

**Internal Revenue Service**

**Department of the Treasury**

Number: **2001-0052**  
Release Date: 3/30/2001  
**Index No.:** 274.08-00

Washington, DC 20224

**Person to Contact:**  
Edwin B. Cleverdon, ID No. 50-01366  
**Telephone Number:**  
(202) 622-4920  
**Refer Reply To:**  
CC:IT&A:2 – COR-102715-01  
**Date:**  
January 31, 2001

Dear [REDACTED]:

This letter is in response to your inquiry dated July 27, 2000, regarding the business standard mileage rate. You suggested that the business standard mileage rate, at the time 32.5 cents per mile, should be increased.

I am pleased to tell you the business standard mileage rate rose to 34.5 cents per mile on January 1, 2001. The primary reason for the increase was the jump in gasoline prices. The following information may be helpful:

The business standard mileage rate is a national average amount determined by an annual study performed by an independent contractor who is an expert in the cost analysis of business use of automobiles. The contractor uses recent data from each state on the component costs of operating the most popular automobiles. The contractor then combines this data to achieve a national composite cents-per-mile rate. It is not feasible to change the rate more often than annually.

Gasoline prices rise and fall during the year, but taxpayers may continue to use the business standard mileage rate without having to keep records of actual expenses. Although rising gasoline prices can be a disadvantage for taxpayers who use the standard rate, falling prices can work to their advantage. For example, although gasoline prices fell in 1998, taxpayers were able to use, for all of 1998 and through March 31, 1999, the rate that reflected the earlier higher prices.

I hope this information is helpful. Please call Edwin B. Cleverdon, Identification Number 50-01366, at (202) 622-4920, if you have any questions.

Sincerely,

Associate Chief Counsel  
(Income Tax & Accounting)

By: \_\_\_\_\_  
Robert A. Berkovsky  
Chief, Branch 2