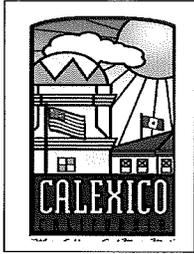


**AGENDA
ITEM**

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CITY COUNCIL AGENDA STAFF REPORT

DATE: March 7, 2018

TO: Mayor and City Council

APPROVED BY: David Dale, City Manager *DD*

PREPARED BY: Miguel Figueroa, Community and Economic Development Director *MF*

SUBJECT: Approve the Standard Mileage Rate of \$.545 for Calendar Year 2018.
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Recommendation:

Consideration to approve the standard mileage rate of \$.545 for calendar year 2018. This rate applies for every mile of business travel driven.

Background:

In accordance with approved federal guidelines, the City of Calexico adopts the annual standard mileage rate issued by the Internal Revenue Service. The standard mileage rate is the rate by which employers may reimburse employees for mileage costs they incur for the mileage involved in the business use of their personal vehicle without resulting in taxable income.

Standard mileage rates are based on an annual study of the fixed and variable costs of operating an automobile conducted by an Internal Revenue Service independent contractor.

Fiscal Impact:

Mileage rate will be established at \$.545 for calendar year 2018.

Coordinated With:

All Departments.

Attachment:

1. Internal Revenue Service Mileage Rate Notification.





Standard Mileage Rates for 2018 Up from Rates for 2017

IR-2017-204, Dec. 14, 2017

WASHINGTON — The Internal Revenue Service today issued the 2018 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2018, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 54.5 cents for every mile of business travel driven, up 1 cent from the rate for 2017.
- 18 cents per mile driven for medical or moving purposes, up 1 cent from the rate for 2017.
- 14 cents per mile driven in service of charitable organizations.

The business mileage rate and the medical and moving expense rates each increased 1 cent per mile from the rates for 2017. The charitable rate is set by statute and remains unchanged.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously. These and other requirements are described in Rev. Proc. 2010-51.

Notice 2018-03, posted today on IRS.gov, contains the standard mileage rates, the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that a taxpayer may use in computing the allowance under a fixed and variable rate plan.

Page Last Reviewed or Updated: 14-Dec-2017