**BizBoost News
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**IRS Mid-Year Mileage Rate Changes**

We have all been impacted by the rising costs in 2022, and gas prices have been no exception. To help alleviate some of this burden for certain taxpayers, the IRS has announced an increase in three of the four standard mileage rates for the second half of 2022. This is an unusual step for the IRS – the last time a mileage rate change was put into effect in the middle of the year was in 2011 (the IRS normally updates the mileage rates once a year in the fall for the next calendar year).

This change is effective for miles driven from July 1, 2022 to December 31, 2022, and the increase is $.04/mile for each of the eligible mileage categories. This impacts self-employed drivers who use their cars for business purposes, taxpayers who travel for medical purposes, and active-duty military members who are moving. It also applies to mileage allowances / reimbursements paid to employees by their employers. The changes are as follows:

* Business use: $.625/mile (up from $.585/mile from January to June 2022)
* Medical travel: $.22/mile (up from $.18/mile from January to June 2022)
* Military moving transportation: $.22/mile (up from $.18/mile from January to June 2022)

Be aware that the mileage rate for charitable use of a vehicle will stay at $.14/mile. It is set by statute and not subject to adjustments for inflation (it has remained the same since 1998).

Although these changes will not provide instant relief to all eligible taxpayers (other than employees benefiting from the immediate increase in mileage allowances and reimbursements), it could impact their taxes when they file their 2022 tax returns next April:

* Self-employed individuals who use the standard mileage deduction will benefit from a higher auto deduction against their taxable business profit.
* Taxpayers who itemize deductions and have total medical expenses exceeding 7.5 percent of their adjusted gross income will benefit from a higher medical mileage deduction.
* Military members who traveled for purposes of moving will receive a higher adjustment to income for moving expenses than they would have before.

All of these result in a lower tax bill.

**What You Need to Do**

This mid-year change, while very much welcomed and needed, may cause confusion for taxpayers. It is important to keep solid records now to ensure that the deduction amounts are correct and to reduce stress and scrambling come tax time.

Because there are two different mileage rates for 2022, it will be critical to keep track of associated miles driven for each half of the year. Make sure to **document beginning and ending mileage for each portion of the year**, and **keep a log of business, medical, and moving mileage during each half of 2022**. There are mobile apps that automatically track mileage, which could make things easier for taxpayers.

Also, self-employed individuals should keep in mind that there are *two* ways to calculate their business auto deduction – the standard mileage deduction or actual expense deduction.

* For those who choose the standard mileage deduction, only the standard mileage rate multiplied by the number of business miles driven can be deducted. Actual expenses (including depreciation deductions) cannot be separately factored in.
* For those who choose actual expenses, the standard mileage rate change is a moot point – however, it is still critical to keep track of mileage data, because the deduction of actual costs and depreciation will be limited to the business use percentage (business miles divided by total miles driven for the year, multiplied by the actual annual vehicle expenses).

If you have questions about recordkeeping for this tax rate change or deductions for the business use of your vehicle in general, please reach out any time.

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Tweets

Insert a link to your newsletter, website or blog before you post these:

Our latest blog: “IRS Mid-Year Mileage Rate Changes” is available now! Subscribe here: [link]

We have all been impacted by the rising costs in 2022, and gas prices have been no exception. To help alleviate some of this burden for certain taxpayers, the IRS has announced an increase in three of the four standard mileage rates for the second half of 2022. Learn more in our latest blog article: [link]

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The mid-year change of standard mileage rates by the IRS may cause confusion for taxpayers. It is important to keep solid records now to ensure that the deduction amounts are correct and to reduce stress and scrambling come tax time. Learn more in our latest blog article: [link]

The IRS increase in standard mileage rates is effective for miles driven from July 1, 2022 to December 31, 2022, and the increase is $.04/mile for each of the eligible mileage categories. The changes are as follows:

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Learn more in our latest blog article: [link]

The latest IRS increase in standard mileage rates could impact your taxes when you file your 2022 tax returns next April:

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•Taxpayers who itemize deductions and have total medical expenses exceeding 7.5 percent of their adjusted gross income will benefit from a higher medical mileage deduction.

•Military members who traveled for purposes of moving will receive a higher adjustment to income for moving expenses than they would have before. Find more here:

Learn more here: [link]

DID YOU KNOW…due to IRS changes, there are two different mileage rates for 2022. It will be critical to keep track of associated miles driven for each half of the year. Make sure to document beginning and ending mileage for each portion of the year, and keep a log of business, medical, and moving mileage during each half of 2022. Learn more here: [link]

Did you know that the IRS made changes to the standard mileage rates? Sign up for our newsletter to learn more about these changes and how they may affect your tax return: [link]