



SAN DIEGO COUNTY OFFICE OF EDUCATION

6401 LINDA VISTA ROAD, SAN DIEGO, CALIFORNIA 92111-7399 (858) 292-3500

Superintendent of Schools
Randolph E. Ward, Ed.D.

June 28, 2011

To: Business Managers
Payroll/Human Resources Clerks

From: Sue Weir
Payroll Services Manager
Internal Business Services

Re: **Internal Revenue Service 2011 Mileage Rate**

The Internal Revenue Service (IRS) announced June 23, 2011 that the standard business mileage rate will increase to 55.5 cents per mile effective July 1, 2011 for the final 6 months of 2011 (see IRS notice below). Beginning July 1, 2011 and continuing through December 31, 2011 the standard business mileage rate for use of a car (including vans, pickups or panel trucks) will be:

Mileage Rate Changes

Purpose	Rates 1/1 through 6/30/11	Rates 7/1 through 12/31/11
Business	51	55.5
Medical/Moving	19	23.5
Charitable	14	14

Districts may reimburse employees for business mileage at the IRS mileage rate without the amount being taxable to the employee. Any amount paid over 55.5 cents per mile will be taxable income to the employee for the final 6 months of 2011.

Districts are encouraged to review district mileage reimbursement policies and to adjust rates in accordance with IRS rates to simplify W-2 reporting.

If you have any questions regarding mileage rates, please contact me at (858) 571-7275.

Board of Education

Mark C. Anderson Susan Hartley Sharon C. Jones Jerry R. Rindone John Witt

SERVICE AND LEADERSHIP



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IRS Increases Mileage Rate to 55.5 Cents per Mile

IR-2011-69, June 23, 2011

WASHINGTON — The Internal Revenue Service today announced an increase in the optional standard mileage rates for the final six months of 2011. Taxpayers may use the optional standard rates to calculate the deductible costs of operating an automobile for business and other purposes.

The rate will increase to 55.5 cents a mile for all business miles driven from July 1, 2011, through Dec. 31, 2011.

This is an increase of 4.5 cents from the 51 cent rate in effect for the first six months of 2011, as set forth in Revenue Procedure 2010-51.

In recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2011. The IRS normally updates the mileage rates once a year in the fall for the next calendar year.

"This year's increased gas prices are having a major impact on individual Americans. The IRS is adjusting the standard mileage rates to better reflect the recent increase in gas prices," said IRS Commissioner Doug Shulman. "We are taking this step so the reimbursement rate will be fair to taxpayers."

While gasoline is a significant factor in the mileage figure, other items enter into the calculation of mileage rates, such as depreciation and insurance and other fixed and variable costs.

The optional business standard mileage rate is used to compute the deductible costs of operating an automobile for business use in lieu of tracking actual costs. This rate is also used as a benchmark by the federal government and many businesses to reimburse their employees for mileage.

The new six-month rate for computing deductible medical or moving expenses will also increase by 4.5 cents to 23.5 cents a mile, up from 19 cents for the first six months of 2011. The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents a mile.

The new rates are contained in [Announcement 2011-40](#) on the optional standard mileage rates.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

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