



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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Dear _____ :

This letter responds to your e-mail dated _____, asking for a breakdown of the 48.5 cents-per-mile standard business mileage rate and what the rate would be if an employee was also provided a company credit card for fuel purchases for a personally owned or leased automobile.

The business standard mileage rate represents the operating and fixed costs of using an automobile, including the cost of fuel. The rate is based on an annual study made by an independent contractor, who is an expert in the cost analysis of business use of automobiles. The information contained in the study and the methodology used to conduct the study are "trade secrets" within the meaning of § 6110(c)(4) of the Internal Revenue Code and are exempt from disclosure. As a result, we cannot provide any information on the breakdown of the standard mileage rate, beyond that published in the annual revenue procedure.

When an employer pays an employee both a mileage reimbursement and the amount of fuel purchased on a company credit card, the amount of fuel purchased by each employee is additional wages to the employee, as is the excess of any mileage reimbursement over the standard mileage rate. That is why the revenue procedure does not provide a reduced mileage rate to be used when an employer provides fuel to its employee.

We are happy to provide general information concerning the business standard mileage rate. General information letters, such as this letter, are statements issued by the Service that call attention to well-established principles of tax law. These letters are

advisory only and have no binding effect. The Service issues them where a taxpayer's inquiry shows a need for general information. If you desire a definitive binding answer from the Service, you may request a letter ruling by following appropriate procedure as set forth in Revenue Procedure 2005-1. If we can be of any further assistance, please contact me or _____ at _____.

Sincerely,

George Baker
Branch Chief, Branch 7
(Income Tax & Accounting)