



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

CHIEF COUNSEL

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The Honorable [REDACTED]
U.S. House of Representatives
Washington, D.C. 20515

Attention: Legislative Correspondent

Dear [REDACTED]

I am responding to your inquiry dated June 13, 2003, on behalf of your constituent [REDACTED]. [REDACTED] said he retired from volunteer driving because of issues relating to the payment of a mileage allowance, and the costs of liability insurance. We are pleased to provide the following information about the taxability of mileage allowances paid to volunteers.

The Internal Revenue Code (the Code) provides that gross income means all income from whatever source derived unless specifically excluded by law [Section 61(a) of the Code]. Generally, a volunteer who provides services without compensation does not have gross income when the expenses of providing those services are reimbursed [Rev. Rul. 80-99, 1980-1 C.B. 10]. However, if the reimbursement is greater than the expenses, the difference is gross income [Rev. Rul. 67-30, 1967-1 C.B. 9].

A volunteer who provides services to a qualified charity is not allowed a deduction for the value of those services [Section 1.170A-1(g) of the Income Tax Regulations]. However, a deduction is generally allowed for unreimbursed out-of-pocket expenses [Section 170 of the Code and Rev. Rul. 67-30]. Only those expenses directly related to providing the volunteer services are deductible. The general costs of vehicle ownership, such as registration or insurance, are not deductible [Rev. Rul. 58-279, 1958-1 C.B. 145]. A volunteer driver would only be allowed a charitable contribution deduction to the extent the expenses directly related to providing the services to the charitable organization were greater than the reimbursement.

If [REDACTED] was a volunteer under [REDACTED] retired senior volunteers program (RSVP) [See the Domestic Volunteer Service Act of 1973], the mileage allowance he

received would not be gross income even if the reimbursement exceeded the direct expenses of providing the services [Rev. Rul. 74-322, 1974-2 C.B. 17, amplified by Rev. Rul. 78-80, 1978-1 C.B. 22]. The program's administrator can help [REDACTED] determine if he was an RSVP driver.

I hope this information is helpful. Please call me or [REDACTED] [REDACTED] [REDACTED], if you have any questions.

Sincerely,

Robert M. Brown
Associate Chief Counsel
(Income Tax & Accounting)