The Ultimate Guide to
Business
Mileage
Tracking

What's Inside

Is business mileage tracking an afterthought? This book proves it shouldn't be. In four short articles, we show you how a simple concept—tracking business miles with an app—can make a vehicle program 100% tax-free, & save every company driver a week of work per year. A mileage tracker is a key piece of any intelligent vehicle program.

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CHAPTER ONE

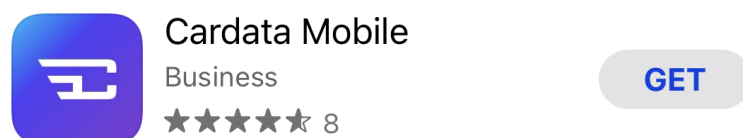# Why Your Reimbursement Program Needs a Mileage App in 2022

Mobile mileage capture applications, or "mileage apps," are intelligent ways to replace manual mileage logging for drivers who use their personal vehicle for work. Mileage logging is necessary to remain compliant with IRS guidelines for vehicle reimbursement programs like Cents per Mile ("CPM"), Fixed and Variable Rate ("FAVR"), and Tax–Free Car Allowance but it takes a lot of time and can be wildly inaccurate.

Mileage apps reduce both inaccuracies and the time it takes to log mileage, all while keeping companies and drivers IRS–compliant and maintaining tax–free status
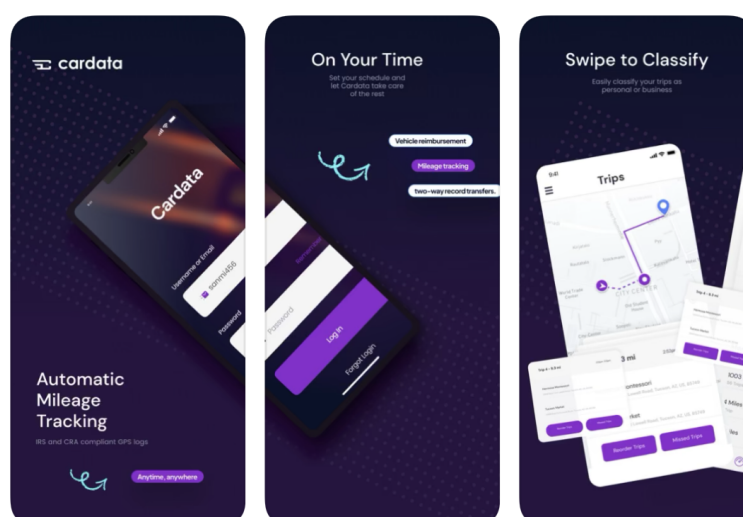
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How do I get a mileage app?

It is very difficult and expensive for companies to design and build their own mobile applications. The best option is to get an app like Cardata Mobile. We have built ours with careful attention to IRS requirements for reimbursement programs and by listening to customer feedback.

Cardata Mobile
Business
★★★★⯪ 8

GET

BONUS

Cardata Mobile comes with every Cardata reimbursement program.

Automatic Mileage Tracking
IRS and CRA compliant GPS logs
Anytime, anywhere

On Your Time
Set your schedule and let Cardata take care of the rest
Vehicle reimbursement
Mileage tracking
two-way record transfers.

Swipe to Classify
Easily classify your trips as personal or business
Trips

What are the tax implications for companies & employees?

When a mileage app is properly used, in conjunction with a FAVR, CPM, or Tax-Free Car Allowance program, employees no longer pay income tax on business-related vehicle expenses. Their reimbursement is considered a justified business expense by the IRS, and their tax burden is waived.

Companies win as well when they justify their reimbursement program with a mileage app. They no longer pay payroll or FICA tax on business-related vehicle expenses.

A mileage app ensures employers accurately reimburse only for miles driven. It eliminates driver error in odometer readings, which are commonplace with manual mileage logging.

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Do business drivers like it?

Absolutely. A mileage app like Cardata Mobile:

01. ensures that drivers get reimbursed accurately for all the business driving that they do,

02. allows them access to data which helps them make decisions about their own driving habits,

03. provides them with mileage information necessary to manage their vehicle expenses intelligently,

04. provides them with an easy way to account to the IRS for all driving, in case of personal audit.

Now let's talk about the time savings...

DRIVERS

By eliminating the need for manual mileage logs, drivers save many hours a year. Cardata calculates that it can take up to four minutes per trip to record all the IRS–required data in a log book.

For drivers who do several trips per day, and drive most days of the year, a mileage app is indispensable. In large driver populations, the time savings can add up to literally thousands of hours per year.

[Read more about how drivers win with reimbursement programs.](#)

MANAGERS

Cardata Mobile continuously aggregates mobile miles, and serves the data to program admins via Cardata Cloud.

This means that managers have no need to read logbooks and calculate reimbursements. It is all done ahead of time.

There is also no need to request submissions of mileage data, or chase up missing miles. A mileage app does the heavy lifting, so managers can focus on what matters most to them.

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"The app has made life so much easier. Just having the app to [do] the tracking (eliminating the need to be watching the odometer constantly) is an absolute pleasure."

–G2 User Review

Praise for Cardata Mobile

Cardata Mobile is consistently given 5 stars on G2 by its users!

Moreover, our software suite—which includes Cardata Mobile and Cardata Cloud—has just won a Best Software of 2022 Award! We could not be more proud.

Sign up for our newsletter below!

Are you a CFO or Operations Exec? Then you need our newsletter. Are you a Sales Leader or Territory Manager, a Procurement Specialist, or an HR Manager? You need our newsletter, too. Fill out the form here to receive industry insights, business efficiency tips, Cardata news and more.

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CHAPTER TWO

Save Drivers a Week of Work Per Year with a GPS App

There are two kinds of car allowances in this world, taxable and non-taxable. Car allowances are taxed when they are not substantiated as legitimate business expenses. A lot can be lost to tax on car allowances—as much as 30%, sometimes more depending on your state and local taxes.

The IRS allows car allowances to be paid tax-free, however, they require employees to adequately account for their business mileage, to prove that their deductible expenses were actually incurred in the course of business.

GPS mileage tracking software is the easiest way to prove these deductibles, bar none. But we will let you decide once we introduce the old method for mileage expense justification later in this article.

Trust me, it is a nuisance...

RECAP   A GPS mileage tracker is a way for sales reps on reimbursement programs to justify their business mileage. It is very important to justify business mileage because it means a sales rep's reimbursement can be paid totally tax-free.

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How is tracking data used in mileage reimbursement?

Once the data has been gathered, sales reps will be reimbursed per mile driven. The exact value of the reimbursement will depend on a variety of factors, but most tax-free reimbursement programs have some per-mile reimbursement rate.

REMEMBER...

The only business vehicle program that does not count miles is a taxable car allowance, which is just a lump sum paid to field sales representatives regardless of where or how much they drive.

*   If you are on a *Cents per Mile ("CPM") program*, you will be reimbursed at the IRS standard rate, which is, in 2022, 62.5¢ per mile. This program is simple, but has major drawbacks, including under-reimbursing low-mileage drivers, and being highly inefficient for high-mileage drivers.

*   If you are on a *Fixed and Variable Rate ("FAVR") program*, you will receive a fixed reimbursement for fixed expenses like depreciation and insurance, and a variable reimbursement that directly corresponds to the miles you have driven in a given month.

*   A *Tax-Free Car Allowance ("TFCA")* is a flexible program that takes some of the best features from FAVR and CPM. TFCA reimbursements are compared to the IRS rate to calculate tax burdens.

How does GPS tracking software work?

GPS geolocation works by connecting three things: GPS satellites, ground radar stations, and receivers like the one in your phone. There are more than 30 GPS satellites orbiting the earth. They are able to pinpoint your location very accurately—"pinpoint" is not an overly generous description of their accuracy: the best receivers can identify your whereabouts within inches.

Once a GPS app knows your location, it simply has to read a tight series of your locations, calculate a start and stop point for your journey, and store that information for review. In other words, mileage tracking reads when you begin to move, when you stop moving, and how far you went along the exact route you took. Accuracy is key when it comes to fair reimbursements.

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So, how does a tracking app save drivers a week of work per year?

DRUM ROLL PLEASE...	By not wasting their time on manual mileage logging!

The IRS, as I have said, requires that certain information be gathered in order to substantiate mileage claims. Manual mileage logs are time-consuming. How time-consuming? Well, in order to understand how they can take so much time, take a look at all the information that the IRS needs from you:

Daily Business Mileage and Expense Log

Date	Destination	Business Purpose	Odometer Reading			Expenses	
			Start	Stop	Miles This Trip	Type (gas, tolls)	Amount
	Weekly Total						
Total Year-to-Date							

Yep, in order for your reimbursement to be justified, the IRS wants you to write down:

1. The date of the business trip
2. The destination
3. The business purpose of the trip
4. The starting odometer reading
5. The ending odometer reading
6. The total miles driven on the trip
7. The expenses incurred during the trip
8. The value of said expenses

Naturally, it takes a few minutes to write those things down. You might say, well, it seems like it would only take a few minutes to write all that down, but how could that take an entire week every year?

Well, it takes about 3.2 minutes to record all of that information per trip. Multiply that by the 3 business meetings the average salesperson takes per day for a total of 9.6 minutes of mileage logging per day. There were 250 workdays in the US in 2021. 9.6 minutes times 250 is 2,400 minutes per year, which is 40 hours. And there you have it: **those 3.2 minutes per trip end up costing drivers an entire work week, every year.**

Let us give them back their time!

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How can a GPS tracking app help?

GATHERING THE RIGHT INFORMATION

Mileage apps eliminate the need for manual mileage logging entirely. The right tracking app will record every bit of information the IRS deems necessary to substantiate valid business travel.

It is extremely important that this information be not only gathered but also stored. Our app works in tandem with our cloud software service in order to properly store information. This information is not just an insurance policy against possible audits, it is also a valuable resource for companies and drivers to help understand their driving programs and habits.

By studying the routes they have taken in the past, the driver may learn efficiencies in their customer visits. The "traveling salesman problem" is a math problem in which you have to determine the shortest route between multiple destination points. Perhaps some mathematically-inclined drivers out there would enjoy, with the help of their stored trips, route optimization to discover faster avenues to visit a series of clients.

Organizational efficiencies can be discovered as well through analysis of the location data Cardata makes available to clients. Business vehicle programs are complex undertakings, and having access to sales analytics can dramatically improve a company's logistics. A GPS tracking solution is not just tax-efficient, it is a means of uncovering organizational efficiency.

SET IT AND FORGET IT

Cardata Mobile, Cardata's mileage tracker, only requires a couple of things to be set up before functioning entirely on its own.

Besides the setup of the native app controls, the app just needs to be told your home address and your office address, so that it can exclude your commute from your daily trips. This is because the IRS does not consider commuting a justified business expense. I suppose the IRS thinks you can just live at the office!

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Why can I not just use Google Maps?

You could be taxed if you use this method. Google Maps does not store the actual route that you took—it just provides information that you can use for trip planning, i.e. it suggests the best route from point A to point B. Since the actual route you took is not stored, the IRS might not consider this a justified expense.

If you use Google Maps, you then have to copy and paste the link to your route to some other storage location, for example, an Excel spreadsheet. This was actually the method I used when I was a delivery driver. I would save the links to all my maps on a spreadsheet and submit them to my boss for reimbursement. This system was slightly more efficient than keeping a manual mileage log, but still required a substantial amount of work on my part per trip. I would have to generate a link from Google Maps, copy and paste it to my document, describe the trip in another field, and submit it. I did not enjoy this process, and would much rather have used a mileage app, had my employer provided me with one!

I may have inadvertently left myself open to taxation. If the IRS had looked at my mileage log, they would have been unable to tell whether I had actually driven the miles I said I did. I got lucky and was not audited that year, but I do not advise anyone to tempt fate.

Time to talk privacy

Our app has two important features that guarantee privacy:

01. Cardata Mobile allows for trips to be classified as "personal," in which case these trips are invisible to the company.

02. Sales reps are able to set a schedule in Cardata Mobile, outside of which no mileage is logged. So, if you go on your first customer visit at 9 AM, and stop at 5 PM, you can set your schedule to start and stop at those times. Trips taken between 5:01 PM and 8:59 AM the following morning will not be logged, even if the tracker is active.

REMEMBER...

A mileage app is not a tool for employers to surveil their employees. Employers and the IRS need to know what mileage is being driven for business purposes, but where a sales rep goes on his or her own time is up to them.

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CHAPTER THREE

Why Do Companies Need Cloud Software for Vehicle Reimbursement?

Cloud software is an important time-saving tool for managers of vehicle reimbursement programs. The right program gives administrators an easy way to review and approve the mileage captured by a mileage app.

It also gives companies, drivers, and admins access to data and insights that help everyone make more intelligent business-driving decisions.

Last but not least, cloud software stores the data companies need to justify their compliance with IRS regulations for business driving, thereby keeping their reimbursement programs tax-free.

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What is cloud management software, as it relates to vehicle reimbursement programs?

A cloud management program is an administrative tool, rich with data, that allows you to manage aspects of your vehicle reimbursement program ("VRP"). Such a software product is best paired with a mobile mileage capture app, since that is how mileage data is transferred to the cloud.

In a proper cloud platform, you will be able to do things like:

01. Approve driver mileage logs;

02. See the details of your company vehicle program;

03. Add new drivers and remove those that have exited the program.

Who uses cloud software?

Aside from managers and administrators, drivers are also able to use a VRP cloud. Drivers are able to see program details relevant to them.

Vehicle reimbursement programs involve a variety of complex moving parts, including tax-compliance measures and insurance verification. Drivers are able to see, for example, whether their business driving is compliant with IRS regulations for business programs, and whether their insurance coverage is sufficient for business driving.

You can learn more about business use insurance here!

How does VRP cloud software impact IRS compliance measures?

With a proper cloud platform, you have everything you need to justify the fact that your drivers are doing legitimate business mileage. Depending on your vehicle reimbursement program, the IRS has different compliance measures.

To prove that your program adheres to these compliance measures, detailed record-keeping is required. A VRP cloud works together with a mileage app to produce and store these records. Cardata Cloud fulfills all the reporting requirements of the IRS, and stores the records businesses need for easy access.

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What are the tax implications of this software?

Both employees and employers see their tax burdens reduced when they implement a VRP cloud. Cardata Cloud allows employees to justify their reimbursements, remain compliant, and drive tax–free.

Other programs, like traditional car allowances, are by definition not justified with this kind of software (or with anything else, for that matter). Yet even with programs that are justifiable in the eyes of the IRS, not using software leaves companies open to errors. If a company is not using a mileage app and a cloud platform, drivers are using manual mileage logs, and administrators are attempting to justify a tax–free program with a shoebox of receipts.

CAUTION!

Errors in reporting can leave companies open to entirely avoidable tax waste. Cloud and app systems eliminate this risk. Cardata Cloud software allows employers to justify their reimbursements and keep their program tax–free.

What does VRP cloud software tell employers and drivers about vehicle expenses?

Cloud management software lets employers see what they're spending money on, by providing data about all relevant payments. Having access to this data lets employers make intelligent decisions about the future of their business vehicle programs.

For drivers, seeing expense and reimbursement data is important. It allows them to make smart decisions about their personal driving habits, in relation to what they are being paid for business driving. Having access to driving data could, for example, intelligently influences what kind of car they purchase in the future.

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CHAPTER FOUR

How Cardata Reimburses For Fuel Expenses Using Data?

Cardata's programs are designed to take the worry out of business driving for you and your staff. Ensuring our fuel price data is always current is a big part of that.

Drivers are especially [impacted by rising gas prices](). Expenses incurred while driving for work need to be properly reimbursed. Cardata's programs are designed to respond to changes in prices as soon as possible.

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One hallmark of Fixed and Variable Rate ("FAVR") programs is this responsiveness. Cents per Mile ("CPM") programs, based on the IRS standard rate published once per year, are unfortunately not agile. This year, the rate was updated mid–year, but changes like this are rare.

Gas prices are likely the most volatile variable expense. So having a variable reimbursement rate, based on data, that updates monthly, protects drivers from paying out of pocket to drive for work.

Cardata receives daily fuel prices from the regions around drivers' zip codes. We take the local price of gas for every day of the month, and create an average rate for that month. In Cardata Cloud, drivers and managers see an updated fuel price at the beginning of each month. That figure is applied to every driver's variable reimbursement rate.

Because variable expenses are reimbursed in arrears, drivers might feel frustrated that their present rate does not match what they are seeing at the pump. This is natural at times when gas prices are rising dramatically month over month.

But there is no cause for worry: Cardata hurries to gather the requisite data, and provide a reimbursement that accurately compensates drivers for their business driving, as soon as possible.

Only with a Cardata FAVR program can drivers receive regional, timely reimbursements for gas.

IN CONCLUSION

Don't just take our word for it...

A mileage tracker is an indispensable tool for your employee-owned fleet. Drivers need to record mileage in order to drive tax free. Using a paper mileage log just is not efficient. An investment in Cardata's software will yield time savings and tax efficiency, with an immediate ROI.

Cardata has helped companies save thousands, hundreds of thousands, even millions of dollars, all while promoting higher driver job satisfaction.

If your company could benefit from a vehicle reimbursement program—from happy salespeople and saved money—book a software demo with us.

Schedule a demo with Cardata today.