



CHIEF COUNSEL

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

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The Honorable David Obey  
U.S. House of Representatives  
Washington, DC 20515-4907

Attention:

Dear Mr. Obey:

I am responding to your letter dated April 8, 2010, on behalf of your constituent, . asked about the difference between the standard mileage rate for business purposes and the standard mileage rate for medical purposes.

The standard mileage rates are different because different provisions of the Internal Revenue Code (the Code) govern them. The deduction for the cost of using a car for medical reasons is based on the medical expense deduction under section 213 of the Code. This deduction is limited to the cost of transportation for health care in the taxable year. Therefore, the standard mileage rate for use of a car for medical purposes covers only the out-of-pocket costs of operating the car, such as the cost of gasoline and oil.

The standard mileage rate for business purposes, on the other hand, is based on a deduction allowed under section 162(a) of the Code. This Code section allows a deduction for ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business. Individuals using an automobile to carry on a trade or business may deduct fixed costs of owning an automobile, in addition to their out-of-pocket costs. Fixed costs include depreciation, liability insurance, and general repairs or maintenance for use of the automobile. Therefore, the business purpose mileage rate is higher than the mileage rate for medical reasons.

Based on this legal framework, an independent study is conducted annually on behalf of the Internal Revenue Service to determine the out-of-pocket and fixed costs of owning

and operating an automobile. The standard mileage rates for business and medical purposes are based on the results of the study.

Taxpayers have the option of deducting the actual costs of using their vehicle, rather than using the standard mileage rates. For your convenience, I am enclosing a copy of Publication 502, *Medical and Dental Expenses*, which discusses transportation costs on pages 13 and 14.

I hope this information is helpful. If you have any questions, please call  
or at .

Sincerely,

George J. Blaine  
Associate Chief Counsel  
(Income Tax and Accounting)

Enclosure