The Fleet Manager's Guide to Home Charging Reimbursement for Electric Vehicles

USA Fleet Solutions
Maintenance and GPS Tracking

Background

HOME CHARGING REIMBURSEMENT IS SURPRISINGLY COMPLEX

Incorporating electric vehicles (EVs) into your fleet is an effective strategy for reducing costs and contributing to your organization's efforts in lowering carbon emissions. A significant difference from traditional internal combustion engine (ICE) vehicles is that light-duty EVs can be charged at your employees' homes. This shift requires a new approach, viewing each employee's residence as a potential hub of your fueling infrastructure.

The benefits of home charging are significant: employees can start each day with "a full tank" and your company can save 30-60% on energy costs by leveraging off-peak residential electricity rates. However, how to properly calculate and compensate employees poses a new challenge, and getting it wrong not only can lead to dissatisfaction, but can also open your company up to potential liability.

This white paper walks through some of the issues fleet managers face when figuring out how to reimburse for charging at home and provides guidance on how to adhere to the best practices in the industry.

Three reasons to encourage home charging

Reliability
1 in 5 drivers using public charging stations have trouble charging.

Efficiency
2-10 hours of employee time per week are lost to charging on-the-go.

Cost Saving
Charging at public stations costs 2x to 3x more than charging at home.

Reimbursement

A FAIR, TRANSPARENT, AND EFFICIENT ELECTRICITY REIMBURSEMENT PROGRAM IS ESSENTIAL FOR YOUR PROGRAM'S SUCCESS

While often an afterthought in the EV take-home planning process, the importance of an easy, accurate, and transparent home charging reimbursement program is essential for getting employees to regularly plug in at home.

A good home charging reimbursement program:

- **Saves you and your employees money on taxes**
- **Cuts your electricity costs by upto 60%**
- **Saves hours of valuable administrative time**
- **Is both accurate and easily auditable**
- **Provides IRS- and CRA-compliant receitps**

Actual expense: the only safe choice

Some fleets consider using flat fees or estimated rates to calculate payments, but "actual cost" reimbursement is the only way for companies to clearly meet IRS and specific state requirements (like California's CA 2802) while removing the risk of over- and under- compensation for charging at home.

Flat Allowance

- Legal risk of under-compensation
- Disincentivizes charging at home
- **Taxed as income**
  - Company (7%)
  - Employee (25%-35%)
  - =$10-$15 tax/month

Geographic Average Rates

- Not taxed
- No IRS rate yet
- Legal risk of under-compensation
- Viewed as unfair by employees

Actual Expense

- Not taxed
- IRS compliant
- Accurate
- Fair & defensible
- Happy employees

WORST — **BAD** — **BEST**

moveEV

How many kWh did the vehicle use?

The first question that must be answered when calculating what an employee is owed is how much of their home electricity "fueled" your company's fleet vehicle(s). This data can be obtained from a "Smart" charger or from the vehicle itself. Either option can provide the data needed to run an accurate reimbursement calculation, but additional considerations make vehicle-based collection the best choice.

Dedicated Meter or Smart Charger

- Expensive to install
- Complex to manage
- Open to misuse/abuse
- Wi-Fi connectivity issues create incomplete data
- May be taxed

Vehicle-based Reporting

- Accurate charging data
- Charger and vehicle brand agnostic
- Fraud-resistant
- Employer-owned data
- Nothing to tax

What did the electricity cost?

Calculating a fair kilowatt-hour (kWh) reimbursement rate for electric vehicle (EV) charging can be complex due to the various charges on an electricity bill. To determine an equitable rate, companies must accurately account for all of the following (and more):

- ☑ Energy Charges (kWh Usage)
- ☑ Time-of-Use Rates
- ☑ Tiered Rates
- ☑ Taxes & Government Fees
- ☒ Fixed Monthly Charges
- ☒ Late Fees or Other Penalties

CAUTION **Bill plans and fee types can change from month-to-month and must be continually monitored.**

Renewable Energy Program Fees and Net Metering (Solar, Wind, etc.), though not required, should be factored into reimbursements to encourage greener choices and align with company sustainability goals.

Avoid "average" rate shortcuts

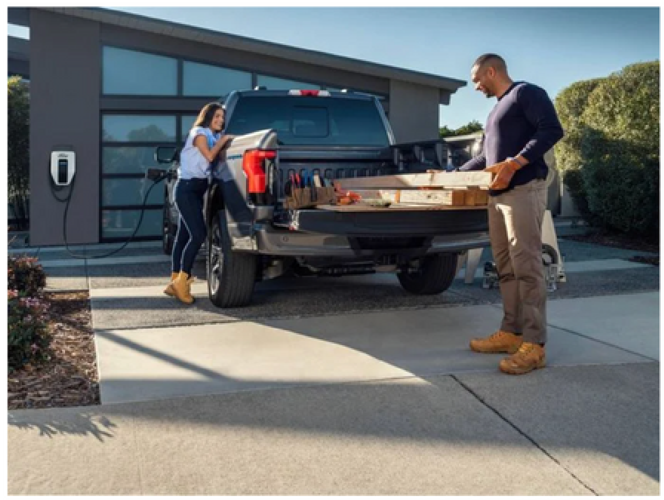
Well-intentioned fleet managers often make errors when calculating home charging reimbursement amounts due to the complexities of home electric bills. Certain types of bills, such as tiered rate plans and time-of-use plans can be particularly tricky. While it can be tempting to use an average kWh approach as a short cut, this method can create inaccurate and unfair results.

For a detailed breakdown of how easy it is to accidentally over- or under- reimburse for home charging costs, we recommend reading a [Fleet Managers's Guide to Common and Costly Home Charging Calculations Errors]() by MoveEV Co-Founder, Kate Harrison, in Charged Fleet magazine online. As that article demonstrates, one error can snowball into hundreds of dollars worth of mistakes each year per driver resulting in economic waste, driver dissatisfaction, and potential liability.

CHARGEDFLEET

Fleet Manager's Guide to Common and Costly Home Charging Calculation Errors

April 2, 2024 • By Kate Harrison, MoveEV •



Accurately reimbursing employees for their home-charging costs is vital to avoid over- and under-payments, employee dissatisfaction, and legal hassles.

Photo: Ford

Software for the win

In navigating the potential pitfalls, the role of an accurate home charging reimbursement software solution cannot be overstated. Such technology automates the reimbursement process, and ensures that every employee is accurately and fairly compensated for their home electricity use - saving your company time and money while providing peace of mind to your entire team.

"Reimbursement should be simple, but it's far from it. It was taking me over an hour per employee. We needed a solution that made it simple and could scale with us. That was ReimburseEV." *– Ernie Garcia, Gothic Landscape* reimburseEV

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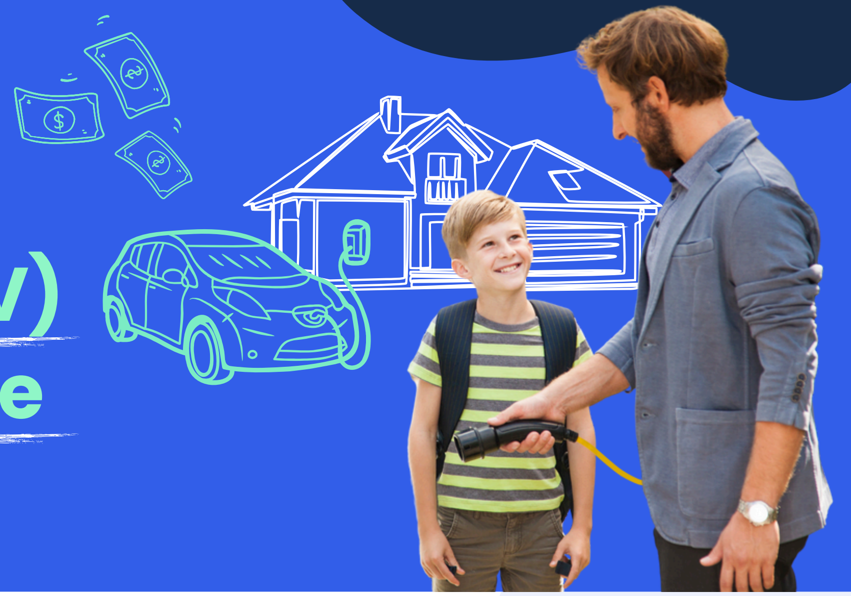
Reimburse Employees for Electric Vehicle (EV) Charging at Home



Reimbursing For Charging-At-Home Made Simple!

MoveEV's proprietary ReimburseEV™ at-home charging reimbursement software was designed by a team of mobility and expense management experts to make reimbursing employees for their real electricity use simple, accurate, and compliant. It's the solution both you and your employees will love!

One-Click Upload

Each month employees upload their utility bill with a single click. That's it! We take care of the rest.

IRS & CRA Compliant Receipts

Employees can view or download ReimburseEV™ generated receipts at any time. Each charging session shows as a line item.

DirectPay Available

We offer DirectPay and can process all reimbursement payments for your organization for a fully turnkey solution.

Real-Use Calculations

ReimburseEV™ software uses real utility costs and kWh data to produce accurate CA2802 labor code compliant receipts that allow for tax-free reimbursement.

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