

# Voluntary Action Merthyr Tydfil

Your local county voluntary council



## 4. Volunteers

### 4.13 Volunteer expenses

The reimbursement of expenses is an equal opportunities issue. Research into older people and volunteering some years ago discovered that the biggest barrier to getting involved was the lack of payment for out of pocket expenses. Volunteers are making a gift of their time – one that has substantial monetary value. They should not be expected to give money as well; not everyone is in a position to be able to do this. **Not** to pay expenses effectively excludes all those who cannot ‘afford’ to volunteer for your organisation.

Volunteers should be offered expenses, even if they choose not to accept them, and the procedures for claiming should be hassle-free.

### **Expenses, tax and benefits**

HM Revenue and Customs and the Department of Work and Pensions recognise the following as being legitimate expenses for volunteers:

- travel to and from the place where the volunteering activity takes place
- travel during the course of volunteering
- meals taken during the course of volunteering
- postage and telephone costs
- care of children and other dependants during the period of voluntary work
- the cost of protective or special clothing

Expenses paid to volunteers should be the actual costs incurred, supported by receipts wherever possible. Mileage payments should be at a ‘reasonable’ rate - for example within the HM Revenue and Customs limits. These are set at a level to take into account depreciation and other running costs as well as fuel.

[HM Revenue and Customs approved mileage rates](#) (revised in 2011-2012) are

Cars and vans – 45p per mile for the first 10,000 miles, 25p per mile over 10,000.  
Motorcycles – 24p per mile.  
Bicycles – 20p per mile.

An additional 5p per mile per passenger is allowable.

You are advised to check the HMRC website for the most recent approved rates.

Receipts, train or bus tickets should be provided as evidence of expenditure.

Some organisations define a geographical /distance limit or a maximum value for which expenses will be reimbursed.

**It is possible for volunteers to be paid in advance or for anticipated expenditure so long as appropriate evidence of expenditure follows.** For example, if a volunteer's travel to and from their place of work costs £20 per month in bus fares, it is possible to pay the volunteer £20 at the beginning of the month so that they are not left out of pocket by having to claim those expenses at a later date.

This does not alter the fact that only legitimate expenses actually incurred or to be incurred can be reimbursed without affecting the volunteer's benefits position. The same proof, for example, receipts, will also be needed to show how the money was spent.

Volunteers should not be given fixed rate payments to cover their expenses e.g. a lunch allowance since expenses must be for actual out of pocket expenditure.

Do not be tempted to pay more than is actually incurred. This could jeopardise any benefits payments volunteers receive, possibly incurring benefit sanctions.

Expenses payments that **exceed** volunteers' actual costs may be regarded as a payment in return for 'work' they have carried out. This could be regarded (by a tribunal or similar body), as a contractual relationship, giving the volunteers employment rights – including the national minimum wage.

Some organisations make payments to volunteers as 'honoraria'. While the HM Revenue and Customs does accept genuine one-off payments as non-taxable gifts, such payments are likely to affect benefits. If the honorarium is in any way expected it may also be regarded as a payment for services, affecting the legal status of the volunteers.

An honorarium should be a genuine one-off 'thank you' payment. If it is expected, or regularly given it would be treated as any other taxable income.

## **Expenses and Gift Aid**

If a volunteer chooses **not** to claim their expense entitlement, Gift Aid cannot be claimed on this amount. However, the volunteer may claim expenses and choose to repay this as Gift Aid.

The usual [rules of Gift Aid](#) will apply and there should be evidence of a clear transaction showing a monetary gift from the volunteer to the organisation

## Expenses policy

Having a written policy on expenses will ensure your volunteers know what their entitlement to expenses is and the procedures for claiming them.

You may want to put sensible limits on some expenses, to prevent misunderstandings, or embarrassment if you are presented with unaffordable receipts for expenditure. Your limit will depend on local costs and your financial position. It should be sufficient to allow volunteers to have a hot snack and drink– up to £5 is certainly reasonable.

It is also reasonable to ask volunteers to use the cheapest reasonable form of public transport. It may be necessary for some volunteers to take taxis – because of disability, for example, or to be accompanied by a support worker or carer. It is worth considering individual needs such as these, when you are estimating your budget and considering your expenses policy.

Generally it is advisable to aim for parity between expenses rates for staff and for volunteers. There would be little justification, for example, in adopting different mileage rates for staff and volunteers within the same organisation

An expenses policy might include:

- Exactly what expenses can and cannot be claimed, and at what rate.
- What can and cannot be claimed on behalf of a client where the volunteering includes befriending, visiting or trips out to social activities.
- The procedure for claiming, i.e. when, on which forms and what records or receipts are needed to accompany a claim.
- What happens after a claim is made, and the method of payment – cash, cheque, into a bank account.
- What will happen if a fraudulent expense claim is made.
- How you will support volunteers who may need help with completing forms.

## Further information

The [Investing in Volunteers Standard](#) requires (Indicator 5.3) that there should be a clear policy on the reimbursement of volunteers' out of pocket expenses which is rooted in the organisational ethos and which takes account of the organisation's financial situation.

See also: [4.1.1 Volunteers and the Law](#)  
[4.12 Volunteers and Welfare benefits](#)

The Department for Work and Pensions  
Tel: 020 7712 2171  
[www.gov.uk/volunteering/pay-and-expenses](http://www.gov.uk/volunteering/pay-and-expenses)

DWP/Volunteering Wales [A guide to volunteering](#)

HM Revenue and Customs  
[www.hmrc.gov.uk/charities/gift\\_aid/rules/vol-expenses.htm](http://www.hmrc.gov.uk/charities/gift_aid/rules/vol-expenses.htm)

### Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss occasioned as a result of any person acting or refraining from acting upon it.

### For further information contact

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