

2003 Standard Mileage Rates Decline

The amounts for the various deductible costs for use of a car, effective January 1, 2003, are as follows:

- The standard mileage rate for the use of a car for business purposes is 36 cents a mile for all business miles driven, down from 36.5 cents a mile in 2002.
- The standard mileage rate for the use of a car when giving services to a charitable organization remains at 14 cents a mile.
- The standard mileage rate for the use of a car for medical reasons is 12 cents a mile, down from 13 cents a mile in 2002.
- The standard mileage rate to use when computing deductible moving expenses is 12 cents a mile, down from 13 cents a mile in 2002.

The standard mileage rates for business, medical and moving purposes are based on an annual study of the fixed and variable costs of operating an automobile, while the charitable standard mileage rate is set by law. The primary reason for the mileage rate decreases is the decline in fuel prices during the study period, which ended June 30.

If you have questions about this new rate or about any other tax matters, please don't hesitate to call.

Very Truly Yours,

Krebs & Co., CPA's, Inc.
dba **Krebs Advisory Group**