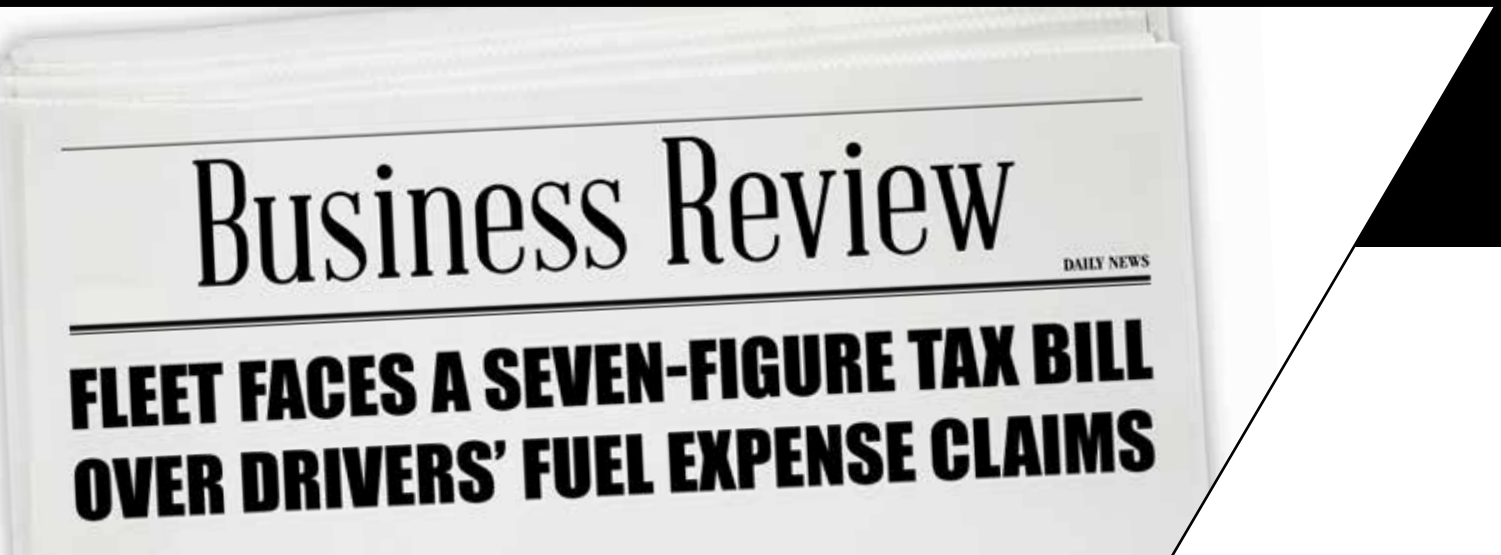


# REIMBURSEMENT



## COSTS AND RISKS IN THE EXPENSE PROCESS

Reimbursement might appear to be simply a question of settling up with employees, tying off any loose ends and moving on to the next month's travel costs. But the expenses process comes with costs and risks attached.

**Administrative overheads** can be high. Allowing for an hour of employee time each month for each paper-based claim, plus the manager's time and payroll department's overheads, **processing costs** may add £30 a month/£360 a year per employee to fuel and travel costs.

Checking expense claims is **the last - and often only - line of defence against mistakes and fiddles**. It's asking a lot of busy line managers to catch exaggerated claims.

The financial risks include **missing-out on recoverable VAT** if receipts are missed or the HMRC Fuel VAT Scale Charge amounts, if used, are lower than actual input VAT on fuel.

Companies that pay exaggerated business mileage claims expose themselves to **potentially huge tax bills for unpaid BIK**. That's because it means the company is technically paying for privately-used fuel (there's NO flexibility in the rules on that point). The bill can go back six years and will include interest and penalties as well as the private fuel BIK owed.

**INSIDER  
SECRET**



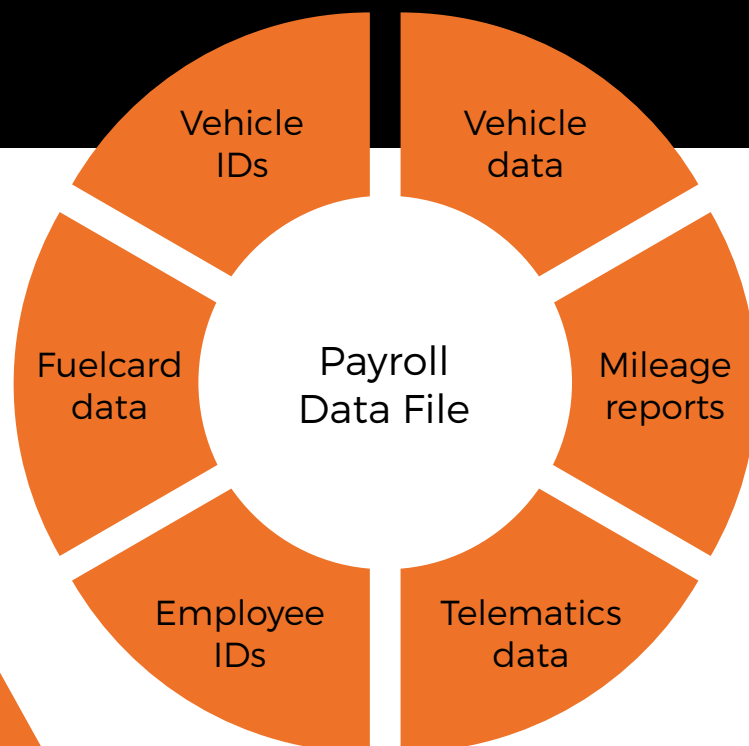
Review your expense process for hidden costs and risks and look for opportunities to streamline it.

# REIMBURSEMENT

## KEY CRITERIA FOR SUCCESSFUL REIMBURSEMENT

### INSIDER SECRET

The bottom line is that any reimbursement process will only be as good as the information that goes into it.



The key criteria for each stage of fuel reimbursement are:

Stage	Criteria
<b>Input</b>	Timeliness, accuracy and completeness of information. Ease of data entry. Ability to audit input data.
<b>Processing</b>	Minimal manual intervention (i.e. using automation and rules-based authorisation where possible). Correct rates applied to payments/deductions.
<b>Outputs</b>	Prompt payment of employees. Records are HMRC-compliant

There is no reason for companies to struggle with late, incomplete, hard-to-verify and non-digital fuel expense information.

Today's specialist fuel and mileage management services can deliver extremely good reimbursement information, either as audited data for your fleet software package or as a pre-processed payment file to import into your payroll system (or both). Timing and completeness are also extremely important – otherwise you'll get bogged down dealing with late returns, queries and adjustments. Therefore, you should ask potential suppliers whether their service includes chasing drivers to complete returns on time and, if so, what their monthly capture rate is<sup>1</sup>.

<sup>1</sup> TMC's average monthly capture rate is 94%

