THE UNIVERSITY of TENNESSEE
MUNICIPAL TECHNICAL ADVISORY SERVICE

...in cooperation with the Tennessee Municipal League

#205 HOT topic

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FEDERAL MILEAGE RATE EFFECTIVE JANUARY 1, 2011

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The Internal Revenue Service announced on December 3, 2010, a change in the optional standard mileage rate for the calendar year beginning January 1, 2011. The optional rate may be used to reimburse employees for the use of personal vehicles in the course of business activities.

The rate changed to 51 cents per mile for all business miles driven after December 31, 2010. This is an increase in the standard mileage rate of 50 cents per mile that was in effect for 2010. You can go to IRS Revenue Procedure 2010-51 at the IRS Web site at http://www.irs.gov/pub/irs-drop/rp-10-51.pdf for an electronic copy.

Municipalities that reimburse employees for business use of their personal vehicles based on the federal optional standard rate should revise their travel policies to reflect this change if necessary. For those municipalities that reimburse employees for business use based on the state of Tennessee mileage rate, the current rate effective January 1, 2010 is 46 cents per mile.

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