



## TAX INFORMATION

To: Earthwatch Institute Volunteers (US citizens only)

Re: Tax deductibility of your contribution to research projects sponsored by Earthwatch Institute

Date: October 2008

Earthwatch Institute is a public charity, described by Sections 501(c)(3), 509(a)(1) and 170(b)(1)(A)(VI) of the Internal Revenue Code. It is not a private foundation. Contributions of cash, securities, and other properties support scientific research and are wholly tax-deductible within the United States.

The 1986 Tax Act denies a deduction for travel expenses, including meals and lodging, when the volunteer enjoys a significant amount of personal pleasure, recreation, or vacation. You are considered a volunteer providing your time and services to a tax-exempt activity: scientific research. As such, you will render regular daily services to a scientific investigation, recreation will not be the objective of your participation.

The legislative history states that the fact that the taxpayer enjoys providing services will not cause loss of his deduction so long as he or she is "on duty in a genuine and substantial sense throughout the trip...". While the matter is not free from doubt, since Earthwatch Institute volunteers provide substantial services (at least 40 hours per week), it would appear that volunteers on a project may deduct reasonable out-of-pocket expenses for transportation to and from research sites, food and lodging at the site, as well as their share of costs for the project. Your share of costs and private donations which exceed volunteer expenses are vital contributions to the support of Earthwatch Institute.

To substantiate the extent of your efforts, we recommend that you maintain a log or record of your time on the expeditions. Then, if asked, you will be able to substantiate your claims for 'services rendered' to the scientists on your project. Specifically, the total contribution to Earthwatch Institute would be shown on the charitable contribution line of Schedule A of the 1040 tax return. However, this number, in fact, consists of:

- a) room and board expense in the field
- b) contribution to Earthwatch Institute/scientific research.

Travel expenses for volunteers would also be included on the charitable contribution line of Schedule A of the 1040, and would appropriately be considered "volunteer expenses".

The value of your time and your services is not tax deductible; nor are any personal expenses unrelated to the expedition. If, in fact, you stop off to visit someone or sightsee en route to or from the project, then your transit costs must be pro-rated accordingly. Sample: 15 days with the team, divided by 20 days away from home, multiplied by your airfare is the tax-deductible share of your transportation cost. The government does not expect you to work more than a 5 day week, so weekend days may be excluded in your calculation.

**Because tax circumstances vary from person to person, Earthwatch Institute cannot assume responsibility for the tax returns of its volunteers and sponsors. Therefore, we suggest you consult your own tax advisor before selecting the particular rule(s) applicable to your individual circumstances.**