


## EY Payroll NewsFlash Workforce Tax Services

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### Federal mileage rates and luxury vehicle limit increase for 2023

Effective January 1, 2023, the business standard mileage rate for use of a car (including vans, pickup trucks, and panel trucks) increases from \$0.625 to \$0.655 and the rate for medical and relocation mileage remains unchanged at \$0.220. Mileage related to charity is set by law and remains at \$0.14 per mile. ([Notice 2023-3](#); [Announcement 2022-13](#); [Notice 2022-03](#))

It is important to note that under the Tax Cuts and Jobs Act, effective for tax years 2018 through 2025, taxpayers cannot claim miscellaneous itemized deductions for unreimbursed employee travel expenses. Taxpayers also cannot claim deductions for moving expenses, except members of the Armed Forces on active duty moving under orders to a permanent change of station.

For other payroll rates and limits applicable in 2022 see our [special report](#).

#### Luxury vehicle limitation for 2023

Pursuant to the vehicle valuation limit that applies to use of the optional fleet-average and vehicle cents-per-mile valuation methods, the maximum fair market value of the vehicle (including trucks and vans) first made available to employees in calendar year 2023 increased from \$56,100 to \$60,800.

#### Summary of mileage rates: 2023 compared to 2022

Type of mileage	Effective January 1, 2023	Effective July 1, 2022	Effective January 1, 2022
Business standard	\$0.655	\$0.625	\$0.585
Charity	\$0.140	\$0.140	\$0.140
Relocation and medical	\$0.220	\$0.220	\$0.180

**Contact us for more information**

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