

Volunteer Expenses

Although voluntary work is freely given, with no expectation of payment, it would be unreasonable to expect volunteers to be out of pocket as a result of their contribution. Reimbursing expenses is an important way to enable a wide range of people to volunteer in your organisation and organisations that do not reimburse expenses may miss out on the skills of people who would like to volunteer, but are unable to do so because it would leave them out of pocket.

Volunteer involving organisations need a clear policy on the payment of expenses that both encourages the claiming of appropriate expenses, and protects the organisation and volunteers from being taken advantage of. The starting point for a volunteer expenses policy should be that no volunteer should be out of pocket because of his/her voluntary activity.

However, any payments made in excess of the actual cost incurred are earnings. This immediately changes the person's status from volunteer to effectively a low paid employee. Disregarding the good practice issue, this could create problems for unemployed volunteers with the Benefits Agency and could have tax implications for both volunteer and the organisation.

The same applies to ex-gratia payments, pocket money and honoraria; all change the status of volunteers to low paid employees and are regarded as remuneration. In general, if a volunteer is paid anything other than the reimbursement of receipted expenses, based on "reasonable" rates, he or she is regarded as a paid employee and therefore their earnings must be off-set against benefits or become liable for tax.

Also this could cause your organisation problems under the National Minimum Wage Act as all paid employees must be paid the minimum wage, which is likely to be significantly higher than the amount given as ex-gratia, honoraria or pocket money.

What receipted expenses should organisations take into account?

- Travel expenses to and from the place of volunteering or in the course of volunteering, either at a fixed mileage rate or by reimbursing bus or train fares. It is also

important to think about whether you will pay taxi fares if public transport is not a viable option.

- Meal expenses (based on what is reasonable in your area and whether the volunteer has volunteered for a certain minimum period, e.g 4 hours)
- Protective clothing or equipment where necessary.
- Childcare expenditure incurred whilst volunteering.
- Postage, phone calls and stationery if volunteers work from home.

It is good practice to ask your volunteers for receipts for every payment you make. This can help to avoid potential problems with the Inland Revenue or the Benefits Agency. It may also be necessary for some volunteers to have expenses paid in advance or in cash, as not everyone has a bank account.