

2011 IRS rates

The IRS has released the 2011 optional standard mileage rates that employees, self-employed individuals, and other taxpayers can use to compute deductible costs of operating automobiles (including vans, pickups and panel trucks) for business, medical, moving and charitable purposes. The 2011 standard mileage rate is 51 cents per mile for business uses, 19 cents per mile for medical uses, and 14 cents per mile for charitable uses.

The updated rates are effective for deductible transportation expenses paid or incurred on or after January 1, 2011, and for mileage allowances or reimbursements paid to, or transportation expenses paid or incurred by, an employee or a charitable volunteer on or after January 1, 2011.

Business Mileage Rate

The standard mileage rate for business mileage in 2011 will be 51 cents per mile. When a taxpayer uses this mileage rate for automobiles the taxpayer owns, depreciation will be considered to have been allowed at a rate of 22 cents per mile. This depreciation reduces the taxpayer's basis in the automobile. The 2010 rates were set at 50 cents and 23 cents per [mile](#).

A taxpayer computes a deduction using the business standard mileage rate on a yearly basis, in lieu of computing the fixed and variable automobile costs allocable to business purposes, such as depreciation, lease payments, maintenance and repairs, tires, gasoline, oil, insurance, and license and registration fees. However, the taxpayer may continue to claim separate allowable deductions for parking fees and tolls, interest relating to the purchase of the automobile, and state and local personal property taxes. The standard business mileage rate may not be used when five or more automobiles are owned or leased and used simultaneously by the taxpayer (such as in fleet operations). Rules providing for substantiation of an employee's ordinary and necessary expenses for local travel or transportation away from home are also provided. Such expenses will be deemed substantiated when the employer, its agent or a third-party provider provides a mileage allowance under a reimbursement or other expense allowance arrangement.

Medical, Moving Mileage Rate

The 2011 standard mileage rate for medical and moving expenses will be 19 cents per mile. The 2010 rate was 16.5 cents per mile.