

## **Taxes and Scouting**

### **Updated: 4 April 2008**

This paper describes what expenses it is believed a Scout leader can and cannot deduct for tax purposes under the current (2007) U.S. tax laws. These expenses can be deducted under Charitable Contributions on Schedule A, Form 1040.

The information contained here, although specifically oriented toward Scout leaders, in general, also applies to work for other nonprofit charitable organizations that are recognized by the U.S. government, especially those oriented toward the education of youth.

### **General Guidelines**

If you are a Scout leader, you are allowed a charitable tax deduction for your non-reimbursed, out-of-pocket expenses that are directly connected with the performance of your services as a Scout leader.

There are a few exceptions to this general guideline that are pointed out later. Also be aware that expenses that you pay for your children who are in the program or for other leaders are not deductible.

### **Private Transportation**

The miles you drive in the performance of your duties for Scout events (Troop / Pack / Venture meetings, committee meetings, campouts, service projects, training sessions, etc.) can be deducted. Likewise, the cost for trips for obtaining materials, buying food, turning in paperwork, etc. are also deductible.

A trip for performing your duties as a Scout leader can be combined with another activity. However, you may only deduct that portion of the trip that is related to Scouting. For example, if you drive six miles to the Scout office to drop off paperwork and an extra two to visit a friend, you may only deduct six of the eight miles.

Also, please be aware that if the trip involves travel that you would have had to do anyway, the extra portion is not deductible. For example, assume your house is between where you work and where your Scout meetings are held; if you take your uniform with you to work in the morning and go directly from work to a Scout

meeting in the evening, then home afterward, you can only deduct the round-trip mileage from your home and the Scout meeting place, not the extra miles from work. If you went back to work before going home, you could deduct the round trip from work.

The current rate for use of your vehicle is 14 cents per mile. Your records should show the place, date, mileage, and activity. Odometer readings are not required but can be recorded if you so choose.

If your actual expenses are more than 14 cents per mile, you may deduct the actual expenses for gas, oil, windshield washer fluid, etc. Your records must show the actual amount spent, and you must be able to verify that they were for this Scout related travel.

You may also deduct parking fees and tolls paid for a Scout event in addition to the 14 cents per mile or actual expenses.

If your vehicle is not very fuel efficient, especially considering the current cost of gas, it is probably best to deduct the actual cost for fuel. For a long trip, this is easiest done if you top off the tank before the trip and then fill it up again on return. The amount for filling it up after returning and any other fills during the trip is the amount to claim as a deduction.

The cost for repairs and general maintenance for your vehicle is not deductible even if your vehicle was damaged while performing service as a Scout leader.

You also cannot deduct any portion of the insurance, license fee or depreciation, even if the vehicle is only used for Scout activities.

### **Public Transportation**

Travel expenses for Scout trips away from home may be deducted if you are a leader supervising youth in a genuine and substantial sense. This includes costs for train fare, bus fare, air fare, taxi fare, airport shuttle, rental cars, etc.

The IRS rules say that such costs can be deducted as long as "there is ***no significant element*** of personal pleasure, recreation, or vacation in such travel."

The rules do not define what is a ***significant element***. However, their examples lead you to

believe that you must be on duty at least half the time.

If you are one of the adult leaders required by Scout rules for an event, you are on duty for the entire event. If you are not one of the required leaders but still perform as a leader for the majority of the time of an event, you are also covered.

Having fun on a Scout trip does not disqualify you from deducting the cost of the trip. What matters is that you must have given service in a true adult leadership capacity.

If you simply attend an event as an observer, or as a non-required adult, and do not have a significant part in organization, program, or responsibility for youth, your costs are not deductible.

If you combine a personal vacation with a Scout trip, where you are not with the Scouts for a period of time before, after, or during the main part of the trip, it is very likely that part or all of the costs for the trip will not be allowed as a charitable deduction because you were not serving as a leader during this time. Your out-of-pocket expenses for the time period when you did serve as an adult leader for the Scouts, may still be deductible.

### **Meals**

Reasonable costs for your meals are deductible if they are in connection with a Scout trip away from home. This includes the cost of food for campouts, restaurant meals, snacks, sodas, etc.

For meals to be deductible, the trip must include an overnight stay away from home.

Please note that, unlike expenses for business meals, the cost for meals at Scouting events away from home are 100% deductible for leaders.

Cost for meals for an activity that does not involve an overnight stay is not deductible.

### **Pancake Breakfasts, etc.**

The cost for pancake breakfasts, spaghetti dinners, and other such fund raisers can only be deducted if you purchase a ticket as a donation and return the ticket for resale. If you attend, and the cost is more than what a similar meal

would cost elsewhere, you can deduct the difference; otherwise, you cannot deduct it.

### **Banquets, Dinners, etc.**

The cost for recognition banquets, dinners, etc. are, in general, not deductible. However, if the event is for fund raising, the amount you pay above the normal cost for the meal is deductible. Also, if a set percentage of the cost is allocated to a general fund to support Scouting, or is allocated for other costs that are deductible, this portion is deductible.

It is not unusual for a council to have a policy that a 10 to 15 percent surcharge be included in the cost of events, which supports the general Scouting movement.

### **Ceremonies and Courts of Honor**

The costs of items that you provide for ceremonies recognizing Scouts and Scouters, such as at a Court of Honor, is deductible as long as you are not reimbursed. This includes the cost for awards, decorations, candles, and other such items.

### **Accommodations**

The cost you pay for a motel room, camping fee, or other accommodation fee while serving as a leader on a Scout trip is deductible.

### **Administrative Fees**

If you, yourself pay a yearly registration fee to be a member of the organization you are serving, it is deductible. If you have to pay a fee for fingerprinting or any other similar service as part of your registration, this fee is also deductible.

### **Event Fees**

The fees you pay as a leader for attendance at summer camp, camporees, jamborees, conclaves, Philmont trips, Sea Base trips, Northern Tier trips, etc. are deductible.

### **Admission Fees**

Your fees for admission to parks, museums, art galleries, exhibitions, and other similar cultural / educational activities that you visit as the leader of a Scouting event are deductible.

Your costs for athletic events, movies, and other forms of entertainment are not deductible even if you take Scouts to these events.

If you pay for underprivileged youth that have been selected by your troop committee to attend such events, the costs you pay for them are deductible.

### **Tips for Service**

Tips you give to waiters, guides, porters, bus drivers, bellboys, maids, and other service personnel while serving as a leader on a Scout trip are deductible.

### **International Travel**

If you are an officially designated leader for an international Scout trip, the costs for required travel documents, immunizations, entry fees, exit fees, and other similar ancillary costs required for the trip, are deductible.

### **Training Costs**

In general, the costs for training to better perform your duties as a leader are deductible. This includes the fees for basic leadership training, CPR courses, Show and Do, Woodbadge courses, Scout conferences, Philmont training courses, University of Scouting, etc. As well as the course fees, transportation and normal living expenses (room and board) associated with the course are also deductible.

Please note that you should be able to show how the course will help you in performing your duties as a Scout leader. If you cannot show this, the expenses could easily be challenged.

You should also be aware that if you combine vacation with such a trip that some, or all, of the expenses (except for the course fee) may not be deductible.

### **Communications**

The cost for long-distance phone calls, cellular phone calls, faxes, postage, printing, envelopes, thank-you notes, and other communications expenses directly related to the performance of your duties as a Scout leader are deductible.

You cannot deduct any portion of the base rate you pay for basic telephone service, even if your phone is only used for Scout activities.

### **Facilities**

Your fees for showers, pool use, boat docking, and other such facilities are deductible if they are part of a Scout event.

### **Supplies**

The cost of materials used in Scout activities (wood, rope, leather, fuel, water filter elements, etc.) is deductible, as is the transportation needed to purchase such items.

### **First Aid Supplies**

The cost for First Aid supplies bought in preparation for and use on a Scout trip is deductible.

The cost for medical services and supplies you receive for an injury that you suffer on a Scout trip is not deductible under charitable contributions. This must go under normal medical expenses.

### **Photography**

The cost for photographs, slides, video film, CDs and audio tapes that you use in the performance of your duties as a Scout leader for the publicity and documentation of Scouting events is deductible. This includes material bought for showing at Scout meetings, poster displays, newspaper articles, etc.

The cost for these same items is not deductible if bought for your personal use and enjoyment. These items must be used in your capacity as a Scout leader to be deductible. To deduct them, you need to be able to show that they are used as such.

### **Uniforms**

The costs for uniforms, patches, hats, insignia, neckerchiefs, name tags, and other uniform parts are fully deductible provided that they are not of general utility or wear. The cost of upkeep, e.g., washing, dry cleaning, etc. is also deductible.

The costs for uniforms, patches, pins, insignia, etc. that are bought for collection or trading is not deductible. However, if such items are later donated to a Scout museum or similar non-profit group, their fair market value at the time of donation may be deducted.

If you purchase patches and other Scouting memorabilia that are sold as a fund raising activity for a Scouting activity, these items are only deductible to the extent that the cost you paid exceeds the fair market value of the items.

### **Instruction**

Instructional materials (books, charts, maps, CDs, tapes, etc.) that you purchase for use in the education of Scouts is deductible.

Fees for instructional courses taken to better qualify you as a Scout leader, or to prepare you for activities that you will be doing with your Scout unit, are deductible. Examples include lifesaving, CPR, kayaking, rock climbing, etc.

### **Preparatory Materials**

Background materials that you purchase and use for the instruction of Scouts in preparation for an activity (e.g., books on the ecology of the Florida Keys in preparation for a trip to the Florida Sea Base, or language books, CDs and tapes for a Scouting trip to a foreign country) are deductible.

These same items are not deductible if you buy them for your personal use. You must be using them to provide service to youth for them to be deductible. And, you need to be able to show that this was their use.

### **Purchases of Equipment**

If you need equipment for the performance of your duties as a Scout leader, the cost for this equipment may be deductible. However, you must be able to show that the equipment is required and that it is only being used for charitable purposes.

For example, if you are going to be a leader for a trip to Philmont and have not backpacked before, the cost of a backpack so you can participate in the trip would probably be deductible. However, if backpacking is something you normally do outside of Scouting, it would not be.

### **Computer-Related Expenses**

If you publish a troop newsletter or use a computer in other ways in the performance of your duties as a Scout leader, you may have some computer-related expenses that are deductible. These could include the cost of

paper, toner, ribbons, labels, Scout related software, etc.

If the computer is used for other purposes, some of these expenses will have to be prorated. If you are going to do this, you must keep records that substantiated how you have prorated the costs.

If you use an on-line-service in the performance of your duties as a Scout leader; for example, to plan trips away from home, to obtain resource material, to obtain advice on Scouting related problems, ... you may deduct that portion of the fees for this service that you use in the performance of your Scout duties.

Remember, if you plan to deduct such expenses, you will need to keep records that can substantiate your Scout usage of such a service. A daily log book of time and usage would suffice. In general, it is not worth the trouble. The Internet is now used so much by almost everyone that it would be difficult to show how much was used just for Scouting.

### **Unit Web Pages**

If you host a Web page for communication for your Scouting unit, the costs for hosting and maintaining the Web page can be deducted, as can the cost for a domain name if you get one.

If you implement your own Web site, the costs for hardware, software and communications to support the Web site can only be deducted if it is only used for Scouting. If it is used for something else, only that proportion used for Scouting related activities can be deducted.

### **Purchases at Fund-Raising Events**

If you purchase goods that are sold at a fund-raising event, you may only deduct the difference between what you paid for the item and its fair market value. For example, if you purchase a candy bar for \$1.00 and it is normally sold in stores for 50¢, you may deduct 50¢ as a donation. You may deduct this amount even if you buy the candy bar for someone else.

If you have your car washed at a fund-raising event, you can only deduct the amount above what the fair market value of a car wash in your area.

Raffle tickets are not approved for Scout fundraising events. They are also not deductible.

### **Donation of Property**

The donation of property, stocks, and other similar items given to a Scout organization can usually be deducted at their fair market value. Check with IRS Publication 526 and your tax advisor.

Used equipment that is donated to a Scout organization is deductible at its fair market value at the time of donation. New equipment that is bought for a Scouting organization is deductible at its purchase price if it is donated shortly after purchase and has not been used personally.

If you donate property to an individual Scout unit, that unit should be registered as a nonprofit 501(c)(3) organization with the IRS for the donation to be deductible. If the Scout unit is not so registered but its sponsor (Chartering Organization) is, you can make the donation to the sponsor with the instructions that it is for the Scout unit.

### **Use of Property**

If you let Scouts use your property (boat, car, pool, trailer, motor home, vacation home, office building, etc.), you may deduct the actual out-of-pocket operating expenses (fuel, utilities, etc.) associated with this use.

You cannot deduct the estimated rental value for the use of the property. You also cannot deduct any loss in value due to damage that may happen because of its use; at least, you cannot deduct it under Charitable Contributions.

### **Donation of Food**

Donations of food for a Scout sponsored food drive can be deducted for what the food costs at a grocery store. If you make a special trip to purchase the food, the mileage for the trip is also deducted.

### **Premiums Received**

If you make a donation to a Scouting organization and receive a premium of significant value (more than just a thank-you coffee cup), the value of this premium must be deducted from your donation or claimed as income. Some premiums, for example plaques given to Friends of Scouting, are amortized over

the number of years for which there are spaces for recognition, thus making them not of significant value for any given year. Most Scouting organizations are aware of this IRS condition and adjust premiums accordingly.

### **Partially Reimbursed Expenses**

If you are partially reimbursed for expenses you incur as a Scout leader, you may deduct the difference between the cost you paid and the amount you are reimbursed. If you received more than the actual cost, this is income.

### **Youth Expenses**

The expenses you pay for Scouts that are family members are not deductible.

Expenses you pay for Scouts who are not family members are deductible if you pay this money to your Scout organization and these Scouts are selected by your Scout organization to receive assistance.

Expenses you pay for other adults to provide service are not deductible.

### **Personal Services**

You cannot deduct the value of your personal time contributed to Scout activities, even if you would normally be paid for the service you are giving.

### **Child Care**

You cannot deduct child care expenses as a charitable contribution even if such service is necessary for you to do your volunteer work.

Expenses for sending Cub Scouts to day camp may be considered child care if there is no overnight camping. This can be listed under child care expenses, but it is not a charitable contribution.

### **Record Keeping**

A reliable written record is required for IRS purposes. To be reliable, you must make the record at or near the time of the activity; or, you must have other proof of your participation in the activity.

A marked up calendar with places, activities, mileage, etc. will suffice for records; but, a more organized record would be better. A Troop calendar with annotations is also acceptable.

As well as using the normal methods of writing, you may use electronic instruments (computers, calculators, ...) to keep these records in the form of spreadsheets, documents, etc.

When it comes time to do the final accounting of your records for the year, it is good to cross check your records with receipts, activity calendars, travel logs, and other records to make sure you have correctly entered all related expenses and trips.

### **Receipts**

Make it a practice to keep receipts for all Scouting related expenses, even if they are only for a few dollars. Put them in an envelope for Scout deductions and keep them with your other tax records.

Whenever you are buying something for the Scouts, have this marked on the sales slip, preferably at the store. Sometimes this will entitle you to a discount.

If Scout and non Scout purchases are on the same receipt, highlight those that are for Scouts, add them up separately, and calculate the appropriate sales tax if applicable.

If you have large out-of-pocket expenses, e.g., for transportation to a Scouting event that is not directly paid to the Scouting organization, you definitely need to keep the receipts for your travel. You should also have documentation from the Scout organization that substantiates that you were serving in a leadership capacity for the trip.

### **Required Statements**

If you make a contribution to a Scout organization that is for \$250 or more, you definitely need a statement from the organization that verifies your contribution.

Also, if your out-of-pocket expenses exceed \$250, the IRS rules require that you have a written statement from the Scout organization you provided service to that substantiates your role as a leader. This statement must include a description of the services you provided and a statement indicating if you received any goods or services in return for your out-of-pocket expenses.

If you received goods or services, the value of the goods and services must be stated in the document.

For tax purposes, you must have this written statement before you file the tax return in which you claim the deduction.

If you are a troop leader, the statement should be from your unit or sponsoring organization. If you are a leader for a council activity (e.g., the leader for a Jamboree contingent), the supporting statement should be from the council. If you are a leader for a nationally sponsored activity, the statement should be from the national office.

It is also wise to keep your old registration card for the Scout organization you were serving with your tax records for the year you claim such deductions.

### **Payments that Cross Years**

If you are a leader in an event that crosses over tax years, or if you pay fees one year for an event that will happen the next year, you need to claim the expenses in the year that they are paid.

Payments made by a credit card, debit card, or electronic transfer are deductible in the year you make the transaction.

Payment for goods or services billed to you by a merchant, telephone company, etc. are deductible in the year you pay the bill.

### **Ancillary Leaders**

A troop is never run by just one person. There are normally many ancillary leaders, these include a committee chairman, treasurer, advancement coordinator, and many other assistants. These leaders can also deduct expenses they incur in the performance of their duties. For tax purposes, it is best if all ancillary leaders are officially registered.

### **Parent Leaders**

If you are a parent of a Scout that is included in the unit or units that you give service to, you should be aware that in some circumstances the IRS has determined that such a person was involved only to make sure that the program was available to their child. If such a determination is made, most or all of what otherwise could

have been a deductible charitable expense may be disallowed.

If audited, you should be prepared to show how your service is of benefit to youth other than your children and the group as a whole. Examples of this include being a merit badge counselor, being a leader in events that your child is not involved in, helping leaders in other units, etc.

If you make a donation directly to your unit, make sure you have records that substantiate that it is a donation and that you and your children did not directly receive any benefit from it. Event participation fees paid to a unit are not donations.

When paying event fees to a unit, it is best to pay your fees (which can be deducted) separately from those for your youth (which are not deductible). If you make one payment, make sure it is clearly written how much is for you and how much is for your children. Such documentation is commonly required if you should ever be audited.

### **If You are Audited**

If you have been honest in what you have claimed as Scouting related deductions and have kept good records that substantiate these deductions, you should have nothing to worry about if you are audited.

The majority of disallowed charitable deductions are because of inadequate records that cannot be substantiated.

If your auditor should disagree with you on the deductibility of an item you have claimed as a deduction and you believe it is a valid deduction, you have the right to demand an on-the-spot conference with the auditor's superior. It is to your advantage to do this.

In all negotiations, it is important to be respectful, honest, and courteous; something you are probably well used to doing. Being argumentative and defensive is not to your advantage.

### **Caveat**

The information provided here is believed to be correct and accurate at the time this paper was prepared. However, tax laws and the

publications describing them are often vague or incomplete. Because of this, they are open to different interpretations by different people. It is not unusual to receive several different answers to a single tax question if the answer is not explicitly spelled out in the law or supporting publications.

Any charitable deduction you claim is your responsibility. If you have any doubt as to the deductibility of an expense you are thinking of claiming, check with your tax advisor.

If you know of cases or tax rulings that disagree with information stated here, have additional information that should be added, or if you have noticed any inaccuracies in the above information, please report them to the person currently maintaining this document:

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