

## There Are Tax Breaks When You Do Charitable Work

If you do volunteer work for a charitable organization and have not kept track of your out-of-pocket expenses, you might be passing up an excellent opportunity to lower your tax bill. To qualify, your unreimbursed expenses must relate directly to the charity, and you must itemize your deductions on your tax return. Here is a brief rundown of some possible deductions.

- Volunteers may deduct the cost of phone calls, postage stamps, supplies, and other out-of-pocket costs incurred in their volunteer work. For volunteers who are required to wear a uniform, the cost of buying and cleaning uniforms is deductible if they are unsuitable for everyday wear.
- The cost of your time, no matter how valuable it may be, is not deductible. That's true even if you would normally be paid for the type of service you contribute. For instance, accountants who perform free consulting for charities can't deduct what they would normally charge for their services.
- Using your car in connection with volunteer work can earn you a deduction. The standard mileage rate for volunteers who use their own cars is 14 cents per mile. Alternatively, you may deduct your actual unreimbursed expenses for gas and oil - but not maintenance, depreciation, or insurance. Either way you choose, related parking fees and tolls are deductible as well.
- If you travel overnight for charitable purposes, your expenses are deductible as long as they are reasonable in amount and not connected with personal activities or any element of recreation.
- Special rules apply to conventions. Travel and other out-of-pocket expenses related to attendance at a convention for volunteers are deductible only if you have been chosen as a delegate to represent the organization.

Finally, just remember that it is up to you, the volunteer, to substantiate your deductions. If you take these deductions, you should be prepared to show the IRS the connection between the costs claimed and the charitable work performed.

If you have questions about your charitable work deductions, contact our office at (888) 388-1040.

NOTE: This article is written to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

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