

LIMITATIONS

This section could be a whole brochure in itself. While Congress does generously allow a person to deduct cash, noncash and out-of-pocket charitable contributions, there are limitations to these deductions. In short, you can only deduct up to 50% of your adjusted gross income as charitable contributions. This may be further limited to 30% or 20% of your adjusted gross income, depending on the type of contribution you give and the type of organization you give it to. You must also itemize your deductions using a Form 1040 and Schedule A in order to take advantage of deductions for charitable contributions. If you file a short form (1040EZ) or do not have enough expenses to warrant itemizing your deductions, you cannot take the deduction. It is advisable to consult with your tax professional and see if these limitations apply in your financial situation.

IN CLOSING

Do not be afraid to take deductions for bona fide expenses incurred for the purpose of providing a charitable service to a qualified organization. Deductions for charitable contributions and services were enacted for a reason- to encourage folks to volunteer on behalf of qualified not-for-profit organizations such as the Alabama Division of Reenactors, Inc. Serve them and your fellow man well.

ALABAMA DIVISION OF
REENACTORS, INC.

The Alabama Division of Reenactors, Inc. and Your Taxes



This brochure was written by Candace Rose, CPA, on the request of the Alabama Division of Reenactors, Inc. Neither the author nor the Division assumes any responsibility for the information contained herein. Please contact your tax professional for advice on how to apply this information to your tax situation.

This brochure was written with the assistance of the Department of the Treasury Publication 526 (Rev. December 2003) entitled Charitable Contributions. This document is available online at <http://www.irs.gov/pub/irs-pdf/p526/pdf>

THE DIVISION AND YOUR TAXES

You may have heard some people talk about how they deducted expenses associated with Civil War reenacting off their taxes. You may have thought it was too good to be true. Well, it is true, and this brochure will serve as a basic tool on why and what expenses are deductible. Please keep in mind that each person's financial situation is different and in some cases, your expenses will not be deductible or could be limited. Please consult your tax professional on how these guidelines may apply in your situation.

WHY YOUR EXPENSES ARE DEDUCTIBLE

The Alabama Division of Reenactors, Inc. (AD) is incorporated in the state of Alabama and recognized by the Internal Revenue Service as a 501(c)(3) corporation. This status allows the AD to avoid taxation on the dues income it receives from its member units. Another benefit of this election is it allows those who are paid members of the AD to deduct expenses associated with assisting the AD in accomplishing its charitable purpose- namely educating the public on the history of the Civil War. Code Section 170 of the Internal Revenue Code specifically allows a deduction for out-of-pocket unreimbursed expenses incurred in rendering service to a 501(c)(3) organization or the United States, a state, a local government, the District of Columbia or a US Possession. Unreimbursed expenses can be in the form of dues payments to a qualified organization, mileage to and from an AD or other qualified event, and purchasing unique and required uniforms and equipment. As with all tax deductions, there are limitations as to what and how much you can deduct. This brochure is a short interpretation of the IRS regulations and how they apply to Civil War reenactors.

WHAT IS DEDUCTIBLE

***Antiques and Collectibles**

The purchase of original or collectible Civil War memorabilia for your private collection is not deductible.

***Books and History Magazines**

They are deductible as they help educate the living historian in preparation for interpreting to the general public.

***Camping Equipment**

Most camping equipment used by the living historian is NOT deductible. The same rule for uniforms applies to your tents, cooking gear, camp furniture, etc. These items could feasibly be used away from a living history and are not required in order to perform the volunteer work.

***Donations to battlefield associations, preservation drives, etc.**

Amounts given in cash to a qualified organization are 100% deductible as long as no consideration has been given for your gift. Consideration means you did not receive a gift or token in return. If you donate \$100 to the XYZ preservation march and they give you a t shirt commemorating your participation, you must deduct the fair market value of the t-shirt from your donation.

***Due payments**

Dues paid to the AD are tax-deductible.

***Mileage, meals & travel expenses**

The 2003 rate for charitable miles is .14 per mile. You must keep a log of miles traveled! This can be easily facilitated by the use of a travel logbook available at most office supply stores. Keep all receipts for meals and other travel expenses.

***Uniforms**

Uniforms and clothing worn while reenacting are deductible. In regards to the deduction of uniforms, the IRS applies the same standard for living historians as they do to those who must wear a uniform to work. The uniform must be required and must not be suitable for everyday use. Suitable for everyday use is interpreted to

mean, could this uniform be feasibly worn away from your job/volunteer site? Obviously, a military frock coat, shell jacket or ladies hoop dress would not. Items such as shoes and boots COULD feasibly be worn away from a living history and therefore are NOT deductible. Just because one would never wear it outside of the scope of your volunteer work does not make it deductible. The IRS has long held that the classic white t-shirt worn by a painter is not deductible as a uniform expense because it COULD be worn away from his/her employment.

***Weapons**

Muskets, rifles, pistols, knives, etc. are NOT deductible. Again, they fall under the exclusive usage rule. These items could be used outside the scope of your volunteer work and are therefore not deductible. Due to its expense, this deduction, or lack thereof, is one of the most hotly contested.

RECORDKEEPING RULES

The Internal Revenue Service requires written documentation of all expenses that are deducted from your income tax return. This holds true for cash, noncash and out-of-pocket expenses. Written documentation can be in the form of:

-Receipts

-Cancelled checks or credit card statements

-Direct acknowledgment from the qualified organization that you performed a service on their behalf

-Event registration forms, tokens, ribbons, etc. are important in that they document your attendance at a qualified event as well as bolster your documentation for the out-of-pocket expenses you have incurred.

-Car expense records must show the name of the organization you were serving and the date and exact miles each time you used your car for a charitable purpose.