

**From the desk of
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IRS 2018 Standard Mileage Rates

The IRS issued earlier this year the standard mileage rates for use of a car, van, pickup or panel truck for 2018 which are as follows:

- 54.5 cents for every mile of business travel driven, a 1 cent increase from 2017.
- 18 cents per mile driven for medical purposes, a 1 cent increase from 2017.
- 14 cents per mile driven in service of charitable organizations, which is set by statute and remains unchanged.

The standard mileage rate for business comes from a yearly study of fixed and variable costs of operating an automobile, while the rate for medical purposes depends on variable costs.

Taxpayers can opt to calculate the actual costs of using their vehicle instead of using the standard mileage rates.

A taxpayer cannot use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System or after claiming a Section 179 deduction for that vehicle.

The business standard mileage rate cannot be used for more than four vehicles simultaneously.

Increased Depreciation Limits

The new tax law ups the depreciation limitations for passenger automobiles that have been placed in service after December 31, 2017, for purposes of calculating the allowance under a fixed and variable rate plan.

The maximum standard automobile cost cannot exceed \$50,000 for passenger automobiles, trucks and vans that have been placed in service after December 31, 2017.

Prior to the new law change the maximum standard automobile cost was \$27,300 for passenger automobiles and \$31,000 for trucks and vans.

We here at Muffoletto & Company believe that the more informed you are in regards to the rules and regulations that affect you the more we can be of service.

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