Charities and Their Volunteers: Working Together to Help the Public
What is Deductible?

• Certain Out-of-Pocket Expenses IF
  – The volunteer itemizes
  – Incurred in the rendition of volunteer services for a qualified charity
  – Unreimbursed
  – Incurred only because of the volunteer services
  – Not for volunteer’s personal, living, or family use
Nondeductible Personal, Living, Family Expenses

• Babysitting
• “Vacations” – Where volunteers perform limited work for charity
• Clothing that is suitable for non-volunteer use
• Cost of meals if volunteer does not need to stay overnight
What is **Not** Deductible

- Services Rendered by the Volunteer
- Use of Volunteer’s Property
Deductible Expenses – Examples

• Uniforms
  – Buying
  – Cleaning

• Travel Expenses
  – Air, rail, bus, taxi
  – Lodging
  – Meals
Vehicle – Deductible Expenses

- Actual Gas and Oil Costs OR 14 Cents a Mile
- Parking Fees and Tolls
- NO Deduction for
  - General repair/maintenance
  - Depreciation
  - Registration fees, insurance
  - Tires
Recordkeeping by the Volunteer

- Reliable written record of any out-of-pocket expenses
- For any of expense of $250 or more
  - Statement from charity describing volunteer services
  - Statement from charity describing whether it provided goods or services to volunteer
Reimbursing The Volunteer

- Volunteer – Maintain Accurate, Contemporaneous Written Records of Expenses Reimbursed
- Charity – Not Responsible for Issuance of Forms 1099 for Reimbursed Expenses
Thank Your Volunteers

• Carefully
  – Recognizing Volunteers with Cash or “Near Cash” May Have Unintended Consequences
  – Free Food and Drink at a Gala “Thank-you” event is OK
  – Plaques or Similar Memento Honoring Volunteer Service is OK
Maintain Records on Your Volunteers

• Redesigned Form 990, *Return of Organization Exempt from Income Tax*
  – Part I, Summary – Line 6 requires reporting of number of volunteers, both full and part-time
  – Reasonable estimate acceptable
  – Schedule O – Report how the number was determined and types of services or benefits provided by volunteers
Special Rules for Particular Disasters

- Haiti Assistance Income Tax Incentive Act
- Heartland Disaster Relief Act
- Katrina Emergency Tax Relief Act
- “Around the Nation” link from Newsroom page on IRS Web site has current disaster information
More Information

- TE/GE Customer Account Services (877) 829-5500
- Deductibility Issues – Karin Gross, Office of the Chief Counsel, (202) 622-8407