



4-H Forum: Current Topics in 4-H

4-H Volunteers Can Deduct Volunteering Expenses

Turning the calendar to a new year brings new opportunities, challenges and the chance to set new goals. One of the best goals that you can set is to keep track of your volunteering expenses. Not only will you be setting a good example for the youth you work with, you will be helping yourself at tax time.

According to the IRS, individuals can claim tax deductions for expenses incurred while donating to and/or volunteering for qualified organizations, such as 4-H. For a list of other qualified organizations, check out the IRS Publication 78 at your local library or at <http://www.irs.gov/app/pub-78/>.

There are 3 types of expenses that need to be tracked and recorded. The first type is cash contributions. Any money given to 4-H (club, county, area, or state) without any tangible benefit in return it can be deducted from your taxes. If the donation is over \$250, you should receive a receipt. However, buying fundraising items (fruit, candy bars, etc.) is not tax deductible. If you purchase an item at an auction, you can deduct the amount that you paid over fair market value. (For example, \$15 can be deducted if you buy an item valued at \$35 for \$50.)

The second type of deduction is contribution of goods. If you purchase items for your 4-H club or county program and do not receive reimbursement, it can be counted as a tax deduction. Club project supplies, snacks, and prizes are examples of items that could be deducted. However, you cannot deduct supplies that you buy for your own child's 4-H project. If your contribution is over \$250, you must receive an acknowledgement of the contribution.

The third and final type of deduction is expenses you had because of your volunteer role. Qualifying expenses must be: unreimbursed; directly connected to the services; expenses you incurred only because of the services you gave; and not personal, living or family expenses. Mileage can be deducted at 14 cents a mile driven if the only purpose of the trip is related to your volunteering. Other expenses such as parking fees, meals (related to overnight trips), and hotel costs are deductible only if you had an important role in the trip and there was not a significant element of personal pleasure, recreation, or vacation in the travel.

If you would like more information on deducting contributions to 4-H from your taxes, contact your County Youth Coordinator, Regional Youth Program Specialist, ISUE Resource Management Specialist, tax preparer, or the following publications:

“4-H Leaders: Keep Your Own Records – for Use at Tax Time!” Iowa State University Extension, 2006.

“IRS Publication 526, Charitable Contributions”, available at: http://www.irs.gov/publications/p526/ar02.html#en_US_publink1000229649

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TAX DEDUCTIONS FOR VOLUNTEERS

Can an attorney who provides free legal assistance to a local housing organization claim on his/her tax return the estimated value of his service? Can a doctor who volunteers at a free clinic claim a charitable deduction for the estimated value of the service rendered to the clinic? Can a teacher who volunteers as a tutor on behalf of a literacy organization claim a charitable deduction for the estimated value of the service provided for the organization? The answer to all of these questions is “no”. Volunteers **may not** deduct the value of their volunteer time or services.

There are a number of tax benefits available to volunteers however. In preparing tax returns, volunteers may deduct **unreimbursed** out of pocket expenses directly related to their volunteer service if they itemize deductions.

Volunteer service or other charitable donations must have been contributed to what the Internal Revenue Service terms a “qualifying organization”. This includes government agencies and organizations operated only for charitable, religious, educational, scientific or literary purposes. A general rule is that, when deducting volunteer-related expenses, organizations or companies operated “for profit” *do not* qualify.

Examples of the types of expenditures that volunteers may deduct on their tax returns include:

- Bus and cab transportation expenses
- Parking costs and toll fees
- The cost and expenses of upkeep of special uniforms
- Telephone bills
- Supplies purchased to perform volunteer duties
- Automobile mileage and expenses for gas and oil
- Dues, fees or assessments made to a qualifying organization
- Non-cash contributions of property (e.g. clothing, books, household items, equipment, etc.)

Persons or couples who volunteer as foster parents may deduct unreimbursed expenses paid to provide foster care. These expenses must be amounts spent in support of the children placed in their homes by a charitable organization.

Volunteers may deduct mileage expense at a standard rate of 14 cents per mile (2000 rate). Volunteers may not deduct general automobile repair and maintenance expenses. Good record-keeping for transportation-related costs is a must for volunteers who intend to claim automobile-related deductions.

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. 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 guidelines should be followed when claiming charitable deductions on tax returns.

Cash contributions must be an amount actually paid during the taxable year, not just a pledge.

Contributions must be made to a qualifying organization.

Unreimbursed expenses must be the actual out-of-pocket amount.

The volunteer must maintain records which include the name of the organization contributed to *and* details about each organization.

Where possible, especially for large gifts, a statement of donation should be obtained from the donee organization.

More detailed information can be obtained from the Internal Revenue Service. Check the blue pages of the phone book for the appropriate contact. Publication # 526, “Charitable Contributions” can be obtained from the IRS Forms Office, 1-800-829-3676.

