



# Business Use of Your Vehicle

## Actual Expense Method

$$\text{Business Miles} \div \text{Total Miles}$$

Determine what it actually costs to operate the vehicle. You must track all of the following items through the year:



Gas



Oil



Tires & Repairs



Insurance



Registration/Fees



Depreciation

If you used the Actual Expense method in the first year you used a vehicle for business use, you must use this method every year on this vehicle.

Parking & Tolls are considered common operating expenses. They are deducted separately, regardless of method used.

## Standard Mileage Method

$$\text{Total Business Miles} \times 57.5\text{¢}$$

Maintain a log of all business-related trips through the year. You will need to track the following items:



Date(s) you drove



Start/Stop odometer readings



Business Purpose



Destination



Total trip miles

Vehicle owners who use Standard Mileage in the 1st year can switch back & forth between methods each year to apply whichever yields a larger deduction.

Vehicle lessors who use Standard Mileage in Year 1, must to continue to use it for the entire lease period (including renewals).