



December 12, 2014

TO: Business, Payroll, and Personnel Administrators  
HRS District Coordinators  
Los Angeles County School and Community College Districts  
Charter Schools and Other Local Educational Agencies

FROM: April Reynolds, Payroll Systems Coordinator  
District Personnel Information Services  
Division of School Financial Services

SUBJECT: Year 2015 Federal Mileage Rate - 57.5 Cents

The Internal Revenue Services (IRS) has announced that effective **January 1, 2015**, the standard business mileage reimbursement rate for 2015 is increasing one and a half cent to **57.5 cents per mile**. This change was made effective with IR Rev. Proc. 2014-79 which may be found at the website: <http://www.irs.gov/>, under the "News & Events" tab.

Mileage reimbursements incurred on or after January 1, 2015, are eligible for the new rate. Additionally, medical and moving mileage rates are decreasing by one half-cent from 2014 rates, to 23.0 cents per mile.

If a district mileage rate is not greater than the standard IRS rate and if each payment is substantiated by a written employee mileage claim for business use of a personal automobile, the IRS considers each payment as made under an automobile plan and not reportable as taxable compensation on an employee's W-2 statement. However, if the IRS standard rate is exceeded, the excess is taxable compensation and is subject to W-2 reporting, withholding tax, and Social Security and Medicare taxes, if applicable to the employee.

#### **Automobile Allowance/Mileage Allowance - AAL**

An automobile or mileage **allowance** is a fixed amount paid to an employee for business use of a personal automobile. Allowances are **not** based on claims for actual miles driven, are **not** reimbursements and are **not** under an accountable plan. As a result, the entire amount of an automobile or mileage allowance is considered taxable compensation by the IRS and is subject to applicable employment taxes (withholding, Social Security and

Medicare) and must be fully reported on employee W-2 statements.

The Human Resource System (HRS) permits use of earnings type AAL. If paid in HRS, AAL allowances are automatically included in employee W-2 statements and applicable taxes are applied to each payment.

Should you have any question regarding this bulletin, please contact me at (562) 922-6424 or via my e-mail at [reynolds\\_april@laco.edu](mailto:reynolds_april@laco.edu).

Approved:  
Patricia Smith, Executive Director  
Business and Finance

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SFS-A33-2014-2015