



## Reimbursement of Volunteer Expenses

Volunteering Canterbury encourages community organisations to reimburse the actual expenses of their volunteers - but be sure you have a policy in place and that you know the IRD rules regarding reimbursement.

### What Can You Reimburse?

Reimbursements must cover actual expenses only, and volunteers must provide proof that they have already spent the money. Any other payments are considered income and are subject to PAYE deductions. Gift vouchers are also treated as taxable income.

### Travel Expenses

Actual travel costs, such as mileage for driving to a voluntary work location, may be reimbursed. It is not acceptable to give volunteers a flat amount (e.g. \$5 or \$10 per day) as a blanket reimbursement for travel.

To make a mileage claim, volunteers should provide a written statement detailing the number of kilometres travelled. There are two accepted methods for calculating travel reimbursement:

1. The current IRD non-taxable mileage rate
2. The NZ Automobile Association mileage rate

Once a volunteer has provided an initial written statement of distance travelled, they can be reimbursed for similar future journeys without needing to submit a statement each time. As long as you use the approved mileage rates, no tax will be incurred by the volunteer.

### Meal Expenses

It is not usually acceptable to give a meal allowance or reimbursement for money spent on food while the volunteer is at their place of voluntary work. Meals are seen to be a private

cost to the worker unless the cost is incurred while they are away on business for the organisation. However you may provide a light meal for the worker on the organisation's premises, i.e. food not money.

Occasionally you may reimburse the cost of a meal as long as it doesn't happen regularly and the amount involved is reasonable. An example of this would be if a volunteer was working during the day and continued on to attend an evening meeting on behalf of the organisation. Where the "working day" had progressed into the evening this would be an acceptable reason to pay for a meal off the premises. Receipts should be kept to substantiate reimbursement.

### Gifts

You may also offer volunteers small gifts, provided they are not given regularly or linked to the amount of work done. Gifts should be "unconditional" and not expected by the volunteer. If the volunteer is also a member of your organisation, check your constitution for any clauses related to pecuniary gain for members.

If you are unsure about any aspect of reimbursements or gifts, it is always best to check with Inland Revenue ([www.ird.govt.nz](http://www.ird.govt.nz)).