



# ALLIANT ADVISORS

FIND DIRECTION



## The Navigator

### Important Markers To Guide Your Way

July 2008

Hello from Alliant Advisors! This month our tip can benefit business owners and individuals who deduct mileage on their taxes. Read below for additional information if this applies to you.

We hope you value this information. If you do not wish to receive this information by e-mail, please respond to this message and we will remove you from our list. For more information about our services, visit [www.alliant-advisors.com](http://www.alliant-advisors.com) or call your local Alliant Advisors office.

The Alliant Team

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#### **Standard Mileage Rate Increases July 1**

In response to increased fuel prices, the IRS has increased the optional standard mileage rate to use for operating a vehicle for business use.

The announcement modifies the current 2008 mileage rate for vehicles at 50.5 cents per mile that began January 1, 2008.

Beginning July 1, 2008, a standard mileage rate of 58.5 cents per mile applies to business use of operating a vehicle. If the tests for the standard mileage rate are met, employers reimbursing up to this amount to employees who have substantiated the business use of the mileage are considered to have met the accounting requirements for the vehicle use, and therefore no income reporting or withholding is required on these reimbursements. The new rate applies to mileage expenses that are both incurred and reimbursed on or after July 1, 2008.

Employees who are not reimbursed for business use of a vehicle by their employers may deduct 58.5 cents per mile for mileage incurred on or after July 1 on their individual income tax returns, if they meet the requirements to use the standard mileage rate.

The announcement also raises the standard mileage rate for medical and moving expenses to 27 cents per mile. The rate for mileage for charitable contributions remains, by law, at 14 cents per mile.

Not all employers or employees qualify for use of the standard mileage rate, and in some cases actual expenses must be used to determine the allowable amount. For more information on the accountable plan rules and the standard mileage rate, see section 5 of Publication 15 on [www.irs.gov](http://www.irs.gov).

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