

New Mileage Reimbursement Rates for Employers (CA)

California [Labor Code §2802](#) requires an employer to indemnify (reimburse) its employees for *all* necessary expenses or losses incurred in the course of his or her duties. This includes an employee's expenses when an employee uses their own vehicle for business purposes. Many employers reimburse their employees on a per mileage basis for use of their own vehicle during business errands. The reimbursement is used to cover the costs (fuel, insurance, etc..) associated with the use of the vehicle for non-personal use. However, many employers are not sure what mileage reimbursement rate they should use in making the reimbursement calculation.

While there is no specific reimbursement rate provided for in the Labor Code, there is guidance on the matter in both the [Opinion Letters](#) issued by the California Department of Labor Standards Enforcement (DLSE) and Labor Code Section 2802.

The DLSE has stated in its manual and [opinion letters](#) that in the absence of other "evidence to the contrary" it will consider the use of the IRS mileage allowance rate as satisfying the requirement that the employer *reimburse* the expense's incurred in use of an employee's car. Businesses using the IRS mileage rate for calculating reimbursements should therefore be safe from under reimbursing their employees and violating Labor Code Section 2802.

On December 23, 2009, the Internal Revenue Service ("IRS") issued the mileage rates used to calculate the deductible costs of operating an automobile for business purposes in 2010. Beginning on January 1, 2010, the mileage rates for the use of a car (also vans, pickups or panel trucks) will be **\$.50 cents per mile** for business miles driven.

Failing to reimburse your employees at the proper rate subjects the business to a potential lawsuit, which could seek damages for the amount not properly reimbursed, interest from the date on which the employee incurred the necessary expenditure or loss ,and the employee may also seek all reasonable costs (including attorney's fees incurred by the employee enforcing the rights granted by Labor Code §2802).

Double check the rates you are using when reimbursing employees for use of their personal vehicle for business purposes.

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