

IRS RELEASES 2025 STANDARD MILEAGE RATES



The IRS has released the annual optional standard mileage rates for 2025, encompassing the expenses associated with using your personal vehicle. This commonly applies to business usage and is also relevant if you use your vehicle for medical, moving or charitable purposes. Each category is assigned a distinct rate and subject to specific rules.

Beginning on January 1, 2025, the [standard mileage rates](#) for using a car (also vans, pickups or panel trucks) will be:

- 70 cents per mile driven for business use, up 3 cents from 2024.
- 21 cents per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces, the same as in 2024.
- 14 cents per mile driven in service of charitable organizations; the rate is set by statute and remains unchanged from 2024.

The business use rate is determined by combining the average fixed ownership costs (insurance, registration, depreciation, etc.) with the average variable operating costs (gas, oil, maintenance, etc.) of a car. Conversely, the rates for moving and medical purposes are solely derived from the operating costs. The same rate is applicable to all types of automobiles, encompassing cars, vans, pickup trucks, and panel trucks.

Taxpayers have the option to compute the actual costs associated with using their vehicle instead of relying on the standard mileage rates. If they decide to use the standard mileage rate, it is imperative to make this choice in the initial year the car is accessible for business purposes. Subsequently, in subsequent years, taxpayers have the flexibility to opt for either the standard mileage rate or the actual expenses method. In the case of leased vehicles, if the standard mileage rate is selected, it must be consistently applied for the entire lease period, including renewals.

The mileage rates exclude expenses related to parking and tolls and are uniform across geographic locations. These rates are equally applicable to electric, hybrid-electric, gasoline, and diesel-powered vehicles.

Deductibility Exceptions

It's crucial to be aware that, due to the Tax Cuts and Jobs Act ("TCJA"), taxpayers are currently restricted from claiming a deduction for unreimbursed employee travel expenses. Previously, expenses exceeding 2% of one's Adjusted Gross Income (AGI) were deductible as miscellaneous itemized deductions on an employee's personal tax return. This provision of the TCJA is slated to expire in 2026, at which point the deduction for unreimbursed employee travel expenses will be reinstated. Additionally, taxpayers, except for [members of the Armed Forces](#) on active duty relocating under orders to a permanent change of station, cannot claim a deduction for moving expenses.

The deduction is constrained to specific groups, including state and local government officials compensated on a fee basis, certain performing artists, and elementary and secondary school teachers. These individuals can claim unreimbursed employee travel expenses as an adjustment to income on [Schedule 1 of IRS Form 1040](#), rather than as itemized deductions on [Schedule A](#).

Additional taxpayers may be able to deduct their mileage as a business expense as follows:

- [Schedule C](#) for self-employed/sole proprietorships
- [Schedule K-1](#) (IRS Form 1065) for partnerships

- IRS [Form 1120](#) or [Form 1120S](#) for corporations

If any questions arise when implementing these mileage rates or adjustments, please reach out to your [BMF Tax Advisor](#).