

I have yet to find an independent contractor volunteer firefighter. The Connecticut General Laws define Volunteer Firefighters as employees in many sections; workers compensation, health care benefits, tax abatements, etc ...

Please see the following from Publication 963 the FEDERAL-STATE REFERENCE GUIDE:

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.

What follows is from the **FSLG NEWSLETTER VOLUME 1 SUMMER 2003**

FAQ: PAYMENTS TO FIREFIGHTERS AND EMERGENCY WORKERS

Many questions have been raised recently concerning situations involving firefighters. The following questions provide the official IRS position with respect to some of these issues.

Are volunteer firefighters employees?

To determine whether a firefighter is an employee, use the same criteria as you would apply to other workers. It also does not matter whether workers are called "volunteers." Any worker who receives compensation for services performed subject to the will and control of an employer is a common-law employee. For more information on determining whether a worker is an employee, see Publication 15-A, Employer's Supplemental Tax Guide, or Publication 963, Federal-State Reference Guide (available on the FSLG web site). If the worker is a common-law employee, the amounts paid, whether in cash or in some other form, are subject to withholding for income, social security and Medicare taxes.

Are firefighters subject to social security and Medicare tax?

Under section 3121 of the Internal Revenue Code, all employees are subject to social security and Medicare taxes unless an exception applies. Most government workers are covered either under these statutory provisions, or by a section 218 Agreement between the employing government and the Social Security Administration to provide social security and/or Medicare coverage for certain groups of workers. This agreement may provide specific coverage rules for firefighters. As of July 2, 1991, all public employees who are not covered by a section 218 Agreement or a qualifying public retirement plan are subject to mandatory social security and Medicare taxes.

Who is an emergency worker?

Under Internal Revenue Code section 3121(b)(7)(F)(iii), an exception is provided from social security and Medicare coverage for a worker “serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency.” This exception is provided only for temporary workers who respond to unforeseen emergencies. It does not apply to workers who work on a recurring, routine, or regular basis, even if their work involves situations that may be considered emergencies.

How are expense reimbursements to firefighters treated?

Reimbursements to firefighters, or any workers, are not subject to tax and withholding if they are made under an accountable plan. 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 be returned within a reasonable period. Any amounts paid for reimbursement that do not meet these conditions are considered made under a nonaccountable plan and are treated as regular wages. Therefore, a per diem amount that does not reimburse documented expenses is includible in income and subject to income, social security and Medicare taxes. It does not matter whether the amount is paid as reimbursements, a per diem, or under a point system.

Is the value of special benefits or incentives provided to volunteer firefighters taxable?

Taxable income includes any economic or financial benefit conferred on an employee. Unless Federal tax law provides an exclusion from income, social security, or Medicare taxes for a particular benefit provided, it is reportable as wages and subject to withholding.