

2015 Standard Mileage Rates Announced

Article Highlights:

- 2015 standard mileage rates
- Business, charitable, medical and moving rates
- Possible mid-year adjustments

The Internal Revenue Service recently issued the 2015 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2015, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 57.5 cents per mile for business miles driven (includes a 24 cent per mile allocation for depreciation);
- 23 cents per mile driven for medical or moving purposes; and
- 14 cents per mile driven in service of charitable organizations.

CAUTION: With the recent substantial drop in gas prices there is a very good chance the IRS will adjust the standard mileage rates mid-year to reflect the lower gas prices as they have done in prior years when gas prices spiked during the year.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs as determined by the same study. The rate for using an automobile while performing services for a charitable organization is statutorily set and has been 14 cents for over 15 years.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for any vehicle used for hire or for more than four vehicles used simultaneously.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

If you have questions related to best methods of deducting the business use of your vehicle or the documentation required, please give this office a call.