

Tax Tips

Tax Breaks to Those Who Do Volunteer Work for Charity

If you are a volunteer worker for a charity, you should be aware that your generosity may entitle you to some tax breaks.

Although no tax deduction is allowed for the value of services you perform for a charitable organization, some deductions are permitted for out-of-pocket costs you incur while performing the services (subject to the deduction limit that generally applies to charitable contributions). This includes items such as:

- Away-from-home travel expenses while performing services for a charity (out-of-pocket round-trip travel cost, taxi fares and other costs of transportation between the airport or station and hotel, plus lodging and meals). However, these expenses aren't deductible if there's a significant element of personal pleasure associated with the travel, or if your services for a charity involve lobbying activities.
- The cost of entertaining others on behalf of a charity, such as wining and dining a potential large contributor (but the cost of your own entertainment or meal is not deductible).
- If you use your car while performing services for a charitable organization you may deduct your actual unreimbursed expenses directly attributable to the services, such as gas and oil costs. Alternatively, you may deduct a flat 14¢ per mile for charitable use of your car. In either event, you may also deduct parking fees and tolls.
- You can deduct the cost of a uniform you wear when you do volunteer work for the charity, as long as the uniform has no general utility (e.g., a volunteer ambulance worker's jumpsuit). You can also deduct the cost of cleaning the uniform.

No charitable deduction is allowed for a contribution of \$250 or more unless you substantiate the contribution by a written acknowledgment from the charitable organization. The acknowledgment generally must include the amount of cash, a description of any property contributed, and whether you got anything in return for your contribution. This presents a problem where you as a volunteer make a contribution on behalf of rather than directly to a charity. One way around this is for the charity to pay for the expenses, itself, and then be reimbursed by you (or you can make the donation before the expense is incurred). If this isn't possible, you can safeguard your deductions as follows:

- Get written documentation from the charity about the nature of your volunteering activity and the need for related expenses to be paid. For example, if you travel out of town as a volunteer, get a letter from the charity explaining why you're needed at the out-of-town location.
- If you are out-of-pocket for substantial amounts, you should submit a statement of expenses and, preferably, a copy of the receipts, to the charity, and arrange for the charity to acknowledge in writing the amount of the contribution.
- You should maintain detailed records of your out-of-pocket expenses—receipts plus a written record of the time, place, amount, and charitable purpose of the expense.

If you have any questions regarding the above discussed topic or any other tax matter, please feel free to give me a call at (562) 698-9891.

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