



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
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The Honorable Herb Kohl
United States Senate
Washington, D.C. 20510

Dear Senator Kohl:

This letter responds to your e-mail to _____, Governmental Liaison, dated May 23, 2005, on behalf of _____, Comptroller of _____. He asked for a breakdown of the 40.5 cents per mile standard business mileage rate and whether he could get a copy of the independent study report used to set the rate.

The independent study _____ referred to is an annual study of the fixed and variable costs of operating an automobile. An independent contractor, who is an expert in the cost analysis of business use of automobiles, conducts the study we use to publish various standard mileage rates. For the tax year _____, we used the study to establish the standard business mileage rate of 40.5 cents per mile, which represents the operating and fixed costs of using an automobile; the medical and moving standard mileage rate of 15 cents per mile, which represents only an automobile's operating costs; and the depreciation cost of 17 cents per mile.

The text of any written determination and any background file document relating to a written determination is open to public inspection. (See § 6110(a) of the Internal Revenue Code (the Code)). However, we cannot disclose trade secrets and privileged or confidential commercial or financial information obtained from a person. (Section 6110(c)(4) of the Code). A court decision stated that the methodology used to conduct the study, which is in the annual standard business mileage rate report provided to the Internal Revenue Service, is a "trade secret" within the meaning of § 6110(c)(4). Therefore, the annual standard mileage rate report is exempt from disclosure under § 6110(c)(4), because disclosure of the report would reveal the methodology the contractor uses. As a result, we cannot provide _____ a copy of the standard mileage rate independent study report or any further information on the breakdown of the standard mileage rate, beyond that published in the annual revenue procedure.

I hope that this information will assist you in responding to any further assistance, please contact me at .

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Sincerely,

Robert M. Brown
Associate Chief Counsel
(Income Tax & Accounting)