

SUMMER TAX NEWS: INCREASED MILEAGE RATES AND TAX LEGISLATION

Summer is often a slow season for taxes, but this year there are some important developments.

- **Increased mileage rates.** Responding to the recent increase in gas prices, the IRS has made a midyear adjustment to the standard mileage rates, the simplified method for deducting the cost of driving for business, medical services, or a job-related move. These higher rates will apply for the second half of 2008 (July 1 through December 31); the previous rates will still apply to driving for the first half of the year (January 1 through June 30).

The first-half rate for business use of a vehicle is 50.5 cents a mile; the rate has been raised to 58.5 cents a mile for the last half of 2008.

The rate for driving a vehicle to obtain medical services or to relocate in a job-related move was increased from the first-half rate of 19 cents a mile to 27 cents a mile for the second half of 2008.

The rate for driving in connection with charitable activities remains at 14 cents a mile for the entire year. That rate is set by law, not by the IRS.

Using standard mileage rates is available in many, but not all situations. For information about how these rate adjustments affect your tax situation, give our office a call.

- **Tax legislation.** Two pieces of legislation that included tax provisions were passed earlier this summer. The *Food, Conservation, and Energy Act of 2008* affects those in farming, the timber industry, horse racing, and a narrow range of other taxpayers.

The *Heroes Earnings Assistance and Relief Tax Act of 2008* affects active military personnel, veterans, reservists, and certain other taxpayer groups. The law relaxes the qualification requirements for stimulus rebate checks for military families and provides other tax breaks for the military.

These two laws have little that apply to the general taxpaying public; however, there are revenue increases that could be of interest to some. For more information, please contact us.