

Subject:

FW: APA COMPLIANCE UPDATE: 2022 Mileage Rates Increased

## Business Standard Mileage Rate Increases To 62.5 Cents for Second Half of 2022

The IRS announced that the business standard mileage rate for transportation expenses paid or incurred beginning July 1, 2022, will be 62.5 cents per mile, up 4 cents from the first half of 2022 [[Announcement 2022-13](#), 6-9-22]. The IRS is making the midyear change “in recognition of the recent gasoline price increases.” While rare, the IRS has made midyear adjustments before. The last time the IRS made such a change was in 2011.

The mileage rate may be used to compute the amount to reimburse employees who are using their own cars for business purposes. It may also be used by employers that elect to use the “cents-per-mile” valuation method for purposes of determining the amount that needs to be imputed to an employee's income for personal use of certain company-owned or leased nonluxury vehicles (see *The Payroll Source*®, §3.2-2). However, it may not be used by employees in claiming a tax deduction for unreimbursed employee business expenses, since such deductions are suspended by the Tax Cuts and Jobs Act.

In addition, the standard rate for miles driven for medical or moving purposes will increase to 22 cents per mile, up from the 18 cents-per-mile rate in effect during the first half of 2022. The deduction for moving expenses only applies to members of the Armed Forces on active duty who move under a military order and due to a permanent change of station. The standard mileage rate for operating a passenger car for charitable purposes, which is set by law, will remain at 14 cents per mile for the remainder of 2022.

**REMINDER** – Because of the 4-cent increase in the business standard mileage rate, employers reimbursing employees at the rate for the first half of 2022 need to be mindful of the rate change. Employers should make sure they change to the rate for the second half of 2022 for all affected travel on or after July 1, 2022. And remember that business miles driven in the first half of 2022 that show up on an

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