

# FARM/BUSINESS VEHICLE MILEAGE & EXPENSE WORKSHEET

Taxpayer Name: \_\_\_\_\_ Tax Year: \_\_\_\_\_

Vehicle expenses are an area of deductions the IRS looks closely during its audit procedures. You must be able to document farm or business use for each of your vehicles. IRS expects that you can provide: dates, destinations, business purposes, miles driven & related expenses for business trips. A daily log or calendar including this information is suggested. Also, for the actual expense method, you must maintain receipts.

In order for us to best prepare your tax return, please provide ALL the following information about EACH vehicle you are using in your farm or business.

MILEAGE	Example	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4
Vehicle Year & Make	2010 Ford				
Model Name	4dr F250				
End of Yr Odometer	135,414				
Beginning Odometer	112,706				
Total Miles this Year	22,708				
Business Miles	18,521				
Business Use %	82%				
Tax Form/ Schedule	Farm				

For the Expense method below, DO NOT include the expenses below with your other farm or business expense information. **"Fuel" reported below should NOT be included with fuel used in equipment on your farm & business schedules.** It is important that you separate vehicle expenses from other expenses so no deductions are missed or duplicated.

EXPENSES	Example	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4
Gas/Diesel Fuel	3,463				
Repairs / Maint	264				
Tires	647				
Insurance	482				
Tags / Taxes	38				
Loan Interest	1,205				
Other Expenses	260				

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

Taxpayer Signature: \_\_\_\_\_

<b><u>For Preparer Use:</u></b>				
Actual or Mileage?				
Depreciation Item #				

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## DETAILED INFORMATION ABOUT IRS REQUIRED VEHICLE RECORDS

Tax regulations say that 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 is a written record of miles driven, in connection with a taxpayer's job, farm, business or rental property, that is maintained contemporaneously (throughout the year, as the miles are driven). 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 for each vehicle during the year can be calculated.
2. For each trip or daily activity related to your job/farm/business or rental property:
  - A. Where you went
  - B. What you did and/or who you met, related to business
  - C. How many miles you drove
3. Total of the job/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, regardless of the deduction method used. 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 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 trucks unless it's listed separately. If it's decided that taking the standard mileage expense for your trucks 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 they have discovered most people simply 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, audit adjustments to disallow your vehicle deductions and increase your tax liability are virtually automatic and almost impossible to fight. The tax assessed for a disallowed deduction of just 6,000 miles on your farm or business schedules, 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 in order 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.