's trip expenses and receive charitable giving credit. It seems that because donations provided by relatives blur the line between relinquishing control and receiving personal benefit, there are higher hurdles to jump over in order to get charitable giving credit. One court case that seems to support this is *Davis v. United States*, 495 U.S. 472 (1990), wherein the courts disallowed a tax deduction for a parent's contributions to their two sons who were volunteers in missionary service.

Frank Sommerville, a lawyer specializing in nonprofit matters, suggests that the church create a general fund for the whole trip. That way, parents of participants can donate to a general trip fund, and if any child doesn't have enough, they can use the general trip fund monies to help pay their way.

Best Practices

Consider implementing the following steps when planning your next missions trip to help ensure all donations can receive charitable giving credit.

1. Identify the total cost of the trip, including travel expenses.
2. Promote the trip as a team effort.
3. Request donors to help underwrite the total cost of the trip without singling out any specific person.
4. Split funds among all participants.

Additional Resources:

"Missions Trips and Tax Deductions," an article by Frank Sommerville, JD, CPA, which can be viewed [here](#).

Richard Hammar's annual [Church and Clergy Tax Guide](#)



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