PRO-FI 20/20
DENTAL CPAs

IRS INCREASES BUSINESS MILEAGE RATE EFFECTIVE JULY 1, 2026

The IRS standard mileage rate is intended to reflect the average cost of operating a vehicle for business. While the rate is typically updated annually, the IRS occasionally makes a mid-year adjustment when operating costs change significantly. Due to rising fuel costs, the IRS increased the business standard mileage rate effective July 1, 2026.

If you use the standard mileage method, maintain accurate, contemporaneous mileage records that clearly distinguish between business miles driven before and after July 1 so the correct rate can be applied.

2026 Business Mileage Rates

Period	Business Rate	Medical*
January 1 – June 30, 2026	**72.5¢ per mile**	20.5¢ per mile
July 1 – December 31, 2026	**76¢ per mile**	23.5¢ per mile

**Medical rate applies to medical travel deductions. The charitable mileage rate is fixed by statute at 14¢ per mile and did not change.*

Simple Ways to Track Your Mileage

To ensure your deduction or reimbursement is calculated correctly:

- **Continue tracking your mileage as you normally do.** If your mileage records cover the entire year, simply make sure you can identify miles driven before and after July 1.
- **Use a mileage tracking app.** If you use a mileage tracking app (such as MileIQ, Everlance, TripLog, Driversnote, or Hurdlr), verify that you can filter or report mileage by date to separate trips before and after July 1.
- **Update your spreadsheet.** If you track mileage manually in Excel or Google Sheets, either add a "Rate Period" column to differentiate between the two mileage rate periods or start a new mileage log on July 1.
- **Review Your Reimbursement Process.** If your dental practice reimburses mileage using the IRS standard rate – including under the fixed-and-variable-rate (FAVR) plan, verify your team applies the correct rate before and after July 1.

The IRS requires taxpayers using the standard mileage method to maintain adequate records to substantiate business mileage. Because two different mileage rates apply in 2026, keeping accurate, contemporaneous mileage records will help ensure the correct rate is applied and simplify year-end tax preparation.

Source: https://www.irs.gov/irb/2026-29_irb