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DATE: December 16, 2014

TO: Chief Business Officials
Accounting Managers
K-12 School Districts and Community Colleges

FROM: Nancy Sheets, Director NS
District Fiscal Services
Division of Administration and Business Services
(951) 826-6442 / FAX [951] 826-4457

SUBJECT: 2015 IRS Standard Mileage Rate

The Internal Revenue Service (IRS) has announced that the standard mileage rate will be 57.5 cents per mile for 2015. Information on the approved per diem rates is available on the U.S. General Services Administration website at: http://www.gsa.gov/perdiem.

The IRS issues regulations relative to the tax implications for reimbursements of employee business expenses. The regulations define reimbursements of employee business expenses under an accountable plan or a non-accountable plan. How expenses are reimbursed under an accountable or non-accountable plan determines if the reimbursements are taxable, and subject to payment of social security, Medicare, and federal unemployment tax.

To be an accountable plan, employers must require an employee to meet all three of the following rules:

1. The employee expenses must be for a business purpose.
2. The employee must adequately account to the employer for these expenses within a reasonable period of time.
3. The employee must return any excess reimbursement within a reasonable time.

Amounts paid under an accountable plan must be either the actual expense incurred, supported by a receipt, or within the IRS rates. When using the approved rates, employees must substantiate the time, place, and business purpose of the travel expense. Amounts paid under an accountable plan are not taxable if adequate accounting is made and any excess is returned within a reasonable amount of time.

A non-accountable plan of reimbursement is one that does not meet the three rules previously indicated. Amounts paid to an employee under a non-accountable plan are considered to be wages by the IRS. These amounts are taxable and reported as taxable income on the employee's W-2. **These amounts are also subject to payment of social security, medicare, and federal unemployment tax. If your district reimburses any employees under a non-accountable plan, please contact me at (951) 826-6442, or Ana Lambert at (951) 826-6538.**

Should you have any questions, please feel free to contact me.

NS:tm
L:\Accounting\2015 IRS Mileage Rate.doc

Attachment

Lisa Coleman

From: IRS Newswire <irs@service.govdelivery.com>
Sent: Wednesday, December 10, 2014 10:50 AM
To: Lisa Coleman
Subject: IR-2014-114: New Standard Mileage Rates Now Available; Business Rate to Rise in 2015

IRS Newswire December 10, 2014

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Issue Number: IR-2014-114

Inside This Issue

New Standard Mileage Rates Now Available; Business Rate to Rise in 2015

WASHINGTON — The Internal Revenue Service today issued the 2015 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2015, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

- 57.5 cents per mile for business miles driven, up from 56 cents in 2014
- 23 cents per mile driven for medical or moving purposes, down half a cent from 2014
- 14 cents per mile driven in service of charitable organizations

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile, including depreciation, insurance, repairs, tires, maintenance, gas and oil. The rate for medical and moving purposes is based on the variable costs, such as gas and oil. The charitable rate is set by law.

Taxpayers always have the option of claiming deductions based on the

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actual costs of using a vehicle rather than the standard mileage rates.

A taxpayer may not use the business standard mileage rate for a vehicle after claiming accelerated depreciation, including the Section 179 expense deduction, on that vehicle. Likewise, the standard rate is not available to fleet owners (more than four vehicles used simultaneously). Details on these and other special rules are in Revenue Procedure 2010-51, the instructions to Form 1040 and various online IRS publications including Publication 17, Your Federal Income Tax.

Besides the standard mileage rates, Notice 2014-79, posted today on IRS.gov, also includes the basis reduction amounts for those choosing the business standard mileage rate, as well as the maximum standard automobile cost that may be used in computing an allowance under a fixed and variable rate plan.

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Part III - Administrative, Procedural, and Miscellaneous

2015 Standard Mileage Rates

Notice 2014-79

SECTION 1. PURPOSE

This notice provides the optional 2015 standard mileage rates for taxpayers to use in computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes. This notice also provides the amount taxpayers must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that may be used in computing the allowance under a fixed and variable rate (FAVR) plan.

SECTION 2. BACKGROUND

Rev. Proc. 2010-51, 2010-51 I.R.B. 883, provides rules for computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes, and for substantiating, under § 274(d) of the Internal Revenue Code and § 1.274-5 of the Income Tax Regulations, the amount of ordinary and necessary business expenses of local transportation or travel away from home. Taxpayers using the standard mileage rates must comply with Rev. Proc. 2010-51. However, a taxpayer is not required to use the substantiation methods described in Rev. Proc. 2010-51, but