

Business Mileage Reimbursement

Overview

The purpose of this communication is to summarize the IRS requirements on business mileage driven in your personal vehicle and provide you with tips to manage your mileage.

<p>IRS Requirements</p>	<p>The IRS states “automobile expenses are deductible if they are attributable to business or income producing use, rather than to personal use.” Sounds pretty simple right? It is as long as you keep these few things in mind.</p> <ul style="list-style-type: none"> • Traveling between your house and the first business stop of the day is commuting and is normally not deductible • Traveling between your home office house and the first business stop of the day is deductible provided the Home Office meets the IRS requirements • The purpose of the stop is to perform business tasks • Traveling from one business stop to another business stop is deductible. For example, traveling from store to store or to the bank or office supply
<p>Tracking Requirements</p>	<p>In June 2009 the IRS ruled on a case pertaining to business mileage. They stated that because the taxpayer had not kept accurate enough records of their business mileage the mileage was not reimbursable (deductible). When claiming business mileage you should keep in mind that your records are subject to audit at anytime. You need to be able to provide complete documentation supporting your reimbursement/deduction.</p> <p>Your log should contain, at the minimum:</p> <ul style="list-style-type: none"> • The total number of miles you drive in a year (both business and personal) • A separate log for each vehicle you use for business • Your starting and ending mileage of all business mileage, including each stop • The date and the reason for the trip • Any additional expenses such as tolls
<p>Reminders</p>	<p>Because the IRS reimbursement calculation includes all the costs to operate a vehicle, all of the expenses should be paid personally.</p> <p>Whether you drive a company or personal car, the log is still necessary to allocate between business and personal mileage.</p>

*IRS Publication 463 Travel, Entertainment, Gift, and Car Expenses 2008

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