

1987

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. Volunteers can deduct "unreimbursed out-of-pocket expenses directly related to the services given to a charitable organization" if they itemize their deductions on their 1987 tax return.

To take any of the deductions mentioned below, volunteers must make their contributions to a "qualified organization." A qualified organization is one operated only for charitable, religious, educational, scientific or literary purposes. Certain organizations that foster national or international amateur sports competition are also included.

The following are representative types of expenditures that volunteers can deduct:

- Direct gifts of money to a qualified organization
- Noncash contributions of property (e.g., clothing, household items, automobiles, etc.)
- Bus and cab transportation expenses
- Automobile mileage and expenses for gas and oil
- Parking and tolls
- Cost and upkeep of special uniforms
- Telephone bills
- Dues, fees or assessments made to qualified organizations

Automobile-related expenses may be deducted either at a 12-cents-per-mile standard rate or an actual expense basis. In any case, parking fees and tolls are deductible in addition to the standard mileage rate.

Foster parent volunteers may deduct unreimbursed expenses paid to provide foster care for children placed in their homes by a charitable organization. The unreimbursed expenses must be amounts spent to provide support for the child.

Volunteers may **not** deduct any of the following:

- Value of volunteer time or services
- Dependent care expenses
- Value of blood given to a blood bank
- Gifts to individuals
- Donations to homeowners associations
- General automobile repair and maintenance expenses

A charitable deduction is denied for travel expenses (including amounts expended for meals and lodging) while away from home, whether paid directly or by reimbursement, *unless* there is no significant element of personal pleasure, recreation or vacation in the travel.

The "out-of-pocket" requirement eliminates from deduction any amount that is to the direct benefit of the taxpayer (or 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 maintain records of the name of organization contributed to and details about each contribution.
5. Where possible, especially for large gifts, a statement of donation should be obtained from the donee organization.

A volunteer tax recordkeeping form is on the reverse side of this page.

More detailed information can be obtained from the Internal Revenue Service. In late 1987, Publication #526 on Charitable Contributions, which gives more instruction on what can and cannot be deducted, will be available from the IRS Forms Office.

