



December 21, 2018

Standard Mileage Rates Increase for 2019

The IRS has issued the standard mileage rates for 2019 (Notice 2019-02). Taxpayers have the option of using these rates beginning January 1, 2019 as follows:

- 58 cents per mile - Vehicle usage as transportation for a business purpose or business travel (includes cars, vans, pickups, or panel trucks). This rate may also be used by employers as the maximum amount they can use to reimburse an employee using his vehicle for a business purpose without substantiating the actual cost incurred by the employee.
- 20 cents per mile - Vehicle usage for medical purposes.
- 14 cents per mile - Vehicle usage for service of charitable organizations.



In 2019, the standard mileage rate for business is increasing a substantial 3.5 cents per mile over those of 2018. Likewise, the standard mileage rate for medical, as well as specifically allowed moving purposes, is increasing 2 cents per mile over 2018. Each year, these two rates are adjusted based on an annual study of the various costs of operating an automobile. The standard mileage rate for charitable

service will remain the same since this rate is set by statute.

As always, taxpayers continue to have the option to calculate the actual costs of using their vehicle, instead of using the standard mileage rates.

There are certain limitations for using the standard mileage rate for business purposes. A taxpayer may not use the standard mileage rate on more than four vehicles simultaneously. Also, a taxpayer may not switch to the standard mileage rate if they have previously taken any accelerated depreciation methods, bonus depreciation or Section 179 deduction for that vehicle.

The Tax Cuts and Jobs Act (TCJA) repealed the moving expense deduction for 2018 through 2025, except for members of the Armed forces on active duty who move pursuant to a military order and incident to a permanent change of station to whom Sec. 217(g) applies. Under these circumstances these qualifying military members may use the 20-cent standard mileage rate.

It is also important to mention that the TCJA also suspended the miscellaneous itemized deductions that are subject to the 2% Adjusted Gross Income floor limit, which includes unreimbursed employee travel expenses and mileage incurred in

driving their vehicle to perform services as an employee for their employer.

These standard mileage rates have changed significantly from 2018 and should be incorporated into your company's program on the 1st of the new year. If you need any help determining which changes affect your business, we would be happy to assist you. Please don't hesitate to call or email info@griffing.com at Griffing & Company, P.C. for help with these or any other questions you may have.

Griffing & Company, P.C.
One Sugar Creek Center Blvd., Suite 450
Sugar Land, TX
(281) 491-8866 Fax (281) 491-8998