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## 2015 Standard Mileage Rates Announced

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By Stephen Miller, CEBS 12/11/2014

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The 2015 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business and other purposes were issued by the Internal Revenue Service on Dec. 10, 2014.

IRS Notice 2014-79 (<http://www.irs.gov/pub/irs-drop/n-14-79.pdf>) provides the standard mileage rates for 2015, along with the amount for taxpayers to use in calculating reductions for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that taxpayers may use in computing the allowance under a fixed and variable rate (FAVR) plan. Other requirements for using the standard mileage rate to calculate deductible business and other expenses can be found in Revenue Procedure 2010-51 ([http://www.irs.gov/irb/2010-51\\_IRB/ar14.html](http://www.irs.gov/irb/2010-51_IRB/ar14.html)).

The 2015 rates apply to tax returns filed in 2016. The 2014 rates (</hrdisciplines/benefits/Articles/Pages/2014-Standard-Mileage-Rates.aspx>) are effective for returns filed in 2015.

### Standard Mileage Rates

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—the business standard mileage rate (up from 56 cents in 2014).
- 23 cents per mile driven for medical or moving purposes (down half a cent from 2014).
- 14 cents per mile driven in service of charitable organizations (unchanged).

The business standard mileage rate is based on an annual study of the fixed and variable costs of operating an automobile, including depreciation, insurance, repairs, tires, maintenance, gas and oil. The rate for medical and moving purposes is based on the variable costs, such as gas and oil. The charitable rate is set by law.

Taxpayers have the option of claiming deductions based on the actual cost of using a vehicle rather than the standard mileage rates.

Taxpayers may not use the business standard mileage rate for a vehicle after claiming accelerated depreciation, including the Section 179 expense deduction, on that vehicle. Likewise, the standard rate is not available to fleet owners (more than four vehicles used simultaneously).

Details on these and other special rules are in Revenue Procedure 2010-51 ([http://www.irs.gov/irb/2010-51\\_IRB/ar14.html](http://www.irs.gov/irb/2010-51_IRB/ar14.html)), the instructions to Form 1040 (<http://www.irs.gov/form1040>) and various online IRS publications including Publication 17 (<http://www.irs.gov/pub17>), *Your Federal Income Tax*.

### **Basis Reduction Amount**

For automobiles that taxpayers use for business purposes, the portion of the business standard mileage rate treated as depreciation is 24 cents per mile for 2015, up from 22 cents per mile for 2014.

### **Maximum Standard Automobile Cost**

For computing the allowance under a FAVR plan, the standard cost may not exceed \$28,200 for automobiles or \$30,800 for trucks and vans.

#### **Special Per Diem Rates for Travel**

IRS Notice 2014-57 (<http://www.irs.gov/pub/irs-drop/n-14-57.pdf>) provides the 2014-2015 special per diem rates for taxpayers to use in substantiating the amount of ordinary and necessary business expenses incurred while traveling away from home, specifically (1) the special transportation industry meal and incidental expenses (M&IE) rates, (2) the rate for the incidental expenses only deduction, and (3) the rates and list of high-cost localities for purposes of the high-low substantiation method.

As of Oct. 1, 2014, the high-low per diem rates that can be used for lodging, meals and incidental expenses increased to \$259 for travel to high-cost locations and \$172 for travel to other locations. The high-low M&IE rates remain at \$65 for travel to high-cost locations and \$52 for travel to other locations.

The notice was issued on Sept. 19, 2014.

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Travel Expense Policy: Detailed ([/templatestools/samples/policies/pages/cms\\_017026.aspx](/templatestools/samples/policies/pages/cms_017026.aspx)), SHRM Templates & Samples, March 2014

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