



Wandsworth Voluntary Sector Development Agency

enabling voluntary action

Guidance Notes

Paying expenses to employees and volunteers

Organisations may reimburse employees and volunteers for expenses they incur as part of their normal business. These may include travel expenses, parking expenses, telephone calls or ad hoc purchases for the organisation.

Strict rules are applied by HMRC in governing these expenses.

Such expenses should be incurred wholly, exclusively and necessarily in the performance of the duties of the employment. This means that every employee carrying out a similar task would have to incur expenditure of that type.

The expenditure cannot have a dual business and non-business purpose. Note that travel between home and work is excluded.

Professional membership fees are allowed where it is a requirement of the occupation.

From a best practice point of view, all expenses reimbursed should have a receipt as proof of expenditure and be correctly authorised by someone other than the person making the claim.

If expenses are claimed by anyone earning £8,500 per annum then a P11d form should be completed for each employee making a claim. However this can be a lengthy process for the organisation. In order to avoid filling in these forms a dispensation can be sought from HMRC.

Dispensations

An organisation will need to write to HMRC and state which expenses are normally paid and to whom. They will need to add under which circumstances staff or volunteers can make these claims and who monitors and authorises the claims. If HMRC agree with the claims they will issue a dispensation listing which benefits are covered and organisations will not need to complete a P11d covering these.

For more information contact Tina Champion on 0200 8875 2845 or visit www.hmrc.gov.uk/payee/exb/schemes/dispensation.htm