



Volunteer Firefighters

Firefighters who are on call and work regularly but intermittently do not qualify for the social security and Medicare exception for emergency workers defined in IRC section 3121(b)(7)(F)(iii). This exception is only for temporary workers who respond to unforeseen emergencies, e.g. floods. When a worker who is termed a *volunteer* receives compensation, that compensation is wages subject to social security and Medicare tax if the worker is an employee (unless an exclusion applies). For instance, volunteer firefighters may not receive salaries, but they may receive amounts intended to reimburse them for expenses. They may also receive other cash or in-kind benefits that may be wages. Volunteer firefighters can receive tax-exempt reimbursements for their expenses, but these reimbursements must now be under an *accountable plan* within the meaning of IRC section 62(c) and regulations. An accountable plan is one that is designed to reimburse only actual, substantiated business expenses. This provision is effective for tax years after 1988. An accountable plan must (1) require workers to substantiate actual business expenses, (2) allow no reimbursements for unsubstantiated expenses, and (3) require that any amounts received that exceed substantiated expenses must be returned within a reasonable period. Amounts that are termed *reimbursements* but that are not paid under an accountable plan are subject to income and social security and Medicare taxes. Therefore, a *per diem* or fixed amount paid to a firefighter (or other worker), that does not reimburse actual, documented expenses, is includible in income and subject to social security and Medicare.