



CHIEF COUNSEL

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

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Dear _____ :

I am responding to your inquiry dated August 22, 2008. In your letter you asked why the standard mileage for operating a vehicle for a charitable purpose was less than the standard mileage rates for business, moving or medical purposes. I hope the following information is helpful in responding to your question.

In the case of vehicle expenses generated in connection with medical, moving or business activities, the standard mileage rates are issued at least annually. The Internal Revenue Service employs an independent contractor who determines the business, medical and moving standard mileage rates based on an annual study of the fixed and variable costs of operating an automobile. Prospective annual adjustments are made based on this study and are then published by the IRS.

The standard mileage rates for charitable vehicle expenses however, are set by statute under section 170(i) of the Internal Revenue Code. In order to change or update this rate, it would require Congressional action. In short, the reason that the standard mileage rates for medical, moving and business expense are more reflective of today's economy, is that agency action is only required to update these rates, while a Congressional bill or amendment would be required to update the charitable mileage rate.

Please note however that the \$.14 per mile rate as set by section 170(i) is only a safe harbor rate that a person can claim if they do not want to keep reliable written records. A person who keeps reliable written records of vehicle usage in connection with charitable volunteer work can claim the actual amount that they spend out-of-pocket. These expenses can include, cost of gas and oil, parking fees and tolls. For a further

explanation of the written record requirement I have enclosed a copy of IRS Publication 526, Charitable Contributions, which provides instruction on maintaining these records. I have tagged and highlighted the pages that will further explain what I have briefly mentioned here.

Of final interest, Senator Chuck Grassley plans to co-sponsored the Fair Deal for Volunteers Act of 2008 (S. 3246). This bill if passed would restore the IRS's ability to set the mileage rate for charitable purposes.

Again, I hope this information is helpful. Please call me or _____, _____, at _____ if you have any questions.

Sincerely,

Susan J. Kassell
Senior Counsel
(Income Tax & Accounting)

Enclosure:
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