



Memorandum

To: Clients, Friends, Family & Associates of Pro@ctive CPA
From: Mark Wyssbrod, Managing Member
Date: January 1, 2011
Re: Mileage Reimbursement Rate Change

<http://www.irs.gov/newsroom/article/0,,id=232017,00.html>

IRS Announces 2011 Standard Mileage Rates

IR-2010-119, Dec. 3, 2010

Corrected on Dec. 13, 2010, to reflect changes for 2011

WASHINGTON - The Internal Revenue Service today issued the 2011 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2011, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 51 cents per mile for business miles driven
- 19 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs as determined by the same study. Independent contractor Runzheimer International conducted the study.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle.

In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously. The IRS is requesting public comments on whether taxpayers should be allowed to use the business standard mileage rate in this circumstance.

Beginning in 2011, a taxpayer may use the business standard mileage rate for vehicles used for hire, such as taxicabs.

Also beginning in 2011, the standard mileage rates are announced in a separate notice, which also provides the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate and the maximum standard automobile cost for



automobiles under a FAVR allowance. The IRS plans to discontinue publishing the standard mileage rate revenue procedure annually but will publish modifications as required.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Revenue Procedure 2010-51 and Notice 2010-88 contain additional details regarding the standard mileage rates.

Please contact us should you have any questions.

Enjoy your New Year,

Pro@ctive CPA

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