

Office Memorandum

Date: December 30, 2020
To: Agency Payroll, HR, and Accounting Staff
From: Mary Muellner, Director, Statewide Payroll Services
Subject: **IRS Mileage Rate Effective January 1, 2021**

The standard IRS mileage rate for the business use of an employee's personal automobile has **decreased** on January 1, 2021, from **57.5 to 56 cents per mile**.

The state bargaining agreements and compensation plans base mileage reimbursement rates on the standard IRS mileage rate that's in place at the time of travel. As a reminder, two options are provided for determining the mileage reimbursement rate for any given trip:

- If the employee travels in his or her own vehicle because no state vehicle is available, the reimbursement rate is the current IRS rate (56 cents per mile for miles driven in 2021).
- If a state vehicle is offered but the employee declines and travels in his or her own vehicle, the reimbursement rate is 7 cents less than the current IRS rate (49 cents per mile for miles driven in 2021).

NOTE: "State vehicle" is defined as any vehicle owned or leased by the state or loaned to the state.

Please refer to the bargaining agreements and compensation plans regarding mileage reimbursement rates for the business use of an employee's specially equipped vehicle, motorcycle or personal aircraft.

SEMA4 users can use the Business Expense Mileage Rates page to view previous and current IRS mileage rates. Select Payroll > Business Expense > Business Expense Mileage Rates.

Questions?

Agency Payroll, HR, and Accounting staff should contact Yer Lee in Statewide Payroll Services at 651-201-8074 or yer.lee@state.mn.us if there are questions.

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF