

Q R S QUICK REFERENCE SHEET

TAX DEDUCTIONS FOR VOLUNTEERS

A number of tax benefits are available for volunteers under the general charitable contribution deduction of the Internal Revenue Code. The Internal Revenue Service explains this by noting that volunteers can deduct "unreimbursed expenditures made incident to rendition of services to a qualifying organization." Translated, that means that a volunteer may deduct out-of-pocket expenses incurred while doing volunteer work for certain groups approved by the Internal Revenue Service.

Qualifying organizations include, but are not limited to: units of government; organizations formed for scientific, literary, or educational purposes; charitable groups; organizations for the prevention of cruelty to animals; organizations for national or international sports competition; and certain veterans groups. The organization must have prior approval as a qualifying organization from the IRS. If in doubt, ask for proof of tax-deductible status.

The following are representative types of expenditures that volunteers may wish to deduct:

- *direct gifts of money to an organization
- *automobile mileage and expenses
- *bus and cab transportation expenses
- *parking and tolls
- *special uniforms
- *telephone bills
- *entertainment and meals given to others
- *costs of meals and lodging if away overnight
- *travel expenses above per diem allowance
- *tickets to charity benefits, above intrinsic value

The following may not be deducted:

- *value of volunteer time donated
- *dependent car expenses
- *your own meals (unless away overnight)
- *your own entertainment

Automobile-related expenses may be deducted either at an 8¢ per mile standard rate or an actual expenses basis.

The "out-of-pocket" requirement eliminates from deduction any amount that is to the direct benefit of the taxpayer (or the taxpayer's family) rather than to the organization. Thus, for example, most meals and entertainment are excluded.

Items for which a volunteer receives reimbursement may be deducted only to the extent that actual expense exceeds the amount of compensation.

In general, the following requirements apply to the above deductions:

1. Must be amount actually paid during the taxable year, not just a pledge.
2. Must be made to a qualifying organization.
3. Must be actual out-of-pocket amount: if a banquet ticket is bought, the deduction is the amount in excess of the actual value of the meal.
4. Must be recorded: the volunteer should know the name of the organization to which the contribution is being made; amount and date of each contribution; and method of valuing in-kind gifts.
5. Where possible, especially for large gifts, a statement of donation should be obtained from the donee organization.

For the more common out-of-pocket expenses, such as transportation costs and meals, voluntary organizations can assist recordkeeping by providing forms listing date, amount, and beneficiary of the expenses.

The above deductions can be taken by those who itemize their deductions and those who take the standard deduction. However, for those taking the standard deduction, only 25% of the first \$100 in contributions may be deducted from 1982 taxes.

A complete description of federal tax deductions for volunteers can be obtained from your local IRS office. Ask for Publication #526, Income Tax Deduction for Contributions.



VOLUNTEER: The National Center for Citizen Involvement

Information Services and Quick Reference Sheets P.O. Box 4179 Boulder, CO 80306 (303)447-0492

1214 16th Street N.W. Washington, D.C. 20036 (202)467-5560