

Top Tips: Reimbursing Volunteer Expenses

Why Reimbursing Expenses is Essential

- **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

- **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

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

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.

1. **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).
2. **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.
3. **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. |

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