

1986

TAX DEDUCTIONS FOR VOLUNTEERS

Prepared by VOLUNTEER—The National Center

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, this means that a volunteer may deduct out-of-pocket expenses incurred while doing volunteer work for certain groups approved by the IRA.

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
- Certain veterans' groups

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 items may **not** be deducted:

- Value of volunteer time donated
- Dependent care expenses
- Own meals (unless away overnight)
- Own entertainment

Automobile-related expenses may be deducted either at a 12-cents-per-mile standard rate or an actual expense basis. Under the standard rate method, parking

fees and tolls are deductible in addition to the standard mileage rate.

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 reimbursement.

In general, the following requirements may 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, i.e., 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 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.

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

*The deductions outlined above can be taken by volunteers who itemize their deductions as well as those who take the standard deduction. With the passage of the Charitable Contributions legislation in 1980, even those taxpayers who take the standard deduction can receive a tax benefit for their contributions. For the 1986 tax year, all taxpayers can deduct 100 percent of their charitable contributions.

