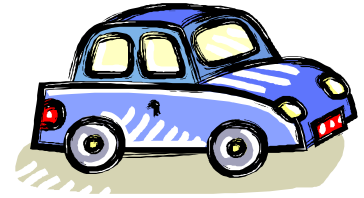


Recordkeeping for business mileage

Using your vehicle for business will yield a tax deduction as long as adequate records are kept.



What miles can be counted as business miles?

Use the following three scenarios to determine how many miles you can deduct. Keep in mind the following statement: **In general, commuting is not deductible.**

- **If you have an office or regular place of business outside your home**, you may not deduct miles commuting to and from work or to your first or from your last stop, but you may deduct mileage to drive to a *temporary work place* (less than one year's duration) and mileage to and from different work locations during the day.
- **If you have an office in your home that qualifies for a home office deduction (exclusive space with regular use)** all of your business-related mileage is deductible.
- **If you work out of your home but do not qualify for the home office deduction**, the distance between home and your first stop and between your last stop and home are nondeductible commuting miles. You should carefully plan to have your first and last stops close to home to maximize the mileage deduction. A trip to the bank, post office, or a nearby supplier can help increase deductible business miles.

What records need to be kept?

You can choose (in most cases) to use the **standard mileage rate** or **actual expenses**.

- The **standard mileage rate** for 2013 is 56.5¢ per mile for qualifying business usage. To use the *standard mileage rate*, you need to record business and total miles driven for the year.
- To deduct **actual expenses**, you need to record business miles, total miles for the year, and total expenses for the year (gas, insurance, licenses, oil, repairs, tires, lease payments, parking, and tolls...)

It's a wise idea to record all three: total expense, total miles, and business miles.

Recording total expense can be achieved by saving receipts, using your bank debit card, or by using a single credit card just for vehicle expenses.

Total miles should be logged with odometer readings at the start and the end of the year.

Business miles (according to the IRS) should be kept in an account book, diary, log, statement of expense, trip sheets, **or similar record**. They should be recorded at or near the time of expense supported with sufficient documentary evidence. Ideas for recordkeeping include (but are not limited to) the following:

- Keep a mileage log in your vehicle and use the trip meter to record each business trip.
- Record business mileage in your appointment book or calendar for each day.
- Using your accounting records or receipt pile, record mileage for each transaction.
- Use a computer application to record mileage from your online appointment book.
- Use a cell phone application to record miles for business use. Many apps can photograph receipts for vehicle expenses to upload to your computer. Some of the newer ones can use GPS to record mileage. You can be totally paperless.