

Paid Vs. Unpaid

- If you choose to pay small stipends to volunteers for their services, be aware that there may be tax consequences and reporting requirements associated with the payments.
- From the exempt organization's standpoint, such payments, if they represent compensation for services, must be reported on Form 1099-MISC if the total payments to the individual for the calendar year exceed \$600.
- For the volunteer, payments for services are generally taxable and must be reported on the individual's income tax returns. Even if the volunteer receives less than \$600 and does not receive a Form 1099-MISC, the payments may still be taxable. It is important to note, however, that there may be a component to the payment that is non-taxable, such as an expense reimbursement. Thus, volunteers should consult a tax advisor about the taxability of stipends and other payments from a not-for-profit organization since each situation is different.
- The IRS also publishes helpful information in Publication 17, Your Federal Income Tax. This Publication and other information can be accessed at the IRS' web site at www.irs.gov.