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DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2018-12

RE: 2018 Tax Year Standard Mileage Rates

Taxpayers may claim an income tax deduction if they use their vehicles for business, medical, moving, or charitable purposes. The deduction is either the actual cost of using the vehicle or calculated using the federal standard mileage rates. Hawaii adopts the federal rates for State income tax purposes. The 2018 standard mileage rates were published in Internal Revenue Service Notice 2018-03, Notice 2018-42, and IR-2017-204 (December 14, 2017). Beginning January 1, 2018, the standard mileage rates for using a car, van, pickup or panel truck are as follows:

Business	54.5 cents per mile
Medical or Moving	18 cents per mile
Charitable	14 cents per mile

For tax years 2018 through 2025, the federal government suspended all miscellaneous itemized deductions subject to the 2% floor. This suspension includes the deduction for use of a vehicle for business purposes. However, Hawaii did not adopt this suspension. For this reason, the 2017 federal forms must be used to calculate the deduction.

To calculate the deduction for business purposes, use the 2017 federal Form 2106, Employee Business Expenses, or the 2017 federal Form 2106-EZ, Unreimbursed Employee Business Expenses. If you do not have to file either federal Form 2106 or 2106-EZ, see the instructions for Form N-11 or N-15 to properly claim the deduction.

To claim the deduction for moving expenses, use Hawaii Form N-139, Moving Expenses.

To claim the deduction for charitable or medical purposes, see the federal instructions for Form 1040 (Schedule A).

For more information visit our website at tax.hawaii.gov.

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Director of Taxation

HRS Sections Explained: HRS Sections 235-2.3(a), 235-2.4(b)