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## IRS Offers Motorists a Break on Gas Prices

by Fred Stokeld

To help businesses and individual taxpayers cope with soaring gasoline prices, IRS Commissioner Mark Everson September 9 announced an increase in the standard optional mileage rate for the rest of the year.

In a conference call with reporters, Everson said the rate from September 1 until December 31 will be 48.5 cents a mile -- an 8-cent increase above the rate in effect for the first eight months of 2005. He added that because gas prices are hard to predict and because prices may decline in coming months, the IRS will hold off on setting the 2006 rate until January approaches.

"It's possible that when we fix '06, you'll see the 48.5 cent rate decrease," Everson said.

The commissioner said the IRS is taking that "extraordinary" step because "it is entirely appropriate, given the fact that taxpayers are entitled to this deduction. This is not something [in which] we're just giving a benefit to people that they're not entitled to or a change . . . in the composition of the tax code."

The mileage rate for moving expenses also will be adjusted, Everson said. The new four-month rate for computing deductible medical or moving expenses will be 22 cents a mile, an increase of 7 cents, according to an IRS press release on the new mileage rates (see *Doc 2005-18635* [PDF](#)). The rate for providing services for charities, currently 14 cents a mile, is set by statute, not the IRS, he noted. "In order to change that, Congress has to act," he said.

On another subject, Everson said the IRS is excited about procedures it announced September 8 to help workers who want to forgo accrued leave in exchange for cash payments to be made by employers to charities helping Hurricane Katrina victims. He predicted that because there are a lot more victims of the hurricane, the program will be more widely used than a similar program established four years ago to help victims of the September 11 attacks. (For the IRS notice on the leave donation program, see *Doc 2005-18528* [PDF](#) or *2005 TNT 174-8* [Q](#).)

"We're going to be working with charities, businesses, and business groups to make sure this is much more widely broadcast than was the case with 9/11," Everson said. "I think there's a very good chance that we'll see a lot of activity in this program."

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