

# Voluntary Community Service

Your local volunteer centre



voluntary community service

## 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. It's worth remembering that volunteers are making a gift of their time – one that has substantial monetary value. They should not be expected to give up money as well. Volunteers should be offered expenses, even if they choose not to accept them, and the procedures for claiming should be hassle-free.

#### Tax and legal issues

In the UK the 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

It's fine to put sensible limits on some expenses to prevent the unlikely occurrence of a volunteer ordering steak and champagne for lunch then presenting your finance team with the receipt! But be sure to set your limit at a level that allows volunteers to have a hot meal and drink in the local cafés – up to £5 is recognised as reasonable.

It is also reasonable to ask volunteers to come in by the cheapest reasonable form of public transport. Do remember though that it may be necessary for some volunteers to take taxis – because of disability, for example, so try to be flexible and budget for extra costs.

The HM Revenue and Customs and DWP are happy as long as expenses paid to volunteers are the actual costs incurred and are at a 'reasonable' rate, for example mileage rates 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** 2009-2010.

Cars and vans – 40p per mile for the first 10,000 miles, 25p per mile over 10,000.

Motorcycles – 24p per mile.

Bicycles – 20p per mile.

Receipts, train or bus tickets should be provided as evidence of expenditure. It is now possible for volunteers to be paid in advance or for anticipated expenditure so long as appropriate evidence of expenditure follows.

Volunteers should not usually be given fixed rate payments to cover their expenses e.g. £2 a day lunch allowance. Nor should organisations be tempted to pay more than is actually incurred because this could jeopardise any benefits payments volunteers receive, and could place them in a tax liability situation with the HM Revenue and Customs.

Expenses payments that exceed volunteers' actual costs may be regarded as a payment in return for the work they have carried out. This could be regarded as a contract by a tribunal or similar body, giving the volunteers the same rights as workers or employees – including the national minimum wage.

Some organisations try to avoid the above problems as referring to 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.

In any case, even for tax purposes an honorarium should be a genuine one-off 'thank you' payment. If it is expected, hinted at or regularly given it would be treated as any other taxable income.

## 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.

This 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 Department for Work and Pensions

Tel: 020 7712 2171

[www.dwp.gov.uk](http://www.dwp.gov.uk)

HM Revenue and Customs

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

### For further information contact

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