

# Top Tips: Reimbursing Volunteer Expenses

## Why Reimbursing Expenses is Essential

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- **Remove Financial Barriers:** There should not be a financial cost to volunteers for volunteering with your organisation.
- **Promote Equal Opportunities:** Reimbursing expenses reduces barriers to entry, especially for those on low incomes or receiving state benefits, encouraging a greater diversity of volunteers.
- **Retain Volunteers:** Being left 'out of pocket' is a cited reason why people stop, or do not get involved in, volunteering.
- **Accurate Budgeting:** Volunteer expense claims reflect the true cost of the service, which is important for future budgeting and can be used as evidence when applying for funding.

## How to Handle Reimbursements

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- **Only Reimburse Out-of-Pocket Costs:** Strictly reimburse only the volunteer's out-of-pocket expenses.
- **Require Receipts/Tickets:** Always reimburse *against* receipts, bus or train tickets. You may need to take copies of receipts as volunteers may need to retain the originals.
- **Avoid Flat Rates/Honoraria:** Do not use flat-rate payments (e.g. £5 per day) or one-off "honoraria" style gift payments, as these can be construed as income by [HM Revenue & Customs](#) (HMRC). Amplify that volunteering will NOT affect benefits.
- **Set Maximum Limits:** You can state that expenses will be reimbursed up to a maximum amount.
- **Ensure Awareness for All:** Make sure all volunteers know they can claim their agreed expenses to avoid any stigma and reinforce your equal opportunities policy.
- **Offer the Option to Donate:** Volunteers should have the option to donate their expenses back to the organisation if they wish.

- **Make it a Priority:** If you do not currently reimburse expenses, make it a priority to address this and include a budget for it in funding applications.

## Key Expenses to Consider Reimbursing

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The main types of volunteer expenses you should consider include:

### Travel Expenses

- Covering travel to and from the volunteering location, as well as travel undertaken *whilst* volunteering.
- Set guidelines, such as asking volunteers to use the cheapest form of public transport, but account for exceptions like taxis in your budgeting.
- For volunteers using their own vehicles, use HMRC-approved mileage rates:

Vehicle Type	Rate	Rate
	For the first 10,000 miles in a tax year	Over 10,000 miles in a tax year
Cars and Vans	45 pence per mile	25 pence per mile
Motorcycles	24 pence per mile	24 pence per mile
Bicycles	20 pence per mile	20 pence per mile

- Passenger Allowance: You can claim an additional 5 pence per mile per passenger if the volunteer is carrying a fellow volunteer or client as part of the work.
- What it Covers: These rates are designed to cover all running costs, including fuel, maintenance, insurance, road tax, and depreciation.
  - Reimburse any extra insurance premium paid by volunteers using their own vehicle.

### Meals and Refreshments

- Within reasonable agreed limits, at a level that allows volunteers to have a hot meal and drink in local cafes.

- A reasonable guideline is to reimburse for a meal after volunteering for more than half a working day.

### **Other Costs**

- Postage, telephone calls, and stationery costs.
- Cost of protective clothing or equipment.
- Cost of attending training relevant to the role.
- Care Costs for Dependents:
  - Covering the cost of childcare or the care of adult dependents whilst volunteering.
  - **If you cannot afford to reimburse these costs, look at adapting the volunteer role to accommodate volunteers with dependents.**

## **The Two-Step Process for Gift Aid on Expenses – Charities Only**

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### **Step 1: The Charity Must Reimburse the Volunteer**

The charity must first pay the volunteer the full amount of their out-of-pocket expenses. This is the crucial step to establish that the payment is a genuine reimbursement and not taxable income.

1. **Volunteer Submits Claim:** The volunteer submits an expense claim form along with receipts (e.g. train tickets, mileage log, meal receipts).
2. **Charity Pays Expense:** The charity reviews and approves the claim, then pays the money directly to the volunteer (e.g. via bank transfer or petty cash).
  - a. **Crucial Rule:** This payment must be made *before* the money can be donated back. Simply waiving the right to the expense is **not** eligible for Gift Aid, as no donation (transfer of funds) has taken place.

### **Step 2: The Volunteer Donates the Money Back**

Once the volunteer has received the money, they can choose to donate it back to the charity. This donation is treated as a normal, personal gift and therefore qualifies for Gift Aid.

- Volunteer Makes Donation:** The volunteer physically returns the reimbursed amount to the charity (e.g. handing back the cash, or making a bank transfer back to the charity's account).
- Volunteer Signs Gift Aid Declaration:** The volunteer signs a Gift Aid declaration for this specific sum (or has a declaration already on file with the charity). This confirms they are a UK taxpayer and have paid enough Income Tax or Capital Gains Tax to cover the tax the charity will reclaim.
- Charity Reclaims the Tax:** The charity uses the declaration to reclaim the basic rate of tax (currently 25%) on the donation from HMRC.

#### Example

Volunteers' expense	£20.00
Step 1	Charity reimburses the volunteer £20.00.
Step 2	Volunteer donates £20.00 back to the charity with a Gift Aid declaration.
Result	The charity claims an additional £5.00 from HMRC (25% of £20.00), resulting in a total benefit of £25.00 from the initial £20.00 expense.

This resource is part of the Toolkit created as part of Nova Wakefield District's Stronger Volunteering Project in coproduction with the Volunteer Managers Network in Wakefield District.

This project is funded by the UK Government through the UK Shared Prosperity Fund.



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