**Question:**

If you provide stipends and/ or mileage reimbursement to volunteers what are the IRS implications? Also, how does reimbursement by stipend differ from employment reimbursement?  We realize different county auditors and/or fiscal staff may have different opinions regarding this\*, but there are specific IRS guidelines about how stipends and IRS mileage reimbursement must be claimed.

**Answer:**

According to the US Department of Labor, [volunteers](http://www.dol.gov/elaws/esa/flsa/docs/volunteers.asp) are individuals who perform hours of service for religious, charitable or similar non-profit organizations without promise, expectation, or receipt of compensation. In addition, all of the following must also be true:

* The entity that benefits from the service is a non-profit (or government agency)
* The activity is less than full time
* The services are not offered as a result of coercion
* The services are typically associated with volunteer work
* No regular employees have been displaced by the volunteer
* The volunteer does not expect to be compensated

It is allowable for volunteers to be provided with the following:

1. **Stipends:**  These are allowable, but they can be tricky because if the volunteer is provided with $500/year or more in stipends or stipends that are equal to 20% or more of what an employee would be paid, the volunteer then is considered an employee and is subject to labor laws for employees.  That means that if they are providing stipends that are 20% or more of what they provide a paid HDM driver or more that $500 annually, the volunteer would be considered an employee subject to employment taxes, withholdings, and issuance of an IRS Form W-2.
2. **Mileage reimbursement**:  The volunteer reimbursement rate allowed for charitable purposes is $0.14/mile.  If the nutrition program reimburses the IRS business rate ($0.575/mile currently), or some other amount in excess of the volunteer reimbursement rate, the difference between the volunteer rate and such other rate may be considered income for tax purposes.  If such excess reimbursement amount reaches $600 in the year, the volunteer should get an IRS Form 1099-MISC reporting as income the excess reimbursement amount. **Note:** Volunteers registered under RSVP are exempt from the IRS 1099 requirement.
3. **Gas Cards:**  According to the IRS, they are cash equivalents (same as compensation) for tax purposes.  So the same rules that apply to stipends apply to gift cards (IRS Form W-2 required at $500 or above).

**\*Please note:** We always advise counties and tribes to consult with their local staff, as we are not tax experts. And local laws and policies often have potential to be stricter, so always make sure you run this by others locally.



## **Frequently Asked Questions:**

## **Nutrition Program**

## From the desk of the Nutrition Team

**Volunteer Reimbursement**