



IRS Raises Standard Mileage Rate for Final Half of 2022

Business mileage rate increases by 4 cents to 62.5 cents per mile

By Stephen Miller, CEBS
June 9, 2022

Citing soaring gas prices, the Internal Revenue Service (IRS) on June 9 announced an increase in the optional standard mileage rate (<https://www.irs.gov/newsroom/irs-increases-mileage-rate-for-remainder-of-2022>) for the final six months of 2022.

Effective July 1 through Dec. 31, 2022, the standard mileage rate for the business use of employees' vehicles will be 62.5 cents per mile—the highest rate the IRS has ever published—up 4 cents from the 58.5 cents per mile rate effective for the first six months of the year, according to IRS Announcement 2022-13 (<https://www.irs.gov/pub/irs-drop/a-22-13.pdf>).

Mileage Rate Changes Through 2022

For the final six months of 2022, standard mileage rates for the use of cars, vans, pickups or panel trucks will be:

Purpose	Jan. 1 to June 30	July 1 to Dec. 31
For business use	58.5 cents per mile	62.5 cents per mile
For medical care and for moving active-duty members of the Armed Forces	18 cents per mile	22 cents per mile
In service of charitable organizations*	14 cents per mile	14 cents per mile

*The 14 cents per mile rate for charitable organizations remains unchanged as it is set by statute. Source: IRS (June 2022).

Midyear increases in the optional mileage rates are rare. The last time the IRS made such an adjustment was in 2011.

The rate is used to compute costs that are deductible by a business (or self-employed person) for operating an automobile for business use, as an alternative to tracking actual costs. Also, employers often use the standard mileage rate—also called the safe harbor rate—to pay tax-free reimbursements to employees who use their own cars, vans or trucks to conduct business for their employers.

Organizations are typically required to reimburse their workforce for the business use of their mixed-use assets, or personally owned assets such as vehicles that are required for their jobs, excluding routine commuting costs.

Employers have the option of calculating the actual costs of employees using their vehicles rather than using the standard mileage rates.

The IRS normally updates standard mileage rates once a year in the fall for the next calendar year. For vehicle use from Jan. 1 through June 30, 2022, employers and employees should use the rates set forth in IRS Notice 2022-03 (<https://www.irs.gov/pub/irs-drop/n-22-03.pdf>).

While fuel costs are a significant factor in the mileage figure, other items enter into the calculation of mileage rates, such as depreciation and insurance and other fixed and variable costs, the IRS noted. For cars employees use for business, the IRS set the portion of the standard mileage rate treated as depreciation at 26 cents per mile for 2022.

[SHRM members-only HR Q&A: Do we have to reimburse personal auto mileage for business-related trips?] (www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/reimbursepersonalautomileage.aspx)

Fuel and Other Costs

"The IRS is adjusting the standard mileage rates to better reflect the recent increase in fuel prices," said IRS Commissioner Chuck Rettig. "We are aware a number of unusual factors have come into play involving fuel costs, and we are taking this special step to help taxpayers, businesses and others who use this rate."