



April 4, 2008
Pennsylvania Personal Income Tax
No. PIT-08-004
Senior Companion Volunteer Stipend

ISSUE:

Is the Senior Companion Volunteer stipend that Taxpayer received subject to Pennsylvania Personal Income Tax?

CONCLUSION:

The stipend is considered compensation for Pennsylvania Personal Income Tax purposes. Generally, compensation is subject to tax. However, federal law prohibits Pennsylvania from imposing tax on the stipend.

FACTS:

Taxpayer volunteers as a Senior Companion in the Senior Companion Program ("Program"). The Program is authorized under the Domestic Volunteer Service Act of 1973 ("Act"), as amended (Pub. L. 93-113). *See now*, 42 U.S.C. § 4950, et seq.

The National and Community Service, an independent federal agency created under the National and Community Service Trust Act of 1993, administers the Program through its Senior Corps Program ("Senior Corps").

Senior Companions are individuals age 60 or over who volunteer, part or full-time,^[1] to assist adults with special needs so that they can remain independent and living in their own homes. Among other services, Senior Companions offer companionship and friendship to isolated and frail adults, assist with simple chores, and provide transportation.

Income-eligible Senior Companions receive a stipend for their services.^[2] Taxpayer receives a stipend for her services as a Senior Companion.

DISCUSSION:

One of Pennsylvania's taxable classes of income is "compensation."^[3]

The stipend is remuneration that Taxpayer receives for the services she provides as a volunteer in the Program. Therefore, the stipend is compensation for Pennsylvania Personal Income Tax purposes and would normally be taxable.

However, the Act provides that "no payment for supportive services or reimbursement of out-of-pocket expenses made to persons serving pursuant to title II of this Act (the Senior Corps) shall be subject to any tax or charge or be treated as wages or compensation for the purposes of unemployment, temporary disability, retirement, public assistance, workers'

compensation, or similar benefit payments, or minimum wage laws.” 42 U.S.C. § 5058. This provision of the Act prohibits Pennsylvania from imposing tax on the stipend.

[1] 15 -40 hours per week.

[2] The Act authorizes the Chief Executive Officer of the Corporation for National and Community Service to make grants to pay for the stipend. 42 U.S.C. § 5013(a).

[3] (d) "**Compensation**" means and shall include salaries, wages, commissions, bonuses and incentive payments whether based on profits or otherwise, fees, tips and similar remuneration received for services rendered, whether directly or through an agent, and whether in cash or in property. 72 P.S. § 7301.