



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

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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

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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

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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

- EO Web site – www.irs.gov/charities
- Current Disasters – www.irs.gov/newsroom, “Around the Nation”
- TE/GE Customer Account Services
(877) 829-5500
- Deductibility Issues – Karin Gross,
Office of the Chief Counsel,
(202) 622-8407