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Did You Know...

The Internal Revenue Service (IRS) has increased the standard mileage reimbursement rate for business travel to 48.5¢ per mile for the remainder of 2005?

Employer Risks and Exposures

For the first eight months of 2005, the standard mileage reimbursement rate was 40.5¢ per mile. Due to the recent spike in gasoline prices, the IRS has increased the standard reimbursement rate to 48.5¢ for the last four months of the year. Normally, the IRS only updates the standard mileage reimbursement rate at the beginning of each calendar year.

“This is about fairness for taxpayers,” said IRS Commissioner Mark W. Everson in the IRS’ press release. “People are entitled to deduct the real cost of operating a vehicle. We’ve responded to the recent gas price increases by making this special adjustment so taxpayers get the tax benefit they deserve.”

Although many employers choose to reimburse employees at the standard mileage reimbursement rate, use of this mileage rate is optional. Employers may reimburse employees at a different rate or choose not to provide any reimbursement.

Avoiding Disaster

Consider whether increasing your organization’s mileage reimbursement rate is feasible, taking into account the organization’s financial capability, the current reimbursement rate being paid to workers, and if this rate is putting a financial strain on employees.

Ask employees to minimize business travel, whenever possible, to reduce costs for both themselves and the organization.

The increased cost of commuting to work has likely put a strain on the personal budgets of many workers, especially those making minimum wage and those with long commutes. Encourage employees to reduce their gasoline expenses by carpooling, vanpooling, using public transportation, or even riding their bikes if they live close enough to the workplace. Another option is to allow employees whose positions would allow them to work from home to telecommute one or more days per week.

If you have questions or for more information about the standard mileage reimbursement rate, contact *AMTEK's* Human Resource

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HR eNews dated 9/13/05