CONTROLLERS

Subject: Mileage Reimbursement Rate Changes Effective January 1, 2015

The University’s mileage reimbursement rates for expenses incurred in connection with the business use of a private automobile will increase in accordance with the Internal Revenue Service standard mileage rates published in IRS Notice 2014-114. The following new rates are effective for expenses incurred on or after January 1, 2015:

- The reimbursement rate for the use of a private automobile for University business travel will increase from 56.0 cents a mile to 57.5 cents a mile.

- The reimbursement rate for driving or shipping an automobile in connection with a move or relocation will decrease from 23.5 cents a mile to 23.0 cents a mile.

I would like to remind the campuses that we are considered a public agency. As such, we should use University resources in a prudent manner. University employees traveling on official business shall observe normally accepted standards of propriety in the type and manner of expenses they incur, and avoid any expenditure that would appear extravagant or lavish under the circumstances.

Business and Finance Bulletin G-28, Travel Regulations, will be revised to include the mileage rate change. If you have any questions, please call John Barrett at (510) 987-0903.

Nathan Brostrom
Executive Vice President and
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    Vice President Duckett
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Controllers
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Vice President Allen-Diaz
Assistant Vice President Sampson
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New Standard Mileage Rates Now Available; Business Rate to Rise in 2015

IR-2014-114, Dec. 10, 2014

WASHINGTON — The Internal Revenue Service today issued the 2015 optional standard rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2015, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

- 57.5 cents per mile for business miles driven, up from 56 cents in 2014
- 23 cents per mile driven for medical or moving purposes, down half a cent from 2014
- 14 cents per mile driven in service of charitable organizations

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile, including depreciation, insurance, repairs, tires, maintenance, and fuel. The rate for medical and moving purposes is based on the variable costs, such as gas and oil. The charitable rate is set by law.

Taxpayers always have the option of claiming deductions based on the actual costs of using a vehicle rather than the standard mileage rates.

A taxpayer may not use the business standard mileage rate for a vehicle after claiming depreciation, including the Section 179 expense deduction, on that vehicle. Likewise, the standard mileage rate is not available to fleet owners (more than four vehicles used simultaneously). Details and other special rules are in Revenue Procedure 2010-51, the instructions to Form 1040 and various online IRS publications including Publication 17, Your Federal Income Tax.

Besides the standard mileage rates, Notice 2014-79, posted today on IRS.gov, also includes provisions for taxpayers choosing to use the standard mileage rate for a vehicle for at least a 12-month period, along with the depreciation and income tax consequences of using the actual expense method. Notice 2014-79 also includes the maximum standard automobile cost that may be used in computing an allowance under a variable rate plan.

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