



# **MacFarlane and Associates, P.C.**

## **Certified Public Accountants**

### **Auto or Vehicle Expenses for Business**

If you use your car for business purposes including rental properties, you may be able to deduct car expenses. You can generally use one of two methods to calculate your deductible expenses.

You should keep adequate records to prove your expenses or have sufficient evidence that will support your own statement. You must generally prepare a written record for it to be considered adequate. This is because written evidence is more reliable than oral evidence alone. There are mobile apps available such as MileIQ.

### **Standard mileage rate**

You must choose to use it in the first year the car is available for use in your business. You can change it in later years. If you use it for a leased vehicle, you must use it for the entire lease period.

You can't use the standard mileage rate if you:

- Use five or more cars at the same time (such as in fleet operations)
- Claimed a depreciation deduction for the car using any method other than straight line for the car's estimated useful life
- Used the Modified Accelerated Cost Recovery System (MACRS) (as discussed later under Depreciation Deduction)
- Claimed a section 179 deduction

**Actual car expenses** – To be selected only if you use the vehicle more than 50% in a business.

- Parking and tolls (business portion only)
- Gas, oil, lube
- Repairs
- Tires
- Insurance
- Miscellaneous
- Licenses
- Personal Property taxes on vehicle
- Interest
- Vehicle rent or lease payments



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### **Information Required**

If you use your car for both business and personal purposes, you must divide your expenses between business and personal use. You can divide your expense based on the miles driven for each purpose.

Please provide the following information for all vehicles you used during the tax year.

For all new vehicles, provide purchase documents

Provide paperwork when a vehicle is sold or traded

Description of vehicle including year, make, model and VIN

Beginning odometer reading for year

Ending odometer reading for year

Business mileage driven during year

Personal mileage driven for year

### **Additional Information**

Is vehicle available for off-duty personal use?

Is there another vehicle available for personal use?

Is vehicle used primarily by a more than 5% owner?