



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

OFFICE OF THE CHIEF COUNSEL

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The Honorable Sam Johnson
U.S. House of Representatives
Washington, DC 20515

Attention:

Dear Mr. Johnson:

I am responding to your letter dated February 27, 2012, to Commissioner Shulman on the standard mileage rate for automobiles. You requested that we consider increasing the standard mileage rate if gasoline prices exceed the all-time high price registered in the first week of July 2008.

The standard mileage rate is an administrative accommodation that permits taxpayers to claim as a deduction the average cost of operating a vehicle instead of having to calculate actual cost. The standard mileage rate is optional. Therefore, taxpayers can choose to document and deduct actual costs if they think that the standard mileage rate does not accurately reflect their costs of operating an automobile for business purposes.

We are aware of the effect of increasing gasoline prices on taxpayers who seek to use the standard mileage rate. We will continue to monitor gasoline prices and will assess whether an adjustment to the standard mileage rate is necessary.

I hope this information is helpful. If we can be of further assistance, please contact me at _____, or _____, at _____.

Sincerely,

Andrew J. Keyso, Jr.
Associate Chief Counsel
(Income Tax & Accounting)