



## What You Can Deduct When Volunteering

Many people are familiar with the rules governing contributions of assets to charitable organizations, but another part of the equation that sometimes goes unaccounted for is the contribution of time and the expenses that may come along with one's charitable efforts. If a taxpayer itemizes their deductions, charitable contributions of cash or property may increase tax savings. However, the value of one's time or services is not a charitable contribution. It does not matter if the service requires skill (for example a carpenter). The value of time is not tax deductible.

However, out-of-pocket expenses associated with volunteer work should be considered.

### **The basic rules**

Out of pocket volunteer expenses may be deductible as a charitable contribution. The first requirement with a charitable donation is that the organization is a qualified charity. If uncertain about an organization's charitable status, the following website may be used to confirm if the organization is a qualifying charity: <https://www.irs.gov/charities-non-profits/tax-exempt-organization-search>.

### **Out-of-pocket expenses which have not been reimbursed:**

#### **Supplies, uniforms and transportation**

Supplies purchased for the charitable organization may be deductible if the expense has not been reimbursed. Also, a uniform that is required in servicing the organization may be deductible if it is required by the charitable organization and is not something that is worn when not volunteering. For example if volunteering at a hospital, which requires hospital scrubs be worn, the cost to purchase hospital scrubs is tax deductible.

Transportation costs to and from the volunteer activity generally are deductible, either the actual cost or 14 cents per charitable mile (effective rate in August 2019). However, there are some criteria and disqualifiers to keep in mind. For example, if traveling for work and then volunteering afterwards, the mileage to/from work would not be considered part of a charitable deduction. Also, if a volunteer secures transportation from another party to or from volunteer work, the transportation cost is not deductible by the transporter or the volunteer.

#### **Volunteer travel**

Transportation costs may be deductible for out-of-town travel associated with volunteering. This can include air, rail and bus transportation; driving expenses; and taxi or other transportation costs between an airport or train station. Lodging and meal costs may also be deductible. However, the cost for a non-participating companion to travel is not deductible.

The key to deductibility is that there is no significant element of personal pleasure, recreation or vacation included within the travel. The deduction for travel expenses may not be denied because of the pleasure volunteering provides, however volunteering is required throughout the entire trip. If only a small portion of the trip involves volunteer work, travel expenses may not be allowed at all.

### **Keep careful records**

The IRS may challenge charitable deductions for out-of-pocket costs, so it is important to keep careful records. If you have questions about what volunteer expenses are and are not deductible, please contact your Anchin Relationship Partner or Susan Fludgate, a member of Anchin Private Client, at 212.840.3456 or [info@anchin.com](mailto:info@anchin.com).



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