Eli's Hospice Insider

Hospice News: Last Year's Law May Mean One Less Tax Break For Your Staff

If you don't pay the full **Internal Revenue Service** mileage rate to your employees for travel, you should alert them to a tax change that may affect them.

In a notice issued May 25, the IRS implements a change made in last December's Tax Cuts and Jobs Act. "The [2018] business standard mileage rate … which was issued before the Tax Cuts and Jobs Act passed, cannot be used to claim an itemized deduction for un-reimbursed employee travel expenses in taxable years beginning after Dec. 31, 2017, and before Jan. 1, 2026," the agency says on its mileage website.

"In the past, employees who were not reimbursed for business mileage-related expenses could deduct those expenses from taxable net income. The unreimbursed mileage deduction was allowed along with other 'unreimbursed work-related expense' where all unreimbursed work related expenses in excess of two percent of gross income would be deductible," explains law firm **Nexsen Pruet** in analysis of the change. "However, the Tax Cuts and Jobs Act in effect for the 2018 tax year eliminated many itemized deductions, including unreimbursed employee business expenses."

Note: If you pay staff less than the standard rate, "the recipient can no longer deduct the difference between the rate paid and the standard rate on their individual income tax return as an itemized deduction," points out consulting firm **The Health Group** in Morgantown, West Virginia.