

August 19, 2011

Mileage Rate Is Increased to 55.5 Cents



In the fall, the IRS normally updates the mileage rates for the next calendar year. However, with the recent gasoline price increases, the IRS has made a special adjustment for the final months of 2011. From July 1, 2011 through December 31, 2011, the rate will be 55.5 cents per mile. This is an increase of 4.5 cents from the 51 cent rate in effect for the first six months of 2011.

While gasoline is a significant factor in the mileage figure, other items enter into the calculation of mileage rates, such as depreciation and insurance and other fixed and variable costs. Taxpayers may use the optional standard rates to calculate the deductible costs of operating an automobile for business and other purposes.

The new six-month rate for computing deductible medical or moving expenses will also increase by 4.5 cents to 23.5 cents a mile, up from 19 cents for the first six months of 2011. The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents a mile.

Mileage Rate Changes

Purpose	Rates 1/1 through 6/30/11	Rates 7/1 through 12/31/11
Business	51	55.5
Medical/Moving	19	23.5
Charitable	14	14

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We hope this information is helpful. If you would like more details, please contact a Kerkering Barberio professional tax advisor at 941-365-4617.