

SEAN SCANLON
STATE COMPTROLLER



TARA DOWNES
DEPUTY COMPTROLLER



STATE OF CONNECTICUT
OFFICE *of the* STATE COMPTROLLER
165 Capitol Ave.
Hartford, CT 06106

MEMORANDUM NO. 2026-01

January 29, 2026

TO THE HEADS OF ALL STATE AGENCIES

Attention: Agency Heads, Chief Administrative and Fiscal Officers, Business Managers,
Payroll and Human Resource Officers

Subject: Increase in IRS Standard Mileage Rate

I. PURPOSE

The purpose of this memorandum is to notify agencies of the Internal Revenue Service (IRS) Notice 2026-10 issued December 29, 2026, announcing an increase in the **IRS standard mileage rate** for privately owned automobiles used to conduct business for calendar year 2025.

II. IRS STANDARD MILEAGE RATE

The IRS standard mileage rate for business use of an automobile has increased to **72.5 cents per mile**, effective **January 1, 2026**. The standard mileage rate is used as the criterion for determining the **W-2 reportability** of mileage reimbursements made to employees for the business use of their personal vehicles. Any portion of an employee's mileage reimbursement that exceeds the standard mileage rate of 72.5 cents per mile is reportable as income.

The IRS standard mileage rate should not be confused with the GSA mileage rate, which will remain at 70 cents per mile until a new rate is approved by the Office of Labor Relations.

III. PAYROLL PROCEDURES

The CO-17XP-PR, Employee Payroll Reimbursements form must be completed when reimbursing an employee for mileage expenses incurred in the service of the State of Connecticut. Payment is processed through the Active and Pension Payroll Services Division.

Payroll coding information for **non-reportable** mileage payments is as follows:

- Earnings Code – NRM
- Account – 50800

Payroll coding information for **reportable** mileage payments is as follows:

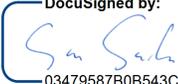
- Earnings Code – MIL
- Account – 50800

IV. COMMENTS & QUESTIONS

Any comments or questions concerning this memorandum, or its interpretation may be directed to the Office of the State Comptroller, Central Accounts Payable Division at osc.apd@ct.gov.

Other inquiries may be directed as follows:

- Payroll Procedures: osc.payroll@ct.gov
- Personnel Inquiries: Agency's Human Resource Officer

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SS:CM

<https://www.osc.ct.gov>