

Tax Receipts

The question occasionally asked "Can I have a receipt for the work that I have done at the church? I don't want to be paid for it; I just want a tax receipt instead."

The IRS does not allow us to issue donation receipts for donated labor, and this is why:

When tax deductions are claimed on Form 1040, they reduce taxable income that is being reported to the IRS. If labor is donated, the person's taxable income is already reduced by not having been paid for the service. (IRS Pub 526)

To issue a tax-deductible receipt for donated labor, would, in essence, allow the taxpayer to reduce income that was never earned or included in income to begin with.

If a donor wishes to receive a receipt for labor they do for the church, it is recommended that they:

1. Submit an invoice to the treasurer (this should be arranged, and the amount authorized by the board ahead of time.)
2. Deposit the payment into their bank account.
3. Write a donation check to the church.

NOTE: Let your donor know that this could result in the need to file a 1099 for the work that was done if it exceeds \$599 over a year.

Or sometimes the question is "Can I have a receipt for the supplies and materials that I have purchased for the church? I don't want to be reimbursed for them; I just want a tax receipt instead."

The answer is similar. If church members want to get full tax-deductible credit for items purchased on behalf of the church, it is recommended that they:

1. Turn in their receipts for full reimbursement.
2. Deposit the reimbursement into their bank account.
3. Write a donation check to the church.

These steps will result in a receipt for the value of the donated labor or the donated materials.