

VEHICLE DEDUCTIONS

If you use your vehicle for self-employment, rental property management, 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.

There are two possible ways to claim a mileage deduction – Standard Mileage or Actual Expense. 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 during 2020
- C. Number of business/rental/work miles in 2020 (by activity)
- D. Number of commuting miles during 2020
(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 fair market value at that time

Actual Expense

- A. Make/Model/Year of Vehicle
- B. Total number of miles driven on it during 2020
- C. Number of business/rental/work miles in 2020 (by activity)
- D. Number of commuting miles during 2020
(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 fair market value at that time
- H. Vehicle operating expenses during 2020 including:
 - gasoline
 - oil change costs
 - repairs and maintenance
 - insurance,
 - miscellaneous (car wash, AAA membership, etc.)
- I. Vehicle lease payments during 2020 (if applicable)

The Actual Expense deduction requires greater recordkeeping and time, but may result in a larger deduction, 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. You may choose to provide only the information needed to take the Standard Deduction.

If you would like to retain the option to compare the two methods each year, you MUST use the Standard Deduction the first year that vehicle appears on your tax return.

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 activity. This also applies if you start using a different vehicle part way through the year; the details need to be specific to each vehicle, and the date of the switch is an important piece of information.
- When choosing between the two reporting options, the standard mileage deduction 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.

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

* Unreimbursed expenses incurred as an employee are no longer deductible on the Federal tax return. However, they may be considered a possible deduction for Minnesota and other states.

2020	1040	US	Vehicle Expenses	No. <input style="width:40px;" type="text"/>	22	p3
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Please enter all pertinent 2020 amounts. Last year's amounts are provided for your reference.

GENERAL INFORMATION

	2020 Amount	2019 Amount
Description of vehicle		
1=no evidence to support your deduction		
1=no written evidence to support your deduction		
1=vehicle is available for off-duty personal use		
1=no other vehicle is available for personal use		
1=vehicle used primarily by more than 5% owner		
Number of months of business use if changed from 100% personal use		

AUTOMOBILE MILEAGE

Total mileage (for the tax year)		
Business mileage		
Commuting mileage (for the tax year)		
Average daily round-trip commute		

ACTUAL EXPENSES

Parking fees and tolls (business portion only)		
Gasoline, lube, oil		
Repairs		
Tires		
Insurance		
Miscellaneous		
Auto license (other than personal property taxes)		
Personal property taxes (based on car's value)		
Interest (car loan) (for Schedule C, E & F)		
Vehicle rent or lease payments		
Inclusion amount (enter as positive)		
Value of employer-provided vehicle on Form W-2 (2106)		

On the sheet entitled "Asset Acquisition" include the following information about your vehicle(s):

- * Make, model, year
- * Purchase price
- * Purchase Date
- * The date you began using it for business purposes

2020	1040	US	Asset Acquisition List	22 p2
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If you purchased any business assets (furniture, equipment, vehicles, real estate, etc.) or converted any personal assets to business use in 2020, please enter all pertinent information below.

No.	Description of Property	Related Business or Activity	Preparer Use Only			Date Placed in Service	Cost or Basis	Preparer Use Only	
			Form	No. of Form	Category			Current Section 179	Method