



**Charities and Their Volunteers:
Working Together to Help the Public**



Presenters

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Importance

- 85% of all charities have no employees at all
- The connection between charities and volunteers are very important and complex



Deductible Out-of-Pocket Expenses

- Must itemize on Schedule A of [Form 1040](#) to claim the charitable contribution
- Only for unreimbursed expenses
- Only in connection with volunteer services



What is a “Qualified Organization”

- Recognized by the IRS as a 501(c)(3) or by a state or local government
- Most nonprofit organizations must apply to the IRS using Form 1023 or Form 1024 to become recognized as qualified tax-exempt organizations



Tax-Exempt Recognition

- Organizations must be both ***organized and operated*** for specific reasons
- See our IRS Publication [526](#), [*Charitable Contributions*](#)



Non-Deductible Personal Expenses

- Example-travel expenses where the volunteer performs only limited work for the charity.
- Clothing suitable for non-volunteer use
- For more information see IRS [Publication 526](#)



Travel Expenses

- The IRS will not allow deductions for volunteer travel unless there is no significant element of personal pleasure, recreation or vacation in such travel.



What's Not Deductible?

- The value of a volunteer's time or services
- The value of free use of a volunteer's space or equipment.



Deductible Volunteer Expenses

- Buying and cleaning uniforms not suitable for non-volunteer use
- Travel expenses incurred on behalf of the charity
- Lodging and meal costs when a volunteer is away from home overnight.



Vehicle Deductions

- The actual cost of gas and oil
- OR
- Statutory rate of 14 cents a mile
 - The cost of parking and tolls can be deducted



Vehicle- Non-deductible expenses

- General repair and maintenance
- Depreciation
- Registration fees
- Insurance
- Tires



Record Keeping by Volunteer

The volunteer must keep written records of

- the miles driven,
- dates,
- name of the charity,
- a description of the volunteer work that required use of the vehicle.



Record Keeping by Volunteer

- Receipts are essential when deducting the actual costs of gas and oil.
- Always keep receipts for parking and tolls.



Records

- The charity and the volunteer need to keep records supporting an entry on a return for 3 years after the date the return is filed.



Recordkeeping by Volunteer

- All charitable deductions \$250 and above must have “contemporaneous written acknowledgment” from the receiving charity.
- Describes volunteer services and
- If charity gave anything in return.



Substantiation and Disclosure

- [Publication 1771](#) explains the federal tax law for organizations that receive tax-deductible charitable contributions.
- [Publication 463](#) summarizes “accountable plans.”



Records for Reimbursement

- Organizations must maintain accurate records of deductions
- If an audit is preformed, improper record keeping may lead the reimbursement being characterized as taxable



Compensation

- Items with financial value—gift certificates, cash given as volunteer “Thank you” could be considered compensation for services.



Thanking Your Volunteers

- Consider giving volunteers items of token value to honor their service
- Yearly galas with free food and drink to volunteers are generally acceptable.
- Certificates or plaques usually OK



Maintain Records of Volunteers

- Tax-exempt organizations are required to keep records of all volunteers
- All tax-exempt organization must report the number of their volunteers on [Form 990](#) Part 1



Special Rules for Particular Disasters

- After disasters congress may enact special rules for the purposes of that disaster
- Example: The Katrina Emergency Tax Relief Act



The Katrina Emergency Tax Relief Act

- The normal charitable contribution limits were suspended in order to allow benefactors who made large contributions to claim larger deductions
- See disaster-related IRS rules by [state](#).



For More Information

- www.irs.gov/Charities
- Sign up for our free [e-Newsletter](#)
- TE/GE Customer Account Services (877) 829-5500
- Online seminars and courses www.stayexempt.irs.org



For More Information



For More Information

Windows Internet Explorer browser window showing the IRS website for Charities & Other Non-Profits. The page includes navigation tabs (Filing, Payments, Refunds, Credits & Deductions, News & Events, Forms & Pubs, Help & Resources, for Tax Pros), a search bar, and a main content area with sections for Charitable Organizations, Tax Information for Charities & Other Non-Profits, and News. The News section lists articles such as 'Streamlined Option for Some (c)(4)s' and 'Questions and Answers on 501(c) Organizations'. A sidebar on the left lists various organization types and topics. The footer contains links for 'Resolve an Issue', 'Learn About IRS', 'Work at IRS', 'Get Important Info', and 'Visit Other Sites'.

IRS
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Charitable Organizations
Churches & Religious Organizations
Political Organizations
Private Foundations
Other Non-Profits
Contributors

Charities & Non-Profits Topics

- A-Z Index
- Search for Charities
- Calendar of Events
- Charity and Nonprofit Audits
- Free e-Newsletter
- Online Training
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Tax Information for Charities & Other Non-Profits

Annual Reporting & Filing
990-series forms, requirements, and filing tips

How to Apply to Be Tax-Exempt
Information about how to apply for IRS recognition of tax-exempt status.

Revoked? Reinstated? Learn More
Information about the automatic revocation process and how to be reinstated.

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Education, Workshops, Seminars
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Resources for tax-exempt nonprofit organizations.

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Tax basics for exempt organizations

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General information and how to contact us.

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