

IRS Announces 2012 Mileage Rate

Business Rate remains at 55.5¢ per Mile

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Half cent decrease in Medical/Moving Rate

Due to gasoline prices leveling out over the past 6 months, the IRS announced that the standard mileage will remain at 55.5 cents per mile for all business miles driven in 2012. The IRS usually updates the mileage rates annually, but in 2011 the rates were adjusted for the last 6 months of the year to better

reflect the recent increase in gas prices.

The rate to compute deductible medical or moving expenses decreases .5 cents to 23 cents per mile. The charitable mileage rate remains at 14 cents per mile as it is set by statute and not the IRS.

<u>Mileage Rates for 2012</u>		
	<u>7/1 through 12/31/11</u>	<u>2012</u>
Business	55.5 cents	55.5 cents
Medical / Moving	23.5 cents	23 cents
Charitable	14 cents	14 cents

The standard mileage rates are *maximum* allowed deductible amounts that businesses can use in lieu of deducting actual vehicle expenses, including fuel, depreciation, lease payments, maintenance and insurance. Many employers also use the standard mileage rate in determining the amount they reimburse employees for business miles driven. There is no requirement for an employer to reimburse the standard mileage rate but it is the most common amount used. Employees who are reimbursed at a rate lower than the standard mileage rate can deduct the difference on their personal tax returns on Form 2106 as an “Unreimbursed employee expense.”