LEGAL UPDATE

HR
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IRS Raises Mileage Rates for Second Half of 2026

As a result of recent increases in the price of fuel, the IRS has made a midyear adjustment to the optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, medical or moving expense purposes. Typically, the rates are adjusted annually, with a new rate taking effect Jan. 1 each year. This is the first midyear adjustment since 2022.

RATES AS OF JULY 1

- **Business use:** The standard rate for business travel has increased to 76 cents per mile.
- **Moving (Armed Forces and certain intelligence community members only) or medical care:** The standard rate has increased to 23.5 cents per mile.
- **Charitable purpose:** The standard mileage rate remains 14 cents per mile.

Background

The optional standard mileage rate is used to compute the deductible costs of operating an automobile for business use in lieu of tracking actual costs. It is based on the fixed and variable costs of operating an automobile, such as fuel, depreciation and insurance. The federal government and businesses also use the rate as a benchmark to reimburse their employees for mileage.

Taxpayers always have the option of calculating the actual costs of using their vehicle instead of using the standard mileage rates. It is important to note that taxpayers generally cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. Taxpayers also cannot claim a deduction for moving expenses, except for certain active-duty members of the Armed Forces and certain members of the intelligence community.

July 1 Rate Increase

The revised standard mileage rates set forth in Announcement 2026-11, published July 13, 2026, apply to deductible transportation expenses paid or incurred for business, medical or moving purposes **on or after July 1, 2026**. The new rate applies to mileage allowances that are paid both to an employee on or after July 1, 2026, and transportation expenses paid or incurred by the employee on or after July 1, 2026.

During this period, the revised standard mileage rates are:

- **76 cents per mile** for business travel; and
- **23.5 cents per mile** for medical and moving expenses.

The rate for charitable organizations is set by statute and will remain unchanged at **14 cents per mile**.

Rate Applicable Before July 1, 2026

The standard mileage rates set forth in IRS Notice 2026-10 continue to apply to deductible transportation expenses paid or incurred for business, medical or moving expense purposes before July 1, 2026, and to mileage paid to an employee before July 1, 2026, or with respect to transportation expenses paid or incurred by the employee before July 1, 2026. Those rates are:

- **72.5 cents per mile** for business travel; and
- **20.5 cents per mile** for medical and moving expenses.

All other provisions of Notice 2026-10 remain in effect.