

# 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 when 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

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- 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 care 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 banquet ticket is bought, deduction is the amount in excess of the actual value of the meal.

4. Must be recorded: volunteer should know name of organization to which 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.

Remember that the above deductions, as with all charitable contributions can be directly taken only by those who itemize their deductions, and not by those who elect to take the standard deduction. If the Fisher-Conable proposal (HR1785) passes, these deductions would be extended to all taxpayers.

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."