



To: All Unite UK Branch Secretaries and Branch Treasurers
From: Ed Sabisky
cc: All Unite Regional Secretaries
Date: 19th April 2013
Re: Lay Companions

Lay companions play a crucial role in supporting individual members, especially when the workplace is not an organised one. Many Branches have an established system whereby these experienced individuals (often retired shop stewards and convenors) are utilised to service members up to the point of appeal (as a convenor would normally do in an organised workplace) – e.g. providing preliminary advice and guidance, handling 1st stage grievance and 1st stage discipline hearings. The Executive Council recognised that it would be impossible for officers to provide this support given the sheer number of members in Unite in comparison with the number of full-time officials. The Executive Council further recognised the need for Branches to make payments to these individuals both to cover expenses plus, where deemed appropriate by the Branch, a modest payment for their time.

We have had discussions with HMRC re lay companions and they have now clarified exactly how they require the payments made to lay companions treated from April 2013.

New Procedures

1. Expenses. Any member performing lay companion duties may claim reasonable expenses from the Branch (as the Branch allows) without any tax implications. Mileage can be claimed at up to 45p per mile (note that reimbursing petrol receipts is not allowed by HMRC). To claim reimbursement for the use of a personal car on union business, the member needs to state the date, address including postcode of place travelled from, address including postcode of place travelled to, union duty/meeting undertaken. The Branch, at its discretion, can also reimburse members for reasonable expenses incurred while travelling (with receipts) or, in place of food/miscellaneous items, a subsistence payment (unreceipted) of up to £16 per day can be paid (always assuming that a cost has been incurred).
2. Loss of earnings. Any member performing lay companion duties may claim Loss of Earnings from the Branch (as the Branch allows) without any tax implications. To qualify under the Loss of Earnings provisions of the tax code, all of the following must be true: (i) the member must be employed; (ii) the member must have been required to work for their employer on the date/time the member chose instead to carry out union duties; and (iii) the amount paid to the member as “loss of earnings” cannot exceed the **net** pay lost – i.e., the net amount they would have received had they in fact worked for their employer on the date/time they instead carried out union duties. The best documentary evidence of this loss is a letter from the employer on each occasion stating that the member should have worked on the date/time in question and the net amount they would have been paid had they done so.
3. Taxable payments to Branch Officials who act as lay companions. In addition to expenses, assuming the Loss of Earnings provisions cannot be applied, it is permitted for the Branch to recognise the time given up by Branch Officials who act as lay companions and include such recognition within the honoraria payments to Branch officials. From April, payments made in this way must be included in the procedures outlined in my letters of 24th January and 19th April and taxed accordingly as an honoraria payment. (Note: unless a frequent occurrence, if lay members from a Branch other than the member’s Branch who is being companioned act as the lay companion, these should be treated as per point 4 below even if the companions are Branch Officials of another Branch.)

4. Taxable payments to members who are not Branch Officials who act as lay companions. A lay companion is not an employee of the union. In situations where a payment is made by the Union for the service provided by a companion who is not a Branch Official (other than in circumstances set out in 1 or 2 above), these payments are taxable on the individual who is regarded as self-employed. The union is not required to deduct tax at source. The payments can be paid to the member gross and it is up to the member to declare these earnings to HMRC. This can be done either by calling or writing the Revenue or by filing an individual self- assessment tax return.

As before, If you have any questions on the above, please send them to me at ed.sabisky@unitetheunion.org.

I will continue to write to you each time we gain additional clarity on these matters from HMRC.

In solidarity,

Ed Sabisky
Director of Finance & Operations