

To My Brothers,

It seems there has been some questions on the ability to deduct on a brothers tax return his unreimbursed expenses pertaining to volunteering services for the lodge.

IRS Classification – 501(c)(10) Fraternal Beneficiary Society

The Free and Accepted Masons of New Jersey is recognized by the IRS as a tax-exempt organization under Section 501(c)(10)—a Fraternal Beneficiary Society. This classification applies to organizations that:

- Are domestic fraternal societies that do **not** provide life, health, or similar member benefits, and
 - Use their net earnings **exclusively** for religious, charitable, scientific, literary, educational, or fraternal purposes.
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Deductibility of Contributions – IRS Publication 526

According to IRS guidelines, contributions and unreimbursed out-of-pocket expenses—including mileage—**may be deductible** when made to a 501(c)(10) organization like ours, provided:

- The organization operates under a **lodge system**, and
 - Funds are used **solely** for religious, charitable, scientific, literary, or educational purposes.
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Lodge System Requirements – Treasury Regs §§1.501(c)(8)-1 & 1.501(c)(10)-1

Under IRS regulations, an organization is considered to operate under a **lodge system** if:

- It has a **supreme governing body** (e.g., a Grand Lodge),
- It charters **subordinate lodges** (e.g., local branches), and
- Each local lodge is **largely self-governing** (e.g., elects officers, manages its own affairs).

The Free and Accepted Masons of New Jersey clearly meet these standards, with the Grand Lodge overseeing chartered lodges like Livingston, which manage their own operations and governance.

Livingston Lodge – IRS Verification

I've confirmed that Livingston Lodge appears in the IRS's database of tax-exempt entities. You can verify this through the IRS's EO Business Master File Extract by locating "Livingston Free and Accepted Masons of New Jersey" (line 644 of the NJ list) - <https://www.irs.gov/charities-non-profits/exempt-organizations-business-master-file-extract-eo-bmf> This site can be used to verify other lodges as well.

Mileage and Out-of-Pocket Volunteer Expenses

If the above criteria are satisfied, you may be able to deduct unreimbursed volunteer expenses, including mileage, for federal tax purposes. To qualify:

- Maintain a **detailed mileage log** (dates, destinations, and purpose of travel),
- Choose between the **standard mileage rate** or actual vehicle expenses, and
- Keep **receipts and documentation** for all out-of-pocket unreimbursed volunteer expenses.

Note: You cannot deduct the value of your time spent volunteering.

Reporting - These deductions are claimed on **Schedule A** of IRS Form 1040:

- **Line 11** for cash/check donations
 - **Line 12** for other contributions
 - So depending on the amount and the other amounts you would report on the schedule A would determine if you itemize versus taking the standard deduction.
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Membership Dues – Not Deductible

Please note that IRS rules prohibit the deduction of **membership dues** to fraternal organizations—even if the organization is tax-exempt or conducts charitable activities. This applies to both §501(c)(8) and §501(c)(10) entities.

Amending Prior Returns

If you incurred unreimbursed volunteer expenses in previous years, you may be eligible to **amend your tax return** using **Form 1040-X**. Generally, you have:

- **3 years** from the original filing date, or
- **2 years** from the date the tax was paid—whichever is later.

New Jersey State Tax Considerations

New Jersey generally conforms to federal tax rules and does not decouple regarding deductions for unreimbursed volunteer expenses incurred on behalf of qualified organizations, including 501(c)(10) entities.

If anyone has further questions please feel free to contact me.

Fraternally,

Brother Ken

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