



IRS increases the standard mileage rate for business use in 2025; key rate increases 3 cents to 70 cents per mile

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WASHINGTON — The Internal Revenue Service today announced that the optional standard mileage rate for automobiles driven for business will increase by 3 cents in 2025, while the mileage rates for vehicles used for other purposes will remain unchanged from 2024.

Optional standard mileage rates are used to calculate the deductible costs of operating vehicles for business, charitable and medical purposes, as well as for active-duty members of the Armed Forces who are moving.

Beginning Jan. 1, 2025, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

- 70 cents per mile driven for business use, up 3 cents from 2024.
- 21 cents per mile driven for medical purposes, the same as in 2024.
- 21 cents per mile driven for moving purposes for qualified active-duty members of the Armed Forces, unchanged from last year.
- 14 cents per mile driven in service of charitable organizations, equal to the rate in 2024.

The rates apply to fully-electric and hybrid automobiles, as well as gasoline and diesel-powered vehicles.

While the mileage rate for charitable use is set by statute, the mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes, meanwhile, is based on only the variable costs from the annual study.

Under the Tax Cuts and Jobs Act, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses. And only taxpayers who are members of the military on active duty may claim a deduction for moving expenses incurred while relocating under orders to a permanent change of station.

Use of the standard mileage rates is optional. Taxpayers may instead choose to calculate the actual costs of using their vehicle.

Taxpayers using the standard mileage rate for a vehicle they own and use for business must choose to use the rate in the first year the automobile is available for business use. Then, in later years, they can choose to use the standard mileage rate or actual expenses.

For a leased vehicle, taxpayers using the standard mileage rate must employ that method for the entire lease period, including renewals.

Notice 2025-5  contains the optional 2025 standard mileage rates, as well as the maximum automobile cost used to calculate mileage reimbursement allowances under a fixed-and variable rate (FAVR) plan. The notice also provides the maximum fair market value of employer-provided automobiles first made available to employees for personal use in 2025 for which employers may calculate mileage allowances using a cents-per-mile valuation rule or the fleet-average-valuation rule.

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