Do you spend your own money to foster homeless pets? Then here’s some good news: If you keep records of your direct out-of-pocket expenses related to fostering pets, you can deduct those expenses on your tax return.

Here’s an overview of how you can save money as well as lives:

- You must be a volunteer with a 501(c) (3) authorized charity. A formal agreement isn’t necessary, but a brief letter or memo on the charity’s letterhead stating that you are acting as a volunteer to further the purposes of the animal charity group is recommended.

- You must be able to substantiate the out-of-pocket expense through a receipt for the expense, and the expense must be one incurred during your actions to further the purposes of the charity.

- Any specific expense incurred that is more than $250 must be presented in the form of a receipt to the animal charity group, and that group must provide a written acknowledgment substantiating the contribution of the out-of-pocket expense. If they do not, the deduction will not be allowed. The $250 limit is “per payment” and not for combined expenses. For example, if you spent $300 in the course of volunteering but the payment was split (e.g., $200 for gas and $100 for blankets, food and other expenses), you would not need the written acknowledgment. But if you spent the entire $300 on a single item, you would have to present that receipt to the charity and get a written acknowledgment. You also have to obtain the written acknowledgement in the tax year in question to meet the “contemporaneous” (during the same time period) requirement.

It’s always a good idea to check with your tax advisor on this or any issue concerning your tax return.

Thank you for being a foster pet parent and for helping to bring us all one step closer to No More Homeless Pets®.

Source: Jan Elizabeth Van Dusen, Petitioner v. Commissioner of Internal Revenue, Respondent Docket No. 20767-08, United States Tax Court, 2011 U.S. Tax Ct. Lexis 25; 136 T.C. No. 25
June 2, 2011 file