

# VEHICLE DEDUCTIONS

If you use your vehicle for self-employment, rental, or unreimbursed employment purposes, you may be able to receive a deduction for your expenses. Please use the pages in the organizer to provide the relevant information. If this is a new factor in your tax situation, contact Lotts and we will provide a worksheet supplement.

What follows is intended to clarify which information is necessary depending on the type of deduction you will claim.

## Standard Mileage Deduction

- A. Make/Model/Year of Vehicle
- B. Total number of miles driven on it during 2017
- C. Number of business/rental/work miles in 2017 (by activity)
- D. Number of commuting miles during 2017 (Commuting is the routine round trip between home and your place of work, which is not deductible).
- E. Amount paid to license the vehicle (if possible, provide the copy of the registration that includes taxes & fees).
- F. Amount of interest paid on an auto loan (if applicable)

## Actual Expense

- A. Make/Model/Year of Vehicle
- B. Total number of miles driven on it during 2017
- C. Number of business/rental/work miles in 2017 (by activity)
- D. Number of commuting miles during 2017 (Commuting is the routine round trip between home and your place of work, which is not deductible).
- E. Amount paid to license the vehicle (if possible, provide the copy of the registration that includes taxes & fees).
- F. Amount of interest paid on an auto loan (if applicable)
- G. The date the car was placed in business service AND its value at that time
- H. Vehicle operating expenses during 2017 including:
  - gas
  - oil change costs
  - repairs and maintenance
  - insurance,
  - miscellaneous (car wash, AAA membership, etc.)
- I. Vehicle lease payments during 2017 (if applicable)

The Actual Expense deduction requires greater recordkeeping and time, but may be more advantageous especially if you have a newer car, lease your vehicle and/or drive a low number of miles of which a high proportion are work related. If you choose to provide all the actual expenses related to your vehicles(s), we will compare the two methods to see which provides a better result.

**You are expected to have contemporaneous documentation to support either type of mileage deduction. This includes a mileage log and relevant receipts/statements.**

### **A few tips when considering taking a mileage deduction:**

- If you use multiple cars for work and/or have multiple sources of self-employment income, all of the information listed above must be broken down to the specific vehicle for the specific work. This also applies if your car changes part way through the year; the details need to be specific to each car, and the date of the switch is an important piece of information.
- When choosing between the standard and actual deduction, the standard is a prudent choice for many taxpayers. The onus of record-keeping is much lower, which means there is less time involved for both you the taxpayer and (often) billable time for tax prep at Lotts.