cardata

The Future of Mileage Reimbursement: Cardata's 2026 Fleet Market Forecast on AI, Compliance, and Efficiency

Discover how 150 business leaders are transforming vehicle reimbursement with AI, automation, and compliance best practices.

Table of Contents

Why Mileage Reimbursement Is Changing in 2026

Cardata, a leader in fleet and vehicle financial solutions, commissioned independent research agency, TrendCandy, to survey 150 business leaders* on how organizations are transforming vehicle reimbursement strategies to reduce friction, improve compliance, and unlock operational insights. All data and statistics presented in this ebook are sourced directly from the findings of that survey.

Vehicle programs are critical for mobile employees to do their jobs. Businesses need to get people, goods, and services from Point A to Point B. Finding the right vehicle program is essential to make sure your mobile team stays enabled, cost efficient, and compliant.

But with many mobility programs available, selecting and managing the one that's best for your business can be a real challenge. Combined with changing external conditions, such as fluctuating fuel prices and consistent regulatory updates, it's easy for cross-functional program managers and influencers to feel the pressure to make the right decisions to execute a successful vehicle program.

Decision teams have essential factors to consider when selecting and managing the vehicle program of best fit. It's critical to look at your employees' job requirements, including the type of work they do and the type of vehicles they'll need to do it. This enables you to set the foundations of your mobility enablement strategy.

You'll need to weigh these needs against corporate budget and financial constraints, all while factoring in the overall fairness of your vehicle program to ensure it stays competitive in your industry. Underlying all of these factors, you'll also want to make sure you're being cost efficient and mitigating risk as much as possible.

Why This Matters Now

Choosing the wrong vehicle program can have substantial impacts for your business, costing both you and your employees in compliance, efficiency, retention, and real dollars and cents.

While many businesses traditionally relied on fleets of company-owned cars for a range of use cases, there's a strong shift towards personal vehicle reimbursement when passenger vehicle usage fits the bill.

Company-owned fleets are, on average, 30% more expensive than a tax-free reimbursement alternative, and companies that rely on fleets alone could be costing both the business and its employees.

Another option is a flat-rate, taxable car allowance, but these can waste over 37 cents on each dollar paid across FICA and income taxes. Plus, since they don't always reflect actual vehicle expenses, taxable car allowances are often unfair to employees.

Traditional ways of managing business mileage are falling by the wayside, too. Manual mileage tracking and ad hoc expense payments require time-consuming, tedious work from employees, typically wasting up to a full week of work per year.

cardata.co

Technology, especially with improvements in automation and AI, is becoming a key part of keeping mileage programs accurate, compliant, and cost-efficient. There's a push to modernize, or risk falling behind.

With all of this in mind, it isn't a surprise that an estimated 30% of eligible company vehicle programs will transition to tax-free, personal vehicle reimbursement by 2028.

At Cardata, we've seen our customers list factors like cost, risk and liability, burden reduction, and scalability challenges as the top reasons to transition away from fleet alone, and move towards a more efficient, scalable, and more accurate vehicle program.

79% believe AI cuts errors in half.

71% say it speeds insight discovery.

67% find it identifies cost savings.

AI & Automation as the New Compliance Engine

With AI and automation becoming stronger drivers across industries, more and more companies are leveraging these powerful technologies to streamline workflows and processes.

This especially holds true for the historically time-consuming process of vehicle reimbursement, including compiling detailed mileage logs, manual data entry, and countless hours spent compiling reports.

New software with automation and AI-powered features is allowing teams to move that administrative burden aside and free up their time to focus on the work that really matters.

Perceptions are aligning with results, too. Survey results show that 79% of respondents believe that AI will cut reimbursement errors in half.

At the same time, 71% believe it speeds insight discovery, with AI-powered insights improving the speed that inefficiencies are detected at by 35%. Insights and errors can impact a company's bottom line, too, with 67% finding they're more likely to identify cost savings with AI.

Learn more about:
Cardata Intelligence

Despite the existing and expected benefits that come with these new technologies, only 38% of teams have adopted fully automated compliance processes. As enthusiastic as teams may be for the potential benefits of AI and automation, there's a gap in actual readiness and implementation.

Key Takeaway

AI is quickly transitioning from "nice-to-have" to compliance-critical, reshaping reporting, anomaly detection, and fraud prevention. AI enthusiasm is outstripping actual automation maturity, but forward-looking companies can take advantage by leveraging this enthusiasm as motivation to create and implement meaningful, tech-powered processes.

Vehicle reimbursement software, like [Cardata Intelligence](#), has built-in AI that allows for powerful, data-backed insights to help teams make more impactful decisions.

Compliance Confidence vs. Reality

For any North American tax-free vehicle reimbursement program, managers know that IRS and CRA compliance is essential. Teams need to meet specific regulatory body requirements for employee business vehicle reimbursements to be considered tax-free, and payments can be subject to income and payroll taxes when compliance lags.

45% feel extremely confident in IRS compliance.

37% cite lack of trusted data sources.

31% cite policy transparency issues.

Despite how integral compliance is within vehicle reimbursement, only 45% feel extremely confident in IRS compliance. And, for 37% of program leaders, a lack of trusted data sources in creating standardized and fair reimbursement rates continues to be a barrier, specifically when their program is left stale with minimal annual adjustments Moreover, 31% flag policy transparency in rate creation as an issue in employee compliance, as their lack of clear understanding of program compliance requirements often results in surprising unnecessary taxes or audit fees.

While many companies could be feeling "compliant enough," the data suggests that many teams could be underestimating risks or making assumptions. Outdated tools and fragmented systems can be contributors to compliance issues, since they could be holding back teams from having the confidence to know that programs are up-to-date and accurate.

Even though a company could assume its program is IRS-compliant, less than half feel fully confident, opening the door risks during potential audits. Underlying barriers, such as manual processes and the lack of data-driven reimbursement rates, can make compliance and fairness less certain over time.

Key Takeaway

Working with a partner that helps teams build clear, transparent, and audit-proof policy is key. If you haven't benchmarked vendors recently, reach out to Cardata for a free audit to confirm or evaluate your current compliance status. If there's room for improvement, you can discover action steps to take to help reduce audit risk.

30% of leaders cite outdated mileage tracking as a top barrier.

61% of finance professionals actually "dream about mileage spreadsheets at night…"

Mileage submissions drop 25% when employees use accurate mileage capture software.

Outdated Tools Lead to Friction & Burnout

Legacy spreadsheets and manual mileage entry systems remain widespread across industries, particularly for occasional employee drivers, even when these processes are inefficient and drive admin fatigue.

Picture employees painstakingly logging their business mileage by pen and paper, or administrators trying to compile data from multiple sources. 30% of cross-functional leaders cite outdated mileage tracking as a top barrier.

This showcases just how integral a simple, integrated mileage capture tool can be in streamlining reimbursements while keeping employees focused on their core jobs.

A lack of appropriate corporate tooling creates burnout. Significantly, 61% of finance professionals actually "dream about mileage spreadsheets at night," reflecting the sheer volume of hours spent on old-school mileage tracking spreadsheets.

Beyond inefficiency and employee dissatisfaction, manual mileage tracking also has hidden costs. Increased errors can lead to both increased compliance risks and overpayments due to employee mistakes. Teams can save up to 17 hours per month using automated reimbursement tools, and mileage submissions drop 25% when employees use accurate mileage capture software.

cardata.co

Key Takeaway

With the current suite of technology on the market, teams are no longer forced to spend hours of redundant labour just to get paid for their business mileage. Explore powerful software like Cardata, and how a suite of modern tools can promote accurate reimbursements, streamline payments, save time, and provide essential, easy-to-navigate insights.

Learn more about:
Cardata

Cross-Department Collaboration Fosters Trust

As beneficial and impactful as tech can be for teams, the future of mileage reimbursement encompasses more than that. Transparency and collaboration is key for well-managed and well-adopted programs, and a successful vehicle program also involves shared ownership across departments.

HR, finance, and fleet teams often operate in silos. Since vehicle reimbursement and corporate fleets are something that crosses multiple departments, it requires a deliberately collaborative approach with unified processes and policy. Survey results found that HR-finance **collaboration on reimbursement policies reduces employee disputes by a hefty 85%**, improving employee satisfaction and reducing operational pain across the board.

And, even when collaboration is happening, gaps in program perception and a lack of alignment can still persist.

For example, 62% of surveyed business leaders think programs are employee friendly, but only 45% of finance agrees. With 31% still citing policy transparency as a major barrier, it's clear that many teams have miscommunications with respect to vehicle programs.

It's essential for vehicle programs to involve genuine cross-department collaboration. This can come down to policy transparency, communication strategy, employee education, and buy-in across departments, all of which can contribute to teams feeling on the same page with field employee reimbursement approaches.

Key Takeaway

Consider how you can loop in all key stakeholders at different stages, whether that's bringing everyone together as a buying team to ensure cross-departamental support, or ensuring the program is executed in a fair and transparent way across teams.

Key decisions should not be made in isolation, as vehicle programs have far-reaching impacts across HR, finance, sales, and potentially other departments.

Fleet Cost Pressures Driving Strategic Change

Vehicle programs are undergoing a major shift from external challenges like fluctuating fuel costs, liability risk, and driver retention issues.

Vehicle reimbursement teams project these impactful factors will be relevant in the future, and all of this is pushing fleet managers to adopt new strategies from electrification to predictive maintenance. From rising fuel costs alone, teams expect a 6% reimbursement budget growth.

With these external pressures, fleet programs are evolving from tactical reimbursement management to holistic cost-optimization and risk management strategies. Teams are already beginning to project strategic ways that expenses can be reduced.

For example, 82% of leaders predict data-driven decisions will cut maintenance costs by 2027, lending importance to the increasing value of data-informed insights in reimbursement programs. At the same time, 86% prioritize driver safety tech adoption, demonstrating the relevance of the shifting, tech-powered landscape of driver safety.

Electrification of fleets is also expected to play a role, especially considering rising fuel costs. Results show 27% of fleet leaders expect electrification to cut costs by 30%, showing how the move away from traditional gasoline vehicles will likely play a strong role in cost control.

Keeping in mind that optimizing and implementing a vehicle reimbursement program can significantly cut costs, a combined approach that pulls together effective vehicle reimbursement and electrification is a proactive strategy.

Key Takeaway

Future-focused businesses are already planning for what's ahead. Take a holistic look at your vehicle program, and explore different avenues for cutting costs. Set in place robust software that will allow your team to make effective, data-driven decisions about your fleet makeup.

Evaluate if you can optimize driver safety and your reimbursement program, and consider encouraging the use of electric vehicles for employee drivers through well-built reimbursement options.

Talent, Transparency & the Employee Experience

A well-designed reimbursement strategy can have substantial financial benefits, but benefits go well beyond that. A strong vehicle reimbursement program is also part of the employer value proposition, helping to attract and retain talent.

82% believe personalized reimbursement rates that suit real employee job requirements and locational costs will be a growing standard for attracting talent, showing the benefits of a strong, comprehensive vehicle reimbursement program.

Fragmented and poorly managed programs create barriers for employees, with 32% reporting delayed reimbursement payments as an issue, impacting employee morale and potential retention. What's more, 36% noted inconsistency in mileage tracking methods as a barrier, showing how a poorly organized program can impact not just efficiency, but overall employee satisfaction.

 cardata.co

Accuracy and morale are ranked more highly than cost-cutting as program goals, with 43% citing mileage capture and payment accuracy and 40% citing positive employee morale as key program goals, compared to reducing costs at only 37%.

As important as finances are, it's clear that creating a personalized, transparent and fair reimbursement program is important to teams, and that currently programs aren't delivering. Companies that only look at the bottom line and ignore or minimize program impacts on employees risk attrition and employee morale.

Key Takeaway

Personalized reimbursement, made possible through programs such as Fixed and Variable Rate (FAVR) reimbursement, is emerging as a strong talent differentiator. Piloting a flexible reimbursement rate model with high-mileage roles can help ensure a strong, effective program structure, before fully rolling out the program to the rest of your mobile team.

Build a Strong Mobility Enablement Program

A clear picture is emerging. Looking at vehicle program survey data, it's apparent that running a strong mobility enablement program has wide-ranging impacts from finances to employee turnover. Understanding the context, including what common blockers and issues are for teams, can propel businesses to take a proactive look at their current vehicle reimbursement strategy.

Identifying problems or potential issues in vehicle reimbursements doesn't have to be an added stress, and instead can be seen as an opportunity for optimization and improvement that can benefit the whole organization.

Just as much as businesses are meeting a new set of challenges, a new set of technology has emerged to help leaders meet them. Powerful vehicle reimbursement software, such as Cardata, leverages AI and automation to reduce admin work, minimize errors, and create more impactful vehicle reimbursement.

Book a demo with Cardata to explore how a personal vehicle reimbursement program can benefit your team through cost efficiency, transparency, and retention.

Specialists in vehicle reimbursement, Cardata matches people to tax-compliant programs that fit their jobs, needs, industry, and budget, providing expert insights and acting as a strong vehicle reimbursement partner.

Beyond the short-term advantages, choosing the right vehicle program and optimizing how it's managed is a strong, forward-looking strategy to position your vehicle program for long-term success. *The margin of error for this study is +/-8% at the 95% confidence level.*

Book a demo →
cardata.co/demo

cardata.co