

Part IV - Items of General Interest

OPTIONAL STANDARD MILEAGE RATES

Announcement 2005-41

This announcement informs taxpayers that the Internal Revenue Service is modifying Rev. Proc. 2004-64, 2004-49 I.R.B. 898, by revising the optional standard mileage rates for computing the deductible costs of operating an automobile for business, medical, or moving expense purposes and for determining the reimbursed amount of these expenses that is deemed substantiated. This modification results from recent increases in the price of fuel.

The revised standard mileage rates are:

- | | |
|------------------------|---------------------|
| (1) Business | 48.5 cents per mile |
| (2) Medical and moving | 22 cents per mile |

The mileage rate that applies to the deduction for charitable contributions is fixed under § 170(i) of the Internal Revenue Code at 14 cents per mile.

The revised standard mileage rates set forth in this announcement apply to deductible transportation expenses paid or incurred for business, medical, or moving expense purposes on or after September 1, 2005, and to mileage allowances that are paid both (1) to an employee on or after September 1, 2005, and (2) with respect to transportation expenses paid or incurred by the employee on or after September 1, 2005.

The standard mileage rates set forth in Rev. Proc. 2004-64 continue to apply to deductible transportation expenses paid or incurred for business, medical, or moving expense purposes before September 1, 2005, and to mileage allowances paid both (1) to an employee

before September 1, 2005, and (2) with respect to transportation expenses paid or incurred by the employee before September 1, 2005. All other provisions of Rev. Proc. 2004-64 remain in effect.

EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2004-64 is modified.

DRAFTING INFORMATION

The principal author of this announcement is John Roman Faron of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this announcement contact Mr. Faron at (202) 622-4930 (not a toll-free call).