

## Standard Mileage Rate Method for Deductions

SELF-EMPLOYED INDIVIDUALS or EMPLOYEES using an auto for business.

### Available to

ANY INDIVIDUAL, for charitable, medical, or job-related moving mileage.

NOT AVAILABLE TO—

- Vehicles used for hire
- 5 or more cars used simultaneously in taxpayer's business
- Vehicles previously depreciated using a method other than straight-line over its useful life or for which a Section 179 deduction was claimed or bonus depreciation
- Claimed actual expenses
- Leased vehicle claimed actual expenses after 1997

### Method of Computation of Deduction

RATE PER MILE applied to business miles—

- For all business miles: use \$.56 for 2021. .585 for 2022
- For charitable mileage, use \$.14 per mile for 2021.
- For medical mileage, use \$.16 per mile for 2021. .18 for 2022
- Job-related moving expenses, including mileage, are not deductible for 2021 except for members of armed forces changing stations.

### Additional Deductible Expenses

Business-related PARKING FEES and TOLLS

Nonbusiness percentage of personal property TAXES may be deducted as itemized deduction. Nonbusiness percentage of INTEREST is subject to personal interest limitation. Business percentage of INTEREST and personal property TAXES may be deducted on Schedule C, E, or F by business owners and farmers. However, employees must treat all interest as personal interest.

EXPENSES COVERED—Standard rate is used in lieu of depreciation (or lease payments), maintenance and repairs, tires, gasoline, oil, insurance and license and registration fees.

### Limitations/Special Situations

DEPRECIATION—A car's basis is reduced (but not below zero) by multiplying business mileage by \$.16 per mile for 2003-2004, \$.17 per mile for 2005 and 2006, \$.19 per mile for 2007, \$.21 for 2008 and 2009, \$.23 per mile for 2010, \$.22 per mile for 2011, \$.23 per mile for 2012-2013, \$.22 for 2014, \$.24 for 2015 and 2016, and \$.25 for 2017 and 2018, \$.26 for 2019, \$.27 for 2020, and \$.26 in 2021. and 2022.

Appears basis has no effect on standard rate used so full standard rate is still available even after auto is fully depreciated.

DIFFERENT CARS, SAME BUSINESS—Standard mileage method not available when taxpayer uses five or more cars at the same time in the same business (e.g., taxpayer and his employee use different cars owned by the taxpayer). Standard mileage rate can be used if taxpayer alternates (i.e., uses at different times) between two or more cars in the same business.

DIFFERENT CARS, DIFFERENT BUSINESSES—May use standard mileage or actual cost method for either or both cars.

ONE CAR DISPOSED OF, ANOTHER PURCHASED—May use either standard mileage or actual cost method for replacement car regardless of method used for first car during the same year.

SAME CAR USED BY BOTH SPOUSES—May use either standard mileage or actual cost method applied to combined business mileage when husband and wife use same car.

SEPARATE CARS/SEPARATE BUSINESSES—May use standard mileage or actual cost method for either or both cars when husband and wife use separate cars in separate businesses.

SEPARATE CARS/SAME BUSINESS—If spouses use separate cars in the same business, the standard mileage method cannot be used for either auto. Must use actual cost method.

CONVERTING TO ACTUAL COST METHOD—May convert to actual cost method in any year. If auto is not fully depreciated, the taxpayer must use straight-line based on remaining useful life (subject to luxury car limits). Use of standard mileage in first year considered an election.

CONVERTING FROM ACTUAL COST METHOD—Cannot convert from actual cost method to standard mileage rate method if ACRS, MACRS, or the Section 179 deduction has been claimed while using actual cost method.

SECTION 179 DEPRECIATION DEDUCTION—Precluded when standard mileage method elected.