

Tax Law Changes for 2021

Mileage:

The Internal Revenue Service issued the 2021 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on January 1, 2021, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 56 cents per mile driven for business use, down 1.5 cents from the rate for 2020,
- 16 cents per mile driven for medical, or moving purposes for qualified active duty members of the Armed Forces, down 1 cent from the rate for 2020, and
- 14 cents per mile driven in service of charitable organizations, the rate is set by statute and remains unchanged from 2020.

Meals:

For 2021 and 2022, Congress gave businesses large and small an incentive to buy business-meal food and beverages from restaurants, because such purchases are 100 percent deductible.

Be sure every business meal you buy is from an IRS-approved restaurant location, which is a business that prepares and sells food or beverages to retail customers for immediate consumption, regardless of whether you consume the food or beverages on the business's premises.

This new rule is another reason to move away from deducting a per diem for your business travel meals. You'll almost always get larger tax deductions by deducting 100 percent of your actual restaurant expenses versus 50 percent of the per diem amount. (Thank you to Bradford Tax Institute)