

2022 Vehicle Worksheet- SPLIT YEAR

Name: _____

Vehicle expenses are an area of deductions the IRS looks closely during audit procedures. Document your farm, business, or rental use for each vehicle. The IRS expects that you can provide dates, destinations, business purposes, miles driven and related expenses for business trips. Report both mileage and actual expenses; we will analyze the information and choose the most beneficial method for you.

| GENERAL QUESTIONS | |
|---|---|
| <input type="checkbox"/> Y <input type="checkbox"/> N | Were any business vehicles bought, sold, or traded-in? |
| <input type="checkbox"/> Y <input type="checkbox"/> N | Was vehicle available for personal use during off-duty hours? |
| <input type="checkbox"/> Y <input type="checkbox"/> N | Is another vehicle available for personal use? |
| <input type="checkbox"/> Y <input type="checkbox"/> N | Do you have written evidence to support your deduction? |

STANDARD MILEAGE RATE METHOD

ATTENTION: THERE ARE TWO MILEAGE RATES FOR 2022: 1/1-6/30=58.5¢/mile and 7/1- 12/31=62.5¢/mile
 Business miles *must* be reported separately for each half of the year for accurate calculations.

| VEHICLE & MILEAGE | Example | Vehicle 1 | Vehicle 2 | Vehicle 3 | Vehicle 4 |
|---|-----------|-----------|-----------|-----------|-----------|
| Year/Make | 2018 Ford | | | | |
| Model Name | 4Dr F250 | | | | |
| Odometer- End of Yr | 120,414 | | | | |
| Odometer- Beg of Yr | 112,706 | | | | |
| Total miles for year: | 7,708 | | | | |
| TOTAL BUS MILES (breakdown below) | 2381 | | | | |
| 1/1 - 6/30 miles | 974 | | | | |
| 7/1 - 12/31 miles | 1407 | | | | |
| Business % use | 31% | | | | |
| Which Business? | Farm | | | | |

ACTUAL EXPENSES METHOD

Do not include vehicle expenses in your business expense amounts; vehicle expenses must be reported separately. Complete the Standard Mileage section (above) and enter the *annual* expense amounts below.

| ACTUAL EXPENSES | Example | Vehicle 1 | Vehicle 2 | Vehicle 3 | Vehicle 4 |
|--------------------|---------|-----------|-----------|-----------|-----------|
| Fuel | 3,463 | | | | |
| Repair/Maintenance | 264 | | | | |
| Tires | 647 | | | | |
| Insurance | 482 | | | | |
| Tags/Taxes | 38 | | | | |
| Loan Interest | 1205 | | | | |
| Other- specify | | | | | |

I understand the requirements for claiming a deduction for the farm and/or business use of my vehicle(s) and hereby certify that I have maintained the required documentation of the above vehicle mileage and expenses.

Signature: _____

| Preparer Use: | V1 | V2 | V3 | V4 |
|----------------|------------------|------------------|------------------|------------------|
| Expense method | Actual / Mileage | Actual / Mileage | Actual / Mileage | Actual / Mileage |
| Asset Item # | | | | |

DETAILED INFORMATION ABOUT IRS REQUIRED VEHICLE RECORDS

Tax regulations state any deduction taken on a tax return, for the use of a vehicle, must be supported by contemporaneous mileage records which support the vehicle's deductible use.

What constitutes a contemporaneous mileage record? It's a written record of miles driven, *maintained throughout the year as the miles are driven*, in connection with a taxpayer's farm, business or rental activity.

This log should show at least the following information:

1. Odometer readings at the **beginning** and **end** of the year so the *total* miles driven can be calculated.
2. For each trip or daily activity related to your farm/business/rental property:
 - A. Date
 - B. Destination
 - C. Business Purpose
3. Total of the *farm/business/rental* miles driven during the year.

This type of record should be kept on each vehicle you expect to use as a deduction. Whether we deduct actual expenses or the standard mileage rate, it is best to keep both.

For actual expenses, please use the categories on the reverse side to report actual cost information for your expenses. Include all the fuel, repairs & maintenance, tires, insurance, tags, loan interest and any other expenses for each vehicle. Remember-it's important not to include these expenses here and then again with your other business/farm/rental expense summary. The IRS expects us to report vehicle expenses *separately* from non-vehicle expenses. For example, on your farm summary page, include your tractor & equipment diesel, repairs, insurance, interest etc. but don't include the same info for your vehicles. If it's decided that taking the standard mileage expense for your vehicles is the best route; you should get an additional deduction for anything spent on your equipment & trailers. By reporting them to us separately, it ensures you get that benefit.

The IRS has steadily increased its audits of vehicle deductions because most people **don't keep the required records.** They also know that complete and accurate mileage records for an entire year can't be created on short notice. Consequently, the audit adjustments they can make to disallow your vehicle deductions and increase your tax liability are virtually automatic and almost impossible to fight. For example, **the disallowance of a 6,000-mile deduction would likely cost at least \$1,000 in additional taxes!**

In the past, taxpayers and return preparers have fallen into the bad habit of estimating mileage, using the same mileage as the previous year, or simply making up mileage information without support. The IRS frowns on this and the penalties on preparers for not ensuring that taxpayers have proper mileage records are significant. Even though this is another step in making us the bad guys, we are not inclined to pay penalties due to improper records.

The bottom line on this issue- you must provide accurate vehicle mileage information to take a deduction for any vehicle related expenses or to use the standard mileage rate. Please use our worksheet on the opposite side of this page to compile the required information for each vehicle.

A note on vehicle disposal or trade-in:

If you dispose of your vehicle, you may have a taxable gain or a deductible loss. A trade-in will result in two separate transactions, a sale of the old* and purchase of the new. *The portion of any gain (due to depreciation claimed on the vehicle) will be treated as *ordinary income*.