

Part III - Administrative, Procedural, and Miscellaneous

2011 Standard Mileage Rates

Notice 2010-88

SECTION 1. PURPOSE

This notice provides the 2011 standard mileage rates for taxpayers to use in computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes. This notice also provides the amount taxpayers must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that may be used in computing the allowance under a fixed and variable rate (FAVR) plan.

Further, this notice requests comments from the public concerning whether taxpayers should be permitted to use the business standard mileage rate for automobiles used in fleet operations.

SECTION 2. BACKGROUND

Rev. Proc. 2010-51 provides rules for computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes, and for substantiating, under § 274(d) of the Internal Revenue Code and § 1.274-5 of the Income Tax Regulations, the amount of ordinary and necessary business expenses of local transportation or travel away from home. Taxpayers using the standard mileage rates must comply with Rev. Proc. 2010-51.

An independent contractor conducts an annual study for the Internal Revenue Service of the fixed and variable costs of operating an automobile to determine the standard mileage rates for business, medical, and moving use reflected in this notice. The standard mileage rate for charitable use is set by § 170(i).

SECTION 2. STANDARD MILEAGE RATES

The standard mileage rate for transportation or travel expenses is 51 cents per mile for all miles of business use (business standard mileage rate). See section 4 of Rev. Proc. 2010-51.

The standard mileage rate is 14 cents per mile for use of an automobile in rendering gratuitous services to a charitable organization under § 170 (charitable standard mileage rate). See section 5 of Rev. Proc. 2010-51.

The standard mileage rate is 19 cents per mile for use of an automobile (1) for medical care described in § 213, or (2) as part of a move for which the expenses are deductible under § 217 (medical and moving standard mileage rate). See section 5 of Rev. Proc. 2010-51.

SECTION 3. BASIS REDUCTION AMOUNT

For automobiles a taxpayer uses for business purposes, the portion of the standard mileage rate treated as depreciation is 19 cents per mile for 2007, 21 cents per mile for 2008 and 2009, 23 cents per mile for 2010, and 22 cents per mile for 2011. See section 4.04 of Rev. Proc. 2010-51.

SECTION 4. MAXIMUM STANDARD AUTOMOBILE COST

For purposes of computing the allowance under a FAVR plan, the standard automobile cost may not exceed \$26,900 for automobiles (excluding trucks and vans) or \$28,200 for trucks and vans. See section 6.02(6) of Rev. Proc. 2010-51.

SECTION 5. COMMENTS REQUESTED

The Internal Revenue Service is evaluating the need for the limitation in section 4.05(1) of Rev. Proc. 2010-51 that prohibits a taxpayer from using the business standard mileage rate to compute the deductible expenses of five or more automobiles a taxpayer owns or leases and uses simultaneously (such as in fleet operations), and requests public comments on this issue. Comments should be submitted by March 31, 2011, to: Internal Revenue Service, CC:PA:LDP:PR (Notice 2010-88), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Comments also may be hand delivered between the hours of 8:00 a.m. and 4:00 p.m. Monday to Friday to CC:PA:LDP:PR (Notice 2010-88), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, D.C. Alternatively, comments may be transmitted electronically to Notice.Comments@irs.counsel.treas.gov, indicating Notice 2010-88 in the subject line. All comments will be available for public inspection and copying.

EFFECTIVE DATE

This notice is effective for (1) deductible transportation expenses paid or incurred on or after January 1, 2011, and (2) mileage allowances or reimbursements paid to an employee or to a charitable volunteer (a) on or after January 1, 2011, and (b) for transportation expenses the employee or charitable volunteer pays or incurs on or after January 1, 2011.

DRAFTING INFORMATION

The principal author of this notice is Bernard P. Harvey of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information on this notice contact Bernard P. Harvey on (202) 622-4930 (not a toll-free call).