

Volunteer Expenses

The reimbursement of out-of-pocket expenses is vital in order to engage volunteers. No volunteer should be out of pocket for volunteering and by ensuring that reimbursement of expenses is available, an organisation or group will encourage more people to consider volunteering with them. This will help to recruit a volunteer team that is diverse and reflective of the community in which an organisation or group operates.

Non-payment of expenses can be a significant barrier to people on low incomes and also to individuals who consider that giving their time for free, should not also impact on them financially.

The costs of refunding volunteer expenses should be included in any project budgets and are a legitimate expenditure on funding applications.

Permitted volunteer reimbursements

Volunteers can be reimbursed for actual reasonable out-of-pocket expenses tax-free, providing they are incurred while undertaking the volunteer activity and are necessary to the role.

HM Revenue and Customs (HMRC) recognise the following as being legitimate expenses for volunteers:

- travel to and from the place where the volunteering activity takes place
- travel during volunteering
- meals taken during the course of volunteering
- postage and telephone costs if working from home
- care of children and other dependants during the period of voluntary work
- cost of protective or special clothing

Only actual expenditure incurred should be reimbursed. Any payments received above actual out of pocket expenses would be regarded as income by HMRC and the full amount would be liable for tax.

An organisation should not offer other payments, reward or benefits in kind nor offer a contract of paid work in the future as this could create an employment relationship making the individual an employee rather than a volunteer. As an employee the individual would be entitled to certain employment rights including being paid the national living or minimum wage but would also be liable for unpaid tax and national insurance.

Overpayment could also seriously impact on individuals who are claiming certain state and other benefits.

It is permitted to reward volunteers as a group with activities such as outings or social events providing the cost is proportionate to the organisation's income and the contribution made by the volunteers.

Small gifts in kind to individual volunteers such as flowers, vouchers or chocolates is acceptable providing the cost is proportionate to the organisations income and the contributions made by the volunteer.



It is advisable to set limits on some expenses such as meals and refreshments but organisations need to ensure that only expenditure incurred up to this amount is paid and that the full amount is not given as a fixed amount. It is important that volunteers are aware of what is acceptable expenditure and this should be included in the induction programme and the volunteer handbook.

Reimbursing travel costs

Travel by public transport It is reasonable to ask volunteers to travel by the cheapest reasonable form of public transport. If a volunteer uses a weekly / monthly travel card they will need to provide a receipt for the purchase or photo copy of the ticket but only a proportion of the cost relating to volunteer activities will be reimbursed. For example, if a volunteer buys a weekly bus pass and volunteers at an organisation for 1 day a week then they can be reimbursed for 1/7 of the total cost of the bus pass.

Travel by personal vehicle HMRC sets the approved mileage rates for travel using your own vehicle. These are the maximum amounts that can be claimed without incurring tax or national insurance contributions.

The approved rates for 2022 were:

Type of vehicle	Rate per mile for first 10,000 miles per annum	Rate per mile after first 10,000 miles per annum
Cars and vans	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p

Volunteers can also claim an additional 5p per mile for each passenger they carry whilst undertaking their volunteering role.

Whilst these are the maximum rates allowed by HMRC before tax is liable, organisations are not obliged to pay these mileage rates for travel or carrying passengers.

Travel by taxi It may be necessary for some volunteers to travel by taxi particularly if they have a disability or their volunteering role requires very early or late shifts.

Reimbursing care costs

Care costs for children or adult dependents can be reimbursed but an organisation may need to consider offering this as costs can be substantial.

Organisations should consider the type of care they are able to reimburse, formal or informal care, and whether they set a limit on what can be reimbursed.

Reimbursing internet use and telephone costs

Volunteers who use their own internet connection or telephone can only claim for costs incurred during their volunteering role.



If a volunteer has an existing contract with an internet provider or phone company that gives inclusive or unlimited use or calls, they will not incur additional costs while undertaking their volunteer role so no reimbursement should be made.

If there is limited use or number of minutes on a volunteer's internet or phone plan and these are exceeded because of the volunteering activities, reimbursement can be made providing an itemised bill is provided. This will need to show that the additional costs were incurred during volunteering. Without an itemised bill it is not possible to show how the additional costs were incurred and no reimbursement should be made.

How to reimburse expenses

Only actual out-of-pocket expenses should be reimbursed. Receipts, train, or bus tickets should be provided as evidence of expenditure.

Organisations should have arrangements in place for volunteers to be reimbursed as soon as possible as individuals on low incomes may not be able to wait for payment. (See payments in advance) Payments by cash or bank transfer will ensure that payment is received promptly. Payment by cheque may not be so convenient and there will be a delay in payment. Volunteers receiving cash payments should sign to say they have received it.

A simple claim form should be provided. This should be completed by the volunteer and authorised by their supervisor, who should also check that the claim is supported by the necessary receipts before payment is made. If there are deadlines for submitting claims forms, volunteers should be made aware of these to avoid extended periods without reimbursement.

Payments in advance for some individuals on a low income, having to cover their expenses initially could be a barrier to volunteering. Volunteers can be paid in advance for anticipated expenditure so long as appropriate evidence of expenditure follows and any underspend is returned.

Encouraging volunteers to claim expenses

Some volunteers prefer not to claim expenses as they consider it unnecessary or want to help reduce costs to the organisation. All volunteers should be encouraged to claim expenses as this not only reduces any stigma some individuals may have about claiming but also allows the organisation to keep more accurate records about the true costs of running their services. These costs can then be used to build the evidence for future funding bids. It also serves as a reminder that whilst volunteers give their time for free, volunteering activity itself is not cost-free.

Volunteers not wanting to be reimbursed could be asked to claim and then donate the money back to the organisation. They may also be able to make a GiftAid payment if the organisation is able to accept this, so increasing the amount received by the organisation.

Further information

- HMRC general information on volunteer placements, rights and expenses Includes case studies
- Current HMRC mileage rates



- [HMRC guidance on claiming gift aid as a charity](#)
- [HMRC Charities Helpline 0300 123 1073](#)
- [NCVO guidance on volunteering and benefits](#)

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