

VOLUNTEER EXPENSES

Introduction

The material presented in this factsheet is intended to sound a note of caution. Recent legislation and new interpretations of older statutes has made the once reasonably simple relationship between voluntary organisations and volunteers far more complex. But at the same time CASH would like to stress that while new and challenging issues are arising in the world of volunteering, they are doing so against the backdrop of increasing numbers of people giving their time for free to good causes each year. The voluntary principle has never been stronger.

By looking at the issue of volunteer expenses from both the volunteer's point of view and the voluntary sector manager's point of view, we hope to highlight where possible conflicts might arise and how problems for both voluntary organisations and volunteers might be avoided.

People often undertake voluntary work as a form of work experience while receiving state benefits. This page focuses on the volunteer's view, with an emphasis on people who fall into this category.

The manager's view focuses on possible legal problems arising from volunteers being seen as employees in the eyes of the law and possible problems arising from undeclared taxable income.

Volunteer's view

So you've decided to volunteer. You know that voluntary work is work given freely and by choice, but you want to make sure that you won't be out of pocket as a result of that work. So what are the rules about tax allowances; claiming expenses incurred in the course of your voluntary work. And what about volunteering while claiming state benefits?

Jobseeker's allowance | Internal guidelines written for employment services staff state that there are now no limitations on the number of hours a jobseeker may volunteer, provided you remain available for paid employment and actively seeking it. What's more, employment services now recognise that voluntary work can aid your jobsearch by providing easier access to information on relevant job opportunities and possible access to job search facilities such as word processing.

Your voluntary work should therefore be supported by employment services, as long as you continue to actively seek paid work. Remember though, you should inform the employment service that you are undertaking voluntary work.

Claiming expenses | It's always good practice to reach an agreement with your organisation concerning what you can claim money for – before you spend any money!

Keep all your receipts and ensure that the organisation with whom you're volunteering reimburses your expenses against those receipts. If you are volunteering from home and incur expenses – like phone calls – take a photocopy of each phone bill and use it when claiming reimbursement. This will ensure that you are not deemed to be in receipt of cash payments for work undertaken.

If you are offered a flat rate allowance for volunteering, it's worth asking the organisation if they'll consider reviewing their practice. An allowance – of whatever amount – constitutes a wage as far as the inland revenue and the benefits agency are concerned and this carries implications for your tax and benefits.

More information for volunteers concerned about claiming expenses can be obtained from your local volunteer bureau/volunteer development agency.

Manager's view

Voluntary work is work given freely and by choice. It is a contribution of time and skills to the organisation of one's choice. You'll want to make sure that a volunteer will not be out of pocket as a result of work undertaken for your organisation. The question is, how should expenses be paid? What are the rules? If you are managing volunteers, you will want to be sure that you are not creating a contract of employment.

There are no hard and fast rules for what constitutes a contract of employment, but there are clues to what can be used in a court of law or at an industrial tribunal. The most compelling evidence of employment is payment for the work undertaken. So if you give an allowance to a volunteer, no matter how small, your volunteer could be deemed to be your employee, accruing a large unknown tax liability.

Organisations are legally responsible for paying the tax owed by its employees; the Inland Revenue can claim back tax for an indefinite number of years (you are required to keep records for six years). The Inland Revenue can also levy a fine equal to the amount owed and charge interest. There is also the risk of endangering access to state benefits for your volunteers. The following practices are all indicators of employment status:

- Payments linked to time/performance.
- Honouraria which are not honouraria.
- Gifts in kind which are not gifts.
- Ex gratia payments which become by right.
- Graded access to benefits.
- Training as payment.

If your volunteers are claiming jobseeker's allowance – or any other state benefits – they run the risk of having their benefits cut if you make any payment which is not a strict reimbursement of expenses incurred while undertaking voluntary work for you. In other words, protect yourselves and your volunteers by ensuring that you reimburse genuine, actual expenses. Reimburse against receipts, where possible, using a form which shows:

- The volunteer's name and address.
- Their signature indicating receipt of monies.
- A signature of approval given by a designated person in your organisation.

There is a sample here:

VOLUNTEER EXPENSES		DATE _____	
Description of expenses		Amount	
Signature _____		Print name _____	
Passed by _____		Print name _____	

Clip receipts to the form and keep these records to provide evidence that these are not cash payments to employees when you are audited. Remember, you may want to reward your volunteers for the contribution they make to your organisation – but to do so through providing payment runs counter to the ethos of volunteering and endangers the status of both the volunteer and the organisation.

It's better to ensure that voluntary roles are stimulating, well-supported and meet volunteer's aims, needs and interests. Contact your local volunteer bureau/volunteer development agency for more information on good practice.

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