

Duvall & Associates, Inc.

Taking Care of Business

IRS ADJUSTS AUTO MILEAGE RATES

"You get more mileage from a cheap pair of sneakers." Billy Joel

Fluctuating gas prices are even driving the IRS loony.

The IRS has just announced a mid-year tax deduction adjustment for automobiles - which at a taxpayer's election - can be expensed at standard mileage rates.

Business miles which were tax deductible at 51 cents per mile for the first six months of 2011 - after July 1 are deductible at 55.5 cents per mile.

Taxpayers utilizing the business mileage rates can also deduct parking fees and tolls.

Taxpayer use of the business standard tax mileage rates is optional - actual auto expenses can be utilized as a substitute - but the method selected must be consistently maintained for the entire year.

Medical and qualified moving use of autos is deductible at 19 cents per mile for the initial six months of 2011 - and after July 1 is deductible at 23.5 cents per mile.

2011 charitable use of vehicles remains constant at 14 cents per mile.

Despite the fact taxpayers view written documentation as a virtual pain in the arse, the IRS (which enjoys taxpayer aggravations) prefers use of daily logs to record actual mileage driven. Thus theoretically, taxpayers are not supposed to effectively average the two 6-month rates to apply against total year mileage.

So drive and deduct away.

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