PALO VERDE COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
AGENDA ITEM REQUEST

Meeting Date: 1-19-16

☐ Consent

☐ Action

☒ Information

AREA: Fiscal

RESOLUTION TITLE: IRS Mileage and Per Diem Rates for 2016

BACKGROUND:

The Internal Revenue Service (IRS) has announced that the standard mileage rate will be 54 cents per mile for 2016.

The U.S. General Services Administration has announced that the Per Diem Rates for 2016 are as follows: Breakfast is $15.00, Lunch is $16.00 and Dinner is $28.00.

FISCAL IMPLICATIONS:

The rate has decreased from .575 to .54 from last year.

RECOMMENDATION:

This is an information only item and does not need to be approved

Administrator Initiating Item:	College Council/Full Admin Review Date:
Russi Egan RE	

RIVERSIDE COUNTY OFFICE OF EDUCATION
KENNETH M. YOUNG
Riverside County Superintendent of Schools

3939 Thirteenth Street
P.O. Box 868
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92502-0868
(951) 826-6530

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Ralph R. Villani, Ed.D.

DATE: December 22, 2015

TO: Chief Business Officials
Accounting Managers
K-12 School Districts and Community Colleges

FROM: Nancy Sheets, Executive Director
District Fiscal Services
Division of Administration and Business Services
(951) 826-6442 / FAX [951] 826-4457

SUBJECT: 2016 IRS Standard Mileage Rate

The Internal Revenue Service (IRS) has announced that the standard mileage rate will be 54 cents per mile for 2016. Information on the approved per diem rates is available on the U.S. General Services Administration website at: http://www.gsa.gov/perdiem.

The IRS issues regulations relative to the tax implications for reimbursements of employee business expenses. The regulations define reimbursements of employee business expenses under an accountable plan or a non-accountable plan. How expenses are reimbursed under an accountable or non-accountable plan determines if the reimbursements are taxable, and subject to payment of social security, Medicare, and federal unemployment tax.

To be an accountable plan, employers must require an employee to meet all three of the following rules:

1. The employee expenses must be for a business purpose.
2. The employee must adequately account to the employer for these expenses within a reasonable period of time.
3. The employee must return any excess reimbursement within a reasonable time.

Amounts paid under an accountable plan must be either the actual expense incurred, supported by a receipt, or within the IRS rates. When using the approved rates, employees must substantiate the time, place, and business purpose of the travel expense. Amounts paid under an accountable plan are not taxable if adequate accounting is made and any excess is returned within a reasonable amount of time.

A non-accountable plan of reimbursement is one that does not meet the three rules previously indicated. Amounts paid to an employee under a non-accountable plan are considered to be wages by the IRS. These amounts are taxable and reported as taxable income on the employee's W-2. **These amounts are also subject to payment of social security, medicare, and federal unemployment tax. If your district reimburses any employees under a non-accountable plan, please contact me at (951) 826-6442, or Ana Lambert at (951) 826-6538.**

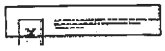
Should you have any questions, please feel free to contact me.

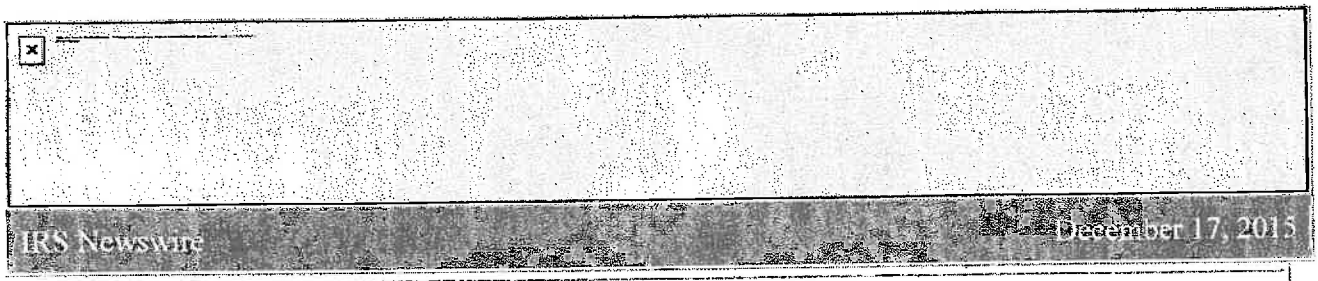
NS:td
L:\Accounting\2016 IRS Mileage Rate.doc

Attachment

Lisa Coleman

From: IRS Newswire <irs@service.govdelivery.com>
Sent: Thursday, December 17, 2015 10:58 AM
To: Lisa Coleman
Subject: IR-2015-137: 2016 Standard Mileage Rates for Business, Medical and Moving Announced





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Issue Number: IR-2015-137

Inside This Issue

2016 Standard Mileage Rates for Business, Medical and Moving Announced

WASHINGTON — The Internal Revenue Service today issued the 2016 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2016, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 54 cents per mile for business miles driven, down from 57.5 cents for 2015
- 19 cents per mile driven for medical or moving purposes, down from 23 cents for 2015
- 14 cents per mile driven in service of charitable organizations

The business mileage rate decreased 3.5 cents per mile and the medical, and moving expense rates decrease 4 cents per mile from the 2015 rates. The charitable rate is based on statute.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for

medical and moving purposes is based on the variable costs.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for more than four vehicles used simultaneously.

These and other requirements for a taxpayer to use a standard mileage rate to calculate the amount of a deductible business, moving, medical or charitable expense are in Rev. Proc. 2010-51. Notice 2016-01 contains the standard mileage rates, the amount a taxpayer must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that a taxpayer may use in computing the allowance under a fixed and variable rate plan.

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FY 2016 Per Diem Rates for ZIP 92225

(October 2015 - September 2016)

Cities not appearing below may be located within a county for which rates are listed.
To determine what county a city is located in, visit the National Association of Counties (NACO) website (a non-federal website).

The following rates apply for **92225**

		Max lodging by Month (excluding taxes)												
		2015			2016									
Primary Destination (1, 2)	**County (3, 4)**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**M&IE (5)**
Palm Springs	Riverside	$123	$123	$123	$123	$123	$123	$123	$123	$92	$92	$92	$123	$64
Standard Rate	STANDARD RATE	$89	$89	$89	$89	$89	$89	$89	$89	$89	$89	$89	$89	$51

Footnotes

1. Traveler reimbursement is based on the location of the work activities and not the accommodations, unless lodging is not available at the work activity, then the agency may authorize the rate where lodging is obtained.
2. Unless otherwise specified, the per diem locality is defined as"all locations within, or entirely surrounded by, the corporate limits of the key city, including independent entities located within those boundaries."
3. Per diem localities with county definitions shall include"all locations within, or entirely surrounded by, the corporate limits of the key city as well as the boundaries of the listed counties, including independent entities located within the boundaries of the key city and the listed counties (unless otherwise listed separately)."
4. When a military installation or Government-related facility (whether or not specifically named) is located partially within more than one city or county boundary, the applicable per diem rate for the entire installation or facility is the higher of the rates which apply to the cities and/or counties, even though part(s) of such activities may be located outside the defined per diem locality.
5. *Meals and Incidental Expenses*, see Breakdown of M&IE Expenses for important information on first and last days of travel.

Part III - Administrative, Procedural, and Miscellaneous

2016 Standard Mileage Rates

Notice 2016-1

SECTION 1. PURPOSE

This notice provides the optional 2016 standard mileage rates for taxpayers to use in computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes. This notice also provides the amount taxpayers must use in calculating reductions to basis for depreciation taken under the business standard mileage rate, and the maximum standard automobile cost that may be used in computing the allowance under a fixed and variable rate (FAVR) plan.

SECTION 2. BACKGROUND

Rev. Proc. 2010-51, 2010-51 I.R.B. 883, provides rules for computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes, and for substantiating, under § 274(d) of the Internal Revenue Code and § 1.274-5 of the Income Tax Regulations, the amount of ordinary and necessary business expenses of local transportation or travel away from home. Taxpayers using the standard mileage rates must comply with Rev. Proc. 2010-51. However, a taxpayer is not required to use the substantiation methods described in Rev. Proc. 2010-51, but

instead may substantiate using actual allowable expense amounts if the taxpayer maintains adequate records or other sufficient evidence.

An independent contractor conducts an annual study for the Internal Revenue Service of the fixed and variable costs of operating an automobile to determine the standard mileage rates for business, medical, and moving use reflected in this notice. The standard mileage rate for charitable use is set by § 170(i).

SECTION 3. STANDARD MILEAGE RATES

The standard mileage rate for transportation or travel expenses is 54 cents per mile for all miles of business use (business standard mileage rate). See section 4 of Rev. Proc. 2010-51.

The standard mileage rate is 14 cents per mile for use of an automobile in rendering gratuitous services to a charitable organization under § 170. See section 5 of Rev. Proc. 2010-51.

The standard mileage rate is 19 cents per mile for use of an automobile (1) for medical care described in § 213, or (2) as part of a move for which the expenses are deductible under § 217. See section 5 of Rev. Proc. 2010-51.

SECTION 4. BASIS REDUCTION AMOUNT

For automobiles a taxpayer uses for business purposes, the portion of the business standard mileage rate treated as depreciation is 23 cents per mile for 2012, 23 cents per mile for 2013, 22 cents per mile for 2014, 24 cents per mile for 2015, and 24 cents per mile for 2016. See section 4.04 of Rev. Proc. 2010-51.

SECTION 5. MAXIMUM STANDARD AUTOMOBILE COST

For purposes of computing the allowance under a FAVR plan, the standard automobile cost may not exceed $28,000 for automobiles (excluding trucks and vans) or $31,000 for trucks and vans. See section 6.02(6) of Rev. Proc. 2010-51.

SECTION 6. EFFECTIVE DATE

This notice is effective for (1) deductible transportation expenses paid or incurred on or after January 1, 2016, and (2) mileage allowances or reimbursements paid to an employee or to a charitable volunteer (a) on or after January 1, 2016, and (b) for transportation expenses the employee or charitable volunteer pays or incurs on or after January 1, 2016.

SECTION 7. EFFECT ON OTHER DOCUMENTS

Notice 2014-79 is superseded.

DRAFTING INFORMATION

The principal author of this notice is Bernard P. Harvey of the Office of Associate Chief Counsel (Income Tax and Accounting). For further information on this notice contact Bernard P. Harvey on (202) 317-7005 (not a toll-free call).

FY 2016 Meals and Incidental Expenses (M&IE) Breakdown

The separate amounts for breakfast, lunch and dinner listed in the chart are provided should you need to deduct any of those meals from your trip voucher. For example, if your trip includes meals that are already paid for by the government (such as through a registration fee for a conference), you will need to deduct those meals from your voucher. Refer to Section 301-11.18 of the Federal Travel Regulation for specific guidance on deducting these amounts from your per diem reimbursement claims for meals furnished to you by the government. Other organizations may have different rules that apply for their employees; please check with your organization for more assistance.

The table lists the six M&IE tiers in the lower 48 continental United States (currently ranging from $51 to $74). If you need to deduct a meal amount, first determine the location where you will be working while on official travel. You can look up the location-specific information at www.gsa.gov/perdiem. The M&IE rate for your location will be one of the six tiers listed on this table. Find the corresponding amount on the first line of the table (M&IE Total) and then look below for each specific meal deduction amount.

The table also lists the portion of the M&IE rate that is provided for incidental expenses (currently $5 for all tiers).

Total	**Continental Breakfast/ Breakfast**	**Lunch**	**Dinner**	**IE**
$51	$11	$12	$23	$5
$54	$12	$13	$24	$5
$59	$13	$15	$26	$5
$64	$15	$16	$28	$5
$69	$16	$17	$31	$5
$74	$17	$18	$34	$5

This table lists the amount federal employees receive for the first and last calendar day of travel. The first and last calendar day of travel is calculated at 75 percent.

Total	**First & Last Day of Travel**
$51	**$38.25**
$54	**$40.50**
$59	**$44.25**
$64	**$48.00**
$69	**$51.75**
$74	**$55.50**

Looking for the foreign and outside the continental United States (OCONUS) breakdown chart? Visit FTR Appendix B. (**Note:** Appendix B breakdowns do not apply to any locations in the continental United States; use the table listed above.)

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