

IRS RAISES STANDARD MILEAGE RATES

With gas prices soaring, the IRS has announced an increase in the standard mileage rates that taxpayers can use to deduct the cost of driving for business, medical services, or moving.

BUSINESS. Effective for driving from July 1 through December 31, 2008, the standard mileage rate for business driving has been increased to 58.5¢ per mile. The rate for business miles driven from January 1 through June 30, 2008, remains at the previous rate of 50.5¢ a mile.

MEDICAL AND MOVING. The IRS also increased the deductible rate for medical and moving mileage for the last six months of 2008 to 27¢ a mile. For the first six months of 2008, the rate remains at 19¢ a mile.

CHARITABLE. Note that the IRS made no change in the mileage rate for driving in conjunction with charitable activities. That rate is set by law and remains at 14¢ a mile.

The standard mileage rates provide taxpayers with an IRS-approved recordkeeping shortcut for deducting expenses for business, medical, and moving driving. The rates are adjusted annually based on operating costs for vehicles. When costs rise dramatically during the year, the IRS considers a midyear change.