

Standard Mileage Rates Starting January 1 2025

Instead of using the business portion of the actual expenses of operating a vehicle, IRS permits taxpayers to use a standard mileage rate. The rates for travel on or after January 1, 2025, are:

The business rate is 70 cents per mile (up from 67 cents per mile applicable for calendar year 2024). The depreciation portion of this rate is 33 cents per mile (up from 30 cents per mile for 2024).

Charitable rate is 14 cents per mile (same as it has been for years, since this is set by Congress).

Medical and moving rate is 21 cents per mile (same rate as applied for 2024).

Reminder – The standard mileage rate cannot be used for any vehicle where the taxpayer has claimed depreciation using a method “OTHER THAN STRAIGHT-LINE FOR ITS ESTIMATED USEFUL LIFE.” The straight-line method begins with the month the vehicle is placed in service, as opposed to MACRS which uses a half-year or mid-quarter convention. In other words, a taxpayer cannot flip back and forth between the standard mileage rate and actual expenses if the taxpayer has ever claimed:

- §179 deduction,
- The additional first-year (aka “bonus”) depreciation,
- ACRS, or
- MACRS.

Keep in mind MACRS, including straight-line MACRS, is depreciating the property over a set government prescribed life, as opposed to “over the estimated useful life.”

The IRS News Release (IR-2024-312) states, “Taxpayers using the standard mileage rate for a vehicle they own and use for business must choose to use the rate in the first year the automobile is available for business use. Then, in later years, they can choose to use the standard mileage rate or actual expenses.”

Example 1, if a taxpayer normally keeps a vehicle for 6.5 years, then the depreciation must be straight-line over 6.5 years in order to flip back and forth between the standard mileage rate and actual expenses. (Using MACRS straight-line over the MACRS recovery life of 5-years is not the same as “over the estimated useful life.”)

Example 2, if a taxpayer normally keeps a vehicle for 100,000 miles, then the depreciation could be calculated using the straight-line method of dividing the cost by 100,000 miles and multiplying the “per mile depreciation” by the business miles driven in the year.

Notice 2025-05 provides the 2025 mileage rates. These are updated every year with an IRS Notice. The annual Notices refer back to Revenue Procedure 2019-46, which provides the rules for USING the mileage rates.

This text has been shared courtesy of: David & Mary Mellem, EAs & Ashwaubenon Tax Professionals, 920-496-1065, fax 920-496-9111, ataxprof.com.

We ask that no reproduction of this article take place without the express written consent of Ashwaubenon Tax Professionals, 2140 Holmgren Way, Suite 1040, Green Bay, WI 54304.

We do not sell, give, or in any way share email addresses with anyone. If you would like to be removed from our email list, send us an email to that effect or use the word UNSUBSCRIBE in the SUBJECT line.