



Vehicles – Business Use

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Vehicles – Business Use

The deduction for business auto expenses generally applies only to self-employed persons. Exceptions exist for Armed Forces reservists, qualified performing artists, and fee-basis state or local government officials. Reimbursements under accountable plans are allowed.

If you use your car or truck in your business, you may be able to deduct the costs of operating and maintaining your vehicle. You also may be able to deduct other costs of local transportation and traveling away from home overnight on business. If you use your car or truck for business purposes, you can deduct expenses using either the standard mileage rate or actual expenses.

Note: You must claim the standard mileage rate in the first year if you want the option of claiming the standard mileage rate in later years.

Local Transportation

Local transportation expenses include the ordinary and necessary costs of:

- Getting from one workplace to another in the course of your business when you are traveling within the city or general area that is your tax home.
- Visiting clients or customers.
- Going to a business meeting away from your regular workplace.

Business use of a vehicle includes visiting clients or customers or traveling between a home office and another work location in the same trade or business.

Local business transportation does not include expenses you have while traveling away from home overnight. Those expenses are deductible as travel expenses. However, if you use your car while traveling away from home overnight, use these rules to compute your car expense deduction.

Tax Home

Generally, your tax home is your regular place of business, regardless of where you maintain your family home. It includes the entire city or general area in which your business is located.

Generally, you cannot deduct the costs of driving your car or truck between your home and your main or regular workplace. These costs are personal commuting expenses.

Office in Home

Your workplace can be your home if you have an office in your home that qualifies as your principal place of business. Therefore, daily transportation costs between home and another work location in the same trade or business are deductible.

Personal Use

Any use of a vehicle that is not for business purposes is considered personal use and is not deductible. If you use a vehicle for both business and personal use, the percentage of use must be allocated.

Example: Billy is a contractor and drives his car 20,000 miles during the year: 12,000 miles for business use and 8,000 miles for personal use. Billy can claim only 60% ($12,000 \div 20,000$) of the cost of operating his car as a business expense.

Standard Mileage Rate

Using the standard mileage rate eliminates the need to keep track of actual costs.

For 2023, the standard mileage rate for the cost of operating your car for business use is 65.5¢ per mile.