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GUIDELINES ON VOLUNTEERS' EXPENSES



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**Volunteer Development Scotland
Stirling Enterprise Park
Stirling
FK7 7RP
Tel: 01786 479593 Fax: 01786 449285
E-mail: vds@vds.org.uk
www.vds.org.uk**

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THESE GUIDELINES:

- **Highlight that volunteers may incur out-of-pocket expenses in the course of their voluntary work and that organisations have a responsibility to re-imburse these expenses**
- **Encourage funders of volunteer programmes to fund volunteers' out-of-pocket expenses**
- **Describe the different types of volunteers' expenses and activities for which expenses can be incurred**
- **Give guidance on the tax and benefit implications and liabilities of re-imbursing out-of-pocket expenses to volunteers**
- **Give information about volunteers' expenses and welfare benefits**
- **Outline the tax liabilities and mileage allowances of volunteer car drivers**
- **Encourage organisations to set up systems for re-imbursing out-of-pocket expenses to their volunteers**
- **Provide a model system for re-imbursing volunteers' expenses**

1. BENEFITS OF RE-IMBURSING EXPENSES

Volunteering should be open to all who want access to it and not only to those who can afford to do it. In addition, volunteers should not suffer a financial penalty as a consequence of their involvement in voluntary action.

Research shows that one of the main reasons why people do not volunteer is because out-of-pocket expenses are not re-imbursed. Other possible effects of not paying expenses to volunteers include low morale, poor attendance, and reduced commitment and availability. Some of the research findings are listed below.

The 1997 National Survey of Volunteering commissioned by the National Centre for Volunteering showed that:

- 4 out of 10 volunteers incurred expenses in the course of their work, and of these 53% did not have their expenses re-imbursed at all. Only 20% had all their expenses re-imbursed.
- The survey shows that volunteers in lower income brackets were less likely to be involved in activities, which involved them, incurring expenses.
- Over a quarter of volunteers said being out-of-pocket was a disadvantage of volunteering.

It is important therefore, if volunteers incur expenses as a direct result of their voluntary work, that the engaging agency should re-imburse these expenses.

When volunteers' expenses are re-imbursed, the benefits to the organisation and to its work are known to increase e.g. volunteers feel more valued and recognised. This in turn can help to increase their sense of belonging and commitment to the work of the organisation.

The payment of expenses should therefore be seen as an important element of the volunteer-involving agency's good practice in working with volunteers and as part of an equal opportunities policy.

Organisations should re-imburse their volunteers with the out-of-pocket expenses they incur as a result of their voluntary work.

Funders of volunteer programmes should take the necessary steps to ensure that sufficient funds are allocated in awards to cover volunteers' out-of-pocket expenses.

To this end organisations should record and monitor how much it costs for them to re-imburse such expenses.

2. TAX AND BENEFITS

Tax and Benefit Implications for Volunteers

- The re-imbusement of actual volunteers' expenses up to a reasonable level is permissible and does not cause loss of benefit, or give rise to tax liability.
- Payment of volunteers' out-of-pocket expenses does not have to be set against the earnings disregard for income related or unemployment benefits.
- If payments given to volunteers are in excess of their actual out-of-pocket expenses, such payments become earnings or remuneration and may be subject to tax.
- If volunteers who are on benefits are given seasonal payments, pocket money, honoraria or lump sums to cover possible expenses, their benefits will be stopped for any day or week in which they earn more than the stipulated amounts. Earnings for this purpose will include payments in kind but exclude certain expenses. FB26 'Voluntary and Part-time Workers' gives more information on this (see Further Reading on where to obtain this leaflet).

Tax Liability of Organisations

- Organisations should not have to pay tax on volunteers' expenses because:
 - ❖ A contract of employment does not exist between organisation and its volunteers.
 - ❖ Out-of-pocket expenses are not earnings and so are not subject to tax.
- Organisations who choose to re-imburse volunteers in excess of their actual out-of-pocket expenses may be liable for unpaid tax on the excess.

3. SYSTEMS FOR RE-IMBURSING EXPENSES

Availability of Information

- Recruitment and selection literature should contain clear written information about the re-imbusement of volunteers' expenses.

Statement on Expenses

- Organisations should produce a clear statement of:
 - ❖ What expenses may be claimed and any relevant conditions which apply
 - ❖ How to submit an expenses claim
 - ❖ The time limits within which claims should be made
- All volunteers should be encouraged to claim the actual cost of their out-of-pocket expenses.

Re-imbursing System

- An easily accessible and easy to manage re-imbusement system which does not deter volunteers from claiming their expenses should be established including an option of payment in cash.
- All volunteers should be encouraged to claim the true cost of travel and other expenses, thus avoiding the problem of creating a divide between volunteers who submit claims and those who choose not to do so.
- Appendix A contains a sample claim form.

Unclaimed Expenses

- Any sum not claimed should be clearly recorded as a donation from the volunteer.

Recording Expenses

- Even though some volunteers decide to make no claim at all, or accept only part of their out-of-pocket expenses, organisations should record the full amount which could have been paid to show the real cost of providing the service.

Budgets and Funding Applications

- It is good practice for any volunteer-involving agency to build into their budgets the costs involved in re-imbursing out-of-pocket expenses to their volunteers.
- Organisations should include the true cost of paying volunteers' expenses at the full rate in proposed budgets and applications for funding e.g. in lottery or grant applications.

4. VOLUNTEERS' EXPENSES AND WELFARE BENEFITS

Receiving welfare benefits should not prevent people from becoming volunteers if the correct procedures are followed. For more information about these procedures potential volunteers in receipt of benefit should be encouraged to ask at the appropriate social security office.

If volunteers receive:

- Income Support or Retirement Pension they should consult their local Social Security Office
- Jobseeker's Benefit they should consult their Jobcentre Plus office
- Housing Benefit they should consult the Housing Benefit section of their local council
- Council Tax Benefit they should consult the Council Tax Benefit section of their local council
- Statutory Maternity Pay they should consult their employer

Voluntary Work Outside Great Britain

Volunteers claiming benefit planning to do voluntary work overseas should contact their respective Jobcentre or Benefits Office in advance. Volunteers should also check their position with the embassy of the country to which they are going and obtain advice from the Pensions and Overseas Benefits Directorate (see address under Useful Contacts).

Notional Earnings

The Benefits Office may assume that volunteers are being paid for their voluntary work if they consider that it would be reasonable to expect payment (called 'notional earnings'). On p6 of FB26 there is a statement, which implies that this would not normally apply if volunteers are volunteering with a charity, voluntary organisations or local social services department.

If problems arise, organisations should contact the Benefits Office concerned and also seek expert advice (see Useful Contacts).

Jobseeker's Allowance and voluntary work

Jobseeker's Allowance (JSA) replaced Unemployment Benefit and Income Support for people who are unemployed. To be in receipt of JSA people have to be available for work and actively seeking work.

Provided the conditions below are met there is no **stated** limit as to the number of hours per week volunteers can volunteer and still claim JSA:

- The volunteer is still looking for work as agreed with their personal adviser
- The volunteer can be contacted quickly if the chance of a job comes up
- The volunteer is willing to start work at a weeks notice or go for an interview within 48 hours notice
- The volunteer does not receive any payments in cash or in kind other than out of pocket expenses incurred in the course of their voluntary work.

- It is reasonable for the person or organisation which doing voluntary work for, does not pay the volunteer

Volunteers must inform their Jobcentre Plus office if they are paid in any way. This includes things that are sometimes called payment in kind. This could be something like meal vouchers.

Volunteers claiming JSA should inform their local Jobcentre Plus office that they are doing voluntary work and give details about how to contact them when they are volunteering.

A letter to the Jobcentre from the volunteer's organisation may help to create a positive relationship. This letter should refer to the actual out-of-pocket expenses paid and the organisation's understanding of the JSA regulations. It should also highlight how volunteering may help the claimant to develop skills, obtain a reference for employment etc.

Appendix B contains a sample letter.

Recent DSS interpretations of the Jobseeker's Allowance regulations state that:

- "The Government is in no doubt of the value that voluntary work may have in providing Jobseekers with the necessary skills and experience to help them into paid employment."
- "In the majority of cases there is nothing to prevent volunteers in receipt of Jobseeker's Allowance from undertaking voluntary work for statutory bodies, providing they are able to meet the usual labour market entitlements conditions."
- "Volunteers should be treated as not involved in remunerative work and that any out-of-pocket expenses paid in respect of the voluntary work should be fully disregarded."
- "Provided it is reasonable for them to provide their services free of charge, volunteers should be assumed not to have notional earnings."

(Source: Communication from the Department of Social Security, March 1997)

Income Support and voluntary work

Volunteers can do as much voluntary work as they like. Income Support is not usually affected as long as the volunteer does not receive any pay other than to pay for expenses like fares or special clothing needed for the voluntary work.

Income Support will not be affected if it is reasonable for the person or organisation the volunteer is doing work for, not to pay the volunteer.

If it is unreasonable for them not to pay the volunteer, Jobcentre Plus will reduce the volunteers Income Support by an amount the volunteer could expect to be paid for the voluntary work, even though the volunteer is not being paid.

The volunteer must tell their local Jobcentre Plus office if they do any voluntary work. They must also inform them if they are paid in any way. This includes things that are sometimes called payment in kind. This could be something like meal vouchers.

Incapacity Benefit

This benefit is paid to people unable to do a full-time job because of sickness or disability.

Volunteers receiving this benefit may do as much voluntary work as they like. Incapacity Benefit will not usually be affected as long as the volunteer does not receive any pay other than to pay for expenses like fares or special clothing needed for the voluntary work.

The voluntary work must not be for a close relative.

Volunteers must inform their local Jobcentre Plus office if they are doing any voluntary work. They must also tell them if they are being paid in any way. This includes things that are sometimes called payment in kind. This could be something like meal vouchers.

Local Differences in Interpretation

All the above regulations are subject to interpretation by adjudication officers in both local Benefits Agency offices and by the Inland Revenue. If all the steps outlined have all been followed and volunteers still have problems with benefits and or/tax, Volunteer Development Scotland, Local Volunteer Centres or Citizen Advice Bureaus are all well equipped to advise on what to do next.

5. TYPICAL EXPENSES WHICH CAN BE CLAIMED

Volunteers give of their time and skills free of charge. They may however incur costs in carrying out their voluntary work for which claims could be submitted.

Costs incurred by volunteers may include:

- Travel to and from home to the place of volunteering
- Travel undertaken in the course of volunteering
- Meals taken during the period of volunteering
- Other subsistence costs e.g. tea breaks
- Care of dependents during the period of voluntary work
- Postage and telephone costs
- Special clothing and tools
- Attendance at training events/courses
- Crèche or childminding
- Materials required to do voluntary work e.g. paper, pens

Organisations should make their volunteers aware of what out-of-pocket expenses can be claimed. Volunteers should also be instructed to provide, whenever possible, receipts for expenses incurred.

6. VOLUNTEER CAR DRIVERS

When volunteer drivers use their own vehicles to provide a service to an organisation the Inland Revenue limits how much they can claim in expenses before they become liable for tax.

Volunteer driving is not gainful employment for National Insurance purposes. Liability for Class 2 or Class 4 National Insurance contributions does not arise on any profits made from volunteer driving.

Tax-free mileage allowances per mile vary according to car engine size and the number of miles travelled in each tax year.

Volunteer drivers should be encouraged to keep copies of their receipts and records of mileage for at least two years.

Up-to-date information on mileage rates can be obtained from any Tax Enquiry Centre or Tax Office.

Table 1 shows the allowances that volunteer drivers can receive in a year before they have to pay tax. IR 122 'Volunteer Drivers' gives more information on this (see Further Reading on where to obtain this leaflet).

Table 1: Tax-free Mileage Allowances per Mile

<i>Cars and Vans (regardless of engine size) (up to 10,000 miles in the tax year)</i>	<i>(each additional mile over 10,000)</i>
40p per mile	25p per mile
<i>Motorcycles</i>	<i>Bicycles</i>
24p per mile	20p per mile

Please note that volunteers using their own vehicles for voluntary work normally do not incur an additional premium, but they should be instructed to inform their insurance company about this.

APPENDIX A: VOLUNTEERS' EXPENSES CLAIM FORM

Scottish Volunteers' Association
1 Right Way
Anyburgh
AZ1 1ZA

Please record on this form the out-of-pocket expenses you incurred while volunteering and return it to the (appropriate) Manager by the (.....) day of the next month.

Please also attach receipts obtained for expenses incurred and keep a copy of the claim form for your own records.

The types of expenses you can be re-imbursed for are:

- Travel to and from the place of volunteering (actual cost or mileage allowance)
- Travel from the organisation's base to some other place
- Specialist clothing for voluntary work
- Materials required to do your voluntary work
- Meal expenses during periods of volunteering for 4 hours or more, or over meal times
- Other subsistence costs e.g. tea breaks
- Crèche or childminding fees
- Other dependent costs
- Telephone and/or postage costs
- Other expenses incurred (please give details)

Sample Volunteers' Expenses Claim Form

Period from to

Date	Type of Expenditure	Details of Expenditure	Amount

Total

These represent an accurate account of my expenses incurred as a volunteer.

Name of Volunteer
(please print)

Volunteer's Signature Date

Volunteers Manager's Signature Date

For office use – Payment issued: cash cheque voucher

Date:

APPENDIX B: SAMPLE LETTER TO THE JOBCENTRE/SOCIAL SECURITY OFFICE

Dear Sir/Madam,

Volunteering by Peter Smith with Careplan

The above named person is a volunteer with this organisation. He receives out-of-pocket expenses for his travel from his home to our premises and for meals when his volunteering takes place over lunchtime.

Peter has discussed with me on various occasions methods of seeking work. During the times of his volunteering he may be contacted by telephone at the number listed above, and we will pass on a message to him.

As an organisation we understand and accept that Peter may have to give up his voluntary work with us at a maximum of 48 hours notice.

We believe that Peter will benefit (not financially) from being a volunteer with us in that he will be developing skills, getting a reference for job applications etc.

Please do not hesitate to contact me if you require any further information.

Yours sincerely

*V. Busy
Volunteers Manager*

USEFUL CONTACTS AND FURTHER READING

Useful Contacts

Contact Volunteer Development Scotland for addresses of local Volunteer Centres or go to www.volunteerscotland.org.uk

Many Volunteer Centres/Citizens Advice Bureau and Money Advice Centres give advice on benefits, debt, housing, tax etc. (Local Libraries, Community Centres etc. will provide addresses/telephone numbers.)

DSS, Pensions and Overseas Benefits Directorate
Newcastle-upon-Tyne
England, NE98 1BA.

Further Reading

Voluntary and Part-time Workers:

Leaflet FB26 'Voluntary and Part-time Workers: Your Benefits, Pensions and National Insurance Contributions' produced by the Department of Social Security sets out the rules for those receiving benefits and rules concerning pensions and National Insurance contributions.

Copies are available free from local Benefits Agency offices.

Financial help if you are looking for work:

Leaflet PFL WK1 April 2004 - A basic guide to benefits and back to work schemes if you are working, looking for work or starting a job – including voluntary work

Volunteer Drivers:

Personal Taxpayer Series IR 122 'Volunteer Drivers' available free from any Tax Enquiry Centre or Tax Office.

All Expenses Paid:

Available from Volunteering England, Regent's Wharf, 8 All Saints Street, London N1 9RL Tel: 0845 305 6979

Further Guidance:

Volunteer Development Scotland is pleased to advise further on matters related to volunteers' expenses Tel: 01786 479593 Fax: 01786 449285
E-mail: vds@vds.org.uk

Guidelines on Insuring Volunteering:

Available from Volunteer Development Scotland