

Post-Pandemic Best Practices for Vehicle Reimbursements

In the post-COVID world, adaptability is the name of the game. Here is our 2022 checklist of top 10 ways to stay responsive to changing times. These best practices will improve your existing vehicle reimbursement program or help you transition from a company vehicle to a reimbursement plan.

To stay ahead of both today's needs and tomorrow's challenges, your vehicle reimbursement program should be...



FLEXIBLE

Your reimbursement policy should be flexible enough to address new modern-day issues like global pandemics and sharply rising gas and car insurance prices.



EQUITABLE

Your reimbursement rates should be fair to everyone. Paying the same amount for unequal expenses or mileage amounts is unfair. Equal is not equitable.



ACCURATE

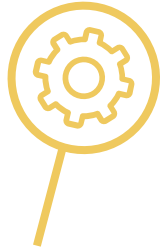
Reimbursements must be precise. Over-reimbursing will blow your budget; under-reimbursing will leave employees distracted, looking for jobs, or not traveling.



GEOGRAPHICALLY COST SENSITIVE

A data-based reimbursement is a must. Your employees live in different regions and should be reimbursed relative to regional cost differences.

5



TRANSPARENT

Your employees want to know you have a methodology for deriving their reimbursements. Transparency instills confidence and sends a message of fairness.

6



NON-TAXABLE

Taxable car allowances are completely outdated. Why throw away money to unnecessary tax waste? Today's mobile workers expect better.

7



COMPETITIVE

Paying a non-taxed, fair amount will help you attract top talent. Keeping it transparent, data-based, and cost-sensitive will help you retain these top employees.

8



BALANCED

Balance standardization with customization. Don't standardize your rate; standardize the vehicle used to derive rates, based on employees' localized cost data.

9



DEFENSIBLE

Protect your organization and employees with auto insurance minimums (NOT state minimums), annual Motor Vehicle Record checks, and a driver safety policy.

10



AFFORDABLE

Establish a budget and stick to it. Structure in cost controls: automated mileage tracking, separate reimbursement of fixed vs. variable costs, no fuel cards!

If you follow these best practices, your employees will know that you are trying to provide a vehicle reimbursement that protects their income from the costs of operating a personal vehicle for work.

And your organization will stay protected from labor code violations in states that require full reimbursement of employees for business costs.

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