

# ARKANSAS REGISTER

## Transmittal Sheet



Charlie Daniels  
Secretary of State  
State Capitol Room 026  
Little Rock, AR 72201-1094  
(501) 682-3527

For Office

Use Only: Effective Date \_\_\_\_\_ Code Number \_\_\_\_\_

Name of Agency: Department of Finance and Administration

Department: DFA – Revenue Division

Contact Person: David Foster Telephone: (501) 682-1130,  
Linda Holmstrom Telephone: (501) 682-7751

Statutory Authority for Promulgating Rules: ACA § 16-18-301 and § 26-51-423(a)(3)

Rule Title: Standard Mileage Rates for Income Tax Purposes

Intended Effective Date \_\_\_\_\_ Legal Notice Published..... June 9-11, 2004

Emergency \_\_\_\_\_ Final Date for Public Comment..... July 8, 2004

10 Days after filing \_\_\_\_\_ Filed with Legislative Council..... June 7, 2004

Other January 1, 2004 \_\_\_\_\_ Reviewed by Legislative Council..... August 5, 2004

Adopted by State Agency..... August 5, 2004

Electronic Copy of Rule Provided (per Act 1648 of 2001)

Electronic Copy of Rule to be e-mailed from: Jan Moore [jan.moore@rev.state.ar.us](mailto:jan.moore@rev.state.ar.us)

### CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance with Act 434 Of 1967 As Amended.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Phone Number (501) 682-8851 E-Mail Address [jan.moore@rev.state.ar.us](mailto:jan.moore@rev.state.ar.us)

\_\_\_\_\_  
Title  
Taxpayer Information Officer

\_\_\_\_\_  
Date  
August 6, 2004

## Standard Mileage Rates for Income Tax Purposes

### Summary Statement

This rule increases the optional standard mileage rates effective January 1, 2004, as follows:

1. From 36¢ in 2003 to 37.5¢ for 2004 for employees or self-employed individuals.
2. From 12¢ in 2003 to 14¢ in 2004 for transportation expenses deductible as medical or moving expense.

This rule maintains the optional mileage rate of 14¢ for 2004 as 2003 for individuals in computing the income tax deduction for charitable organizations.

This rule adopts the Internal Revenue Service standard mileage rate for business use of a vehicle by a rural mail carrier.

## REGULATION 2004-2

### STANDARD MILEAGE RATES FOR INCOME TAX PURPOSES

The Commissioner of Revenue, pursuant to his authority under *Ark. Code Ann.* §§ 26-18-301 and 26-51-423(a)(3), does hereby issue the following regulation:

The optional standard mileage rate, for use by employees or self-employed individuals in computing the income tax deductible costs of operating passenger automobiles owned by them for business purposes, is thirty-seven and one half cents (37.5¢) per mile for expenses paid or incurred during the 2004 calendar year.

The optional mileage rate for use by individuals in computing the income tax deductible costs of operating passenger automobiles owned by them for a charitable organization is fourteen cents (14¢) per mile.

The optional standard mileage rate allowed in computing the cost of operating a passenger automobile where transportation expenses are deductible as a medical or moving expense is fourteen cents (14¢) per mile.

The standard mileage rate for business use of a vehicle by a rural mail carrier as set by the Internal Revenue Service for tax year 2004 is hereby adopted. Reimbursement for a carrier's mileage shall be treated as a payment from a qualified plan. As such, mileage reimbursement will be excluded from a carrier's gross income. However, a carrier will not be allowed to deduct vehicle-related expenses incurred while working as a rural mail carrier.

The mileage rates stated above shall be in effect for tax years beginning on and after January 1, 2004-

Issued this \_\_\_\_\_ day of \_\_\_\_\_ 2004 in the City of Little Rock, Pulaski County, Arkansas.

\_\_\_\_\_  
Richard A. Weiss, Director  
Department of Finance  
and Administration

\_\_\_\_\_  
Tim Leathers, Commissioner of Revenue  
Department of Finance  
and Administration

**QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS**  
**WITH THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE**

<b>DEPARTMENT/AGENCY</b>	Department of Finance and Administration
<b>DIVISION</b>	Revenue Division
<b>DIVISION DIRECTOR</b>	Richard Weiss, Director
<b>CONTACT PERSON</b>	Linda Holmstrom, Problem Resolution Officer
<b>ADDRESS</b>	P. O. Box 1272, Little Rock, Arkansas 72203
<b>PHONE NUMBER</b>	501-682-7751
<b>FAX NO.</b>	501-683-0066
<b>E-MAIL</b>	linda.holmstrom@rev.state.ar.us

**INSTRUCTIONS**

- A. Please make copies of this form for future use.
- B. Please answer each question **completely** using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- D. Submit two (2) copies of this questionnaire attached to the front of two (2) copies of your proposed rule and mail or deliver to:

**Donna K. Davis**  
**Subcommittee on Administrative Rules and Regulations**  
**Arkansas Legislative Research**  
**Bureau of Legislative Research**  
**Room 315, State Capitol**  
**Little Rock, AR 72201**

\*\*\*\*\*

- 1. What is the short title of this rule?  
  
Standard Mileage Rates for Income Tax Purposes
- 2. What is the subject of the proposed rule?  
  
To give the Department of Finance and Administration a standard definition of the new standard mileage rate allowance for taxpayers to coordinate with a change in the allowable federal rate. This regulation supersedes Regulation 2003-2.
- 3. Is this rule required to comply with federal statute or regulations? Yes  No   
  
If yes, please provide the federal regulation and/or statute citation.
- 4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes  No   
  
If yes, what is the effective date of the emergency rule?  
  
When does the emergency rule expire?

Will this emergency rule be promulgated under the regular provisions of the Administrative Procedure Act?  
Yes  No

5. Is this a new rule? Yes  No  If yes, please provide a brief summary explaining the regulation.

See attached Summary Statement.

Does this repeal an existing rule? Yes  No  If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

Is this an amendment to an existing rule? Yes  No  If yes, please attach a markup showing the changes in the existing rule and a summary of the substantive changes. Note: The summary should explain what the amendment does, and the mark-up should be clearly labeled "mark-up".

6. Cite the state law that grants the authority for this proposed rule. If codified, please give Arkansas Code citation.

Ark. Code Ann. §§ 26-18-301 and 26-51-423(a)(3)

7. What is the purpose of this proposed rule? Why is it necessary?

To give the Department of Finance and Administration a standard definition of the new standard mileage rate allowance for taxpayers to coordinate with a change in the allowable federal rate.

8. Will a public hearing be held on this proposed rule? Yes  No

If yes, please complete the following:

Date: July 6, 2004

Time: 1 P.M.

Place: Ledbetter Building, Room 2330, 7<sup>th</sup> and Wolfe Streets, Little Rock, AR

9. When does the public comment period expire for permanent promulgation? (Must provide a date.)  
July 8, 2004

10. What is the proposed effective date of this proposed rule? (Must provide a date.)  
August 16, 2004

11. Do you expect this rule to be controversial? Yes  No  If yes, please explain.

12. Please give the names of persons, groups, or organizations that you expect to comment on these rules. Please provide their position (for or against) if known.

Names	Category	For	Against
N/A		<input type="checkbox"/>	<input type="checkbox"/>

**FINANCIAL IMPACT STATEMENT**

**PLEASE ANSWER ALL QUESTIONS COMPLETELY**

**DEPARTMENT:** \_\_\_\_\_ Department of Finance and Administration  
**DIVISION:** \_\_\_\_\_ Revenue Division  
**PERSON COMPLETING THIS STATEMENT:** \_\_\_\_\_ Linda Holmstrom, Problem Resolution Officer  
**TELEPHONE NO.:** 501/682-7751 **FAX NO.:** 501/683-0066 **EMAIL:** Linda.holmstrom@rev.state.ar.us

**FINANCIAL IMPACT STATEMENT**

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

**SHORT TITLE OF THIS RULE:**

Standard Mileage Rates for Income Tax Purposes

1. Does this proposed, amended, or repealed rule or regulation have a financial impact?  
Yes  No
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibitive, please explain.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation. Please indicate if the cost provided is the cost of the program.

<u>Current Fiscal Year</u>		<u>Next Fiscal Year</u>	
General Revenue	-0-	General Revenue	-0-
Federal Funds		Federal Funds	
Cash Funds		Cash Funds	
Special Revenue		Special Revenue	
Other (Identify)		Other (Identify)	
Total	-0-	Total	-0-

4. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule or regulation? Identify the party subject to the proposed regulation, and explain how they are affected.

<b>Current Fiscal Year</b>	<b>Next Fiscal Year</b>
\$50,000.00 State General Revenue from Taxpayers	\$50,000.00 State General Revenue from Taxpayers

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

<b>Current Fiscal Year</b>	<b>Next Fiscal Year</b>
\$0.00	\$0.00