

August 24, 2000

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The Honorable John M. McHugh
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. McHugh:

I am writing to clarify our response to your inquiry dated April 5, 2000, on behalf of your constituent, [REDACTED] Director of the [REDACTED] (Agency). [REDACTED] asked about the reimbursement rate for automobile drivers volunteering their services to the Agency.

Our reply of May 3, 2000, described two methods the Agency can use to reimburse a volunteer for automobile operating expenses without including the amount in the volunteer's income. We discussed the rules for reimbursing at the charitable standard mileage rate of 14 cents per mile, or for reimbursing actual expenses.

The Agency also has a third option: using the business standard mileage rate of 32.5 cents a mile to reimburse bona fide volunteers, under § 1.132-5(r)(1) of the Income Tax Regulations. Whether an individual is a bona fide volunteer for this purpose is a question of fact. To receive the reimbursements without including them in income, the volunteers must follow the same rules as employees. They must account to the Agency for the time, purpose, and number of miles driven for each trip.

I hope this information is helpful. If you have any questions, please call me or John T. Sapienza, Jr., Identification Number 50-6383, at (202) 622-4920.

Sincerely,

Associate Chief Counsel
(Income Tax & Accounting)

By: _____
Robert A. Berkovsky
Chief, Branch 2