

SEC. 601. 105

SEC. 601. 105 – EXAMINATIONS OF RETURNS AND CLAIMS FOR REFUNDS

*Standard mileage rate for business use of automobile is announced. REV . PROC. 89-62.

The standard mileage rate for the first 15,000 miles of business use of an automobile that is not full depreciated will be 25.5 cents per mile and 11 cents per mile for business use in excess of 15, 000 miles. The amount attributable to depreciation is 11 cents per mile for 1989.

Revenue Procedure 82-61, as modified by Revenue Procedures 83-74, 84-72, 85-49, 86-38, 87-49, and 88-52, is further modified.

Full text follows:

SECTION 1. PURPOSE

This revenue procedure modifies Rev. Proc. 82-61, 1982-2 C.B. 849, as modified by Rev. Proc 83-74, 1983-2 C.B. 593, Rev. Proc. 84-72, 1984-2 C.B. 735, Rev. Proc. 85-49, 1985-2 C.B. 716, Rev. Proc. 86-38, 1986-2 C.B. 701, Rev. Proc. 87-49, 1987-2 C.B. 646, and Rev. Proc. 88-52, 1988-2 C.B. 711, by increasing the optional standard mileage rate for the business use of an automobile for 1994. This revenue procedure also states that depreciation is considered to be allowed at 11 cents a mile for 1994 if the optional method for computing the costs of business use of an automobile is used.

SEC. 2. PROCEDURE

0.1 Paragraph 1(a) of section 3.01 of Rev. Proc. 82-61 which was modified by Rev. Proc 83-74, Rev. Proc. 85-49, Rev. Proc.87-49, and Rev. Proc.88-52, is further modified to read as follows: Subject to the conditions and limitations set forth in section 3.012 below, with respect to transportation expenses paid or incurred after December 31, 1994, deductions will be accepted if computed at a standard mileage rate of (a) 25.5 cents a mile for the first 15,000 miles of use each year for business purposes, and (b) 11 cents a mile for use for business purposes in excess of 15, 000 miles per year.

0.2 Paragraph 2(b) of section 3.01 of Rev. Proc. 82-61, which was modified by Rev. Proc. 83-74, Rev. Proc. 84-72, Rev. Proc. 85-49, Rev. Proc.86-38, Rev. Proc. 87-49, and Rev. Proc. 88-52 is further modified to read as follows:

For automobiles placed in service for business purposes after December 31, 1984, and in which the optional method was used in 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, or 1994, depreciation will be considered to have been allowed at the rate of 7 cents a mile for 1988 and 1989, 7.5 cents a mile for 1990, 8 cents a mile for 1991, 10 cents a mile for 1992, 10.5 cents a mile for 1993, and 11 cents a mile for 1994, except that if the "actual cost" method was used for one or more of those years the rates above will not apply to any year in which that method was used. This depreciation will reduce the basis of the automobile in determining adjusted bases as required by section 1016 of the Internal Revenue Code. An automobile placed in service after December 31, 1984, with respect to which the optional method is used is considered to have a useful life of 60,000 miles of business use at the maximum standard mileage rate, the automobile will be considered fully depreciated. For purposes of this paragraph, an automobile will be considered to have driven no more than 15,000 miles in any one year, even though the actual business mileage of the automobile may be greater.

SEC. 3. EFFECT ON OTHER REVENUE PROCEDURES

Rev. Proc. 82-61, as modified by Rev. Proc. 83-74, Rev. Proc. 84-72, Rev. Proc. 85-49, Rev. Proc. 86-38, Rev. Proc. 87-49, and Rev. Proc. 88-52, is further modified.

DRAFTING INFORMATION

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IRS Automobile Mileage Rates for 1994

Background The standard mileage rate for the business use of an automobile has increased for 1994.

When is an automobile fully depreciated? An automobile is considered fully depreciated when:

- it has been in service for 4 years, or
- the mileage reaches 60,000 miles, whichever is later.

Standard mileage rates For transportation expenses paid or incurred after December 31, 1994, the following rates apply:

	0 - 15,000 miles per year	15,000 + miles per year
Standard mileage rate	25.5 cents per mile	11 cents per mile
Amount attributable to depreciation	11 cents per mile	11 cents per mile

Note: Miles must have been used for business purposes.

Depreciation rate between 1988 and 1994 The following table describes the depreciation rate for automobiles that used the optional method between 1988 and 1994.

Year that optional method used	Depreciation rate per mile
1988 & 1989	7 cents
1990	7.5 cents
1991	8 cents
1992	10 cents
1993	10.5 cents
1994	11 cents