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To: LCMS Leadership Group
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Dated: December 14, 2017

Subject: Standard Mileage Rate effective 1/1/2018

Changing on 1/1/2018, IRS has increased the standard business mileage rate to 54.5¢ per mile (from 53.5¢ in effect since 1/1/17). The standard medical and moving mileage rate has likewise increased to 18¢ per mile (from 18¢). These new rates apply to mileage reimbursements paid to an employee on or after January 1, 2018 with respect to transportation expenses paid or incurred by the employee on or after January 1, 2018.

The rate used for charitable deduction purposes, set by statute rather than IRS, remains at 14¢ per mile.

The impact of these rates in 2018 is uncertain. The current tax reform proposals would eliminate the mileage deduction for moving expenses *and* job-related business mileage deductions for employees filing a Schedule A (i.e., expenses unreimbursed by employer). In addition, both proposals would disallow - on the employer's side - favorable tax treatment for employer reimbursement of employee moving expenses. However, under Senate version of the bill, the tax treatment of these deductions would sunset, which means that the treatment of expenses would go back to the way the law is now (in 2017) beginning in 2026.

Both proposals would retain the charitable donation deduction, including for charitable miles. In fact, under the House proposal, the mileage rate for charity would finally be indexed for inflation.

Please share this information with your staff. I'll be monitoring the legislated tax changes, if any, and report on them later if necessary. As usual, contact me if you have any questions concerning this change.