

## **2011-07 Newsletter - IRS Raises Standard Mileage Rates**

On June 23rd, the IRS announced that it will raise the optional standard mileage rates for the final six months of 2011. From July 1, 2011 to December 31, 2011, taxpayers can deduct 55.5 cents per mile for business miles, and 23.5 cents per mile for medical and moving expenses. These rates are up from fifty-one cents and nineteen cents respectively, while the per-mile deduction for charitable expenses remains fixed at fourteen cents.

If you use your vehicle for business-related purposes, and you do not want to keep track of every vehicle-related expense, like your gas, oil, and tires, you can use an IRS shortcut and deduct a standard amount per mile. Most taxpayers qualify for the standard mileage rate, but there are some exceptions. Also, you should keep in mind that the standard mileage rate does not excuse you from keeping detailed records. Should you decide to use the standard deduction, although you do not need to keep records of your expenses, you do need to record the date, destination, names and relationships of business parties, and mileage driven for each business trip.

It is not typical for the IRS to change the per-mile deductions in the middle of the year. Normally the IRS sets the standard deductible rate for the year, and it is not adjusted. "This year's increased gas prices are having a major impact on individual Americans. The IRS is adjusting the standard mileage rates to better reflect the increase in gas prices," said IRS Commissioner Doug Shulman. "We are taking this step so the reimbursement rate will be fair to taxpayers."