

Expenses and rewards – avoiding the legal pitfalls

1 Expenses

A volunteer can be reimbursed for reasonable out-of-pocket expenses free of tax - as long as the expenses were genuinely incurred in carrying out voluntary work. Expenses might, for example, cover travel, child care or lunch money. Volunteers should, as far as possible, produce receipts, tickets or invoices in order to claim expenses.

2 Remuneration

Remuneration means:

- 'pocket money' not connected to actual out-of-pocket expenses
- sessional fees
- honoraria (one off payments for work done)
- lump sums or other payments to cover "expenses" that are not in line with the rules for expenses outlined above.

3. Dangers in remunerating volunteers

A 'remunerated' volunteer could be treated in law as an employee. This could then result in:

- Successful backdated claims for a minimum wage.
- Successful claims for unfair dismissal or for discrimination.
- Backdated claims by Revenue and Customs for unpaid income tax and national insurance. The payment to the "volunteer" is treated as 'net' for these purposes.

NB: if an organisation wishes to recruit a volunteer to a paid post, it should make sure its equal opportunities policy does not require it to advertise the post first. The volunteer can always be invited to apply.

3. Rewards

Rewarding volunteers as a group (e.g. by paying for outings, parties or ceremonies) is allowed as long as the cost is reasonable in proportion to the organisation's total income and the scale of the contribution to its work made by the volunteers.

Small in-kind gifts to individual volunteers as a "thank you" (e.g. vouchers, tickets to events, flowers, chocolates) are permitted as long as the cost is reasonable in proportion to the organisation's total income and that volunteer's contribution to the organisation's work.