



IRS Releases Standard Mileage Rates for 2023



Due to recent increases in the price of fuel, the IRS has increased the optional standard mileage rates for computing the deductible costs of operating an automobile for business purposes for 2023. However, the standard mileage rates for medical and moving expense purposes remain the same for 2023. The standard mileage rate for computing the deductible costs of operating an automobile for charitable purposes is set by statute and also remains unchanged.

For 2023, the standard mileage rates are as follows:

- **Business use of auto:** 65.5 cents per mile (up from 62.5 cents for the period July 1, 2022, to December 31, 2022*) may be deducted if an auto is used for business purposes. If you are an employee, your employer can reimburse you for your business travel expenses using the standard mileage rate. However, if you are an employee and your employer does not reimburse you for your business travel expenses, you cannot currently deduct your unreimbursed travel expenses as miscellaneous itemized deductions.
- **Charitable use of auto:** 14 cents per mile (the same as for 2022) may be deducted if an auto is used to provide services to a charitable organization if you itemize deductions on your income tax return. Your charitable deduction may be limited to certain percentages of your adjusted gross income, depending on the type of charity.
- **Medical use of auto:** 22 cents per mile (the same as for the period July 1, 2022, to December 31, 2022*) may be deducted if an auto is used to obtain medical care (or for other deductible medical reasons) if you itemize deductions on your income tax return. You can deduct only the part of your medical and dental expenses that exceeds 7.5% of the amount of your adjusted gross income.
- **Moving expense use of auto:** 22 cents per mile (the same as for the period July 1, 2022, to December 31, 2022*) may be deducted if an auto is used by a member of the Armed Forces on active duty to move, pursuant to a military order, to a permanent change of station (unless such expenses are reimbursed). The deduction for moving expenses is not currently available for other taxpayers.

**Last year, in a rare mid-year adjustment to the standard mileage rates, the IRS increased the rates for the second half of 2022.*

Questions? Contact First Financial's Investment & Retirement Center by calling 732.312.1534. You can also email mary.laferriere@lpl.com or maureen.mcgreevy@lpl.com

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