

## **Expenses: Who can claim for what**

I recently came across an organisation where the treasurer had been paying 20p per mile to one worker for mileage and 40p per mile to another worker for mileage with no apparent reason for the different treatment! We have seen a number of other anomalies around expenses paid out by organisations over the last few months; these can cause a tremendous amount of bad feeling, so it is wise for the committee to develop a policy based on the headings outlined below, so that all staff and volunteers are clear about where they stand.

### **What are expenses?**

Expenses are the out of pocket payments paid out by staff, volunteers and trustees for work-related items, required in order to do the work, for example, bus fares, small items of stationery, stamps etc. It is a good idea to have an expenses policy in which you might include information under the headings used in this article. If there is no policy and there is inconsistency in what expenses are paid to whom (as above with the mileage being paid) it can lead to much bitterness and destructive gossip within the organisation.

### **Who can claim expenses?**

Volunteers and management committee members can claim expenses for travel to and from the workplace and for carrying out the organisation's work. They can also claim for things like childcare, meals taken while on the voluntary work and training necessary for the work as long as this is stated in the policy, and the committee has decided to include these things.

Staff can claim expenses for travel from the office to carry out the organisation's work, but never for travel from home to their normal place of work. They can also claim for items paid out of their own pocket such as small items of stationery but not for childcare or meals at work.

### **Amount to claim and tax implications.**

The next question is how much can you pay. There are two factors to consider here - what the organisation is prepared to pay and secondly the tax implications. It is wise for an organisation to set a top limit for each category of expenses that it pays, and to only pay out what has actually been spent by the claimant. For example, if the committee agrees it will pay childcare expenses for volunteers they may agree a top limit per hour for this. However if the volunteer pays less than this top limit to their childminder he or she can only claim the actual amount paid out.

For travel expenses

- you should only ever pay the actual amount paid out, (ie round sum payments should never be paid) so if the bus fare was £1:70 that is what you pay; it should not be rounded up to £2.
- for car mileage the Inland Revenue limit is 40p per mile (2004/05). If you pay more than this the amount over and above 40p per mile is taxable and the recipient should pay tax on it. If the committee decide they will only pay

20p per mile that is their choice. (and obviously there are then no tax implications)

- The committee may agree to pay a mileage rate to staff and volunteers who use their bikes for work. The top rate for this before it becomes taxable is 20p (2004/05).
- It is also a good idea to include a rule about whether staff and volunteers can claim for taxis, (and under what circumstances), and about using the train for longer journeys, if it is cheaper.

### **How to claim expenses**

It is good practice to have an expenses form for claimants to claim their expenses. Travel claims should always provide details of where the journey was from and to; receipts for bus journeys and so on should be kept and stapled to the back of the expenses form. The form should always be authorised by an appropriate person. Who is an appropriate person? For staff it should be their line manager; for volunteers the volunteer organiser; for trustees it should be the chair and for the chair it should be the treasurer. Expenses forms should be sent in for payment monthly.

If you would like to discuss in confidence any issues raised by this article please give us a ring on 0113 270 6269. We would also be happy to email you a copy of our own expenses form which could be used as a template.