

# IRS Increases Mileage Rate to 55.5¢ per Mile

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## Increase is for 2<sup>nd</sup> half of 2011

Due to recent gasoline price increases, the IRS increased the standard mileage 4.5 cents to 55.5 cents per mile for all business miles driven between July 1, 2011 and December 31, 2011. The IRS usually updates the mileage rates in the fall for the upcoming year, but for the second time in recent years,

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 will also increase 4.5 cents to 23.5 cents per mile. The charitable mileage rate remains at 14 cents per mile as it is set by statute and not the IRS.

### Mileage Rates for 2011

	<u>1/1 through 6/30/11</u>	<u>7/1 through 12/31/11</u>
Business	51 cents	55.5 cents
Medical / Moving	19 cents	23.5 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."