

IRS Increases Mileage Rate to 55.5 Cents per Mile!

On June 23, 2011, the IRS announced an increase in the optional standard mileage rates for the remaining six months of 2011, resulting in an increase to 55.5 cents per mile for all business miles driven from July 1, 2011 through December 31, 2011.

While a range of items are used to compute the deductible costs of operating an automobile, such as depreciation and insurance, the cost of gasoline is a major factor in the mileage reimbursement figure. As such, this move by the IRS is meant to address the recent dramatic rise in gasoline prices and brings additional relief by increasing the current standard of 51 cents which was in effect for the first six months of this year by an additional 4.5 cents.

The optional business standard mileage rate is used to compute the deductible costs of operating an automobile for business in place of the burden of tracking actual costs.

In addition, there will be a similar six-month rate increase for computing deductible medical or moving expenses, which will also increase by 4.5 cents to 23.5 cents a mile, which is up from the 19 cents that was applicable from January through June 2011.

If you have any questions, please call our office at 973-994-9494.