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Accountants & Advisors

Your Accounting for a New Economy

IRS Releases the 2010 Mileage Rates

The IRS has announced the standard mileage rates for the use of a car, van, pickup or panel truck used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes beginning January 1, 2010.

The rates will be as follows:

- 50 cents per mile for business miles driven
- 16.5 cents per mile for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

These new mileage rates reflect the generally lower transportation costs compared to a year ago. The standard mileage rates for business use are determined using an annual study of the fixed and variable costs of operating an automobile. While the rate for medical and moving purposes is based on the variable costs defined in the same study conducted by independent contractor Runzheimer International.

The business standard mileage rate for a vehicle cannot be used after the taxpayer has used any depreciation method afforded them under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for the same vehicle. The rates also cannot be used for any vehicle used for hire or for more than four vehicles used simultaneously.

Taxpayers can also always calculate the actual costs of using their vehicle rather than using these standard mileage rates.

If you have any questions regarding the new rates contact your trusted tax advisors at Lane Gorman Trubitt, L.L.P. by calling (214) 871-7500.

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