

# ADVOCACY

## The Mileage Deduction for Volunteer Drivers

By Stephen McCurley

**O**NE OF THE MOST CONTROVERSIAL ISSUES regarding volunteer legislation in past years has been the standard mileage rate allowed by the Internal Revenue Service to volunteer drivers. As the energy crisis continues, and volunteers become increasingly unwilling to shoulder higher costs, the debate will be even more heated.

The overt facts are deceptively simple: A volunteer donating the use of an automobile to a charitable organization can deduct a standard rate of 7¢-per-mile. A businessman using his own car for business purposes can deduct 17¢-per-mile. Looks like a clear inequity, right?

### Math, Law and the IRS

The correct answer to that question is "maybe." The lower 7¢-per-mile figure for charitable purposes is 'justified,' according to the IRS and various courts who have examined the issue, because not all expenses of operating a car qualify as 'charitable contributions.'

As the IRS noted in a letter to us:

While section 1.170A-1(g) of the Income Tax Regulations states that out-of-pocket transportation expenses necessarily incurred in performing donated services are deductible, section 162 of the Code provides a deduction for all the ordinary and necessary expenses paid or incurred in carrying on a trade or business. Thus, a charitable contributions deduction for necessary transportation is limited to out-of-pocket expenditures, while the trade or business deduction is not so limited.

The major exclusions are for costs

that are primarily for the benefit of the individual (i.e., insurance) and payments that would have been made in any case (general maintenance, most repairs, and depreciation). Parking and tolls are also excluded because they're deductible under a separate category.

The only major items considered as charitable contributions that apply to the standard mileage rate are the costs of fuel, oil and gasoline taxes, which (probably coincidentally) total relatively close to the 7¢-per-mile figure. Of course, with rising fuel costs, the total drifts farther away each month.

### Getting Even

One of the oddest parts of all this is the large number of ways to solve the problem. There are at least five:

● **Don't take the standard mileage rate.** The standard 7¢-per-mile rate is optional; you can take it or you can take your actual expenses. If you record actual costs (gas, oil, taxes, parking, tolls, etc.), you can take them even if they come out to more than the 7¢ figure. Remember, however, that you still can't take the "nondeductible" items, such as insurance and depreciation. What you do get is relief from the recent gas price increases.

● **Have the agency provide reimbursement.** Since the driving is a "business" expense to the agency, the agency can reimburse at the 17¢-per-mile level, if it has the money. Agencies should con-

sider putting reimbursement expenses into budgets and funding requests as independent line items.

● **Pass state legislation.** Most states allow the same type mileage deduction as the federal government. Volunteer groups in several states are trying to increase the mileage allowance provided for state tax purposes. Maryland, for example, is now considering a bill to raise the state mileage allowance to 12¢-per-mile.

● **Lobby the IRS.** The IRS has the authority to adjust the federal mileage allowance. It did this back in 1975, following pressure by volunteer groups, to raise the standard rate from 6¢ to 7¢. A massive letter-writing campaign might work wonders.

● **Pass federal legislation.** There are three bills now pending in Congress that would increase the standard mileage rate for volunteers. They are HR634, Rep. Pepper of Florida; HR3912, Rep. Peyser of New York; and HR5094, Rep. Mikulski of Maryland.

### The Prospects

Rep. Barbara Mikulski, whose bill has just been introduced, is very interested in pursuing this legislation and would welcome field support, as well as information on the effects that increasing costs are having on volunteer driver programs. With that support, some increase in the standard mileage rate is quite possible.

VOLUNTEER is also interested in pursuing this possibility. We'd appreciate hearing from those of you with suggestions and information, and those of you who might be willing to participate in this effort.

### Getting in Your Two Cents' Worth

It might be useful to write the following individuals about the mileage rate for volunteer drivers. If you do write, please send us copies of your letters.

Jerome Kurtz  
Commissioner of Internal Revenue  
Internal Revenue Service  
1111 Constitution Ave., NW  
Washington DC 20224

Your Representative  
U.S. House of Representatives  
Washington, DC 20515

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