

Taxes and Re-enacting

DISCLAIMER:

The following information is presented as examples and guidelines only and is not intended to provide specific tax advice of any kind. This information presented here is related to Out-Of-Pocket Expenses, not charitable contributions (cash and non-cash), as of 2007. For tax advice, please consult your tax specialist or the IRS directly. Specific information regarding what can be deducted as contributions or while volunteering for a qualified non-profit organization can be found in IRS Publication 526 – Charitable Contributions.

As you are aware, re-enacting can become expensive. Fortunately, many re-enacting expenses fall under the heading of out-of-pocket expenses while performing volunteer work. This means a large percentage of these expenses can be deducted on your tax return under Charitable Contributions if you itemize under Schedule A of IRS Form 1040.

Out-of-Pocket Expenses in Giving Services

Although you cannot deduct the value of your time services given to a qualified organization, you may be able to deduct some amounts you pay in giving services to a qualified organization. The amounts must be:

- Unreimbursed,
- Directly connected with the services,
- Expenses you had only because of the services you gave, and
- Not personal, living, or family expenses.

These expenses may only be deducted in the tax year in which they were incurred. In other words, expenses incurred in 2008 may only be deducted on your 2008 tax return. ***Since the 2nd Florida Volunteers Living History, Inc. will not receive its IRS 501(c)(3) non-profit status until 2008, no expenses incurred prior to 2008 can be deducted on your tax returns.***

Qualifying Organizations

Most organizations can tell you if they are a qualified organization. The following are qualified organizations:

- A. Churches or other religious organizations.
- B. Non-profit charitable organizations such as Salvation Army, Red Cross, CARE, Goodwill Industries and United Way.
- C. Non-profit hospitals and medical research organizations.
- D. Public parks and recreation facilities.
- E. Veterans Groups.

- F. Organizations operated for educational, scientific or literary purposes or for civil defense or the protection of children or animals, and non-profit museums. ***This would Include Re-enactment groups that have been certified as non-profit by the IRS.***

Volunteer Work Out-Of-Pocket Expenses

Reasonable out-of-pocket expenses incurred when rendering volunteer services to charitable organizations are deductible. However, you may not deduct the value of your time or services. Some of the out-of-pocket costs are listed below.

A. Uniform and Clothing.

You may deduct the unreimbursed cost and upkeep of uniforms that you must wear while performing donated services for a charitable organization if they are not suitable for everyday use.

- Example 1. You buy a civil war uniform or dress to wear while performing work for civil war events. The cost of the uniform or dress is deductible as a charitable contribution.
- Example 2. You buy \$46 worth of material to have a civil war uniform or dress made to wear while performing at civil war events. You pay a seamstress \$60 to make the uniform or dress. You may deduct the \$45 cost of the material plus the \$60 labor of the seamstress.
- Example 3. You buy \$45 worth of material to have a civil war uniform or dress to wear while performing volunteer services. You make the uniform or dress yourself. You can deduct the \$45 for the cost of the material; however, you cannot deduct the value of your time.
- Example 4. You buy a pair of \$55 earrings to wear while performing volunteer services. Since they are suitable for everyday wear, they are not deductible.
- Example 5. You take your civil war uniform or dress to the cleaners to have it cleaned. Since this is required for the maintenance of your outfit, it is deductible.

B. Equipment and Supplies.

Unreimbursed equipment and supplies used when performing services for charitable organizations are deductible.

- Example 1. You buy a civil war tent to use to your Impression while performing living history events for the park service. Since this equipment is used while performing services, it is deductible. However, if you use this tent for personal camping as well, it is not deductible.
- Example 2. You buy a three-piece fire set to cook on while performing volunteer services. Since this is equipment used in your volunteer work, it is deductible. However, if you use this equipment for personal cooking as well, it is not deductible.

C. Car Expenses.

You can deduct unreimbursed out-of-pocket expenses, such as the cost of gas and oil, that are directly related to the use of your car in giving services to a charitable organization. You cannot deduct general repair and maintenance expenses, depreciation, registration fees, or the costs of tires or insurance. If you do not want to deduct your actual expenses, you can use a standard mileage rate of 14 cents a mile to figure your contribution (***2007 rate- this is one area you need to monitor for changes***). You can deduct parking fees and tolls, whether you use your actual expenses or the standard mileage rate. ***You must keep reliable written records of your car expenses.***

Example 1.

You travel out of state to volunteer for a civil war event. You save your actual gas receipt that amounted to \$48. You can deduct the gas you spent as an out-of-pocket expense.

Example 2.

You travel out of state to a civil war event to perform volunteer services. Your odometer read 54,500 at the start of the trip. When you returned it read 55,500. You have traveled 1,000 miles at 14 cents a mile = \$140 that you may deduct as an out-of-pocket expense. Note: When you use the standard mile rate, you must maintain written evidence of your travel. An example of a good log would be:

Date	Event	Odometer Start	Odometer End	Miles Driven
02-18-91	Olustee, FL	54500	55500	1000

Example 3.

While attending a living history event you had to pay \$3 a day parking. You may deduct the cost of parking if you use actual receipts or the standard mile rate.

Example 4.

While going to Perryville, KY to perform in the re-enactment, you had to pay \$1.25 toll fare. You can deduct the toll as an out-of-pocket expense if you use actual receipts or the standard mile rate.

Example 5.

You take the bus to go to a Living History event to perform some volunteer services. You may deduct the cost of public transportation while performing charitable volunteer work.

Example 6.

Your car breaks down while returning from a civil war re-enactment. It cost \$250 to repair. Since this is a general repair, you cannot take this as an out-of-pocket expense.

D. Travel.

Generally, you can claim a charitable contribution deduction for travel expenses necessarily incurred while you are away from home performing services for a charitable organization only if there is no significant element of personal pleasure, recreation, or vacation in the travel.

The deduction for travel expenses will not be denied simply because you enjoy providing services to the charitable organization. Even if you enjoy the trip, you can take a charitable contribution deduction for your travel expenses if you are on duty in a genuine and substantial sense throughout the trip. However, if you have only nominal duties, or if for significant parts of the trip you do not have any duties, you cannot deduct your travel expenses.

Example 1.

You are a troop leader for a tax-exempt youth group and you help take the group on a camping trip. You are responsible for overseeing the setup of the camp and for providing adult supervision for other activities during the entire trip. You participate in the activities of the group and really enjoy your time with them. You oversee the breaking of camp and you help transport the group home. You can deduct your travel expenses.

Example 2.

You sail from one island to another and spend 8 hours a day counting whales and other forms of marine life. The project is sponsored by a charitable organization. In most circumstances, you cannot deduct your expenses.

Example 3.

You work for several hours each morning on an archeological dig sponsored by a charitable organization. The rest of the day is free for recreation and sightseeing. You cannot take a charitable contribution deduction even though you work very hard during those few hours.

Example 4.

You spend the entire day attending a charitable organization's regional meeting as a chosen representative. In the evening you go to the theater. You can claim your travel expenses as charitable contributions, but you cannot claim the cost of your evening at the theater.

Deductible travel expenses include:

1. Air, rail & bus transportation
2. Out-of-pocket expenses for your car
3. Taxi fares or other cost of transportation between the airport or station to your hotel
4. Lodging Costs
5. The cost of meals (*this is another area to watch for changes*)

Specific Example. You travel to Mobile, Alabama to participate in the Battle of Fort Morgan.

A. Gas

8-09-08 Amoco \$11.00
8-09-08 Exxon \$12.00
8-09-08 BP \$15.00
8-10-08 Amoco \$ 25.00
8-12-08 Exxon \$12.00
8-12-08 Exxon \$20.00
8-12-08 Amoco \$12.00
TOTAL \$107.00

You keep your gas receipts and spend \$107. Your odometer reads 12,100 when you start and when you return It reads 13,200. You have the choice of either \$107 Actual Receipts, or $13,200 - 12,100 = 1,100$ miles traveled at 14 cent (standard mileage rate) per mile = \$154 deduction. Since the deduction using actual receipts (6107) is less than the standard mile-rate (\$154), it would be to your advantage to use the standard mileage rate.

B. Food:

8-09-08 O'Charleys \$15.00
8-10-08 A&P 65.00
8-12-08 McDonalds 9.00
8-12-08 Bonanza 14.00
TOTAL \$93.00

On the way down and back, you spend \$93 for food. You can deduct the full \$93 for food since the cost of meals are deductible.

C. Lodging

8-09-08 Ramada Inn \$46.00
8-12-08 Holiday Inn \$60.00
TOTAL \$105.00

You spend Friday night in Gulf Shores at Ramada Inn, which cost \$45. You spend Sunday night in Pensacola at Holiday Inn, which cost \$60. You can deduct the full \$105 for lodging.

D. Equipment:

8-10-08 Shoddy & Shyster Sutler \$15.00
8-10-08 Marietta Sutler \$35.00

You buy a housewife and a package of uniform buttons from Shoddy and Shyster (\$15) and a pair of earrings from the Marietta Sutler (\$35). Your allowable deduction is \$15 since the earrings can be worn in everyday wear.

Summary of deductible expenses:

Gas (standard rate): \$154
Food: \$93
Lodging (actual receipts): \$105
Equipment (actual receipts): \$15

Record Keeping

The Importance of record keeping cannot be overemphasized, as a review of tax court cases will attest. If you render services to a qualified organization and have unreimbursed out-of-pocket expenses related to those services, the following three rules apply.

1. You must have adequate records to prove the amount of the expenses.
2. You must get an acknowledgment from the qualified organization that contains:
 - a. A description of the services you provided,
 - b. A statement of whether or not the organization provided you any goods or services to reimburse you for the expenses you incurred, and
 - c. A description and a good faith estimate of the value of any goods or services (other than intangible religious benefits) provided to reimburse you.
3. You must get the acknowledgment on or before the earlier of:
 - a. The date you file your return for the year you make the contribution, or
 - b. The due date, including extensions, for filing the return.

We are developing a form to be used and signed by the Treasurer of the Corporation that will be used to get this acknowledgement.

Car expenses.

If you claim expenses directly related to use of your car in giving services to a qualified organization, you must keep reliable written records of your expenses. Whether your records are considered reliable depends on all the facts and circumstances. Generally, they may be considered reliable if you made them regularly and at or near the time you had the expenses.

Your records must show the name of the organization you were serving and the date each time you used your car for a charitable purpose. If you use the standard mileage rate of 14 cents a mile, your records must show the miles you drove your car for the charitable purpose. If you deduct your actual expenses, your records must show the costs of operating the car that are directly related to a charitable purpose.

Limits on Deductions

If your total contributions for the year are 20% or less of your adjusted gross income, the limits discussed here do not apply to you.

Amounts you spend performing services for a charitable organization, which qualify as charitable contributions, are considered a contribution to a qualified organization. The amount of your deduction for out-of-pocket expenses is limited to 50% of your adjusted gross income. For 2007, your adjusted gross income is the amount on Form 1040, line 38.

Limit on itemized deductions. For 2007, the total of your charitable contributions deduction and certain other itemized deductions may be limited if your adjusted gross income is more than \$156,400 (\$78,200 if you are married filing separately). See the instructions for Schedule A, IRS Form 1040 for more information about this limit.